

Financial Management

NAG 4

Documentation & Review Polices

| <u>Policy</u> | <u>Date Reviewed</u> | <u>Ratified</u> |
|----------------------|----------------------|-----------------|
| Financial Management | February 2009 | February 2009 |
| Fixed Assets | February 2009 | February 2009 |
| Fraud Policy | February 2009 | February 2009 |

Supporting documents

1. Assets register.
2. Asset Replacement Programme
3. Auditors report to Board
4. Annual Financial Report
5. Monthly Reports from Finance Committee
6. Finance Committee minutes



Policy: Financial Management

Rationale

Effective financial management maximises available resources for present and future teaching and learning programmes.

Purpose

1. According to legislation on financial and property matters, each Board of Trustees is also required in particular to:
 - i. Allocate funds to reflect the school's priorities as stated in the charter;
 - ii. Monitor and control school expenditure, and ensure that annual accounts are prepared and audited as required by the Public Finance Act 1989 and the Education Act 1989;
 - iii. Comply with the negotiated conditions of any current asset management agreement, and implement a maintenance programme to ensure that the school's buildings and facilities provide a safe, healthy learning environment for students.
2. To ensure that all aspects of school expenditure are for the promotion of students' learning either directly or indirectly.

Guidelines

Budgets / Purchases

1. Purchases will only be authorised by those responsible for the control of the budgeted area of the purchase.
2. A budget cannot be overspent without approval of the Board of Trustees, or with the approval of the Principal, where there is a sufficient surplus elsewhere to balance the over-expenditure (eg \$400 surplus in science could be transferred to health).
3. The purchase of individual items of \$1,000 or more will require the prior approval of the Board, unless listed in the budget.
4. Unspent budget money will only be carried over to the next financial year with the approval of the Principal.
5. All communications to the Board of Trustees from teaching staff for budget approvals will be through the school Principal or the teacher representative on the Board of Trustees.
6. Budget holders will be provided with a print out each month showing the status of their budget(s).
7. Cheques will only be made out for specific invoiced amounts.
8. GST receipts/invoices of \$50 or more must be in the name of Deanwell School to enable the school to be credited with the GST amount.

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Petty Cash

1. There will be a \$100 petty cash float for the school.
2. If a current account is not held with a firm and purchases are required that are up to \$20, cash may be used. Purchases over \$20 must be made by cheque.
3. All purchases are to be supported by receipts from the place of purchase.
4. If a receipt is lost, then a purchase must be verified by the Principal of the school.
5. Petty cash expenditure must be authorised by the person responsible for the budget that the purchase cost will be debited to.
6. When the petty cash is exhausted, details of the expenditure and the amount of the reimbursement are to be itemised and a cheque for reimbursement to be prepared by the school's Executive Officer.

Investments

1. The Finance Committee will advise and seek approval from the Board of Trustees regarding the investment of monies.
2. Any investment of monies must be carefully monitored by the Treasurer and Executive Officer, and reported to the Board of Trustees.
3. The Board of Trustees is authorised by the Education Act (Section 73) to invest monies with registered banks. Any other investments must be approved by the Ministry of Education.

Financial Committee

1. The Finance Committee of the Board will comprise the Trustees holding the portfolios of the Treasurer, Executive Officer, and the school Principal.
2. Signatories for the cheque account will be the Chairperson, Treasurer, Principal and Executive Officer, with any two to sign each cheque.
3. The Finance Committee will be responsible for:
 - ▶ Preparing the annual budget for Board approval
 - ▶ Managing investments
 - ▶ Ensuring that the annual accounts are prepared for audit.

Conclusion

Effective financial management contributes significantly to the achievement of the school's core business - a well resourced, attractive, safe and healthy learning environment.

Responsibility

The implementation of this policy is delegated to the Principal, and the Board Finance Committee.

Review

This policy will be reviewed annually.

Chairperson: _____
Michelle Cooper

Principal: _____
Pat Poland

Date Reviewed:
February 2009



Policy: Fixed Assets

The object of this policy is to ensure the value of fixed assets recorded in the School's Annual Financial Statements is materially correct and that the annual depreciation charge recorded by the school fairly represents the use of the assets over their lives.

Purpose

To maintain accountability for and control of the fixed assets.

Definition

1. Fixed assets are physical assets that are held by the school for use in the production to supply of goods and services, for rental to others or for administrative purposes, and have been acquired or constructed with the intention of being used on a continuing basis. Fixed assets may also include items for the maintenance or repair of other assets.
2. Fixed assets are property, plant and equipment used by the school for more than 12 months, over which the school has control.

Guidelines

Recognition

1. Items of property, plant and equipment with a individual value in excess of \$250.00 are capitalised on purchase.
2. Items with an individual value less than \$250.00 that are purchased in quantity will be capitalised where the total value of the purchase exceeds \$500.00.
3. Items with an individual value below \$250.00 which are considered to be attractive are capitalised on purchase. (eg. Printer, audio, audio visual equipment, furniture etc)
4. Other items with an individual value below \$250.00 are expensed.
5. Fixed assets are depreciated on a systematic basis. Fixed assets, except for the library, are depreciated so as to charge their cost or value over their estimated useful life on a straight-line basis. Estimated useful lives are:
 - Classroom Furniture 10 years
 - Office Furniture 10 years
 - Classroom Equipment 5 years
 - Office Equipment 5 years
 - Computer Equipment & Copiers 5 years
 - Grounds and other Equipment..... 10 years
 - Buildings 40 years
 - Library Books 8 years
6. Library books are depreciated on a diminishing value basis at 12.5% per annum.
7. Donated assets are initially recorded at their fair value at the date of receipt. Initial cost includes the purchase consideration, or fair value as the case may be, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Review

This policy will be reviewed annually.

Chairperson: _____
Michelle Cooper

Principal: _____
Pat Poland

Date Reviewed:
February 2009

Theft and Fraud Prevention Policy

Introduction

1. The Board accepts that it has a responsibility to protect the physical and financial resources of the School. The Board has agreed that through its chief executive, the Principal, the School has a responsibility to prevent and detect theft and fraudulent actions by persons who are employed or contracted by the School or who are service recipients of the School. The Board accepts that any investigation into any theft or fraudulent actions will be conducted in a manner that conforms to the principles of natural justice and is procedurally just and fair.
2. The Board, therefore, requires the Principal to establish systems and procedures to guard against the actions of theft and fraud. The Principal is to report such actions to the Board Chairperson as prescribed in the procedures set out below.

General

1. As preventative measures against theft and fraud the Board requires the Principal to ensure that:
 - a. The School's physical resources are kept secure and accounted for.
 - b. The School's financial systems are designed to prevent and detect the occurrence of fraud. All such systems must meet the requirements and standards as set out in the Public Finance Act 1989, Section 45C(b) and of generally accepted accounting practice promulgated and supported by the Institute of Chartered Accountants of New Zealand.
 - c. Staff members who are formally delegated responsibility for the custody of physical and financial resources by the Principal are proven competent to carry out such responsibilities and that such persons are held accountable for the proper execution of their responsibilities.
 - d. All staff members are aware of their responsibility to immediately inform the Principal should they suspect or become aware of any improper or fraudulent actions by staff, suppliers, contractors, students or other persons associated with the School.
2. In the event of an allegation of theft or fraud the Principal shall act in accordance with the following procedures:
 - a. Decide to either immediately report the matter to the New Zealand Police or proceed as outlined in this paragraph.
 - b. So far as it is possible and within 24 hours:
 - i) Record the details of the allegation, the person or persons allegedly involved, and the quantity and/or value of the theft or fraud.
 - ii) Request a *written statement* from the person who has informed the Principal, with details as to the nature of the theft or fraud, the time and circumstances in which this occurred, and the quantity and/or value of the theft.
 - iii) Decide on the initial actions to be taken including consulting with the person who provided the information and, if appropriate, confidentially consulting with other senior members of staff about the person who is the subject of the allegation.
 - iv) Inform the Board Chairperson of the information received and consult with them as appropriate.
 - c. On the basis of advice received and after consultation with the Board Chairperson, the Principal shall decide whether or not a *prima facie* case of theft or fraud exists, and if not, to document this decision and record that no further action is to be taken.
 - d. The Principal shall then carry out the following procedures:
 - v) Investigate the matter further in terms of procedures as set out in sub-paragraph (d);
 - vi) If a *prima facie* case is thought to exist to continue with their investigation;

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- vii) Invoke any disciplinary procedures contained in the contract of employment should the person be a staff member;
 - viii) Lay a complaint with the New Zealand Police;
 - ix) If necessary, commission an independent expert investigation;
 - x) In the case of fraud, require a search for written evidence of the possible fraudulent action to determine the likelihood or not of such evidence;
 - xi) Seek legal advice; or
 - xii) Inform the Manager, National Operations, Ministry of Education local office and/or the school's auditors.
- e. Once all available evidence is obtained the Principal shall consult the Board Chairperson. The Board Chairperson may, if they consider it necessary, seek legal or other advice as to what further action should be taken.
- f. If a case is considered to exist the Principal or a person designated by them shall, unless another course of action is more appropriate:
- xiii) Inform the person in writing of the allegation that has been received and request a meeting with them at which their representative or representatives are invited to be present.
 - xiv) Meet with the person who is the subject of the allegation of theft or fraud and their representatives to explain the complaint against them.
 - xv) Obtain a verbal or preferably a written response (all verbal responses must be recorded as minutes of that meeting, and the accuracy of those minutes should be attested by all persons present).
 - xvi) Advise the person in writing of the processes to be involved from this point on.
3. The Board recognises that supposed or actual instances of theft or fraud can affect the rights and reputation of the person or persons implicated. All matters related to the case shall remain strictly confidential with all written information kept secure. Should any delegated staff member or any other staff member improperly disclose information the Principal shall consider if that person or persons are in breach of confidence and if further action is required. Any action the Principal considers must be in terms of the applicable conditions contained in their contract of employment and any code of ethics or code of responsibility by which the staff member is bound.
4. The Board affirms that any allegation of theft or fraud must be subject to due process, equity and fairness. Should a case be deemed to be answerable then the due process of the law shall apply to the person or persons implicated.
5. Any intimation or written statement made on behalf of the School and related to any instance of supposed or actual theft or fraud shall be made by the Board Chairperson who shall do so after consultation with the Principal and if considered appropriate after taking expert advice.

Allegations Concerning the Principal or a Trustee

1. Any allegation concerning the Principal should be made to the Board Chairperson. The Chairperson will then investigate in accordance with the requirements of paragraph 4 of this Policy.
2. Any allegation concerning a member of the Board of Trustees should be made to the Principal. The Principal will then advise the manager of the local office of the Ministry of Education and commence an investigation in accordance with the requirements of paragraph 4 of this Policy.

Approval

1. When the Board approved the Policy it was agreed that no variations of this Policy or amendments to it can be made except by the unanimous approval of the Board.
2. As part of its approval the Board requires the Principal to circulate this Policy to all staff, and for a copy to be included in the Deanwell School Policy Manual, copies of which shall be available to all staff. The school policy manual shall also be made available to students and parents at their request. The Board



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requires that the Principal arrange for all new staff to be made familiar with this Policy and other policies approved by the Board.

Review

This policy will be reviewed annually.

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Principal: _____
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February 2009