

## **3.01 Financial Guidelines and Procedures for LIANZA Communities**

1.0	Purpose	3
2.0	Scope	3
3.0	Definitions	3
4.0	Related policies and procedures	3
5.0	References	3
6.0	Exceptions	3
7.0	Responsibilities	3
8.0	Policy	4
9.0	Procedures	4
9.1.	Financial role of LIANZA Community Co-ordinator or officeholders	4
9.2.	LIANZA Community Signatories	4
9.3.	Processing Income	5
9.4.	Processing Payments	5
9.5.	Incidental Expenses	6
9.6.	GST	6
9.7.	Charge Accounts and Contractual Arrangements	7
9.8.	Financial Reporting	7
10.0	Review	7
11.0	Attachments	7

## 1.0 Purpose

To provide guidance for budgeted and unbudgeted LIANZA Communities, enable LIANZA Council to maintain effective oversight of LIANZA funds, ensure LIANZA financial processes meet best practice for not-for-profit organisations, with appropriate internal controls in place to prevent fraud.

## 2.0 Scope

This policy applies to all LIANZA Communities, LIANZA staff, and LIANZA Council

## 3.0 Definitions

LIANZA	Library and Information Association of New Zealand Aotearoa
SIG	Special Interest Group
LIANZA Communities	LIANZA regional , sector and special interest communities

## 4.0 Related policies and procedures

- 3.00 Operation of LIANZA Communities
- 2.01 Office Administration
- 2.02 Events Policy
- 2.06 Health and Safety

## 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

The LIANZA Office is responsible for:

- Maintaining records of income and expenses generated by LIANZA Communities
- Banking monies received on behalf of LIANZA Communities
- Issuing invoices and receipts as required
- Providing online registrations for LIANZA Community events
- Paying any accounts on behalf of budgeted LIANZA Communities
- Provide financial reporting to budgeted LIANZA Communities as requested and an annual summary report

- Covering any financial losses on behalf of LIANZA Communities

Budgeted LIANZA Community co-ordinators, office holders or committees are responsible for:

- Providing an annual budget and event plan for the following financial year (from 1 July to 30 June) by end of May
- Providing a current list of authorised signatories to LIANZA Office
- Authorising payments in line with budgeted expenditure by providing LIANZA Office with invoices approved by an authorised person
- Approving financial reports sent out by LIANZA Office

## 8.0 Policy

- 8.1 To ensure LIANZA funds are used effectively:
  - 8.1.1 All budgeted LIANZA Community annual budget should include forecast income and expenditure for all events and other activities
  - 8.1.2 Annual budgets are required to be neutral or to show an annual surplus
  - 8.1.3 All annual surpluses from budgeted LIANZA Communities are returned to the LIANZA Community Contestable Fund
  - 8.1.4 Budgeted LIANZA Community financial plans form part of the overall LIANZA operating budget.
- 8.2 To reduce fraud risk when managing income, all invoices must be raised through the LIANZA accounting system and will be audited
  - 8.2.1 LIANZA discourages cash payments.
- 8.3 All budgeted LIANZA Community purchases or payments must be signed off by two authorised signatories.

## 9.0 Procedures

- 9.1. Financial role of LIANZA Community Co-ordinator or officeholders
  - 9.1.1. All budgeted LIANZA Communities must identify co-ordinators, office holders or committee members who are responsible for the following;
    - 9.1.1.1. Ensuring that accounts for the region are paid in full and on time
    - 9.1.1.2. Authorising payments to be made by LIANZA Office
    - 9.1.1.3. Ensuring that financial reporting from the LIANZA Office is correct.
- 9.2. LIANZA Community Signatories
  - 9.2.1. Each budgeted LIANZA Community must provide to LIANZA Office the names and signatures of individuals authorised to approve payments on the LIANZA Community Authorised Signatory Form.

9.2.1.1. Individuals must be a current LIANZA member to be eligible to act as a signatory.

### 9.3. Processing Income

9.3.1. Income for all budgeted LIANZA Community events and activities will be collected via invoice, through the LIANZA accounting system or database.

9.3.1.1. Budgeted LIANZA Communities may only accept cash for events where total charges are less than \$10 per person

9.3.1.2. Income received in cash should be counted by two members of the budgeted LIANZA Community

9.3.1.3. This cash income must be deposited directly into the LIANZA bank account

9.3.1.4. All cash deposits must be coded with the LIANZA Community name

9.3.1.5. The person who deposits the cash income must email LIANZA Office with the details of the cash deposit, name and date of the event and must confirm the cash was counted by two people

9.3.1.6. This email confirmation will be attached to the payment to identify the income correctly.

9.3.2. Budgeted LIANZA Communities are not permitted to raise their own invoices since all invoices must be prepared by LIANZA Office for audit purposes.

### 9.4. Processing Payments

9.4.1. All payments must be authorised by two authorised budgeted LIANZA Community signatories.

9.4.1.1. This authorisation can be in the form of physical signatures by both authorised signatories on the invoice or in the form of an email approval that specifically states the document, payee, and amount by both signatories

9.4.1.2. All reimbursements must be approved by two authorised signatories on the LIANZA Community Expense Reimbursement Form

9.4.1.3. Payments cannot be made to an individual who has authorised the payment themselves and two independent authorisations are required.

9.4.1.4. LIANZA Office will not process payments that do not have appropriate authorisation and these will be returned to the LIANZA Community to authorise

9.4.1.5. LIANZA Office takes no responsibility for late payments made due to incorrect authorisations

9.4.1.6. As per its financial policies LIANZA can only make payment on the following documents on behalf of budgeted LIANZA Communities:

GST Invoice

Expense reimbursement claim with appropriate receipts.

9.4.2. LIANZA Office processes a weekly payment run on Wednesday afternoons.

Payments received by noon on Wednesday will be included in the payment batch for that week.

- 9.4.3. To ensure that compliance with GST and income tax legislation, LIANZA cannot make reimbursement payments where GST receipts are not attached.
- 9.4.4. Payments to individuals for services rendered is considered income by the IRD and must be accompanied by a GST invoice or will be processed through LIANZA payroll system.
- 9.4.5. Koha is an unconditional gift, presented in Māori cultural settings and may be offered voluntarily, to whatever sum the LIANZA Community feels is appropriate.
- 9.4.6. It is not appropriate to give a koha as payment for services. If in doubt, ask the person or organisation in advance whether payment will be required. If it is, then instead of giving a koha you should make payment as in 9.4.4 .
- 9.4.7. Note that any payment in return for goods and services is not considered koha by the IRD and must be accompanied by a GST invoice.
- 9.4.8. When it is appropriate to give koha, cash or in-kind goods and services e.g. morning tea are the only types that should be given.

## 9.5. Incidental Expenses

- 9.5.1. LIANZA Communities may not hold a petty cash fund.
- 9.5.2. Any incidental expenses by budgeted LIANZA Communities may be claimed from LIANZA Office as a reimbursement using the LIANZA Community Expense Reimbursement Form.
- 9.5.3. Where paying incidental expenses in advance may cause financial hardship a LIANZA Community may request that LIANZA Office pay the supplier in advance, or provide a cash advance.
- 9.5.3.1. Suppliers will be paid in advance on receipt of an invoice as per section 9.7
- 9.5.3.2. Cash advances will only be paid on receipt of a detailed budget, duly authorised as per section 9.7
- 9.5.3.3. Cash advances must be fully acquitted and any excess funds reimbursed to the LIANZA Office.

## 9.6. GST

- 9.6.1. The LIANZA Office takes responsibility that all budgeted LIANZA Community transactions are incorporated in the LIANZA GST return.
- 9.6.2. LIANZA will provide financial information to LIANZA Community on a GST exclusive basis.
- 9.6.3. Any GST refunds or credits are the responsibility of LIANZA Office.

## 9.7. Charge Accounts and Contractual Arrangements

9.7.1. LIANZA Office will set up all charge accounts and enter into all contractual arrangements on behalf of the LIANZA Community. In order to do this LIANZA Office will require:

- 9.7.1.1. A separate budget for each major event (any event longer than half a day).
- 9.7.1.2. Purpose of hire or contract
- 9.7.1.3. Total amount of contract
- 9.7.1.4. Contact person in LIANZA Community for invoicing purposes.

## 9.8. Financial Reporting

- 9.8.1. The LIANZA Office will provide quarterly financial reports to each budgeted LIANZA Community which will outline all income and expenditure for the period.
- 9.8.2. At the end of each financial year, the last quarterly report and a full year's report of year income and expenditure will be provided showing the actual vs forecast surplus/deficit.
- 9.8.3. Reports will be GST-exclusive.
- 9.8.4. LIANZA Community co-ordinators, office-holders or treasurers may request financial reports at other times, however the turn-around time will be dependent on the LIANZA Office workload.
- 9.8.5. The amount of the annual surplus generated by each budgeted LIANZA Community that will be returned to the LIANZA Community Contestable Fund each year will be made visible in the annual LIANZA Performance Report.
- 9.8.6. If necessary, the amount of annual deficit generated by each budgeted LIANZA Community drawn from the LIANZA Community Contestable Fund will be made visible in the annual LIANZA Performance Report.

## 10.0 Review

This policy will be reviewed every two years, and more frequently if requested by LIANZA Communities.

## 11.0 Attachments

- History of LIANZA SIGs and Regions

## History of LIANZA SIGs and Regions

Many of the LIANZA regional groups were formed in the 1930's prior to LIANZA's formal incorporation as the New Zealand Library Association by Act of Parliament in 1939, and have a rich and varied history that rivals that of LIANZA.

Until 2010 LIANZA special interest groups and regional groups were autonomous separate entities with their own bank accounts over which they retained control. Changes to the legislation governing not-for-profit organisations led to LIANZA taking the step taken by many New Zealand organisations at around the same time – to bring financial control of SIG and region financial assets under the jurisdiction of the LIANZA Office. This was done as a result of an audit recommendation and reflects the liability that was held by the LIANZA Council for SIG and Region activities and from 2019 for LIANZA Communities.