



## Policy GOV11

# FINANCIAL POLICY: DECISION-MAKING, EXPENDITURE AND ADMINISTRATION

This policy sets out the processes governing all financial decision-making, expenditure and financial administration at Golden Bay Work Centre Trust, and the respective roles of the Trustees, Manager, Financial Manager and Financial Administrator in relation to financial matters.

See also: Job descriptions: Manager, Property Manager/Community Development Coordinator, Financial Manager and Financial Administrator

GBWCT Trust Constitution, esp. Clauses 10.1(a) - Powers of the Board and 12.1; 12.2 - Accounts

## Introduction

The Golden Bay Workcentre Trust (GBWCT) is committed to delivering quality programmes of learning for its students, providing an excellent workplace for its staff, and securing the best possible outcomes for learners, funders, stakeholders and the wider community.

Sound financial management is one of the most important factors in achieving these goals. Accordingly, GBWCT is committed to:

- acting with integrity in all aspects of financial management;
- providing an operating environment for Trustees and staff characterised by clarity, consistency, fairness and efficiency in relation to financial matters;
- timely, robust and effective financial decision-making by the Board of Trustees and/or its delegated authorities;
- compliance with all relevant law and accepted best practice for the financial management of a training institution and Charitable Trust, including thorough and accurate record-keeping;
- seeking specialist financial advice where in-house expertise is felt to be insufficient; and
- acting at all times to ensure the ongoing financial health and sustainability of GBWCT.

This policy is designed to support these objectives by providing clarity around the processes and procedures related to financial decision-making, expenditure and administration at GBWCT.

## **PART ONE: ROLES AND RESPONSIBILITIES**

### **1. The role of the Trustees**

- 1.1 The law pertaining to Charitable Trusts dictates that overall responsibility for the financial management of GBWCT falls to the Board of Trustees. Although in practice much of the day-to-day financial decision-making will reasonably be delegated to GBWCT staff or to a nominated Trustee, the Trustees remain jointly accountable for financial policy and practices at GBWCT.
- 1.2 For this reason, the Trustees should act, individually and jointly, to ensure that they:
  - 1.2.1 Are familiar and satisfied with the contents and implementation of this and related policies;
  - 1.2.2 Have nominated one among their number to take particular interest in, and oversight of, financial management issues;
  - 1.2.3 Set aside time during each Trust meeting to consider the Financial Manager's report and financial management issues, and approve the Trust's financial statements;
  - 1.2.4 Pre-approve all capital expenditure where the amount exceeds \$500, or for smaller amounts where the transaction sets a precedent or has additional financial implications;
  - 1.2.5 Have sufficient information and/or expertise to make a sound decision on any financial issue or request presented to them, including taking steps to obtain additional information or specialist advice where necessary;
  - 1.2.6 Ratify the Financial Plan on an annual basis;
  - 1.2.7 Are satisfied that the Manager, Financial Manager and Financial Administrator are persons of integrity and well-qualified to act, where appropriate, as the Trust's delegates on financial matters (as set out in this policy and their respective job descriptions); and
  - 1.2.8 Are satisfied that the Board's decisions, individually and as a whole, will support GBWCT's continued financial health and long-term sustainability.
- 1.3 The Board of Trustees will work with the Financial Manager and Manager as set out below to agree, implement and monitor GBWCT's financial management policies and practices.

### **2. The role of the Financial Manager**

- 2.1 The Financial Manager has delegated authority to undertake overall management of GBWCT's finances, including day-to-day decision-making (in consultation with the Manager and Trustees where appropriate). In particular, the Financial Manager's responsibilities are to:
  - 2.1.1 Maintain both an overview and thorough working knowledge of the financial situation of GBWCT at any given time;

- 2.1.2 Ensure financial policies and procedures are understood and adhered to by the Manager, Financial Administrator and GBWCT staff, and regularly reviewed;
- 2.1.3 Work with the Manager to develop and monitor budgets for individual GBWCT courses/training programmes, community development projects, service contracts, maintenance of shared buildings and equipment and auxiliary support (e.g. non-recoverable management and administration costs);
- 2.1.4 Work with the Manager to set appropriate fees for individual GBWCT courses/training programmes, where applicable;
- 2.1.5 Assist the Manager to scope and agree robust, workable service contracts with external agencies (e.g. MSD), in line with GBWCT's stated objectives and the capacity of the organisation to deliver;
- 2.1.6 Work closely with the Manager and Financial Administrator to ensure that all of the necessary information required for sound financial management and accountability reporting is appropriately captured and stored;
- 2.1.7 Work closely with the Manager to prepare financial accountability reports for external funders and stakeholders;
- 2.1.8 Manage and direct the Financial Administrator in their duties as required, including ensuring that no payments are made without due process (see sections 4, 6 and 10);
- 2.1.9 Undertake/instigate whatever financial planning, analysis and evaluation are required to give the Trustees a sound basis for decision-making, and to safeguard, as far as possible, GBWCT's future as a quality training provider and employer;
- 2.1.10 Arrange for GBWCT's accounts to be audited annually by a registered Chartered Accountant;
- 2.1.11 Take overall responsibility for ensuring any financial issues that arise – whether historical, current or potential – with implications for GBWCT's financial health/sustainability, legal compliance, integrity (and perceived integrity) in the community, staffing structure or future training/service provision are raised, discussed and acted upon in a timely fashion and at the appropriate level; and
- 2.1.12 Keep the Trustees informed of all financial decisions and transactions, which should be detailed (with reference to accompanying financial statements) in a monthly report presented to the Board.

### **3. The roles of the General Manager and the Property Manager/Community Development Coordinator**

- 3.1 The **General Manager** has delegated authority to support the Financial Manager in financial decision-making and management, and to take day-to-day decisions related to expenditure (in line with the provisions set out in this policy). In particular, the General Manager's responsibilities are to:
  - 3.1.1 Maintain an overview of the financial situation of GBWCT at any given time;

- 3.1.2 Support the Financial Manager to ensure financial policies and procedures are understood and adhered to by GBWCT staff;
- 3.1.3 Work with the Financial Manager to develop and monitor budgets for individual GBWCT courses/training programmes, community development projects, service contracts, maintenance of shared buildings and equipment and auxiliary support (e.g. non-recoverable management and administration costs);
- 3.1.4 Work with the Financial Manager to set appropriate fees for individual GBWCT courses/training programmes, where applicable;
- 3.1.5 Seek the advice of the Financial Manager to scope and agree robust, workable service contracts with external agencies, in line with GBWCT's stated objectives and the capacity of the organisation to deliver;
- 3.1.6 Approve expenditure of up to \$500 in line with agreed budgets, consulting with the Financial Manager where there is any ambiguity or cause for concern, and consulting with the Trustees where an expense is over \$500, sets a precedent or has additional financial implications;
- 3.1.7 Check and approve GBWCT staff Wage Sheets fortnightly, ensuring that they are an accurate reflection of work completed, and that hours claimed are in line with hours budgeted for each course/project over time (see sections 9 and 10);
- 3.1.8 Work closely with the Financial Manager and Financial Administrator to ensure that all of the necessary information required for sound financial management and accountability reporting is appropriately captured and stored;
- 3.1.9 Work closely with the Financial Manager to prepare financial accountability reports for external funders and stakeholders;
- 3.1.10 Cooperate with the Financial Manager in their financial planning, analysis and evaluation to give the Trustees a sound basis for decision-making, and to safeguard, as far as possible, GBWCT's future as a quality training provider and employer;
- 3.1.11 Assist the Financial Manager to ensure that any financial issues that arise – whether historical, current or potential – with implications for GBWCT's financial health/sustainability, legal compliance, integrity (and perceived integrity) in the community, staffing structure or future training/service provision are raised, discussed and acted upon in a timely fashion and at the appropriate level; and
- 3.1.12 Provide any information to the Financial Manager necessary for the purposes of monthly financial reporting to the Board.
- 3.1.13 The **Property Manager/Community Development Coordinator** will work with the Financial Manager to develop and monitor budgets for individual GBWCT community development projects and the maintenance of the Trust's buildings and community facilities and equipment; and
- 3.1.14 Seek the advice of the Financial Manager to scope and agree robust, workable community development projects with external agencies and funders, in line

with GBWCT's stated objectives and the capacity of the organisation to deliver;  
and

- 3.1.15 Seek the advice of the Financial Manager to scope and agree robust, workable and affordable solutions to property maintenance and repairs issues; and
- 3.1.16 Work closely with the Financial Manager and Financial Administrator to ensure that all of the necessary information required for sound financial management and accountability reporting of property and community development expenditure is appropriately captured and stored; and
- 3.1.17 Work closely with the Financial Manager to prepare financial accountability reports for external funders and stakeholders;
- 3.1.18 Cooperate with the Financial Manager in their financial planning, analysis and evaluation in regards to property, maintenance and community development projects to give the Trustees a sound basis for decision-making, and to safeguard, as far as possible, GBWCT's future as credible Not-For-Profit organisation; and
- 3.1.19 Provide any information to the Financial Manager necessary for the purposes of monthly financial reporting to the Board.

#### **4 The role of the Financial Administrator**

- 4.1 The Financial Administrator provides data entry and administrative support to the Financial Manager and Manager. In particular, the Financial Administrator's responsibilities are to:
  - 4.1.1 Process accounts payable and accounts receivable (i.e. invoices) in accordance with GBWCT financial policies and procedures;
  - 4.1.2 Reconcile all manual expenditure with bank statements on a fortnightly basis;
  - 4.1.3 Reconcile expenses paid from petty cash in consultation with the Office Worker;
  - 4.1.4 Process other income and expenditure in accordance with the instructions of the Financial Manager or Manager;
  - 4.1.5 Manage the GBWCT payroll, including processing approved Wage Sheets (see 3.4.7 and section 10), paying wages and withholding applicable taxes on behalf of Inland Revenue;
  - 4.1.6 Take direction from the Financial Manager and Manager to ensure that all of the necessary information required for sound financial management and accountability reporting is appropriately captured and stored; and
  - 4.1.7 Undertake any other administrative tasks as directed by the Financial Manager or Manager.
- 4.2 The Financial Administrator and Financial Manager use Recon accounting software for GBWCT's financial administration.

## **5. The role of the Main Tutors**

5.1 Each GBWCT Co-ordinator/ Main Tutor may be invited to discuss expenditure specifically related to their course or programme with the Manager. No expenditure or promise of expenditure will occur without the signed approval of the Manager in line with the financial policies of the organisation.

In particular, the Main Tutor's responsibilities are to:

- 5.1.1 Assist the Manager to research the costs of equipment, materials, resources and staff time necessary to run their course to a high standard, in line with the practices and principles set out in sections 6, 7 and 8;
- 5.1.2 Assist the Manager as required to purchase necessary equipment, materials and resources as detailed in the approved budget, following the practices set out in section 6, and ensuring adequate documentation is provided to the Manager;
- 5.1.3 Take direction from the Financial Manager and Manager to ensure that all of the necessary information required for sound financial management and accountability reporting is appropriately captured; and
- 5.1.4 Undertake any other financial administration tasks as directed by the Financial Manager or Manager.

## PART TWO: GENERAL PRINCIPLES AND PRACTICES

### 6. Expenditure

- 6.1 As set out above, authority for approving expenditure follows a two-tier system:
- 6.1.1 The Manager can approve expenditure of up to \$500 (in line with agreed budgets);
  - 6.1.2 The Trustees must pre-approve expenditure of over \$500, or where there are additional factors to be considered.
- 6.2 Major expenditure decisions are to be made with due regard given to competing financial priorities, GBWCT's stated objectives and the financial outlook for GBWCT at that time. Where members of the Board and/or the Financial Manager and Manager disagree on expenditure, the Trust's constitution provides appropriate guidelines and mechanisms for decision-making.
- 6.3 All GBWCT cheques must be signed by two approved signatories to be valid. Similarly all payments, whether manual, electronic or web-based, must first be authorised by two approved signatories. The Manager holds a list of approved signatories.
- 6.4 All invoices from contractors must be presented by the contractor directly to the Manager for signing off before any payment will be actioned by the Financial Manager or Financial Administrator.
- 6.5 All purchasing decisions must be made in accordance with the following principles: More than one competitive quote may be obtained for any item of expenditure exceeding \$100, unless there is valid reason not to (e.g. there is only one possible supplier);
- 6.5.1 The cheaper quote should always be accepted unless there is a clear advantage from choosing a more expensive supplier (e.g. benefits of using a local business, quality of goods);
  - 6.5.2 Written quotes should always be dated and specify quantities, unit cost(s), GST, delivery date and cost (if applicable) and any additional charges or special conditions;
  - 6.5.3 Sourcing second-hand goods should always be investigated where there is no significant advantage in buying new items;
  - 6.5.4 Negotiating a discount via bulk purchasing or loyalty to one supplier should always be investigated where the same goods/services are bought frequently; and
  - 6.5.5 Tax invoices/receipts are required for all purchases. Although this is standard practice, it is *especially important* for purchases where an external funder and/or IRD requires detailed accountability reporting. Failing to supply an original tax invoice/receipt to document a purchase may result in the expense not being reimbursed.

## 7. Human resources

- 7.1 GBWCT staff represent the Trust's largest area of expenditure, are the organisation's most important resource, and contribute in a variety of ways to the achievement of its objectives.
- 7.2 It is a priority for GBWCT to ensure that appropriate staffing levels are maintained to:
  - 7.2.1 Meet the learning needs of students and clients; Provide adequate support, guidance and pastoral care to students;
  - 7.2.2 Achieve, as far as possible, the outcomes agreed with stakeholders during the negotiation of service contracts;
  - 7.2.3 Meet individual course administration requirements, including student assessment for Unit Standards on behalf of the Qualifications Authority (NZQA);
  - 7.2.4 Provide high-level management, administration and development of GBWCT as an organisation; and
  - 7.2.5 Ensure all GBWCT staff are adequately supported in their respective roles.
- 7.3 Using its human resources judiciously is critically important to GBWCT's overall financial health and sustainability. GBWCT aims to achieve this through:
  - 7.3.1 Regular and robust planning – for training, contracted services, community development and strategic/organisational development;
  - 7.3.2 Continuous development and refinement of GBWCT courses, programmes and initiatives;
  - 7.3.3 Development of detailed job descriptions and regular performance reviews for all staff;
  - 7.3.4 Provision of adequate training resources and auxiliary support to staff (e.g. office support, ICT support);
  - 7.3.5 Effective management of staff, including individual work planning and oversight of pay claims;
  - 7.3.6 Regular opportunities for staff feedback and involvement in decision-making;
  - 7.3.7 Regular professional development opportunities and professional supervision for core staff and Main Tutors (see GBWCT policy: *Tutor Professional Development and Supervision*); and
  - 7.3.8 Provision of disputes resolution procedures.
- 7.4 In areas of **training and education planning**, the Manager will consult with the Management Team and Tutors in the first instance, and the Trustees, Financial Manager and/or the full staff as appropriate. Matters deemed to be purely training and education administration issues will be decided by the Manager.
- 7.5 In areas of **service/community development planning** (i.e. non-training related activities) the Manager will consult with the Trustees, Financial Manager and Community Development Worker in the first instance, followed by external stakeholders (e.g. MSD) or interested parties (e.g. the Community Workers), and/or the full staff as appropriate. Matters deemed to be purely administrative will be decided by the Manager.



- 7.6 In areas of **strategic/organisational planning**, the Manager will consult with the Trustees and Financial Manager in the first instance, followed by the Main Tutors, external stakeholders (e.g. MSD) or interested parties (e.g. the Community Workers), and/or the full staff as appropriate. Matters deemed to be purely administrative will be decided by the Manager.
- 7.7 Policy and expenditure decisions related directly to strategic decisions are ratified by the Trustees in response to a formal application made by the Manager or the Financial Manager. The Trustees will then delegate expenditure authority to the relevant personnel.

## **8. Equipment, teaching materials and learning resources**

- 8.1 It is a priority for GBWCT to ensure that all staff and students have access, without discrimination, to the appropriate equipment, teaching materials and resources to support quality learning. In recognition of the variety of needs, aims and learning styles of youth and adult learners, GBWCT has purchased and will continue to provide equipment, materials and resources that enable a range of delivery and learning methods to be applied.
- 8.2 GBWCT commits a percentage of its annual budget to the updating, maintenance and expansion of its equipment, materials and resources. These are deemed to be adequate, comprehensive and appropriate to the purposes of GBWCT, its staff and students.
- 8.3 Any student or member of staff can propose the acquisition of additional equipment, materials or resources that they feel will enhance learning and lead to better outcomes for students. However given budget restrictions, purchases are only considered where a compelling case can be made, and/or where existing resources are no longer serviceable or appropriate to student/staff needs.
- 8.4 GBWCT equipment, materials and resources that are deemed to be outdated, too expensive to repair/maintain or are otherwise surplus to requirements can be disposed of, with any funds raised put toward the purchase of new equipment. The Manager must approve any such disposal and oversee the process, in consultation with the Trustees in the case of high-value items (see Policy GOV 10 - Disposal of Workcentre Equipment and Resources).
- 8.5 As an important part of the asset-base of GBWCT, an inventory of all equipment and resources is maintained by the Financial Manager and is regularly updated.
- 8.6 Expenditure decisions related to building improvements/major building maintenance projects at the Workcentre are made annually by the Trustees at their strategic planning meeting. The Trustees will then delegate expenditure authority to the relevant personnel.

## **PART THREE: STAFF REMUNERATION PROCEDURE**

### **9. General principles**

- 9.1 All GBWCT staff can expect to receive appropriate remuneration (payment) for the performance of the tasks set out in their Job Description, within the constraints of the hours/resources pre-allocated for those tasks.
- 9.2 The Manager will ensure that each member of staff is clear about the number of hours they are allocated overall, per course/programme, and per component (e.g. teaching contact hours, course administration etc.), as appropriate. This may be presented as a total number of hours over a given period (e.g. for a course Tutor) or as a weekly or monthly obligation (for permanent staff).
- 9.3 The Manager will ensure that each member of staff is clear about what must be achieved within their contracted hours, with reference to individual Job Descriptions, in order to be remunerated.
- 9.4 The Manager will ensure that each member of staff is clear about the gross amount of remuneration they will receive per hour/week/task/course (as appropriate), and any additional entitlements or deductions that may apply.
- 9.5 If a member of staff feels that they need to work additional hours to achieve these objectives, or want to work additional hours to achieve new objectives, this must be raised and negotiated with the Manager in advance of any additional hours being worked. The Manager reserves the right to deny any such extension of hours (and payment) where savings can reasonably be made through more efficient work practices, and/or in consideration of GBWCT's budgetary constraints.
- 9.6 Additional hours may also be payable for:
  - 9.6.1. Statutory holidays that fall on a day normally worked;
  - 9.6.2. Sick leave or bereavement leave; or
  - 9.6.3. Paid annual leave.
- 9.7 Staff members should consult their Employment Contract to establish their entitlements to the above, and if necessary seek clarification from the Manager prior to claiming additional hours.

### **10. Approval of Timesheets**

- 10.1 All GBWCT staff will be remunerated based on completed Wage Sheets (except where an invoice is presented – see 6.4 and 11.1.3).
- 10.2 It is the responsibility of each staff member to have pay claims prepared and submitted on time. The Financial Administrator will not identify or pursue outstanding pay claims.
- 10.3 All Wage Sheets/invoices to be submitted for payment must first be approved by the Manager. This procedure is intended to provide opportunities for discussion of the hours and/or rates to be claimed prior to a Wage Sheet being presented, and to prevent incorrect and/or inappropriate pay claims from being processed. In doing so,

GBWCT is committed to acting within the parameters of the law and achieving a fair and reasonable outcome for all parties.

10.4 The procedure is as follows:

10.4.1 The staff member completes a Wage Sheet and submits it to the Manager on or prior to Friday afternoon preceding Wage Payment Monday (fortnightly).

10.4.2 The Manager checks the Wage Sheet, ensuring that it is correctly filled in, that it is an accurate reflection of work completed, that hours have been properly allocated between and within courses/projects, and that hours claimed are in line with hours budgeted for that course/project/role over time.

10.4.3 The Manager will raise any concerns or queries that arise with the staff member concerned. Any adjustments required will be made in consultation with the staff member. *No changes will be made to a Wage Sheet without the staff member's knowledge and input.*

10.4.4 The approved Wage Sheet will be submitted to the Financial Administrator for payment.

10.5 Should the Manager be unable to meet with a staff member over a disputable pay claim prior to wage payment day, GBWCT reserves the right to withhold the disputed portion of remuneration until such time as this discussion can take place.

10.6 The first payment date will be recorded on the staff member's Employment Agreement.

## **11. Methods of payment**

There are three methods of payment available to members of staff:

### **Koha**

11.1 An appropriate koha payment is available to Tutors on a case by case basis.

### **PAYE**

11.2 An IR330 form must be completed and signed before any payments will be made by the PAYE method.

11.3 To receive payment, the staff member must place an official GBWCT Wage Sheet approved by the Manager in the Financial Administrator's basket by Friday afternoon preceding Wage Payment Monday (fortnightly).

11.4 The net (taxed) amount will be paid directly into the staff member's nominated bank account.

### **Invoice**

11.5 Payment on invoice is only available to registered small businesses or registered self-employed persons and must be negotiated with the Manager first. The invoice must be presented on a business letterhead, be dated, and include the words 'Tax Invoice'.

11.6 To receive payment, the staff member must place their invoice, pre-approved by the Manager, in the Financial Administrator's basket by Friday afternoon preceding Wage Payment Monday (fortnightly).

11.7 The gross (un-taxed) amount will be paid to the staff member in the manner nominated (e.g. by direct transfer or cheque)