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**A. Introduction:**

The financial procedures for Christchurch South Intermediate School (CSIS) are the procedures to safeguard and prudently manage the school's financial assets. These procedures have been authorised by the CSIS Board of Trustees (the board) and are reviewed annually and updated as necessary. The most recent review was performed in March 2015.

**B. Board of Trustees Responsibilities**

A board is legally responsible for the management of government grants and community funds received by the school. The Education Act 1989 specifies mandatory reporting requirements. It also specifies controls over where boards may invest funds or borrow funds. The Board is required to approve a budget annually, approve a policy that ensures adequate control of funds and to receive regular reports from the principal, as the school's manager.

National Administration Guideline (NAG) 4 for boards states that:

'According to legislation on financial and property matters, each Board of Trustees is required to:

- i) Allocate funds to reflect the school's priorities as stated in the school charter.
- ii) Monitor and control school expenditure.
- iii) Ensure that the school's annual accounts are prepared and audited as required by the Public Finance Act 1989 and the Education Act 1989.'

**C. Financial Risks**

Financial procedures counter financial risks. The identified financial risks faced by CSIS are (in no particular order of importance):

**Risk 1** – Loss of funds through misappropriation

**Risk 2** – Failure to receive all funds due

**Risk 3** – Losses from unauthorised expenditure

**Risk 4** – Losses from inappropriate expenditure

**Risk 5** – Failure to maintain long term financial viability

**Risk 6** – Failure to comply with legislative and other regulatory requirements

**Risk 7** – Inadequate information for financial decision making

**D. Strategic Plan (Risk 4)**

The CSIS board has a strategic plan incorporating strategic goals, key strategies and measurable key performance indicators to determine whether goals are achieved. The strategic plan is reviewed annually and altered as necessary to reflect changes to the strategic direction of the school.

Financial priorities for the school are determined by reference to the strategic goals. The mechanisms for converting the strategic goals into specific items of income and expenditure are the annual financial budget and the components of the MOE approved ten year property plan.

**E. Canterbury Education Services (CES)**

CSIS has a contract with Canterbury Education Services (CES) to provide accounting services. The services include receipting government grants; paying creditor invoices; investing surplus funds; producing monthly income and expenditure reports and statements of financial position which cover all aspects of the school's operations including property grants; maintaining the fixed assets register and producing annual accounts for audit.

CSIS has its own bank account within the CES ledger. CSIS have signed a power of attorney for CES to have access to this account. The school holds a cheque book drawn on this account for making payments in circumstances where forwarding an invoice to CES would not be appropriate. CSIS also deposits locally collected funds directly into this account.

Details of local receipts and payments are sent to CES in summary form for incorporating in the monthly financial reports. Appendix 1 is a list of protocols agreed between CSIS and CES to facilitate a timely flow of appropriate financial input from the school to CES. The internal controls and procedures at CES form an integral part of the CSIS controls and procedures.

**F. The Budget (*Risks 4, 5, 6*)**

A CSIS annual budget is a detailed financial plan for a January to December financial year. Actual income and expenditure are monitored against the plan. Deviations from the plan are noted, investigated and acted upon. Corrective action is taken to counteract shortfalls in income and excessive spending within individual budget categories and within the aggregate totals.

At CSIS each item in the budget is allocated to a budget holder. A budget holder has responsibility for requesting his/her budget figure and monitoring income and expenditure against it. The principal has delegated authority from the board to compile the budget. The extent to which budget holders' expenditure requests can be accommodated is dependent on the strategic importance of the requests and the funds available.

The finalised budget is formally approved by the board. Mid year the budget is revised to accommodate any changes in circumstances. The revised budget is also formally approved by the board.

**G. Budget Preparation (*Risks 4, 5*)**

At the start of term four all budget holders review their programmes for the coming year in relation to the school's strategic goals. They also review the current budget, current expenditure against it, supplies on hand, repairs and maintenance they have responsibility for and future asset needs.

Budget holders then list their requests for funds for current expenditure and assets. All figures are GST exclusive. The requests for funds are made on a form supplied by the principal that requires requests to be prioritised. The form also contains comparative information from the current year. In determining the funding requests and the priorities, budget holders seek input from fellow staff who are affected by their budget.

At the start of term four the principal collates budget requests and prepares estimates of expected funding from government grants and local income. Grant information is supplied by the Ministry of Education (MOE). Local (non government) funding estimates are prepared on the basis of experience. From this information a draft budget is compiled and discussed with the board chair, who reviews the calculations of expected income and requested expenditure.

Changes between previous years' budgets and the proposed budget receive a high level of scrutiny to ensure additional resources are allocated in accordance with the school's strategic goals. If the goals are appropriate any current programme inconsistent with them will be able to be discontinued, releasing resources to be used elsewhere.

Where budget preparation is preceded by alterations to the school's strategic goals then budget scrutiny is intensified to ensure all spending is consistent with the revised goals. This process also serves as a check on the revised goals. If the goals are appropriate any current programme inconsistent with them will be able to be discontinued, releasing resources to be used elsewhere.

A first draft of the budget for the following year is presented to the October board meeting. This draft budget is released to budget holders for further input, discussion and possible revision in consultation with the board chair.

A revised draft budget is presented to the December board meeting. The annual budget is finalised in February in light of further information received over the Christmas break and presented for formal approval at the February board meeting.

#### **H. Monitoring the Budget (*Risks 2, 3, 5*)**

Once approved by the board the budget is sent to CES. The monthly income and expenditure reports compare budget figures with actual figures and calculate the percentage variance.

The principal receives the monthly financial statements directly from CES when completed. These are then forwarded to Board members by e-mail as soon as practical after this time.

The principal produces a monthly budget variance report for each board meeting that highlights unexpected deviations between actual and budgeted income and expenditure. All board members are responsible for scrutinising the monthly financial statements and drawing the principal's attention to possible errors and omissions and matters requiring inclusion in the principal's monthly budget variance report to the board. Matters not able to be explained by the principal at the meeting are to be listed in the action points for resolution prior to the next meeting. Any unresolved matter is notified to the board chair in time to be included on the agenda for the next board meeting".

#### **I. Bank Reconciliation (*Risks 1, 3*)**

CES reconciles all school bank accounts.

#### **J. Cash Management (*Risks 2, 5, 6*)**

The financial reports received monthly from CES include a report of projected uncommitted funds at year end. This report is used to monitor the school's cash position.

CES may only invest surplus funds with approved financial institutions as per the Education Act.

Interest is received on current account balances as well as term deposits.

#### **K. Ledger Codes (*Risks 3, 7*)**

CES has written instructions that CSIS ledger codes are not to be opened or closed without written instructions from either the principal or the board chairperson.

#### **L. Cheques Signatories (*Risks 1, 3, 6*)**

All cheques require two signatories.

When cheques are written by CES the corresponding invoices must be approved by the staff member responsible for the budget and the principal, or delegated authority in the principal's absence (see also Procedure 5.04).

Current cheque signatories approved by the board are the Board Chair, the Principal, Associate Principal and Learning Director. The bank record of signatories is checked at the beginning of each school year.

### **M. Ordering and Purchasing (*Risk 3, 4*)**

All goods and services ordered are recorded on an official school order form. The order number must be quoted on the supplier's invoice. The order must identify the budget holder, the price quoted and the ledger number it is to be coded to.

Technology budget holders have triplicate order books. The top copy is the order, the second copy is sent to the office and the third copy is retained in the book. There is a duplicate order book held in the school office for all other budget holders.

Before making purchases exceeding \$1000 in value a budget holder must make a comparison of prices, reliability, expected life and on-going costs.

Before making purchases exceeding \$10,000 in value (either singularly or as a set of like items purchased within the budget period) a budget holder must first have a review of the value of the purchase to the school and a comparison of prices, reliability, expected life and on-going costs, signed off by the board.

All budget and credit card holders are to sign Appendix 2 annually to acknowledge that they are aware of the board purchasing procedures.

### **N. Approval for Payments Made by CES (*Risk 3*)**

Suppliers send all invoices to CSIS. When an invoice is received it is endorsed with a stamp requesting information. The Finance Administrator matches the invoice to the purchase order and cross references the two. The ledger code and name of the staff member responsible for the budget area are added to the invoice. The invoice is put in the pigeon hole of the budget holder for approval.

Budget holders sign that goods / services have been received and that invoices may be paid. Invoices returned to the office are bundled.

The bundle of invoices is presented to the principal – a cheque signatory – for scrutiny and signing to approve payment. One of the signatories must be independent of the budget holder. Invoices are forwarded weekly to CES for payment.

Upon receipt of invoices, CES scans and pays them then returns the originals to CSIS for filing and creditor enquiries.

### **O. Approval for Payments made by CSIS Directly (*Risk 3*)**

The CES chequebook held at the school is used for exceptional payments. If the payment is to an individual for labour only, withholding tax is deducted at the IRD prescribed rate unless an exemption certificate is sighted.

Prior to payment an invoice gathers the same information as invoices sent to CES for payment. When the invoice is presented to the principal for scrutiny it is accompanied by a cheque prepared by the Finance Administrator to be signed by two cheque signatories and mailed to the creditor.

Summaries of cheque details with codes are sent to CES for inclusion in the monthly financial statement. Locally paid invoices are filed at the school.

The school has two credit cards held by the Principal and Associate Principal. Transactions require the signature or pin of the designated card holder.

The card credit limits are \$2,000. Cards must be stored in a safe location and pins held confidential at all times.

The Board Chairperson or the principal must be notified immediately if a card is lost or stolen and the card cancelled immediately.

The Board Chair signs off the Principal's transactions and the Principal signs off all the Associate Principal's transactions.

#### **P. Koha** (*Risk 1, 3, 4*)

Koha is a donation made in lieu of a charge when Maori organisations provide services to the school as part of Maori studies, for example students being hosted on a marae. Because an invoice is not issued, the budget holder prepares a document in lieu with details of the activity and the amount of the payment. This is signed by the budget holder, the principal and another cheque signatory in the usual way. The koha can then be paid in cash or by cheque.

This method of payment should be avoided where possible.

#### **Q. Income Received by CES** (*Risks 1, 2*)

All government grants and funds from external agencies are direct credited to the CSIS bank account at CES.

CSIS provides ledger coded copies of the remittance advices to CES for coding purposes.

#### **R. Income Received by CSIS Directly** (*Risk 1*)

All monies coming into the school go to the office. This includes students paying money to the school; teachers paying for activities; stationery receipts; canteen receipts and any other payment that may come to school.

The details of the person paying and the amount paid are recorded on a receipts schedule and signed by the person paying in permanent pen (not pencil).

The Finance Administrator enters the transactions into the school's student management system on the computer. A receipt can then be issued.

Prior to banking the receipts schedule is totalled and reconciled to the cash on hand and the eft pos report. Any variances must be investigated and resolved. The principal must be notified of unresolved variances.

Money received is banked into the main operating account daily or as pressure on time permits. Cash is not held over a weekend.

A summary of the receipts schedule(s) corresponding to the banking is sent to CES.

If a payment to the office is for a debt owed by a student to the school then the student's personal account at the school is credited.

Families owing money to the school may also make regular payments directly to the school's local bank account. These payments made directly are reconciled a minimum of monthly to the students' debtor balance and coded for CES.

The school has an eft-pos machine available for parents for easy payment of fees, especially on enrolment day and for second hand uniform sales. The eft-pos machine is in the office.

There is a small petty cash float held at the school which is reimbursed as required by a cheque drawn on the CES bank account.

The principal (or a delegate who is not the accounts' administrator) is to check monthly that all receipt numbers have been entered on a receipts schedule and that the schedule totals match the bankings. At the same time the petty cash float is verified.

### **S. Receipt and Verification (*Risks 2, 3, 7*)**

At the end of each term all budget holders sign a sheet to notify the principal that the income and expenditure against their ledger codes is appropriate. Budget holders have access to the CES website where account details may be viewed but not edited.

### **T. Fixed Assets (*Risks 1, 6, 7*)**

Where expenditure is for a capital item exceeding \$1000 the purchase is debited to a fixed asset code. Whilst signing the invoice to approve payment, the budget holder also completes an asset form which provides additional information including serial numbers and an estimate of the expected life. The asset form is forwarded to CES with the invoice.

The CSIS fixed asset register is maintained by CES. A fixed asset report is also incorporated in the monthly financial statements received by the school and the board.

Disposals of assets are similarly notified to CES so the items may be removed from the register.

### **U. Setting and Collecting Local Student Charges and Donations (*Risks 2, 6*)**

Local student school charges for the coming school year are finalised by the principal and board chair and approved at the May board meeting.

The school donation and school charges for local students are requested in advance when students formally enrol at the beginning of the year. Parents agree, when enrolling their children, to pay all the charges by the end of the first term or have an acceptable automatic payment arrangement in place. They also agree to pay any other school charges for activities they have given consent for their children to participate in.

The principal will present a "School Charges Payments Received" report to the Board at the first meeting in Term 2 and an update on collection progress at the first meeting in Term 4.

Regular contact will be made with the families who have outstanding school charges to pay after the first term. Regular reminders by way of an invoice will be posted.

The school donation is a voluntary payment. The board's opinion is that school charges (that meet the MOE guidelines) are a legally enforceable debt.

**V. Setting and Collecting International Student Fees (*Risks 2, 6*)**

International student fees for the coming school year are finalised by the principal and board chair and approved at the May board meeting.

International students pay fees in advance. Prior to or at the time of payment students receive a copy of the school's fee refund policy, as required by the Code of Practice for the Pastoral Care of International Students. The CSIS policy is prepared in accordance with MOE guidelines.

International Student fees received are credited by CES to a balance sheet account code 'international student fees received in advance'. At the end of each term the principal advises CES of the amount that may be released to the revenue code 'international student fees income'.

**W. Ensuring that Local Monies are Received (*Risk 2*)**

A school staff member who initiates a request for activity money from students is ultimately responsible for making sure that the funds are received, even though that individual teacher does not actually collect the funds.

If a class trip or activity is planned the office must be notified well in advance of when the trip or activity is to take place and the price to charge (inclusive of GST). The aim is to have all money collected prior to the activity unless special arrangements exist.

The teacher sets a deadline point by which the money must be received by the payment centre and notifies students of the amounts, deadlines, dates and the requirement to pay at the office.

The teacher provides office with a list of students which shows the fee and the due date. This must be done before the students start paying.

The teacher checks progress during the collection period with the payment centre and with the students. Three days prior to the deadline date the office provides a list which shows students who have not paid.

The teacher discusses with the principal what action should be taken in the event of non-payment before the deadline date.

The teacher notifies the office of any individual students who did not take part in the activity or whether any part of the activity was cancelled. Any refund is to approved by the principal. The office is to then arrange refunds to these students. Refunds are by cheque or a credit to the student's individual account.

If there is an excess of money collected after all accounts for the activity are paid, then as a basic principle all excesses are paid back to students, unless the amount is too small to warrant a refund.

**X. Gifts and Other Donations**

All financial gifts and donations must be appropriated accounted for and applied to the purposes for which they were given.

**Y. Staff Usage and Expenditure (*Risks 1, 3*)**

NOVOPAY pays the salaries of all CSIS staff, including salaries of ancillary staff paid from school funds. NOVOPAY issues a fortnightly staff usage and expenditure (SUE) report showing payments to be made at the end of the current pay period.

Each SUE report is checked and signed by the principal and another cheque signatory (other than the Finance Administrator) to ensure all staff have been paid at appropriate rates and for actual time worked. A copy is sent to CES so it can reconcile and code the deduction taken by NOVOPAY for the payroll payments.

NOVOPAY will only action written and online instructions from the school signed by or entered online by the BOT authorised signatories (being the Principal, Associate Principal, Learning Director, Principal's PA and Financial Administrator) or their authorised email addresses. These signatories are not authorised to make changes to their own or family member payrolls.

The Board's Assurance Committee will complete a random audit monthly of SUE report and instructions to the pay office to ensure that these procedures are being complied with. The final SUE report for the year showing total salaries paid is reviewed by the board chair and tabled at the first board meeting of the next year.

**Z. Property Maintenance and Capital Expenditure (*Risk 4, 5, 6*)**

Property maintenance is funded from the school's annual operations grant. The school has a ten year maintenance programme, the biggest part of which is a painting plan.

Each month the school's accounts are debited by an amount sufficient to accumulate revenue equal to planned expenditure over the life of the programme. The amount deducted is reviewed annually when the maintenance plan is updated.

Capital expenditure is financed by a five-year property grant from the MOE. The school has a ten year property development programme which reflects the school's strategic goals. Planned spending for the unexpired grant period may not exceed the unspent portion of the grant.

Income and expenditure procedures for the five year property grant are the same as those for other income and expenditure areas. Income and expenditure is recorded by project and against budget in the monthly financial statements monitored by the board.

**This procedure is reviewed as part of the Christchurch South Intermediate School Board of Trustees' programme of review.**

**AA. Appendix 1****Monthly Checklist of information required by  
Canterbury Education Services:**

- Details of ALL Cheque Payments and Banking Receipts for the month – amount – codes.
- Bank Statements for ALL accounts for the month (copy)
- CODED Payroll / SUE Reports
- CODED MOE Remittance Advice forms / or just code it on the bank statement
- Photocopy of ALL Fixed Asset invoices paid by the school.
- Ensure ALL creditor invoices have been passed to Canterbury Education Services for payment.

Note: CES we can only pay coded, authorised original invoices.

Invoices are to be sent weekly and are required at least seven days before the Board meeting with urgent invoices being clearly marked.

**This information is required at least seven days  
before the Board Meeting.**

**BB. Appendix 2**

The undersigned budget and credit card holders acknowledge that they are aware of the board purchasing procedures outlined in Section M of these procedures.

Name	Signature	Date
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