



## **FINANCE PROCEDURES**

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### **1 ANNUAL BUDGET**

The annual budget is prepared by the Principal, assisted by the Treasurer, and is to be approved by the Board of Trustees (BOT) in the first term of the school year.

### **2 AUTHORISATION OF EXPENDITURE**

The following have delegated authority from the BOT to authorise expenditure up to the levels indicated:

- a) The Principal has delegated authority for all expenditure related to the operation of the School, except for property maintenance over \$1,000 and capital works. Where expenditure is \$1,000 or more then specific approval for that expenditure is to be obtained from the BOT. Any expenditure which is reimbursement to the Principal should be authorised by the BOT.
- b) The BOT authorises expenditure for property maintenance over \$1,000 and capital works. Capital works may be self-funded or funded in full or part by the Ministry of Education.

### **3 AUTHORISATION OF INVOICES**

The School will make payment on invoices, not statements of accounts.

The process for payment of invoices is as follows:

- a) The School Secretary receives and checks invoices. Checking process should ensure that goods/services were ordered and received/completed, that payment not already made, that invoice is mathematically correct.
- b) The School Secretary to code the invoice to an appropriate expense account in the ledger.
- c) The Principal to authorise payment of the invoice by dating and signing it.
- d) The Principal to obtain BOT authorisation where required.

#### **4 PAYMENT OF INVOICES**

The BOT has authorised the School to use internet banking services. Invoices are generally to be paid once a month by direct debit schedule instruction to the School's bank.

The process for payment of invoices by direct debit schedule is as follows:

- a) The School Secretary to prepare direct debit schedule for the month based on authorised invoices held.
- b) One authorised signatory to check and sign the direct debit schedule against the authorised invoices.
- c) The School Secretary to upload transactions to the internet banking service (currently Westpac Business Online Banking).
- d) Second authorised signatory on bank account to authorise and confirm the transactions for payment in the internet banking service.

On occasion payment of an invoice may still need to be made by cheque in which case the following guidelines must be followed:

- a) At least one of the two cheque signatories must not be involved with the preparation of the cheque or the preparation of the School accounts.
- b) The use of signed blank cheques is forbidden.
- c) All cancelled cheques should be marked as such and stapled to the cheque butt.
- d) Cheque signatories should ensure they sight an authorised invoice for the payment before signing the cheque.

#### **5 BANKING OF MONIES RECEIVED**

During the school year requests will be made to parents for payments for class activities, school donations, stationery etc. These may take the form of a letter from the school or a note from a classroom teacher.

All monies received from parents and the school community is to be banked intact as soon as possible after being received. Any cheques received should be stamped "Not Transferable" if not already so marked.

All monies deposited should be coded to the appropriate income account in the ledger (e.g. school donations, stationery sales etc).

Receipts are to be provided for school donations and will be provided on request for any other monies paid to the School.

#### **6 CASH FLOAT**

A small cash float is held in the School Office to facilitate small cash transactions such as single purchases of stationery items during the year. The float should be maintained at under \$50 by regularly banking net funds received, coded to the appropriate ledger account.

Any payments made out of the cash float should be evidenced by a receipt and a journal entry posted to record this (as an offset to monies received).

## **7 STATIONERY AND UNIFORM STOCK**

Stationery purchased for resale should be separately identified in the school accounts and compared to an account recording the sale of stationery. Classroom teachers are responsible for invoicing and distributing the initial allocation of stationery at the start of the school year.

Uniform items held for sizing are shown as uniform stock on the balance sheet in the school accounts. Uniform items purchased for resale are to be separately identified in the school accounts and compared to an account recording the sale of uniform items.

## **8 SCHOOL ACCOUNTS**

The school bank account should be reconciled on a monthly basis.

School accounts are to be prepared on a monthly basis. Reports showing the actual expenditure to date compared with the annual budget are to be presented to the monthly meeting of the BOT.

The School Secretary and Principal are to liaise with the School's accounting service providers on the exchange of data for the preparation of the School's Annual Financial Statements.

## **9 INVESTMENTS**

The Principal, in consultation with the BOT Chairperson and Treasurer, will determine the nature of all investments. These shall be held in BOT authorised accounts only, in accordance with the Education Act 1989 (Section 73).

## **10 BAD DEBTS**

The process for payment of bad debts is as follows:

- a) Request made for payment for goods or services (e.g. school activity).
- b) Verbal reminder given where payment not received after one month.
- c) Written letter asking debtor to contact the Principal to arrange payment after two months.
- d) If payment is not forthcoming the Principal will bring the matter to the notice of the BOT for further action.

## 11 INTERNAL AUDIT

A member of the BOT will review a sample of each month's payments to ensure that they have been correctly coded and authorised and are valid expenses under the school budget.

A member of the BOT will also review the SUE reports on a regular basis for reasonableness.

Any matters of concern are to be raised with the BOT.

<i>Signed (BOT Chairperson)</i>	<i>DATE</i>	<i>REASON</i>	<i>REVIEW DATE</i>
	____ / ____ / ____	<b><i>BOT REVIEW</i></b>	<b><i>August 2011</i></b>
		<b><i>NEXT REVIEW</i></b>	<b><i>August 2014</i></b>