

**Approved 17 March 2009 (Updated September 2009)**

## **Financial Policy**

### **Purpose**

1. This policy establishes a set of principles and rules by which the NZRAB will manage its finances, so as to protect the NZRAB's resources and reputation.

### **Principals**

#### ***Accounting Standards***

2. Proper financial accounts shall be maintained in accordance with the financial reporting standards adopted by the New Zealand Institute of Chartered Accountants as is appropriate to the organisation.
3. All transactions shall be processed in accordance with New Zealand's tax legislation.

### ***Reporting***

4. Good quality financial reporting allows the organisation to:
  - make good financial decisions
  - monitor its progress against the NZRAB Strategic Plan and budget
  - provide clear and transparent information to the NZRAB Board, the Minister and other stakeholders.
5. Financial reports shall be provided monthly for noting to the Chief Executive, the Board Chair and the Strategy and Finance Committee (the committee). These reports shall include:
  - a financial statement
  - a balance sheet
  - a commentary on performance, variances to budget and any financial issues.

6. The *NZRAB Annual Report* shall be prepared in accordance with the requirements of the Registered Architects Act 2005 (the Act). The *NZRAB Annual Report* shall be:
  - drafted by management in consultation with the Strategy & Finance Committee
  - approved by the Board
  - signed by two Board members as per the requirements of the Act.

### ***Commitments***

7. All commitments and payments are to be processed in accordance with the NZRAB Delegated Authorities and Responsibilities Schedule which is to be approved by the Board annually (see attachment 1).
8. All invoices must be signed by the person who initiated the expenditure prior to payment, unless a personal benefit will accrue to the person initiating the expenditure, in which case the invoice must be signed by the Chief Executive where other staff have initiated the expenditure, and by the Board Chair where the Chief Executive has initiated the expenditure.

### ***Payments***

9. All payments (Direct Debits, Automatic Payments, Electronic Payments and cheque payments) are to be approved by two signatories, these being the Chief Executive or the Chair and the Administrative Officer.

### ***Income***

10. All income received shall be banked at least weekly.
11. Exceptional circumstances apart, fees charged for services must be paid in full before services are provided, ie the NZRAB does not provide credit. A refund will be granted when the NZRAB is advised that the service is not required at least 24 hours before the service is due to be provided.

### ***Fixed Assets***

12. All physical assets greater than \$500 are to be capitalised.
13. Depreciation is to be recognised annually and based on generally accepted accounting standard depreciation rates.
14. All capital expenditure greater than \$5000 shall be preceded by a tendering process with a minimum of three quotes, unless the work or purchase is from a "preferred supplier".

### ***Preferred suppliers***

15. Management shall keep and provide to the committee a register of preferred suppliers, these being suppliers of goods or services that the NZRAB has an ongoing relationship based on good quality provision and an understanding of the NZRAB's business.

### ***Budget***

16. An annual budget is to be prepared by management and presented to the Strategy and Finance Committee. Subject to amendment, the Committee shall then recommend the budget's adoption to the Board.

### ***Investment of Surplus Funds***

17. The daily cheque account shall be maintained at the minimum level required to cover immediate payments.
18. All surplus funds are to be held in an interest bearing account of a New Zealand Trading Bank either on call or at term. Any other investment options must comply with section 42 of the Act and be submitted to the Chair for approval.

### ***Sensitive Expenditure***

19. Sensitive expenditure is expenditure that:
  - could be seen as giving some additional private benefit to an individual office holder or staff member; or
  - is unusual or invites controversy.
20. Sensitive expenditure decisions should:
  - be authorised via a transparent process
  - be subject to high standards of probity and financial prudence
  - be able to withstand public scrutiny
  - have a justifiable business purpose
  - be impartial
  - be moderate and conservative, having regard to the circumstances
  - be appropriate in all respects.
21. For detailed guidelines on this expenditure, refer to the Sensitive Expenditure Policy

### ***Credit Cards***

22. Refer to the Sensitive Expenditure Policy for credit card guidelines.

### ***Responsibilities:***

#### 23. The Board:

- sets the NZRAB's overall strategic direction within the parameters set by the Registered Architects Act 2005 and the Registered Architects Rules 2006
- adopts the Strategic Plan and budget
- ensures the appropriate financial management systems are in place, including delegations
- monitors performance against the Strategic Plan and budget
- reports to the Minister via the *Annual Report*.

#### 24. The Strategy & Finance Committee:

- assists the Chief Executive in developing the annual Strategic Plan and budget
- monitors and advises the Board in terms of the implementation of the Strategic Plan and budget
- advises the Board as to whether:
  - the NZRAB complies with relevant statutory and regulatory requirements
  - risks have been identified and appropriate steps have been taken to mitigate or manage them
  - procedures and delegations are in place to ensure that all expenditure is authorised
  - reporting to the Board and the Minister truly reflects the NZRAB's activities, financial and otherwise
  - the annual report and audit requirements of the Act (S58 to 63) have been met
- provides a confidential communications channel by which any staff member or other person can speak up in regard to any improper decisions or activity within the NZRAB
- fosters sound financial practices and an ethical and professional culture throughout the NZRAB.

#### 25. Management:

- drafts the Strategic Plan and budget
- implements the Strategic Plan
- manages day-to-day financial recording and internal controls, having regard to risk
- reports to the Strategy & Finance Committee/Board on the NZRAB's financial and overall performance
- drafts the *Annual Report*.

## NZRAB Delegated Authority and Responsibility Schedule 2009

Function or activity	Board	Chair	Chief Executive	Executive Officer	Administration Officer	Comments
1. Strategic Plan and budget	X					
2. Annual Report	X					
3. Registrations, continuing registrations, discipline/penalties, suspensions, cancellations	X					Where applying to individual architects
4. Authorising an expense			X	X	X	
5. Authorising payment (signing invoices etc)		X (Outside budget >\$5,000)	X (Within budget >\$5,000, outside budget <\$5,000)	X (Within budget <\$5,000)	X (Within budget)	Invoices to be signed by initiator of expense. AO as second signature only
6. Credit card limits			\$5,000	\$20,000	\$20,000	Reflecting regular usage/need
7. Signatories on bank accounts (making payments by cheque, direct credit etc)		X	X		X	AO second signature only
8. Income (banking)					X	
9. Leases/rental arrangements			X			
10. Asset purchase		>\$2,000	<\$2,000			
11. Asset disposal – up to \$ (book value)		>\$2,000	<\$2,000			
12. Banking new accounts/new arrangements		X				
13. Insurance			X			
14. Policy	X					
15. Press release		X				
16. Travel – overseas		X				
17. Travel – local			X	X	X	EO and AO to have CE's approval for own travel
18. CEO credit card/personal reimbursement		X				
19. Staff credit card/personal reimbursement			X			
20. CEO appointment	X					
21. CEO responsibilities, performance appraisals, salary reviews		X				
22. Staff /contractors appointment outside budget		X				
23. Staff /contractors appointment inside budget, responsibilities, performance appraisals, salary reviews			X			

