

Approval Date:	September 2020	Approval Authority:	LUSA Executive
Review Date:	September 2022	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 financial processes.
2. This policy is also designed to ensure that the Executive is provided with effective information about financial budgets and performance so that it can make the best decisions possible on behalf of 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 each Executive meeting with a report 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. A balance sheet;
 - c. Confirmation from the President and Vice-President that the check on sensitive payments has been done if needed; and
 - d. Any other matters of interest or concern that need to be raised.
11. In accordance with the Credit Card Policy the President and Vice-President must 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

12. 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.
13. The Annual Accounts for the immediate past financial year must be presented to the Annual General Meeting by the LUSA President.

14. Ultimate responsibility for ensuring the audit or review is conducted on time rests with the Executive. In practice the responsibility for ensuring the audit or review is conducted rests with the Association's 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.
15. 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

16. Approval - The budget for the year must be approved by a general meeting before the end of the calendar year.
17. 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.
18. Amendments to Budgets - Major changes that materially affect the organisation and require a change to the budget after the commencement of a financial year must be referred to the Executive for approval.
19. Budget Variations - The General Manager has the authority to authorise budget variations within delegation.

Committing and Approving Use of Funds

20. Expenditure approval includes any action that commits LUSA to spend funds.
21. All expenditure must be approved by a staff member 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.
22. 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
23. 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.
24. Any investment decisions should be made on the advice of the Advisory Panel.

Payments

25. People who can process and approve expenditure in the accounting software should not authorise the resulting bill for payment.
26. The authorisers and signatories to all bank accounts shall be the President, Vice-President, the General Manager and any people authorised by the Executive.
27. Payments by Cheque, Electronic Funds Transfer, Direct Credit and Automatic Payments must be authorised by two signatories
28. Automatic payments and direct debits must be reviewed biannually by the Executive. A register should be maintained by the General Manager.
29. Transfers between LUSA accounts are to be approved by one signatory.

Payroll and Leave

30. Payroll is managed by the General Manager, who will ensure payroll is accurate, within budget and there is adequate funds in the bank account.
31. 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.
32. Payroll should normally be authorised by the President and General Manager.

33. The General Manager acting as the Employer is responsible for tracking employee leave and reporting information.
34. Leave balances should not normally exceed 200 hours. A leave management plan should be utilised to manage employee's excess leave

Contracts required to be in writing

35. The Executive shall consider all contracts in writing and documents dealing with property and/or securities beyond the General Manager's delegations.
36. 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

37. LUSA must enter all accounts receivable and payable into the accounting software.
38. Accounts payable should have a GST invoice or receipt attached in the accounting software to abide by statutory recordkeeping regulations.
39. Where a receivable is aged by more than 9 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.
40. The actions outlined in 40(a) and 40(b) may only be approved by Executive.

Policies

41. 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

Review

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