



FINANCIAL OPERATIONS POLICY

Te Kupenga is a leading provider of Catholic thought leadership, knowledge and faith formation in NZ and is the home of three national agencies: the Catholic Theological College, responsible for providing approved tertiary qualifications; the National Centre for Religious Studies, responsible for supporting religious education in Catholic schools; and the Nathaniel Centre for Bioethics, responsible for research and advocacy on bioethical issues. Te Kupenga acknowledges and actively supports the Church's commitment to tangata whenua and to Te Tiriti o Waitangi.

PURPOSE

To provide clarity and guidance on the financial management and accounting responsibilities, systems, processes and controls which ensure that Te Kupenga's financial resources are managed in a prudent and transparent manner and provide accountability to the Te Kupenga Governance Board (the Board) and Te Kupenga Trustees for the proper stewardship of resources.

SCOPE

The policy covers the core financial management and accounting routines common to any organisation: purchasing, payments, invoicing, banking, payroll, general ledger, asset management, controls and reporting. It complements other policies on budgeting, credit card use, sensitive transactions, investment and audit. It also adheres to standards set out in the New Zealand Catholic Bishops Conference Financial Administration Norms document and relevant and applicable NZ Accounting Standards.

ROLES, RESPONSIBILITIES & DELEGATIONS

The Chief Executive (CE) has overall responsibility for effective and accountable financial management. The Chief Executive co-authorises invoices, online bank payments, payroll and reviews monthly reports against budget, addresses any significant variances, prepares commentary for the Governance Board and oversees the other financial and accounts roles. The Chief Executive has delegated authority for expenditure within the approved budget (with a variance of 5%) and for financial commitments to service providers of up to 3 years' duration.

The Operations Manager through and with the Accounts Administrator are responsible for creating invoices, verifying accounts payable, uploading payments, coding and entering transaction data into the online accounting system, keeping track of assets and debtors, and collating payroll documents for processing of payroll by the external service provider.

The Operations Manager and Accounts Administrator have the authority to make travel bookings for Board members and Te Kupenga staff.

Te Kupenga's accounting services are provided by an external service provider (provider). The provider is responsible for calculating and processing all payroll documentation, general ledger transactions, inputting and advising on cashflow forecasts and monthly financial statements, ensuring compliance including all necessary documentation with tax obligations (GST & PAYE, etc.) and assists with and advises on management of the asset register. The provider also ensures that Te Kupenga complies with the appropriate accounting standards under the Charities Commission as a public benefit entity. The provider has no financial delegations from the governance board or CE.

The Director of the Nathaniel Centre, the Director of the National Centre for Religious Studies and the Director of the Catholic Theological College (budget holders) are each responsible for their own budget. Their budgets are set and managed within the overall Te Kupenga budget approval, management and accountability processes. All income and expenses are managed through the Te Kupenga systems and processes. Each Director is required to verify that expenses have been properly incurred before payment is authorised by approving invoices through ApprovalMax. Each receives a monthly update of income and expenditure, and outstanding debt (from levies and subscriptions). Each Director has authority to incur expenditure within their approved budget.

The Director of the Nathaniel Centre also exercises the control role of system administrator for online banking. This allows him to assign or alter authorities within the system, but not to create or authorise payments. The Dean (Levels 5 & 6) has authority to co-authorise online bank payments when delegated by the CE.

Other staff are authorised through the Annual Budget allocations to incur expenditure which is explicitly budgeted. Any non-budgeted expenditure needs prior approval by the CE.

The table below summarises the financial delegations within Te Kupenga. In ApprovalMax, the external accountant has created an approval workflow based on the financial delegations below for purchasing. The provider and Operations Manager have the ability to change and update this upon approval from the CE.

| Position | Category | Amount | Exceptions | Prerequisites | Ability to delegate down |
|--|------------|-----------------------------|--|---|---------------------------------------|
| Chief Executive | Payroll | Within budget (variance 5%) | None | Dual approval with Operations Manager | To Dean (Levels 5 & 6) when delegated |
| | Purchasing | Within budget (variance 5%) | None | Dual approval with Operations Manager | To Dean (Levels 5 & 6) when delegated |
| | Contracts | Within budget (variance 5%) | Financial commitments to service providers of more than 3 years' duration. | None | None |
| Director of the Nathaniel Centre | Purchasing | Within allocated budget | None | Purchases or non-personnel contracts with a value of \$5,000 or more must be pre-approved by the CE | None |
| Director of the National Centre for | Purchasing | Within allocated budget | None | Purchases or non-personnel contracts with | None |

| Position | Category | Amount | Exceptions | Prerequisites | Ability to delegate down |
|---|------------|-------------------------|------------|---|--------------------------|
| Religious Studies | | | | a value of \$5,000 or more must be pre-approved by the CE | |
| Director of the Catholic Theological College | Purchasing | Within allocated budget | None | Purchases or non-personnel contracts with a value of \$5,000 or more must be pre-approved by the CE | None |

SYSTEMS, PROCESSES & CONTROLS

Purchasing

Most non-personnel costs are recurrent expenses governed by a contract or service agreement with the provider. These are typically invoiced monthly and paid by direct credit, direct debit or credit card. Invoices are reviewed by the Operations Manager or Accounts Administrator, coded to the appropriate cost centre and item and authorised by the relevant budget holder, subject to clarification of any significant variations from the normal amounts charged.

Non-recurrent expenses must be approved by the CE or other budget-holder, and delivery of the goods or service verified by email, receipt or other documentation. The same process applies to payments to contractors and sessional lecturers, supported by a copy of the contract or letter of agreement.

Approved travel arrangements are booked by the Accounts Administrator using, where possible, the Te Kupenga TravelCard. Incidental travel expenses are reimbursed on receipt of an expense claim, supported by invoices and/or GST receipts, within 3 months of the expense being made. Travel expenses are expected to be both actual and reasonable.

Purchases under the \$500 (plus GST) threshold can be made using a supplier invoice, or credit card. Invoices should not be split to come under the \$500 (plus GST) threshold.

Purchases or non-personnel contracts with a value of \$5,000 or more require a competitive process where available to ensure best value and must be discussed with the CE. Costs below this amount should still consider value for money, including multiple quotes where the purchaser or manager deems appropriate.

Staff should purchase equipment and supplies through the approved local office process or Te Kupenga issued credit card, which is centralised for cost savings. Where they have approval outside this process for expenditure, they should use the Expense Claim Form, and ensure they submit the completed form with GST receipts in a timely manner but most certainly within the year of purchase.

Payments & banking

Most payments are made electronically through the online business banking system. Payments are loaded into the accounting system by the Accounts Administrator and are then exported to the banking system for payment. All payments require two authorisers, using access security controls imposed by the online banking system.

The Accounts Administrator and Operations Manager monitors Te Kupenga's cash requirements and recommend transfers from its on-call account to the transaction account to ensure there are sufficient funds for the expected payments each month.

The Nathaniel Centre operates a separate bank account for charitable donations; however the funds are managed through the centralised Te Kupenga accounts.

Invoicing

All invoices are created by the Operations Manager and/or Accounts Administrator, using XERO and: Wisenet (for student fees); the Nathaniel Centre database (for subscriptions) and the Catholic Schools database (for NCRS school contributions). Payments are tracked weekly and the relevant budget holders updated on current and outstanding debt ~~when~~ necessary. All debts are followed up after 30 days, unless arrangements have been made for delayed payment.

Payroll

The Operations Manager ensures all new employees are set up correctly on the payroll system, and also tracks leave approvals, changes to remuneration and any other changes to individual pay arrangements. The provider processes payroll, including checking payments, leave balances, and adjusting where required. The Operations Manager reviews the fortnightly payroll and leave balance reports, checking for accuracy and completeness. When satisfied all is correct the Operations Manager sends the reports to the CE for review and approval. Once reviewed, the CE checks the completed payroll and approves for payment. In the CE's absence a second delegated authoriser is appointed. Managers monitor sick and annual leave balances for their direct reports. The Operations Manager provides regular leave reports and alerts managers to any staff member's leave balances exceeding 20 days. Line managers are expected to work with their direct reports to ensure annual leave balances are well managed.

Copies of the CE's payroll records must be authorised by the board chair and are filed accordingly.

General ledger

The provider maintains Te Kupenga's general ledger and makes any journal adjustments needed. The Operations Manager and/or Accounts Administrator reviews ~~and~~ approves all journals, and a record of this is kept.

Asset management

The provider maintains the fixed asset register in Xero and ensures any new capital items are entered into the register, along with the purchase value and the appropriate depreciation rate (consistent with NZCBC Finance Norms). The provider runs depreciation which is automatically calculated by the depreciation rates set in the Xero ledger. The Operations Manager and the CE review the fixed asset register annually, verify that all assets are accounted for and identify assets for disposal or with nil residual value. Only the CE has authority to approve Capital Expenditure purchases.

All capital expenditure under \$1,000 is considered a low value asset and is expensed through the normal accounting systems. Capital expenditure over \$1,000 is to be coded as an asset in the balance sheet.

Credit Cards

Te Kupenga organises credit cards linked to the organisation's bank account for staff members to facilitate the work of the organisation. When a credit card is issued to any employee, that person must complete a credit card declaration (attached), confirming that he or she is fully aware of the

responsibilities and requirements governing credit card use, and agrees to abide by them. For clarity the credit card is the personal responsibility of the individual to whom it is issued.

Credit cards are primarily to be used for travel, online or non-standard expenses. The card should not be used for standard business items that can be purchased through the normal process of invoice and approval.

Cardholders are responsible for obtaining a GST receipt/invoice detailing the products/services bought for each item of expenditure. Receipts should be sent to the Operations Manager and the Accounts Administrator by month end, enabling full reconciliation against the monthly credit card statement. Approvals follow the same process as other payments, with approval by a manager and payment of statements authorised by the CE with records kept for audit purposes.

Credit card expenses incurred by the CE are subject to review and approval by the Governance Board Chair, or the Chair's designate. The Governance Board Chair (or the Chair's designate) is responsible for setting the expenditure limit on the CE's card.

The CE is responsible for deciding who will be provided with a credit card, establishing the limit for each credit card, and deciding on cancellation of cards.

Reimbursement of expenses

Staff members can claim for reimbursement of authorised and reasonable work-related expenses. Claims can be made by completing an expense reimbursement form and sending the form with proof of purchase (invoice or GST receipt itemising the products/services bought) to the Operations Manager and/or Accounts Administrator within 3 months of the expense being made. Omitting to provide an invoice or GST receipt might lead to the claim being rejected.

All expenses must be claimed in the financial year of purchase.

Controls

The table below summarises the controls on the main elements of the financial management system. The controls follow good practice in respect of segregation of duties (especially in payments and banking) and management review and approval of financial management and accounting documentation.

In particular, only one person can assign or alter user access to and permissions within the banking system, so no-one with creation, modification or authorisation rights can over-ride the controls, while the system administrator is removed from all other financial functions.

| Process | Key role and steps | Control |
|-----------------|--|---|
| Payments | Accounts Administrator receives, codes and checks invoice for payment | Manager responsible verifies authenticity of invoice, queries any unexpected element and approves for payment |
| | CE reviews invoice details and manager verification, queries any unexpected element and approves for payment | Operations Manager or Accounts Administrator follows up any query with manager responsible |

| Process | Key role and steps | Control |
|---------------------|---|---|
| Payroll | Created by external service provider reviewed by Operations Manager and approved by CE | Ensures segregation of duties and a check prior to payment |
| Banking | Accounts Administrator creates a payment entry Director Nathaniel Centre has system admin rights, to assign roles and permissions in the banking system | Operations Manager is first authoriser; Chief Executive (or Dean Levels 5/6 in their absence) is second authoriser Director Nathaniel Centre cannot create or authorise payments |
| Journals | External service provider prepares and loads transactions on accounting system and posts to general ledger | Accounts Administrator reviews and approves journals for manual adjustments in the general ledger |
| Credit Cards | CE approves card holders and limits (except for own, which is approved by Board Chair) One-up budget holders check and approve expenditure Chief Executive signs off on payment | Limits card number and amount Manager responsible verifies authenticity of expenditure and receipt Ensures a high-level check prior to payment |

Reporting

The provider prepares a series of monthly reports including a P&L Statement and Balance Sheet with relevant supporting reports. The reports are sent to budget holders monthly, for information and any explanation needed of unexpected variance. The CE presents a brief commentary focused on variance from budget to the Governance Board at each board meeting.

APPROVAL & REVIEW

The Financial Operations Policy is subject to a review in two (2) years' time. Review and approval are the responsibility of the Te Kupenga Governance Board.

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Next review: August 2027