



## FINANCIAL MANAGEMENT PROCEDURE

### RATIONALE:

Effective financial management is essential to the running of the school.

### PURPOSE:

1. To ensure funds will be used to maximize student learning.
2. To provide viable financial support to all school programmes.
3. To ensure the financial resources of the school are managed within agreed budget guidelines and in an effective and efficient manner.
4. To ensure that the requirements of the current *Education Act* are met.

### GUIDELINES:

1. A draft annual budget will be initially prepared by the Principal. The Board Treasurer needs to be advised and then the draft presented to the Board of Trustees in **term 4 (Nov. or Dec. BOT Meeting) each year**. The budget will take into account the school Strategic and Annual Plans.
2. The budget needs to be approved by the Board of Trustees.
3. Approval must be obtained from the Board for expenditure additional to that authorised in the original budget.
4. The Board of Trustees delegates to the Principal the responsibility of implementing the budget and ensuring that expenditure is within budget.
5. Curriculum leaders are responsible for producing budgets and monitoring expenditure. This will also be assisted by computer records kept by office staff.
6. Trustees receive a **monthly summary** of expenditure and income, a financial statement and bank reconciliation.
7. Curriculum leaders receive a statement when required.
8. *Public Sector Accounting Standards, Audit Office and Ministry of Education* requirements are fulfilled by the Office Manager, Principal and BOT Treasurer.
9. Two bank accounts will be used. One will be a working cheque account and the other a deposit account attracting higher interest. In addition a term deposit account may exist from time to time.
10. **Signatories to the cheque account will be two Trustees nominated by the Board plus the Principal and Office Manager.**
11. Control and management of day to day accounting will be under the supervision of the Principal and overseen by the Principal, Treasurer/Finance Committee but delegated to the OM and/or Financial Officer who will complete:
  - collection, receipting, recording and banking of cash
  - monitoring the cheque account balance and transferring of funds

- ensuring that all invoices are checked by relevant staff
- preparing monthly accounts for payment ,writing cheques, coding accounts and maintaining master records
- presenting monthly accounts and records to the Treasurer before the next monthly meeting
- preparing bank reconciliations to payment and income schedules
- filing returns with Inland Revenue or Service Centre e.g. GST, PAYE.

**FINANCIAL INTERNAL CONTROL.**

- The school will follow practices that enable accurate reporting of financial activities and provide a clear audit trail.
- Money from classrooms, once checked and found accurate by the office assistant is signed for and entered on the cash register.
- The functions of counting and banking money are performed by a different staff member than the one who pays accounts and enters financial data on the computer. Monies in excess of \$300 are, if possible, banked the same working day.
- All donations are receipted. Receipts for other monetary transactions are issued if requested by a parent.
- All accounts for payment are approved and coded by the Principal. All cheques must be signed by two signatories. The payee is not to be a signatory.
- Bank and GST reconciliations are completed monthly.
- School funds will be lodged with WESTPAC TRUST either in the cheque account or Term Deposit accounts.

**AUDIT**

- An approved person will be appointed by the Board to ensure annual financial statements for audit are prepared within ninety days of the end of the school's financial year.
- The Financial Services Provider/BOT will ensure that the financial statements comply with Public Sector Accounting Standards as recommended by the NZ Society of Accountants, and MOE guidelines; that they provide information that is clearly understood by their users and that they show whether the financial goals and objectives set out in the charter have been achieved.
- In order to help minimise audit costs, the OM will ensure that the accounting system provides a clear audit trail so that all account balances in the financial statements can be easily verified.
- The OM will ensure that journal entries affecting the actual financial statements are clearly entered and explained. The OM will ensure that supplier's invoices are obtained to support any expenditure.
- Following payment of accounts, the secretary will ensure that supplier's invoices and statements are filed alphabetically in ascending order of cheque number for ease of reference.
- The OM will ensure that documentation in support of cash receipts is retained as far as possible.
- The OM will ensure that all source documentation and records relating to the financial statements are retained for the minimum statutory period

**FUNDRAISING**

- Existing funds may need to be supplemented to provide the teaching and learning facilities and resources adequate for the students to receive a quality education.
- Fundraising will be undertaken only for specific purposes approved by the Principal and endorsed by the Board.
- The Board of Trustees may delegate the responsibility for organising fundraising to a Fundraising Committee.
- The sub-committee will consult and seek approval from the Principal and Board of Trustees for proposed fundraising ventures.
- The Board of Trustees recognises that individual classes and school groups may undertake small fundraising activities, subject to the Principal's approval.
- All funds will be accounted for through the school accounting system.

**PRINCIPAL'S RESPONSIBILITIES**

- Research and develop the school's overall draft annual operating budget.
- Present a proposed budget to the Board for approval in **November of each year**.
- Prepare submissions to the Board for any variations to the approved budget, with explanations.
- Ensure that any application to the Board for unbudgeted expenditure is supported by costings and a recommendation as to how the new expenditure can be offset by a variation elsewhere, or application of other funds.

**SPONSORSHIP**

- Sponsorship sought or offered to the school is subject to approval by the Board of Trustees or delegated Project Manager for specific projects.
- Project Managers should bear in mind their responsibility to enter into sponsorship relationships with organisations of sound reputation.

**ADVERTISING**

- Advertising associated with the school is accepted where it is clear that the item(s) advertised may have benefit or interest to the school.
- No preference or exclusive rights are granted or shown to any company or individual wishing to advertise through the school.
- The school reserves the right to refuse advertising from any company or individual, without explanation.
- Decision-making about advertising is delegated to school management on a day-to-day basis.
- Where there is any doubt about the suitability of any advertiser/advertising, this is referred to the Board of Trustees for a final decision.

**TEACHER RESPONSIBILITIES****1. Camp payments**

Camp payments may be made in cash or by bank credit. Receipts will be issued by the OM. As Wellington SDA School has opted into the Donations Scheme, payments (donations) are only requested for overnight camps and are only a portion of the total cost of the camp. These donations are tax deductible.

Money should be taken to the office promptly in the morning.

***Any money collected must not be left in the classroom.***

**2. Class Stationery**

Teachers may purchase stationery for the classes from their class budget. They may do this themselves and claim a reimbursement, or ask the OM to purchase the requested items.

**CREDIT CARD USAGE****Purpose**

To define how the Principal (and other authorised staff) will utilise the school credit card **if this system is used.**

**Introduction**

1. The Board and Principal agree that they have a dual responsibility to ensure that any credit card expenditure incurred by the School is clearly linked to the business of the School. The Board has agreed on the fundamental principles of this procedure, and has delegated responsibility for the implementation and monitoring of this procedure to the Principal.
2. The Board requires the Principal to implement and manage this procedure. The Principal may, from time to time, further delegate some of their responsibilities, and all such delegations must be attached as appendices to this procedure.

**Procedures to be followed when using the Card**

1. The credit card is not to be used for any personal expenditure.
2. The credit card will only be used for:
  - payment for goods and/or services required by the School as identified and approved by the Principal; or
  - for the purchase of goods and/or services where prior authorisation from the Board has been given.
3. All expenditure charged to the credit card should be supported by:
  - A detailed invoice or receipt to confirm that the expenses are properly incurred on School business
  - For expenditure incurred in New Zealand (including GST) there should also be a GST invoice to support the GST input credit.
4. The credit card statement should be certified by the cardholder as evidence of the validity of expenditure.
5. Any benefits of the credit card such as a membership awards programme are only to be used for the benefit of the School. They should not be redeemed for personal use.

**Cardholder Responsibilities**

6. The cardholder must only purchase within the credit limit applicable to the card.

7. The cardholder must notify the credit card company and the school immediately if the card is lost or stolen.
8. The cardholder must return the credit card to the School upon ceasing employment there or at any time upon request by the Board.

**Approval**

9. When the Board approved this procedure it agreed that no variations of this or amendments to it can be made except with the unanimous approval of the Board.
10. As part of its approval the Board requires the Principal to circulate this procedure to all staff, and for a copy to be included in the School Policy/Procedures Folio, copies of which shall be available to all staff. The Board requires that the Principal arrange for all new staff to be made familiar with this procedure and others related to this and approved by the Board.

**SCHOOL ORDERING AND PURCHASE SYSTEM**

**Audit Trail**

<b>Action</b>	<b>Personnel</b>	<b>Documentation</b>
Need established	Teacher or staff member in consultation with Principal	
Quote obtained (if required) <sup>1</sup>	Teacher or staff member in consultation with Principal	Written quote
Purchase order completed and goods ordered	Teacher or staff member in consultation with Principal	Purchase order book
Goods arrive at school and checked against purchase order	Office Staff	Packing slip / Invoice
Packing slip / invoice signed off as correct and held by OM	Office Staff	Signed invoice
Statement arrives. Attached to invoice and purchase order. Coded	School secretary	Statement
BOT approves payment	Financial committee / BOT	Minutes
Creditor paid. Cheque no. & date of payment entered on statement	BOT Treasure and school secretary	Annotated statement
Statement filed	School secretary	
Record purchase with serial number in asset register if required	School secretary Accountants.	Asset register

**Notes.**

- Coding of accounts may be done by the OM with input from the Principal.
- An independent person other than the purchaser should check the invoice of goods received.
- General rule of thumb for items over \$500, that 3 quotes be collected, (albeit either a purchase or a repair) in order to acquire the best possible price or cost.

**GENERAL**

The Board of Trustees may delegate appropriate responsibilities but is accountable for the overall administration of the School's finances.

***The Principal may delegate appropriate budget responsibilities but will retain the overview of all day to day budgeting and spending.***

**Review Responsibility: Board Chairperson, Board Treasurer, OM & Principal**

**Date Confirmed: 12 May 2021**

**Principal: Karla Mitchell**