

Approval Date: September 2024 **Approval Authority:** LUSA Executive

Review Date: September 2026 **Contact Officer:** LUSA President

Purpose

1. The Finance Policy ensures LUSA is run in a legal, financially efficient, accountable and sustainable way. It provides assurance to the Executive on the quality and integrity of LUSA’s financial processes.
2. This policy is also designed to ensure that the Executive is provided with appropriate information about financial budgets and performance so that the executive can make the best decisions possible on behalf of the organisation.

Principles

3. The Executive employs a General Manager who reports day-to-day to the President. The General Manager is responsible for the day-to-day financial management of LUSA.
4. Expenditure may only be incurred to achieve agreed organisational objectives.
5. Staff may not enter into a commitment for any expenditure where it could be perceived that there is a personal benefit without obtaining written approval from General Manager.
6. Staff must notify the General Manager of any potential or known conflicts of interest. The General Manager must notify the Executive of any potential or known conflicts of interest. If approved, details and total expenditure will be reported to the Executive each month.
7. Financial authority to spend organisational funds is given to the LUSA staff in terms of their “financial delegation” as outlined in the Delegated Authority Policy.
8. The General Manager and staff must ensure that the expenditure of their Cost Centre does not exceed approved budgets.
9. Wherever possible duties involving financial transactions should be segregated to provide appropriate controls on LUSA’s finances to protect against fraudulent practice.

Financial Reporting

Reports to the Executive

10. The General Manager shall present a report at every Executive meeting which shall include:
 - a. A detailed profit and loss statement up to the end of the previous month, with percentage and value comparisons against budget and explanations of any variances of 10% or more.
 - b. Confirmation from the President and Vice-President that the check on sensitive payments has been done if needed.
 - c. Any other matters of interest or concern that need to be raised.
11. The balance sheet should be reported Quarterly. Executive members may request the balance sheet to be presented in addition if they deem it necessary and adequate time is given before an executive meeting is held.
12. The Financial Assistance Fund should be reported biannually.

13. Following a major event such as Garden party, O'Week, and winter ball the financial information for the event will be presented to the executive at a weekly meeting in the post-event report as per clause 7 of the executive reporting policy.
14. The Balance sheet should be reported annually at the end of the year.
15. In accordance with the Credit Card Policy the President and Vice-President can conduct a check on sensitive expenditure, so they can form an opinion of whether the payments were approved correctly, were within budget and were reasonable.

Annual Accounts and Audit

14. The Annual Accounts must be audited by LUSA's Auditor, who must be a chartered accountant within the meaning of the Institute of Chartered Accountants of New Zealand Act 1996, and who must be appointed at the Annual General Meeting.
15. The Annual Accounts for the immediate past financial year must be presented to the Annual General Meeting by the LUSA President.
16. Ultimate responsibility for ensuring the audit or review is conducted on time rests with the Executive but is delegated to the General Manager. In practice the responsibility for ensuring the audit or review is conducted rests with the Association and it is expected that the audit is conducted by June of each year for the previous year. The auditors will primarily liaise with the President and General Manager.
17. The General Manager may request that the Advisory Panel assist in any aspects of the audit or review; including:
 - a. Reviewing the scope and outcome of the external audit or review and reporting any findings or recommendations to Executive;
 - b. Reviewing and approving the audit representation letter or review letter of engagement;
 - c. Reviewing the audit management letters and reporting the findings or recommendations to the Executive.

Financial Procedures and Process

Budgeting

18. Approval - The budget for the year must be approved in an executive meeting before the end of the calendar year.
19. Preparation - The budget is prepared by the General Manager in conjunction with the President. A draft budget will be presented to the penultimate Executive meeting of each year.
20. Amendments to Budgets- All changes to the Budget that occur must be referred to the Executive for approval. Unless the Table 1 dictates a minor change

Budget Allocation size	A change is regarded as minor if it is below
\$0-\$500	75%
\$501-\$1,000	25%
\$1,001-\$10,000	5%
\$10,001-\$100,000	2%
Above \$100,000	0%

Table 1: dictating minor budget changes regarding budget allocation size and size of change.

21. Budget Variations - The General Manager has the authority to authorise budget variations within delegation

Committing and Approving Use of Funds

22. Expenditure approval includes any action that commits LUSA to spend funds.

23. All expenditure from staff must be within their financial delegation. The Executive are authorised to issue financial delegations to staff. Requests for changes to financial delegations should be submitted to General Manager.

24. If there is any expectation that expenditure will be in excess 10% of budgetary provision then the General Manager must report this immediately to the President. The President will consider the reasons for the expenditure and report their findings and recommendations to the Executive

25. LUSA should not purchase equipment by way of a hire purchase or rent to own agreement (unless for a period less than 18 months and be interest free), or to borrow money (including an overdraft), without approval of the Executive.

26. Any investment decisions should be made with the advice of the Advisory Panel.

Payments

27. People who can process and approve expenditure in the accounting software should not authorise the resulting bill for payment.

28. The authorisers and signatories to all bank accounts shall be the President, Vice-President, the General Manager and any people authorised by the Executive.

29. Payments by Cheque, Electronic Funds Transfer, Direct Credit and Automatic Payments must be authorised by two signatories

30. Automatic payments and direct debits must be reviewed biannually by the Executive. A register should be maintained by the General Manager.

31. Transfers between LUSA accounts are to be approved by one signatory.

Payroll and Leave

32. Payroll is managed by the General Manager, who will ensure payroll is accurate, within budget and there are adequate funds in the bank account.

33. The General Manager acting as the Employer is responsible for ensuring that payroll is within budget and paid correctly. They must check each payslip for accuracy.

34. Payroll should normally be authorised by the President and General Manager.

35. The General Manager acting as the Employer is responsible for tracking employee leave and reporting information.

36. Leave balances should not normally exceed 5 weeks. A leave management plan should be utilised to manage employee's excess leave.

Contracts required to be in writing

37. The Executive shall consider all contracts in writing and documents dealing with property and/or securities beyond the General Manager's delegations.

38. Once approved by the Executive, all contracts in writing and documents dealing with property and/or securities shall be signed on behalf of LUSA by the President and General Manager

Accounts Receivable and Payable

General Procedures

39. LUSA must enter all accounts receivable and payable into the accounting software.

40. Accounts payable should have a GST invoice or receipt attached in the accounting software to abide by statutory recordkeeping regulations.
41. Where a receivable is aged by more than 6 months the General Manager must recommend to the Executive that LUSA should either:
 - a. Write off the debt;
 - b. Commence legal action for the recovery of the debt;
 - c. Continue to request that debt be paid.
42. The actions outlined in 41(a) and 41(b) may only be approved by Executive.

Policies

43. This policy should be read in conjunction with the following documents
 - a. Delegated Authority Policy
 - b. Financial Delegations Procedure
 - c. Credit Card Policy
 - d. LUSA Constitution

Interpretation

Review

44. This policy should be reviewed biennially by the LUSA Executive.
45. The Executive may change this policy in the interim.