

## Financial Policies & Procedures

### Introduction

The financial policies relate to the financial governance and management of TINZ including reporting of financial data, and the protection of TINZ's assets. This Financial Management Policy should be read alongside TINZ Financial Procedures and TINZ Rules

*For reasons of financial security, reasons the policy statements below are the high level. The procedures are not included in this online version, but will be provided for accreditation or audit purposes.*

### 1. General:

1.1 Transparency International NZ (TINZ) undertakes to be transparent and accountable for all funding received and for all operations. TINZ financial systems will support TINZ requirements to function effectively and efficiently. Procedures also need to be such that TINZ can meet tax (GST) and reporting requirements at any given time.

1.2 TINZ's financial management systems will:

- Fulfil all legal and constitutional accountabilities,
- Follow good practice principles and be efficient and effective,
- Ensure the ongoing sustainability of the organisation.

### 2. Delegations

#### 2.1 Financial Delegation

TINZ Board members are responsible for the management of the organisation. Under the Incorporated Societies Act 2022 and TINZ's Rules, the Directors of the Board can delegate any of its functions except:

- (a) The power of delegation and
- (b) Any functions reserved to the Board under the Incorporated Societies Act 2022

Financial delegations are to be exercised within the framework of the Act, regulations, rules, policies and any external legislative requirements. Financial delegations are made subject to any conditions and limitations as the Board shall approve.

2.2 Financial delegations to members of the Board shall be made by resolution of the Board and recorded in the minutes of the Board.

2.3 Financial delegations to sub-committees of the Board shall be made by resolution of the Board and recorded in the terms of reference of the sub-committee.

2.4 Financial delegations to the Chief Executive Officer (CEO) and through the CEO to members of the staff of TINZ shall be made by resolution of the Board and recorded in the Financial Delegation Schedules approved by the Board.

2.5 A delegation cannot be exercised where the officer holding the delegation has a conflict of interest or where the delegation will result either directly or indirectly in any tangible benefit to the delegate.

In such cases, a transfer of function to another appropriate position must be arranged by approval of the Chair.

### **3. Budget and Reporting**

- 2.1. The responsibility to prepare and manage the approved budget is that of the CEO.
- 2.2. An annual budget is prepared prior to the commencement of each financial year by the CEO and Finance Officer for Audit & Risk review and recommendation to the Board to approve.
- 2.3. Budgets and financial reports should show Performance and Cash Flow Position.
- 2.4. Financial reports should be produced monthly for the Board to approve. Monthly disbursements are also approved at Board meetings.

### **4. (Entirely Accounts Procedures)**

#### **5. Audit**

Responsibility for determining the level of audit required and management of the process sits with the Board and will be implemented by the CEO.

TINZ is not required under New Zealand legislation to have its accounts audited whilst its total operating expenditure is less than \$550,000.

The TI Secretariat contracts and accreditation require annual auditing to maintain accreditation.

Moore Markham Audit Wellington are the current TINZ auditors from for 2020-2021 onwards (previously KPMG). TINZ will review the contract on a three-year basis.

It is the policy of TINZ that signatories for either approving an account or payment of same must not be a beneficiary of the payment.

### **6. Banking processes (entirely procedures)**

#### **7. Contracts for Services**

TINZ will enter into contracts with external parties to both purchase services (e.g. supplier or contractor) and offer services (e.g. training, events or research). It is the responsibility of the CEO to authorise and manage all contracts for services, noting the below requirements:

- 7.1. All contracts must be considered within the approved budgets.
- 7.2. No contract (verbal or written) can be entered into without prior approval of the CEO.
- 7.3. A written contract must be drawn up and signed by the external party and the CEO.
- 7.4. A payment schedule will be attached to the contract that will specify payment amounts, dates and required outputs.
- 7.5. New external contracts should have governance oversight (a relevant Director)
- 7.6 TINZ will maintain a register of contractors which includes date of contract and review, responsible governance/management and value of contract.

## **9. Expenses Reimbursement**

Approval of all expense reimbursements is the responsibility of the CEO except where the CEO has incurred the expense in which case such expenses shall be approved by the Chair, Deputy Chair or Chair, Audit & Risk. It is the responsibility of contracting staff and Board members to follow the approved policy and procedure to ensure the appropriate documentation. A request for reimbursement and the necessary tax/GST receipts should be forwarded to the Finance Officer or CEO for approval.

## **10. Gifts and Koha**

The purchase of gifts or provision of koha must be from within approved budget provisions, be appropriate to the occasion, and withstand public scrutiny. Authority to purchase a gift or give a koha sits with the Board/Chair or CEO.

10.6. Giving koha is an important part of TINZ's culture and values. It is the responsibility of the Finance Officer to ensure that all koha payments follow IRD requirements – further information can be found here:

10.7. Generally, staff and Board members should not accept personal gifts more than \$50 of value. When visiting overseas, hospitality and small gifts can be accepted on behalf of TINZ where such hospitality or gift is in accordance with local customs.

## **11. Entertainment/Hospitality**

Expenditure on entertainment must be within approved budgets and with the prior approval of the CEO or Chair

## **12. Revenue**

TINZ revenue streams include membership fees, donations, funding (government, local government and philanthropic), sponsorship and endorsement and sales of goods and services (publications, events). It is the responsibility of the CEO to ensure TINZ fulfils all contractual obligations that may be applicable to these revenue streams.

12.1. TINZ may accept donations from interested parties where these do not compromise the independence of TINZ nor endanger its integrity and reputation. Refer to TINZ Donor Policy.

12.2. To ensure accountability for grants and income from contracts and funding bodies expenditure needs to be made in accordance with contracts and within prescribed time periods.

12.3. TINZ will, where appropriate, develop partnerships with the business sector and sponsors where they enhance the work of TINZ secure alternative financial support for selected activities, and bring to the attention of private and public sector partners TINZ's analysis of issues affecting accountability and transparency. Potential partners or sponsors must align to TINZ's kaupapa, values, and guiding principles and a review of each organisation must be completed:

## **13. Cash Flow**

It is the responsibility of the CEO to manage cash flow in accordance with Board policy.

13.1. TINZ will aim to ensure four months of expenditure is always available to mitigate the financial risk to the organisation in the event of loss of funding, delayed payments or other unforeseen circumstances.

## **14. Investments**

TINZ will invest any surplus with the aim to earn the maximum possible income from the secure investment of funds with minimum risk and ensuring ethical standards are considered. Investments are the responsibility of the CEO in consultation with the Treasurer and Finance Officer to manage.

14.1. Short-term investments are planned so that sufficient funds are always available to meet day-to-day expenses (including future payments to suppliers and Inland Revenue) and capital purchases, so that penalty interest is not incurred if Transparency International NZ needs to break a term deposit.

14.2. The Board Treasurer/Chair's approval is required for any investment where the term exceeds six months.

14.3. All funds must be deposited with an approved financial institution that holds a Credit Rating of at least BBB and has been guaranteed by the NZ Government in the Deposit Takers Act: Depositors Compensation Scheme.

14.4. TINZ will not hold or issue derivative financial instruments for trading and speculation or speculate on foreign currency.

## **15. Taxation**

TINZ is a charitable trust and is subject to payment of Goods and Services Tax (GST). TINZ has charitable status and is therefore not subject to NZ income tax regulations. Ensuring GST returns are filed and where applicable, payments made, is the responsibility of the CEO, with oversight from the Treasurer and support from the Finance Officer.

## **16. Fixed Assets**

Managing TINZ's assets through the Fixed Assets Registers is the responsibility of the Finance Officer.

## **17. Fixed Asset Disposal/Write Off**

It is the responsibility and sole authority of the CEO to dispose of (includes the sale of assets, or the disposal of assets declared surplus to TINZ requirements) or write off (specifically refers to the removal of an asset from TINZ Asset Register, and Statement of Financial Position) TINZ assets.

## **18. Financial Risk Management**

Risk may arise from mismanagement, error, fraud, unauthorised activities, negligent behaviour, system failures, and inappropriate use of procedures and controls. It is the responsibility of the CEO and Board to minimise financial risk. This is done by:

18.1. Having a clear definition of roles, responsibilities and authorities for all involved in financial matters and adequately segregating duties among staff to minimise the risk of error or fraud and to enhance the chance of its detection

18.2. Implementing integrated and comprehensive systems, internal controls and procedures to ensure all operational risks are covered and managed

18.3. Having rigorous operating budgets, budget tracking, and budget forecasting

18.4. Ensuring there are robust finance systems and procedures and these are documented

18.5. Ensuring delegated staff have their own login and confidential password to banking and financial management systems, and storing all passwords in a secure, password protected file

18.6. Having the external auditors audit the financial management activities from time to time to ensure compliance with statutory requirements, internal control, policy, and procedures

18.7. Having comprehensive financial reporting, which includes any serious breach or negligence to the Board

18.8. The Finance Officer or CEO formally advising TINZ's bank when changes occur, of the names, titles and signatures of any people authorised to make financial transactions

18.9. All financial transactions being backed-up with supporting paperwork, and held for the required statutory period

18.10. TINZ not entering into transactions where it would cause a breach of financial covenants under existing contractual arrangements

18.11. The Audit and Risk sub-committee regularly reviewing and reporting to the Board all risks, particularly in relation to ensuring that appropriate documentation is in place to ensure compliance with the law and with banking requirements.

## **19. Reporting**

Reporting will give effect to the accounting provisions in the constitution in particular the section on control and management.

### **19.2 Reports to TI-Secretariat**

The audited accounts of TINZ will be forwarded to TI-S as required by TI not later than six months after the end of the financial year, together with a report of its activities of the past year, and a summary financial statement in the form prescribed by TI-S.

TINZ will submit to TI-S before the end of each financial year its budget for the following financial year.

TINZ will be compliant with any financial requirements when contracted under a Transparency International contract or subcontract.

19.3 TINZ will be open to, and cooperate with, any inquiry or review of its internal policies, procedures, operations, finances or other aspects, as may be required to be undertaken by TI-S to protect the integrity of the movement and its reputation.

### **19.4 Reports To Charities Commission**

Update Charities website and submit Annual Return as required by law (Charities Act 2005)

#### Related Policies and Formal Documents

Financial Procedures

Personnel Contracts Register & Contracts

Gifts Register

Services and operations Contracts

TINZ Rules

TI Contracts

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