



MARIST CATHOLIC SCHOOL

PROCEDURE: Managing Income and Expenditure

To manage income and expenditure, and to ensure that annual accounts are prepared and audited as required by the Public Finance Act 1989 and the Education and Training Act 2020, the school follows these rules:

Budgeted (and unbudgeted) expenditure

- Any unbudgeted expense over \$1000 (incl GST) is approved by either the board chair or board representative.
- The school runs an order book system, which is controlled and monitored by the office manager.
- No budget line is overspent without informing the board of trustees.
- Competitive quotes are obtained for capital items or operating expenses, for lease or purchase, over \$1000 (incl GST).

Cash receipts

- Only delegated staff handle cash.
- All cash and cheques received are paid to the school office and properly receipted, either to the individual, or as a bulk receipt initialed by the depositor.
- Cash received can not be used to pay other accounts, in cash.
- All cash and cheque receipts are banked as soon as possible, and any kept on the premises are kept secure in a locked safe.

Financial summaries and reporting

- Financial summaries for the reporting period must be tabled at each board meeting for ratification.
- Financial reports must be given to every board member at least three days before any planned board meeting.
- The audited annual financial report is adopted by the board of trustees. The principal and board chair sign the Statement of Financial Responsibility. A copy of the most recent report is available to members of the community and published online.
- The annual report, including the Analysis of Variance and audited financial statements, is provided to the local office of the Ministry of Education by 31 May.
- All financial records are available to board members.

Expenditure transactions

- Authorisation of invoices for payment is made by the principal.
- All expenditure transactions are prepared by delegated staff and signed off by at least two of the school's authorised signatories.
- Cancelled cheques are marked as such and stapled to the cheque butt.
- Cheques can only be made out for cash with board approval and not beyond a limit of \$500 (incl GST).

Payroll

The principal is responsible to the board of trustees for the payroll processing and expenditure reports.

- The payroll administrator checks the SUE (Staff Usage and Expenditure) report and presents it to the principal for checking and signing.
- Leave reports are checked by the principal and regularly reported to the board.
- The principal assures the board twice a year that a board member has checked the process and authorisations used to make payments to staff members, particularly the payments made to the principal, to anyone related to the principal, and others in the school with payroll responsibilities.

SUE report sign-off is an important control mechanism providing governance scrutiny of payroll that is independent of staff members being paid and authorising the payroll.

Reimbursements

- Requests for reimbursement must be in writing (using the school's claim form), detailing costs and enclosing receipts/invoices.
- The principal authorises reimbursements. If the reimbursement is to the principal, the board chair or deputy principal authorises the reimbursement.

Term deposits

The principal and office manager liaise with the bank to manage term deposits.

Segregation of duties

Segregation of duties means having more than one person complete a task thus ensuring that incompatible jobs within a system are not completed by the same person. It enhances effective internal control because it reduces the risk of mistakes and inappropriate actions.

As a guide, for most transactions the following functions should be segregated:

- initiation (completing a purchase order)
- approval (authorising purchase order and payment of an invoice)
- accounting/reconciling (recording of the transaction in the ledger and month end reconciliation process)
- receiving money
- depositing money.

If segregation of duties is not possible, the principal undertakes more detailed checking of each step of the school's processes.