

**Social Sector Innovation WBOP Charitable Trust**

# **FINANCIAL POLICIES & PROCEDURES**

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## Overview

To be provided by Sharon Hanna

## **1. General Accounting**

This policy sets out general accounting information about SocialLink Tauranga Moana.

### 1.1 Accounting

The financial accounting period for SocialLink Tauranga Moana begins on the 1<sup>st</sup> of April each calendar year and concludes on 31<sup>st</sup> of March the following year.

The financial accounts for SocialLink Tauranga Moana are on an accrual basis. Xero is the cloud based accounting package used for financial record-keeping. Xero accounts can only be accessed by the authorised users as delegated by the General Manager.

The General Manager/Financial Administrator will access accounting & audit advice as required.

### 1.2 Audit and Review

The auditor for SocialLink Tauranga Moana is ratified by the Trustees at the meeting following the 31 March each year. SocialLink will alternate reviewing/auditing its year end reports, years with an odd number are review and years with even number are audit, except in instances where there has been a significant change in SocialLink's activity in which case an audit would be required..

### 1.3 GST

Social Sector Innovation WBOP Charitable Trust registered for GST on 1 June 2016, GST number 110-369-093. GST returns are completed every two months, for periods ended March and September.

### 1.4 Tax Status

SocialLink Tauranga Moana is a registered charitable trust (CC50192) and holds an exempt tax status.

### 1.5 Insurance

SocialLink Tauranga Moana holds Public Liability, Association Liability and Statutory Liability insurance cover through Rothbury Insurance Brokers Otago. The policy has an annual renewal date of 1 August and cover is reviewed by the General Manager, in conjunction with Trustees, prior to policy renewal each year. TECT Charitable Trust holds and is the owner of The Kollektive's (TK) insurance policies i.e. buildings, contents, etc. The payment for these is through TK revenue, as such SocialLink doesn't hold any insurance for TK and is not required to.

### 1.6 Annual Accounts

An audited or reviewed set of annual accounts including a Performance Report in line with Tier 3 Charity Services Reporting standards is presented at the AGM of SocialLink Tauranga Moana in September of each year.

The General Manager, Baker Tilly Staples Rodway and the Financial Administrator of SocialLink Tauranga Moana will prepare the annual accounts and Performance Report.

The accounts are then audited / reviewed by the appointed auditor prior to them being copied, circulated and approved at the AGM.

## **2. Funds Management**

Maintaining financial viability is one of the keys to SocialLink Tauranga Moana's continuing existence. To help ensure this the following financial policies and procedures have been developed.

### 2.1 Bank Accounts

SocialLink Tauranga Moana holds one main operating bank account at the SBS bank and a separate sub-account for The Kollektive, this account does not have an overdraft facility.

Both SocialLink and The Kollektive have an additional bank account held at Kiwibank for access of funds via Debit Card with an approved top-up balance up to a maximum of \$1,000 for SocialLink and \$2,000 for The Kollektive. Two debit cards are attached to the SocialLink account, one is held by the General Manager and the other by the Administrator. The Kollektive debit card is locked away and used as required by the Manager and staff members, staff members require approval for the TK manager prior to using the card.

### 2.2 Reserves

The Trust aims to have a minimum of 3 months operating budget in reserve.

### 2.3 Term Deposits

SocialLink Tauranga Moana holds reserve funds plus any surplus operating funds in a higher interest, low risk term deposit with SBS Bank or Kiwibank as existing accounts are held with both of these banks. These funds are transferred as required into the main operating account.

### 2.4 Banking

The Financial Administrator is responsible for the receipting and banking of all electronic funds received by SocialLink Tauranga Moana.

Banking is done on a regular basis in an efficient and timely manner. Any funds held on the premises waiting to be banked are kept locked in a secure cabinet by the Administrator.

### 2.5 Transfer of Funds

SocialLink Tauranga Moana transfer of funds from the operating account to the Kiwibank Petty Cash Debit card account for payment of day to day expenses. The balance is topped-up as required up to a maximum of \$1,000.00.

### 2.6 Payment of Invoices

Other transfer of funds may be done as required, online transfers requiring two signatories.

### **3. Capital Expenditure**

This policy sets out some guidelines regarding the purchase, care and disposal of capital items.

#### 3.1 Selection of Suppliers

Priority should be given to purchasing from local businesses where possible with consideration also being given to a Suppliers contribution to environmental and/or social outcomes that align with SocialLink.

#### 3.2 Purchase of Capital Items

The General Manager of SocialLink Tauranga Moana and the Manager of The Kollektive has the responsibility for purchasing any capital items. These items are set out in a budget each year which is approved by the Trustees. The purchase of all capital items should come within budget limits.

When purchasing significant items three quotes are sought to obtain a competitive price and benefits. The General Manager reports on capital expenditure at Trust meetings.

Extraordinary items of capital expenditure over \$2,000 must be approved by the Trustees prior to any expense being incurred. The General Manager and The Kollektive Manager can approved budgeted capital items up to the value of \$5,000. Board approval is required if the capital expenditure is over \$5,000.

#### 3.3 Asset Register

An asset register is held by SocialLink Tauranga Moana and maintained by the Financial Administrator. Assets of \$500 (excluding GST) or more are recorded. Any capital purchases less than \$500 (excluding GST) are recorded as operating expenses.

#### 3.4 Depreciation

Assets are depreciated on an accumulated value basis. The cost of the fixed asset is written off over the expected economic life. The rates are set out in the annual accounts.

#### 3.5 Disposal of Assets

Capital items for disposal must first be approved by the Trustees unless it is being of nil value according to the asset register. The General Manager is responsible for the disposal of capital items. After Trustee approval the items may be offered to community groups in an 'as is where is' state at little or no cost, or to staff at reasonable, book or current market value rates.

#### **4. Internal Controls**

Internal controls have been put in place at SocialLink Tauranga Moana to protect the organisation, its Trustees, funders and Staff.

##### 4.1 Accounts Receivable

SocialLink Tauranga Moana/The Kollektive invoices an organisation or individual for payment of workshop/training fees and grant payments as required. Each invoice is reconciled with the payment when received. Receipts are issued for any cash received.

When a payment becomes overdue a statement is sent as a reminder of payment and then followed up by emails and phone calls. Once every effort has been made to recover funds the General Manager/ The Kollektive Manager has the authority to write off small unpaid debts under \$1000. Any single amount over \$1000 is considered a significant amount of debt owing and will be referred to Trustees for a decision.

The General Manager/The Kollektive Manager may choose not to enter into any financial transaction with any debtors who have not paid previous debts to SocialLink Tauranga Moana or The Kollektive respectively.

Refunds may occasionally be issued if an organisation has given notification of non-attendance prior to an event. The General Manager/ The Kollektive Manager has final discretion in this matter.

##### 4.2 Accounts Payable

Accounts payable are paid monthly on the 20<sup>th</sup> of the month following the date of the invoice.

SocialLink Tauranga Moana and The Kollektive has automatic payments set up for regular set payments such as SocialLink to The Kollektive for rent, 2 Degrees for the General Manager's mobile phone and Thankyou Payroll for wages and salaries.

All other creditors are paid by direct credit via on-line banking. Accounts are approved for payment by the General Manager and online payment is set up by the Financial Administrator for SocialLink and by The Kollektive Manager for The Kollektive. Two signatories are required for each online payment; the General Manager plus a Trustee. If the payment relates to the General Manager or an identified conflict of interest the General Manager may not approve either the account or the online payment. In this instance all approvals must be completed by two Trustees.

A Trustee may not approve payment of any kind to themselves.

Automatic payment authorities are also signed by two signatories.

#### 4.3 Bank Reconciliations

Bank accounts are reconciled through Xero for Socialink on a daily basis by the Financial Administrator and by The Kollektive Manager for The Kollektive

#### 4.4 Travel Reimbursement

Socialink Tauranga Moana reimburses mileage if a private vehicle has been required to be used for work purposes. This should be by negotiation and agreed to prior to the vehicle being used. The reimbursement rate paid is the current IRD rate per kilometre. The staff member is required to fill out an Expenses Reimbursement form noting distance and reason for trip. This is approved by the General Manager before payment is made. If the reimbursement relates to the General Manager, the Expense Reimbursement form is approved by the Chairperson.

#### 4.5 Out of Town Travel

If an employee is required to travel out of town for work related activities the Socialink administrator will book any flights and/or accommodation. It is expected that the most cost effective options will be selected. Where an overnight stay is required a daily allowance of \$50 will be provided to cover meals while away from home. Where breakfast is included as part of the accommodation booking the allowance will reduce to \$35 per day. Socialink will cover room only costs relating to accommodation.

Any costs incurred due to flight or accommodation changes that relate to changes by the employee will not be met by Socialink.

#### 4.6 Supplier Accounts

Socialink Tauranga Moana has an account with one Supplier and will approve additional suppliers where this is to the advantage of Socialink ie reduced costs, additional benefits. Where possible local suppliers will be selected and those who contribute to social and/or environment outcomes.

These accounts are available for staff to purchase items required to carry out the tasks of their employment.

Generally staff notify the Administrator of their needs and their wish to purchase goods. The Administrator will order and purchase goods in association with the General Manager for Socialink purchases or The Kollektive Manager for The Kollektive purchases. Receipts are passed onto the Financial Administrator or The Kollektive Manager for The Kollektive expenses for processing and reconciliation.

No guarantees are given by the General Manager, The Kollektive Manager or Trustees for opening new accounts for supplies.

#### 4.7 Petty Cash

Socialink Tauranga Moana has up to \$100 in cash which is kept secure by the Administrator in a locked security box which is stored in a locked cupboard or safe and is available to Staff and Trustees for small work related purchases under \$20 per transaction. The keys are held by the Administrator and General Manager and are not to be designated to any other staff members.



The Administrator is responsible for issuing, recording and receipting all items purchased with petty cash. Staff or Trustees who have been allocated petty cash are responsible for returning receipts and change to the Administrator in a timely and efficient manner. Petty cash advances must not exceed \$20. A receipt and any unspent cash must be provided within 2 working days of the advance.

The Financial Administrator balances petty cash and draws a cheque as required to maintain a float of up to \$100. The General Manager will review and approve any Petty Cash Reconciliation and reimbursement.

#### 4.8 Reimbursements

On occasions Staff and Trustees may purchase small goods for work purposes using their own money. This will not exceed \$50.00 per transaction. These items will be reimbursed by Socialink Tauranga Moana when the Staff member or Trustee completes a reimbursement form attaching receipts or verification of their purchase. All reimbursements are approved by the General Manager (*see also Travel Reimbursement policy*). If the reimbursement relates to the General Manager, the Expense Reimbursement form is reviewed and approved by the Chairperson. One off trustee expense claims over \$500 are approved by the Chairperson.

#### 4.9 Koha

Socialink Tauranga Moana pays Koha from time to time. Koha is defined as an unconditional, spontaneous gift (cash, goods or kind) given or received for unsolicited services, as within tikanga Māori. Koha will:

- be in the form of cash or goods;
- be paid to external person(s) or non-profit community groups who provide support, or undertake a one-off activity and expect non-payment or support in return for such activity;
- not be given in lieu of salary or as a payment for service(s) provided;
- not be given by Socialink to its employees.

Petty cash or debit card may be used to purchase items intended as Koha ie food taken to hui. For a cash Koha a Koha Request form must be completed and approved by the General Manager for an amount of no more than \$500, amounts over \$500 must be referred to the Chairperson or Treasurer for approval.

#### 4.10 Debit Card/s

The General Manager, Socialink Administrator and The Kollektive Manager each have a Kiwibank Debit Card for work related expenses. In relation to Socialink's debit card the cards must be in the control of the named authority and used with permission of same. With regards to The Kollektive TK debit card it is locked away, the team have permission to use it from time to time to buy consumables following the TK Managers approval.

The Debit Card is not to be used for personal expenses. In the event of accidental use of the card for personal expenses, the amount incurred must be repaid immediately to the Kiwibank account and the person's Manager advised. If payment is not made immediately it will be deducted from the employees next payment of wages/salary, within the parameters of the Wages Protection Act 1983. Repeated incidents of accidental use for personal expenses may result cancellation of the relevant staff members debit card.

The Debit Card is attached to a Kiwibank account. The Petty Cash account for Socialink is reinstated up to a maximum of \$1,000 as required and for The Kollektive the maximum is \$2,000 given increasing costs as membership rises. The cardholder will provide receipts for all expenses incurred for which they will provide receipts. These receipts are checked and approved by the General Manager. If the expenses relate to the General Manager, the expenses are approved by the Chairperson.

#### 4.11 Reporting

The Social Sector WBOP Charitable Trust board of Trustees meet monthly. At these meetings the General Manager and The Kollektive Manager presents a report on the work of the Staff and also a copy of the following financial accounts prepared by Baker Tilly Staples Rodway:

- Financial Administrator's Report
- Balance Sheet for the preceding month
- Accounts Payable
- Accounts Receivable
- Cash Summary
- Monthly Profit & Loss Report
- YTD Profit & Loss showing budget vs actuals
- Cashflow Forecast (quarterly only – January, April, July & October)

The General Manager receives a copy of the monthly budget vs actuals report.

The Trust is able to query any item in the financial accounts and view source documents.

#### 4.12 Cheque Signatories & Online payment authorisations

Socialink Tauranga Moana uses two signatories/authorisations on each cheque or online payment. One is the General Manager who first approves all payments made. The second signatory/authorisation is the Chairperson or in their absence another Trustee.

Two signatories/authorisations are also required for automatic payments, direct debit authorities, online banking payments and any account transfers. Any changes to signatories or access to Socialink Tauranga Moana's bank accounts must be approved by the Trustees and recorded in board minutes.

Any letters of notification given to the bank must be signed by both the General Manager and the Chairperson, or in the absence of the Chairperson a designated Trustee.

The Financial Administrator is able to view transactions and load payments for Socialink and The Kollektive Manager can view and load payments for The Kollektive.

#### 4.13 Delegated Authority

The General Manager and The Kollektive Manager has the authority to act on behalf of the Trust. Approval limits are set out in the annual budget and the delegated authorities policy. Staff members check with the General Manager for Socialink purchases, or The Kollektive Manager for The Kollektive purchases, before purchases are made. On occasions the General Manager will consult with the Chairperson or bring matters out of the ordinary to the attention of the Trust at their meetings.

All major contracts or transactions binding the Trust need to be discussed with the Chairperson or Trustees before signing and be signed by the Chairperson and Trustee.

The General Manager can authorise online payments of up to \$1,000.

Any increase in limits to charge accounts or debit card is approved by the Trust and recorded in the minutes.

#### 4.14 Budget

The General Manager (following consultation with relevant staff) with support from the Financial Administrator is responsible for preparing the annual budget of Socialink Tauranga Moana. The Kollektive Manager (in consultation with the General Manager) is responsible for preparing the annual budget for The Kollektive. Priorities are set by the General Manager, The Kollektive Manager and the Trust.

Socialink salaries and The Kollektive Manager salary is set by the General Manager within the budget, as is operational and capital expenditure. The Kollektive salaries are set by The Kollektive Manager with approval by the General Manager. The Socialink and The Kollektive annual budget is prepared to support the strategic plan and presented to the Trust for approval.

The budgets can be revised if necessary during the financial year and presented to the Trust for approval. This may occur when significant changes are expected in income or expenditure. Regular financial monitoring occurs by budget comparisons to actual expenditure being made at Trust meetings.

#### 4.15 Payroll

Socialink Tauranga Moana and The Kollektive use 'Thankyou Payroll' payroll system. Keeping accurate payroll records is the responsibility of the Financial Administrator in conjunction with the General Manager/the Kollektive Manager. These records include annual salary of each staff member, required deductions, annual leave, sick leave and bereavement leave.

The Gross amount is paid to Thankyou Payroll, who hold funds in a Trust account for payment of the net amount to the staff member. Payment to the Inland Revenue Department of PAYE, KiwiSaver, Student Loan repayments and Child Support payment is made as required by Thankyou Payroll.

Salaries of permanent staff members are paid fortnightly by automatic payment into a bank account designated by the staff member in accordance with their employment agreement.

Casual staff are required to complete time sheets. The necessary deductions are made and the balance paid by cheque or direct debit.

The General Manager and The Kollektive Manager has the responsibility for hiring contractors as required. Quotes may be sought and payment for completed work made by direct debit on receipt of tax invoice.

#### 4.16 Office premises

Office premises is The Kollektive. The monthly payment for use of office premises is made by automatic payment.

#### 4.17 Grant Funding

Socialink's funders include TECT, BayTrust, the Acorn Foundation, Lotteries, Tauranga City Council and Western Bay of Plenty District Council. The Kollektive is funded by lease payments, membership fees and the TECT Charitable Trust who also provided an interest free advance loan of \$200,000 in 2018 if required.

Socialink and The Kollektive will not seek or accept funds from organisations whose revenue is generated from gaming machines given the social impact they have on the community.

Lotteries and any other funding that is derived from gambling will be phased out with the aim to be able to financially sustain the organisation without any proceeds from gambling by 2023.

#### 4.18 Staff Functions

Socialink and The Kollektive will contribute up to a maximum of \$30 per head for up to 2 functions per year for staff, regular contractors and board members.

#### 4.19 Staff Leaving Gifts

To ensure consistency and fairness Socialink and The Kollektive has a policy of contributing to leaving gifts based on length of service. \$40 following completion of twelve consecutive months of service and an additional \$20 per year for each subsequent year.

### **5. Fraud**

Socialink's Trustees, managers and staff and The Kollektive Manager and staff have a responsibility to protect the organisation's reputation and resources from fraud, and the risk of fraud.

#### 5.1 Policy Statement

The organisation's Trustees accept that they have a responsibility to protect the physical and financial resources of Socialink and The Kollektive.

Through the organisation's General Manager the Board is responsible for:

- Taking steps to deter and prevent fraud, theft and corruption by persons who are employed or contracted by the organisation or who are service recipients of the organisation
- Respecting the rights of employees to report concerns and make protected disclosures about any concerns
- Making sure that individuals reporting their concerns in good faith and in a responsible manner do not suffer detrimental action as a consequence thereof, so that disclosures of wrongdoing are seen as a positive aspect of organisational culture
- Treating seriously any allegation of suspected fraud, theft or corruption

- Taking prompt action on all reported concerns, both to bring the activity to an end and to discourage others who may be inclined to similar conduct
- Being satisfied as to the facts of the case before initiating any disciplinary or legal action. This will involve a preliminary assessment, and where appropriate, investigation of the allegation
- Notifying the New Zealand Police as warranted and / or appropriate
- Seeking legal or other advice on the matter where required
- Acting impartially, fairly, and equitably when handling cases of suspected fraud, theft or corruption, which includes having proper regard for the principles of natural justice and the avoidance of entrapment, bias, and favouritism
- Treating people consistently, regardless of their status, length of service, or position / title
- Co-operating fully with any investigations of alleged wrongdoing undertaken by external parties
- Exercising good judgement based on the evidence gathered and act on that judgement in the interest of Trustees, funders, staff and the public
- Imposing and articulating strong deterrent penalties, including seeking prosecution and recovery of any losses, wherever possible and practicable
- Making details of successful prosecutions public wherever possible

### 5.2 Implementation

The implementation and review of the Fraud policies are the responsibility of SocialLink's Trustees, in conjunction with any recommendations made by appointed Accountants/ Auditors:

- Any allegations concerning SocialLink's or The Collective's staff or related parties are to be made to the General Manager, who will communicate these to the Chairperson and Trustees.
- Any allegations concerning SocialLink's General Manager are to be made to the Board Chairperson, who will communicate these to the remaining Trustees.
- Any allegations concerning a SocialLink Trustee are to be made to the SocialLink's General Manager who will advise the external auditor to commence an investigation.
- SocialLink's Trustees will be responsible for all allegations brought to their attention, and the committee may as warranted and / or appropriate, notify the New Zealand Police and / or advise the external auditor to commence an investigation.

## **6.0 Other Documents**

6.1 The following documents to be considered alongside this policy are:

- Social Sector Innovation WBOP Charitable Trust, Trust Deed
- Strategic and Operational Plan's
- Individual Employment Contracts
- Maximising Our People Handbook
- Human Resource Policies & Procedures
- Te Tiriti o Waitangi – Treaty of Waitangi Policy
- Health & Safety Policy
- Certificate of Incorporation
- Insurance Policies
- Annual Accounts & Audit Report
- Annual Budget

## 6.2 Socialink Tauranga Moana forms and templates:

- Expenses Reimbursement
- Petty Cash Reconciliation
- Koha Request Form
- Asset Register – under \$500 (ex GST)
- Asset Register – \$500 or greater (ex GST)

Version:	V2.4 0919	Date Reviewed:	5 September 2019	Prepared by:
Review:	Annually	Next Review Date:	September 2020	Approved by:

### Record of Updates to Financial Policies & Procedures

Version	Issue Date	Changes	Meeting Date Changes Approved
V1.3 0717			
V1.4 0718	1 August 2017	<p>Changes to Clauses:</p> <p>2.3 – Term deposit through other banks</p> <p>4.9 – Koha limit increased</p> <p>4.11 – Add Quarterly Cashflow Forecast</p> <p>4.10 – Add ref to Wages Protection Act</p> <p>4.15 – Change reporting to IRD to as required</p> <p>4.17 – Add Lotteries and timeline</p> <p>Add clauses:</p> <p>4.18 Staff Functions</p> <p>4.19 Staff Leaving Gifts</p>	

V2 050919		<ul style="list-style-type: none"> <li>• Add a sentence that while in general Socialink will undertake an audit/review on alternate years, in instances where there has been a significant change in Socialink activities an audit will be undertaken (as per what has happened this year due to taking on TK)</li> <li>• Amend GST returns to be completed on every two months rather than six monthly</li> <li>• Include Baker Tilly Staples Rodway as appropriate in their role as accountants e.g. preparing of annual accounts etc</li> <li>• Incorporation of TK Manager responsibilities where appropriate</li> <li>• Note that TECT holds and is the owner of TK's insurance policies i.e. buildings, contents, etc. The payment for these is through TK revenue, but technically SL doesn't hold any insurance for TK and is not required to.</li> <li>• Disposal of assets, amend to indicate that if an asset is of nil value according to the asset register then it doesn't need to be approved by the Board.</li> <li>• Currently the policy for debit cards (4.10) is that they remain in the possession of the staff member to whom they have been issued to (i.e General Manager, Socialink administrator and The Collective Manager). This is not practical for daily TK operations, the TK debit card is locked away, however the team will use it from time to time to buy consumables following having sought the TK Managers authority.</li> <li>• Increase the debit card limit to \$2000 for TK to reflect increasing costs as membership increases that can only be paid via the debit card. For example Nexodus, the automated system for bookings, invoices etc is based in the Netherlands and is paid in US dollars with the amount changing every month depending on membership numbers.</li> <li>• Ensure the policies and procedures reflect the recently adopted delegations policy</li> </ul>	

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