

2.10 Financial Guidelines and Practices for the LIANZA Office

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1.0 Purpose

To ensure that LIANZA finances are managed in line with best practice for not for profit organisations, and with appropriate internal controls in place to prevent fraud and maintain effective oversight of LIANZA funds.

2.0 Scope

This policy applies to all LIANZA staff, the LIANZA Special Interest and Regional Groups and LIANZA Council

3.0 Definitions

SIG	Special Interest Group
SIGs and Regions	LIANZA special interest and regional groups
Key Accounts	Any supplier account worth more than \$5,000 to LIANZA
LIANZA	Library and Information Association of New Zealand Aotearoa

4.0 Related policies and procedures

Financial Procedures for SIGs and Regions

5.0 References

- LIANZA Code of Practice Part Four – updated in May 2013

6.0 Exceptions

In order to ensure transparent operation of the LIANZA finances there are no exceptions to this policy.

7.0 Responsibilities

It is the responsibility of the Treasurer to ensure that the controls contained within this policy are robust and that Council receives regular financial reporting as per this policy.

It is the responsibility of the Executive Director to ensure that this procedure is followed, and that employees, members, and volunteers are familiar with the policy.

8.0 Policy

- 8.1 LIANZA will use a recognised accounting package to manage their accounts with data accessible from the cloud to enable the Treasurer and other parties access as required.
- 8.2 Signatories for LIANZA bank accounts will be the President, Immediate Past President, President Elect and Treasurer

- 8.2.1 The addition of any other signatories for Association bank accounts outside the individuals specified above must be ratified by National Council prior to the changes taking effect
- 8.2.2 Ordinarily the Executive Director would also be a signatory, however, due to the size of the office and their role in approval of expenditure, the Executive Director may not become a signatory
- 8.2.3 All invoices that fall within budgeted expenditure shall be approved by the Executive Director
 - 8.2.3.1 Unbudgeted expenditure must be pre-approved by National Council – once National Council approval has been obtained, unbudgeted invoices may also be signed off by the Executive Director
- 8.3 As per the LIANZA Rules there will be an annual financial audit by a reputable auditing firm.
- 8.4 LIANZA aims to hold financial reserves at a minimum of one year's operational expenses
- 8.5 Any changes to the internal controls or banking arrangements must be approved by the Executive Committee and communicated to Council before implementation

9.0 Procedures

9.1. Receipt of Income

- 9.1.1 All subscriptions, fees, and other monies should be remitted to the National office bank account
- 9.1.2 All sums received will be paid into the LIANZA main bank account within two working days
- 9.1.3 Sponsorship arrangements will be confirmed as per the partnerships policy
 - 9.1.3.1 A copy of the sponsorship agreement will be held against each invoice raised

9.2. Budget

- 9.2.1 The Executive Director, in conjunction with other LIANZA employees, will prepare an annual budget every year, with member input
- 9.2.2 The LIANZA budget must be break-even or generate a cash surplus – unless a specific project is identified that has member support to spend down cash reserves
- 9.2.3 All LIANZA projects are expected to be financially self-sustaining. Any projects that do not meet this requirement must be noted during the budgeting process and can be continued only with the express approval of council
- 9.2.4 The budget, in draft form, will be circulated to the LIANZA Treasurer and Executive Committee for comment

- 9.2.5 The budget, in draft form, will then be submitted to the LIANZA council for their sign-off
- 9.2.6 The Executive Director cannot deviate from the budget without Council approval
- 9.2.7 The following shall be reviewed as part of the budgeting process:
 - 9.2.7.1 Annual membership fees
 - 9.2.7.2 Conference return
 - 9.2.7.3 Annual CPD programme

9.3. Investments

- 9.3.1. LIANZA invests its funds, and funds held in trust, in secure term deposits held with first tier banks. LIANZA does not invest funds in Foreign currency, shares, or real estate.

9.4. Recording financial transactions

- 9.4.1. LIANZA office uses a cloud based accounting system to record accounting transactions
- 9.4.2. A record will be maintained electronically within our accounting package of the following:
 - 9.4.2.1. All incoming payments
 - 9.4.2.2. All outgoing payments (including a copy of the invoice / expenses claim)
 - 9.4.2.3. All cheques paid
 - 9.4.2.4. All deposit records
 - 9.4.2.5. Petty Cash
 - 9.4.2.6. Journals
 - 9.4.2.7. Fixed and intangible assets

9.5. Insurance

- 9.5.1. LIANZA office maintains insurance on behalf of the organisation. This includes:
 - 9.5.1.1. Public liability
 - 9.5.1.2. Director liability
 - 9.5.1.3. Business continuity
 - 9.5.1.4. Contents insurance
 - 9.5.1.5. Event insurance
 - 9.5.1.6. Travel insurance (for overseas travel)
- 9.5.2. From time to time the decision may be made to manage risk without insurance, especially in the case of event delivery. This can only be approved by Council.

9.6. Credit Cards

- 9.6.1. LIANZA maintains the following credit cards:
 - 9.6.1.1. An ANZ debit card held by the Executive Director with a limit of \$1,000
 - 9.6.1.1.1. This is used when holding a booking, purchasing items such as web subscriptions or buying items from overseas to minimise bank fees.

9.6.1.2. A travelcard with Air New Zealand

9.6.1.2.1. This is used when booking air travel

9.6.2. All other individuals are required to pay upfront for costs incurred on behalf of LIANZA and seek reimbursement

9.6.2.1. Where this would cause financial hardship individuals should notify the LIANZA office – they will implement one of the following:

9.6.2.1.1. Set up an account with the provider

9.6.2.1.2. Arrange to pay by invoice

9.6.2.1.3. Provide a cash advance to the individual

9.7. Cash advances

9.7.1. Cash advances must be applied for and approved in writing

9.7.2. Any individual receiving a cash advance must fully acquit the funds received by providing receipts for all sums disbursed and returning any unspent funds

9.7.3. Any individual failing to provide an acquittal within three months of the event (or by the end of the financial year – whichever is sooner) will be invoiced and asked to repay the full cash advance

9.8. Payment of invoices

9.8.1. LIANZA will run a payment batch each week. This will be uploaded to the accounting system by Wednesday evening to be processed by the bank on Friday.

9.8.2. Invoices will be entered into the LIANZA accounting system by the office administrator and approved by the Executive Director.

9.8.3. Once approved, invoices will be bundled into a payment batch and forwarded to the signatories for payment.

9.8.4. Payment batches will be authorised in the same way as other account transactions

9.9. Petty Cash

9.9.1. LIANZA office will not maintain a petty cash fund.

9.9.2. Accounts with key providers (e.g. stationery and grocery) will be set-up

9.9.3. Other items will be purchased by the Executive Director using the business credit card

9.10. Approval of bank transactions

9.10.1. All bank transactions must be authorised by two signatories

9.10.2. Signatories will receive an authorisation notification two days prior to any transaction being processed by the bank

9.10.2.1. Exceptions to this rule may be made for expense claims and event expenditure where delayed payment could cause an individual financial hardship

9.11. Payroll

9.11.1. Payroll will be completed by the Executive Director and approved by two signatories

- 9.11.1.1. Payroll occurs weekly for the previous week
 - 9.11.2. Payroll will be processed using the office accounting package
 - 9.11.2.1. Employees will have access to a portal where they can check their payslips and other pay information
 - 9.11.3. Signatories will have access to the payroll records via the cloud and are able to access and check payroll at any time
 - 9.11.4. Payroll will be paid via payment batch through the internet banking system used by the office
 - 9.11.4.1. A recurring batch will be created for ease of administration
 - 9.11.4.2. Every time payroll changes (due to pay increases, leave payout, or taxation changes) a new recurring batch will be created and authorised
 - 9.11.5. Leave requests must be recorded in writing and entered into payroll at time of receipt. Leave will be managed as per the Human Resources policy.
- 9.12. Tax Returns
- 9.12.1. PAYE returns will be filed monthly using the IRD portal
 - 9.12.1.1. PAYE returns are the responsibility of the Executive Director
 - 9.12.1.2. PAYE returns must be filed exactly as reported from the payroll software
 - 9.12.1.3. PAYE returns must be filed by the IRD deadline each month
 - 9.12.2. GST returns will be filed bi-monthly using the automatic process in Xero
 - 9.12.2.1. Prior to filing a copy of the GST report must be printed and each transaction checked as to accuracy of the GST allocation
 - 9.12.2.2. The period for which the GST return has been run must be locked to prevent further changes
 - 9.12.3. Income tax returns will be filed at year end
 - 9.12.3.1. Income tax papers will be prepared as part of the annual audit
 - 9.12.3.2. Income tax will be filed post audit
 - 9.12.3.3. Income tax reporting will be sighted and approved by the treasurer
- 9.13. Financial Reporting
- 9.13.1 Financial reporting will be provided to the National Council on a monthly basis – this will be agreed with the treasurer on an annual basis but at minimum will include:
 - 9.13.1.1 A profit and loss with budget comparison
 - 9.13.1.2 Balance sheet
 - 9.13.1.3 Explanation of variances
 - 9.13.1.4 Forecast of year end results
 - 9.13.2 Financial reporting to SIGs and Regions will occur quarterly and at year end. This will include a profit and loss statement and will also include funds held on behalf of the SIG or region.
- 9.14. Financial Audit
- 9.14.1. The LIANZA financial records will be audited every year.
 - 9.14.2. The auditor will be appointed as per the rules.

9.14.2.1. To ensure the integrity of the audit process auditor performance will be reviewed every five years, and the auditor changed if appropriate.

9.15. Fixed and Intangible Assets

9.14.3. LIANZA will maintain a register of its fixed and intangible assets:

9.14.3.1. The register will contain:

- Date of purchase
- Purchase price
- Accumulated depreciation
- Write off date

9.14.4. Items with a purchase price of \$500 or greater will be included on the fixed assets register

9.16. Purchasing Arrangements

9.15.1. LIANZA's preferred method is to create an account with suppliers and pay by invoice

9.15.2. LIANZA will go to market for key accounts every five years in order to remain competitive

9.15.2.1. Annual agreements worth more than \$10,000 or reflecting a significant change in the way that LIANZA operates will be brought to Council for approval

9.15.3. When selecting a supplier LIANZA will take the following into consideration:

9.15.3.1. Quality of service

9.15.3.2. Cost

9.15.3.3. Convenience

9.15.3.4. Cultural fit

9.15.3.5. Value for money

9.15.3.6. Flexibility of supplier

10.0 Review

This policy is reviewed two yearly

11.0 Attachments