

FINANCIAL POLICY

Taratahi Agricultural Training Centre			
Category:	FINANCE & ADMIN	Policy Number:	QMS 9
Title:	Financial Policy	Date Approved:	17th October 2003
Prepared by:	Operations Manager	Date of Last Revision:	21 Nov 2009
Authorised by:	Board	Next Review Date:	Sept 2010

1. PURPOSE

The financial affairs of Taratahi must be operated in a true, correct and transparent manner so that Taratahi ensures the effective and efficient use of public funds.

This Policy aims to establish effective methods to manage the financial operations of Taratahi Agricultural Training Centre

2. ORGANISATIONAL SCOPE

This is an organisational wide procedure.

3. DEFINITIONS

4. RESPONSIBILITIES

The Board is responsible for recommending such financial regulations as it considers appropriate.

The CEO is responsible to the Board for the proper administration and reporting of Taratahi's financial affairs while the Corporate Services Manager has day-to-day responsibility for implementation.

5. THE PROCEDURE

5.1. Financial Planning and Budgeting.

A Financial budget shall be prepared and submitted to the Board for approval no later than 30th November of each year. An operating budget shall be formed for each individual business unit by the Business Unit Manager, and incorporated into the overall financial plan by the Corporate Services Manager.

The Board may choose to review and amend the Annual Budget before the 31st of May of the year the budget relates to.

The annual financial budget shall reflect information contained in the annually developed Investment Plan and assumptions.

Business Unit Managers shall prepare draft budgets and working papers in accordance with an approved timetable.

Discussion between Budget Managers, Corporate Services Manager and the CEO shall occur prior to the submission of the draft Annual Budget to the Board

5.2. Financial Monitoring

Monthly financial reports showing the month and YTD Actual figures with variations from budget will be provided to Business Unit Managers for their review and comment.

Budget holders must satisfy themselves that income and expenditure is appropriately coded and charged and that no significant items have been missed.

The Corporate Services Manager is responsible for reporting monthly to the Board on variances from budget for year to date and updating an end of year forecast.

No expenditure is to occur unless it is a part of the approved annual Budget or has received prior approval from the CEO.

However, if a significant variation (Over \$1000 and 20%) from budget does occur for any given item then the budget holder is responsible for providing an explanation in their monthly report to the CEO.

Where a new business venture is proposed, the CEO shall submit a detailed analysis inclusive of sensitivity analysis and any capital requirements to the Taratahi Board for review prior to the commencement of the venture. The CEO should ensure transparency in these ventures and be aware of any ministerial approval required

5.3. Annual Accounts/Audit

For each financial year financial statements shall be prepared in accordance with generally accepted accounting principles, reporting standards and requirements of the Education Act and the Public Finance Act.

The financial statements shall be audited by Audit NZ. The Auditor's report and management letter shall be submitted to the Board.

5.4. Banking and Signatories

All bank accounts shall be in the name of Taratahi.

The opening of bank accounts can only be authorised by the CEO

Any instruction, relating to a bank account, shall only be made by the CEO or delegated by the CEO.

Authorised Bank Signatories are as follows:

- CEO
- Corporate Services Manager
- Board Chairperson
- Deputy Chairperson
- Operations Manager

Two signatories are required to sign any one Cheque or authorise direct payment or wage schedule. Prior to signing any cheque or direct payment schedule, a payment authority form must have been completed and must be checked for validity and correctness prior to authorising.

Authorised signatories must not prepare and /or authorise payment authorities to themselves or any member of their family or business in which they have an interest.

Where an authority has not been signed because of a query then that query must be answered and referred back to that original signatory for checking.

Any signatory has the right and responsibility, to question any payment if they are concerned about the validity of the payment request and to refer such query to the CEO or Board Chairperson as appropriate.

5.5. Borrowing

No borrowing shall occur without first the approval of the Board and the Minister of Agriculture or their delegate.

5.6. Petty Cash

Payments from Petty cash shall be limited to those of a sundry nature not exceeding \$200

A petty cash system shall be kept where all staff shall be required to sign indicating they have received petty cash and are also required to submit receipts where appropriate.

An Administration Team member shall be responsible for the Petty cash float, and monthly reconciliation, to be signed off by the Corporate Services Manager.

Other than the office cash box and petty cash box , all cash is kept in the locked in the safe.

The office cash box contains a cash float to a maximum of \$20 and is used strictly for the purposes of providing coins to students and staff for on campus coin operated machines.

The petty cash float contains a maximum float of \$400.

The keys and combination to the safe are kept by the Office Manager and the Corporate Services Manager.

5.7. Income

The Corporate Services Manager shall ensure that adequate procedures are in place for credit control. The Officer Manager shall be responsible for day-to-day actions thereof.

The Corporate Services Manager is responsible for recommending the writing off of any bad or doubtful debt. However only the Board can approve any debt being written off. (Management has the authority to alter amounts charged to debtors)

All income must be receipted, coded and entered as soon as practicable after it arrives, cash must be counted straight away.

When receipting income the correct income code must go on the receipt.

Banking is done at least on a weekly basis or when required. The processed receipts are reconciled to bank statement. Cash and cheques are printed on a Bank deposit form..

All EFTPOS payments must be processed and reconciled to the bank statement

5.8. Expenditure

Taratahi order forms shall accompany all expenditure authorities and shall be signed/approved only by signatories approved for such expenditure and only to the approved level.

All invoices when received should have their order form attached and must be authorised by the budget holder before payment. If this is not possible then the Corporate Services Manager, Education Managers or the CEO can approve payment.

For sensitive expenditure please refer to QMS Policy 30 – Sensitive Expenditure.

5.9. Capital

Any Capital item purchased or sold,, even if included in an approved annual budget, shall only occur with the knowledge and express permission of the CEO.

Any capital works or purchase that exceeds \$100,000 requires the permission of the Minister of Agriculture as per Taratahi Act.

The CEO shall have discretion to authorise additional Capital Expenditure over and above that approved in the annual budget, where amounts do not exceed \$20,000 subject to a total of \$50,000 in any one year. All such additional capital expenditure shall be reported monthly to the Board..

5.10. Contracts

The Corporate Services Manager shall ensure that a register of contracts is maintained

Any contract, which is made between an external party and Taratahi, must be authorised by the CEO. In the absence of the CEO for periods of longer than 10 working days, the Corporate Services Manager after seeking and obtaining written legal advice, may then sign such contracts.

It is the CEO's decision as to whether contracts and tenders shall be advertised or negotiated with a single firm.

5.11. Salaries and Wages

The CEO is solely responsible for the calculation and payment of all salaries, wages, superannuation, redundancies, compensations and holiday pay to Taratahi staff members.

The CEO shall notify the Corporate Services Manager immediately of all appointments, resignations or other such circumstances affecting the remuneration of Taratahi staff members.

Approved timesheets shall be completed by all Taratahi staff members within the approved timetable for calculation of payments due. Sick and Annual leave shall be recorded on these sheets as well as days in lieu and must be applied for on the appropriate forms.

Payment of salaries shall be made by direct credit to the Taratahi staff member's bank account on a fortnightly basis.

The process for administering and approving wages and salaries are as follows:

The Corporate Services Manager or delegate shall:

- Enter data onto payroll program.
- Print management report and pay slips.
- Print Bank schedule
- Hand time sheets, summary sheet, management report, pay slips and completed direct credit schedule to CEO, Education Delivery Manager or Corporate Services Manager (two signatures required) for checking and authorisation and release of bank payments.
- Prepare authority form for wages and tax.
- File all wage information - Time sheets on Time Sheet File
- Wage audit report tracking changes from last pay period to be signed by one of the approving managers and filed.
- Produce Audit report from Payroll

Any increases to salary or associated employment benefits for the CEO shall be approved by the Taratahi Board. For all other staff members, the CEO only shall approve any increase to salary or wages

In all cases of salary increase the Corporate Services Manager must receive in writing specific permission from the CEO (or the Board if relating to the CEO) before any changes to salaries can be made.

5.12. Assets and Stock

The Farm Managers are responsible for presenting an accurate stock reconciliation on the first working day of each new month to the Corporate Services Manager for the purposes of doing the monthly and annual accounts.

For all end of year stock takes all Farm Managers and one staff member shall sign off the end of year stock take.

The Corporate Services Manager shall be responsible for maintaining an asset register with the accountants and updating it for all asset purchases, sales, losses and disposals. The register shall record purchase date, current valuation and quantity.

Assets shall be capitalized in accordance with accepted accounting procedures.

No fixed asset may be purchased or sold without the express permission of the CEO.

The Operations Manager shall be responsible for ensuring that the assets on the asset register are verified at least once per year.

Capital/Repairs and Maintenance Distinction

Any expenditure that has the effect of an alteration addition or upgrade to an existing asset is capital. The value of the expense is immaterial in the distinction process, it is the nature of the item, i.e. there can potentially be some very large repairs and maintenance expenses.

There is a 'de minimus' rule in relation to assets. Even if you decide an expenditure is capital, if it is less than \$500.00 it is treated as an expense, e.g. new adding machine

5.13. Insurance

The Corporate Services Manager is responsible for arranging a risk management review as and when deemed necessary. This review shall determine the level of risk to be carried internally and the risk to be externally insured.

The Corporate Services Manager shall ensure that for all property in which Taratahi has an interest, there is adequate insurance to protect Taratahi's position.

5.14. Investment

All investment of Taratahi money shall be under the name of Taratahi Agricultural Training Centre

The CEO may temporarily invest surplus funds, which are not immediately required, with Taratahi Bankers and approved deposit takers in accordance with accepted investment procedures.

6. STATUTORY AUTHORITY/REGULATIONS

The “Taratahi Agricultural Training Centre (Wairarapa) Act, 1969” the “Education Act, 1989” and subsequent amendments and the Public Finance Act 1989.

Taratahi complies with s236A of the Education Act 1989 concerning the establishment and operation of trust accounts.