

# NZRAB Finance policy

26 November 2024

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# Financial policy to safeguard NZRAB's resources and reputation

This document sets out the principles, procedures, and responsibilities for NZRAB to manage its finances well. Good quality financial management allows us to:

- make sound financial decisions
- comply with our statutory financial reporting obligations
- monitor progress against our strategic plan and budget
- provide transparent and reliable financial information to the Board, the Minister, and the public.

## Our finance principles and procedures

This section explains our principles and procedures for accounting, reporting, procurement, payments, income, and other financial management practices.

### 1. Accounting must comply with tax legislation and reporting standards

We must maintain proper financial accounts in accordance with the applicable financial reporting standards issued by the New Zealand Accounting Standards Board.

All transactions must be lawful and comply with New Zealand's tax legislation.

All amounts stated in this policy exclude GST.

### 2. Reporting must be regular and transparent

The Chief Executive must review financial management reports every month.

A finance report must be prepared for each Board meeting and must include:

- a statement of financial performance
- a statement of position
- commentary on performance, variances to budget, and any material financial issues the Board should be aware of.

The Finance, Audit, and Risk Committee (FARC) must review draft Year End financial statements and provide any necessary guidance to management. The committee must recommend to the Board that it approves the financial statements in sufficient time to meet NZRAB's audit requirements.

Management must provide all information requested by NZRAB's auditors, in accordance with the timeframe agreed with the auditors.

NZRAB's Annual Report must be prepared in accordance with the requirements of the Registered Architects Act 2005 (the Act) and financial reporting standards.

### 3. Procurement must be authorised and appropriate

If a product or service needs to be purchased that's expected to cost more than \$20,000, we must obtain quotes or estimates from three potential suppliers (a competitive tender). Any decision to purchase must be authorised within financial delegations and consider:

- probity (acting ethically and fairly)
- quality of the product or service
- expected whole-of-life costs of the product or service.

The Chief Executive can decide that a competitive tender need not be done. In this case, the Chief Executive must explain at the next Board meeting the reasons for not having done a competitive tender.

### 4. Authorisation of commitments must accord with our Delegated Authority and Responsibility Schedule

All commitments and payments must be processed in accordance with the NZRAB Delegated Authority and Responsibility Schedule (see Attachment 1).

Any person initiating an expenditure must obtain and sign or digitally approve a GST invoice. If the person initiating an expenditure may be perceived to have a conflict of interest, the invoice must be signed or digitally approved by the Chief Executive for staff, and by the Board Chair for the Chief Executive.

### 5. Payments must be authorised

Two signatories must approve all payments (direct debits, automatic payments and electronic payments). The signatories must be:

- Chief Executive, the Executive Officer – Public Protection, or the Chair
- Finance Officer.

For credit card payments, a copy of any online invoice or receipt must be provided to the Finance Officer. Credit card transactions must be authorised and approved by the Chief Executive or approved by the Chair for the Chief Executive's credit card transactions.

An employee with a credit card who leaves NZRAB must give their credit card to the Finance Officer or the Chief Executive at least two weeks before leaving, unless otherwise agreed by the Chief Executive.

### 6. Income must be managed according to legislation and Rules

Income from fees and penalties charged by NZRAB under the Registered Architects Act 2025 or the Registered Architects Rules 2006 must be dealt with in accordance with the Act and Rules, and with financial reporting standards.

We may refund applicants, in accordance with the Rules and this policy in the following circumstances.

- If an application for registration lapses under the terms of Rule 11 of the Rules, the refund is 50% or no refund, as determined by Rule 11.

- If the refund relates to a review of assessment procedures under Rule 35 and the Board refers the matter be reassessed under Rule 37, a 100% refund of the application fee must be provided in accordance with Rule 37.
- If a refund is requested in any other circumstances, applying Rules 11 and 37 as a model, on a case-by-case basis with the prior authorisation of the Chief Executive, a refund may be given as follows:
  - ✓ If an applicant decides to withdraw their application before it has been given to an assessment panel, the refund is 50%.
  - ✓ If an applicant decides to withdraw their application after it has been assessed by an assessment panel, there is no refund.
- In cases of hardship or exceptional circumstances such as loss of employment, serious illness, or death of a person in a significant relationship with the applicant, a 100 percent refund may be given.

## 7. Fixed assets – we use Inland Revenue thresholds and best-practice accounting policies

The cost price of purchased fixed assets must be capitalised in accordance with asset thresholds set by Inland Revenue.

Depreciation must be recognised annually and based on generally accepted accounting standard depreciation rates, and in accordance with adopted accounting policies.

## 8. Annual budget must include five-year projections, for financial sustainability Management must prepare an annual budget and present it to the Finance, Audit, and Risk Committee. The committee recommends that the Board adopts the budget in advance of the year to which the budget relates.

The annual budget must have projections for the next five years. These projections should reflect:

- known trends of the Board activities past and future
- future inflationary influences.

These projections help NZRAB to set and change the level of the fees.

The annual budget must consider the Board's collective duties to the Minister. In accordance with the Schedule to the Act, these duties include ensuring that the organisation:

- operates in a financially responsible manner
- maintains its long-term financial viability
- covers all its annual costs from its net annual income
- acts as a successful going concern
- manages its assets and liabilities prudently.

## 9. Financial reserves must be appropriate

NZRAB must always have sufficient, but not excessive, financial resources to carry out its day-to-day operations and manage the risk of unexpected costs. To do this, NZRAB should have projected reserves for the following five years of between 25 per cent and 50 per cent of annual budgeted expenditure.

The Finance, Audit, and Risk Committee must recommend any proposal to draw on financial reserves and this action must be approved by the Board.

## 10. Costs of activities must be allocated appropriately to fees

Costs can be direct, or indirect.

- Direct costs are the materials, labour, and expenses that can be traced directly to or identified with a specific service.
- Indirect costs are the materials, labour, and expenses that cannot be traced directly to or identified with a specific service as they cover a range of services.

*Allocate costs according to their type*

Direct costs for services that attract a fee should be fully allocated to the appropriate cost centre.

Staff costs that directly relate to an activity should be allocated to the NZRAB activity for which a fee is charged, based on the time spent.

Costs that can't be directly related to an activity should be allocated to fee areas based on the ratio of directly attributable costs.

## 11. Fees must be set to meet obligations

When reviewing NZRAB's chargeable fees, the full cost of delivering each activity or service must be determined. Full costs include direct and indirect costs.

Fees must be set to ensure that the Board:

- complies with its statutory obligations
- can properly perform its functions
- maintains its financial viability.

Fees should generally be set to fully recover costs. However, the Board may consider other factors and information that support a different formula that has the support of major stakeholders.

## 12. Surplus funds must be invested appropriately

The current account must be maintained at the minimum level required to cover immediate payments.

All surplus funds must be held in an interest-bearing account of a New Zealand trading bank either on call or on term deposit. Any other investment options must comply with clause 42 of the Schedule to the Act and have the approval of the Board.

When investing surplus funds, NZRAB must follow the guidelines below to maintain enough liquidity to meet the cash-flow requirements.

- At the beginning of each financial year, once the bulk of ACR payments have been received, invest 50% of available funds for six months.
- At the mid-point of the financial year, invest the projected cash surplus for six months.

## Responsibilities – who does what

This section explains the broad responsibilities for the Board. The Finance, Audit, and Risk Committee, and NZRAB management.

### 13. The Board sets the direction

The Board sets our overall strategic direction within the parameters of the Act and Rules. The Board:

- adopts the Strategic Plan, Business Plan, and budget
- ensures appropriate financial management systems are in place, including delegations
- monitors performance against the Strategic Plan and Budget
- reports to the Minister through the Annual Report.

### 14. The Finance, Audit, and Risk Committee helps with the budget and compliance

The Finance, Audit, and Risk Committee is responsible for:

- helping the Chief Executive and Finance Officer set the annual budget
- recommending to the Board anything to do with complying with this Finance Policy
- recommending actions to the Board in accordance with its Terms of Reference.

### 15. Management looks after the budget, reporting, and day-to-day decision-making

NZRAB management is responsible for:

- preparing the draft budget.
- managing day-to-day financial decisions, recording, and internal controls, with a regard to risk
- reporting to the Finance, Audit, and Risk Committee and to the Board on the NZRAB's financial and overall performance
- preparing the Annual Report for the Board's approval.

## How we manage sensitive expenditure

This section sets out our principles and procedures, for managing expenditure that could create financial and reputational risk for NZRAB.

The policy aims to ensure that:

- sensitive expenditure is for business purposes only and does not privately benefit an office holder or individual employee
- sensitive expenditure can withstand audit, parliamentary, and public scrutiny
- decisions about approving or incurring sensitive expenditure are sound and justifiable

- NZRAB encourages a culture of acting fairly and ethically.

## 16. What is sensitive expenditure?

Sensitive expenditure is any expenditure that:

- could be seen as giving private benefit to an individual office holder or employee
- is unusual or invites controversy.

## 17. Sensitive expenditure principles

All sensitive expenditure decisions must follow the principals and procedures in this policy. These principles recognise the risks inherent in sensitive expenditure for all NZRAB office holders and employees.

Sensitive expenditure decisions must:

- meet high standards of probity (acting ethically and fairly) and financial prudence
- be able to withstand audit, parliamentary, and public scrutiny
- have a justifiable business purpose
- preserve impartiality
- be moderate, conservative, and appropriate for the circumstances
- be transparent.

## 18. Sensitive expenditure procedures

The following procedures cover specific aspects of sensitive expenditure, including credit cards, travel and accommodation, hospitality, and gifts.

### *19. Credit cards – authorised for business use only*

Using an NZRAB credit card involves financial and reputational risk. The following procedures aim to mitigate these risks.

- NZRAB will only issue a credit card to an employee if it's required for their duties. Credit cards cannot be issued to a contractor.
- Authorising a credit card must be in accordance with our Delegated Authority and Responsibility Schedule.
- Credit cards must not be used for personal expenditure or for personal credit. Credit cards cannot be used to obtain cash advances without special prior approval from the Chair. Cash advances must be for business only and the reason for the advance cannot be addressed in any other way.
- All credit card expenditure must be supported by original documentation that details the transaction date, value, business purpose, GST if appropriate, and supplier.
- If an employee leaves our employment or their authority to use a credit card is withdrawn, their credit card must be destroyed, and the appropriate card provider must be advised to cancel the card.
- If a credit card is lost, the holder must immediately instruct the bank to cancel the credit card. Authority to use a credit card will be cancelled immediately if an NZRAB credit card is misused.

- Credit card payments over the internet must be to established, reputable suppliers. Cardholders must keep a copy of any online order form, and the transaction must be within normal expenditure guidelines.

#### *20. Travel and accommodation – expenditure must be justified and moderate*

This section covers spending on air travel, motor vehicles, meals and accommodation, and other associated travel costs.

Spending on all travel and accommodation must be:

- for justified business purposes
- moderate and conservative
- economical and efficient in terms of purpose, distance, time urgency, personal health, security, and safety.

#### *21. Air travel*

Employees must use economy or discounted economy class for uninterrupted flights up to four hours duration. Employees can fly business or premium economy class for uninterrupted flights over four hours. First class travel is not permitted.

Air points earned by individuals while travelling on business are owned by the individual.

#### *22. Meals and accommodation while travelling*

Expenditure on meals bought when out of town or when working after-hours on NZRAB business can be claimed. Meals must not be lavish, expenditure must be fair and reasonable, and a GST receipt is required (see [Cabinet Office Circular CO \(22\) 2](#)). NZRAB will not reimburse mini bar or video expenses.

Accommodation must be cost-effective and reflect the location of the accommodation relative to where the employee is working. If an employee stays with friends or relatives, they can make a claim up to the [limits set for public servants](#).

#### *23. Motor vehicles*

Rental cars must be economical and of a size consistent with the requirements of the trip, for example, the distance and number of people travelling. Drivers are liable for all parking fees and any fines for traffic offences.

Private use of a rental car at NZRAB's expense is not permitted.

Taxi use must be moderate and cost-effective. Taxi costs between home and office cannot be claimed, unless the employee has worked past a reasonable hour or a safety concern or similar justification exists and prior approval has been given, where practicable.

Private vehicle costs can be claimed up to the limits set for public servants. All claims for private vehicle mileage must detail the business purpose, kilometres claimed, and travel details.

#### *24. Other travel-associated costs*

Tipping costs in New Zealand cannot be claimed. Tipping costs overseas can be claimed but must be modest.



Anyone on NZRAB business may travel privately before, during, or after their business travel provided there is no additional cost to NZRAB, and the private travel is incidental to the business purpose of the travel.

No costs can be claimed by an accompanying spouse, partner, or family member except in rare pre-approved circumstances where the involvement of a family member directly contributes to a clear business outcome.

A spouse can accompany a Board member, assessor, or employee travelling on Board business. NZRAB may book the spouse's travel but must be reimbursed before the travel takes place.

*25. Hospitality – expenditure must be appropriate*

Catering and other costs for stakeholder liaison or team building within NZRAB must be appropriate to the business purpose of the Board. This business purpose includes:

- building relationships that are important to NZRAB
- representing NZRAB
- reciprocating hospitality where this has a clear business purpose and is within normal bounds
- recognising significant achievement
- supporting internal organisational or skills development.

The Chief Executive must pre-approve all hospitality expenditure over \$500. Any expenditure on alcohol must be modest.

*26. Communications technology – for business use*

All NZRAB communications technology – cell phones, telephones, e-mail, and the internet – must have a justified business purpose. Modest personal use of this technology is accepted, so long as any costs incurred are recovered, where practicable.

Downloading or e-mailing unacceptable or offensive material is not permitted.

*27. Loyalty reward schemes – benefits go to NZRAB*

All supplier loyalty rewards schemes are the property of NZRAB, except air points (see air travel procedures above). If supplier loyalty rewards accumulate under an employee's name, the rewards must be transferred to NZRAB, used to benefit NZRAB, or the employee must reimburse NZRAB for the value received.

Prizes won by an individual while representing NZRAB must be declined, unless a clear benefit to NZRAB exists.

*28. Sale of surplus assets – avoid selling to employees*

Surplus assets must not be sold to employees if a greater value can be realised by an alternative method of disposal.

*29. Private use of NZRAB assets is not permitted*

Generally, NZRAB's physical assets or resources must not be used for personal purposes. Employees must pay the costs of any personal toll or cell phone calls and for any personal photocopying – any such usage must be minimal.

*30. NZRAB use of private assets is permitted in limited circumstances*

If an employee uses a private asset for a business purpose, NZRAB may reimburse the employee if NZRAB purchasing a similar asset would not be warranted. The value of reimbursement must not inappropriately benefit the provider of the asset.

*31. Private use of NZRAB's suppliers – employees cannot seek advantage*

An employee may not seek an advantage or discount from a supplier because that supplier provides a service or materials to NZRAB.

*32. Sponsorships and donations are not usually appropriate*

NZRAB does not sponsor any person, event, or organisation unless the outcome of the sponsorship is necessary for policy reasons and the sponsorship is the most economical way to achieve that outcome. Sponsorships to promote NZRAB's reputation are not appropriate.

NZRAB does not make charitable or other donations.

*33. Koha and gifts must be justified, modest, and pre-approved*

Koha is a gift, a token, or a contribution given to provide a symbolic recognition of a relationship.

Koha must only be given when it:

- has a justified purpose
- is approved in advance by the Chair
- is modest and appropriate to the circumstances.

A gift is usually given as a token of recognition of something provided by the recipient – such as long or outstanding service by a Board member or employee. A gift can also be received from another organisation

Gifts may be tangible objects or intangibles such as free access to a sporting event or privileged access to goods or services.

All gifts from NZRAB must have a justified purpose and be modest. Gifts must not imply any obligation or expectation of favour in return or be intended to alter an organisation or individual's decision-making.

Gifts of significant value from an outside party received by NZRAB or by an employee are the property of NZRAB.

## Fees for work on behalf of the Board

This policy complies with Cabinet Office Circular CO (22) 2 – Revised Fees Framework for members appointed to bodies in which the Crown has an interest (6 October 2022).

The Board uses fees set by the Minister for NZRAB Board members as a benchmark for the fees set for other people doing work on behalf of the Board.

### 34. Board and Board sub-committees

The Minister for Building and Construction has set the following per annum Board fees<sup>1</sup>.

- Chair \$30,030.00 p.a. (50 days @ \$600.60)
- Deputy Chair \$15,158.00 p.a. (30 days @ \$505.27)
- Member chairing subcommittee \$13,339.70 p.a. (30 days @ \$444.66)
- Member \$12,127.00 p.a. (30 days @ \$404.23)

These fees cover all Board member activities and assume a workload of around 30 days a year for members and around 50 days per year for the Chair. The workload expectation covers all work, including subcommittee work, preparation, and travel time<sup>2</sup>.

Payment for additional work can only be made with the agreement of the Minister for Building and Construction. The Minister must consult with the Minister for the Public Service before committing to payments for additional work. This Minister is also responsible for monitoring progress against the negotiated objectives<sup>3</sup>.

Board members travelling to and from meetings, or on other Board business, are entitled to reimbursement of travel, meal and accommodation expenses actually and reasonably incurred. Expenses are expected to be modest and appropriate to reflect public sector norms<sup>4</sup>.

No additional fee is payable to the Chair or Deputy Chair for chairing sub-committees. However, where there are sub-committees that are not chaired by either the Chair or Deputy Chair, then an additional 10% of the member's rate will be paid to the member with responsibility for chairing a sub-committee<sup>5</sup>.

Members of sub-committees who are not members of the Board may be paid up to a maximum of the daily equivalent of the Board member fee. Where they chair the subcommittee, they are paid at the rate applicable to a member of the Board who chairs a subcommittee. The total annual fee paid to an independent member of a sub-committee should not exceed 50 percent of the total annual fee paid to a Board member<sup>6</sup>.

### 35. Registration assessment

Assessors are paid per assessment, based on the assessor daily rate, with an assumed average total time per assessment (including preparation time) of 1.25 days. Assessments may be done by convenors, deputy convenors or assessors. The daily rate (or part thereof) applies to all other activities approved by NZRAB (for example, training, moderation, etc). Rates as follows:

	<b>Per assessment</b>	<b>Daily rate</b>	<b>Hourly rate</b>
Head Convenor	\$500	\$600	\$75

<sup>1</sup> Letter from Minister Penk 16 October 2024 – emailed to NZRAB chair

<sup>2</sup> Cabinet Office circular CO (22) 2 – S39

<sup>3</sup> CO (22) 2 – S 41 & 42

<sup>4</sup> CO (22) 2 – S95

<sup>5</sup> CO (22) 2 – S71

<sup>6</sup> CO (22) 2 – S61-64

Deputy Convenor	\$500	\$400	\$50
Assessor	\$500	\$400	\$50
Training coordinator	\$500	\$600	\$75

Note: Rates for assessors are benchmarked to the Board member rate. Head convenors and ASAP Chair are benchmarked to the Board Chair rate.

### 36. Qualifications and Experience Assessment Panel (QEAP)

QEAP assessors are paid for each assessment, with an assumed workload of half a day, including preparation time, paid at the daily rate. QEAP convenors are paid for each assessment with an assumed workload of half a day, paid at the daily rate. The daily rate (or part thereof) applies to all other activities approved by NZRAB (for example, training, moderation, etc). Rates as follows:

	<b>Per assessment</b>	<b>Daily rate</b>	<b>Hourly rate</b>
QEAP Head Convenor	\$200	\$600	\$75
QEAP Assessor	\$200	\$400	\$50

### 37. Continuing Registration Competency Reviews (CRCR)

Assessors are paid per assessment for interactive reviews. The payment is based on the assessor daily rate, with an assumed average total time per assessment (including preparation time) of one day. Assessors are paid the daily rate (or part thereof) for all other competency reviews. The Convenors role is generally limited to assisting with more complicated cases. Rates as follows:

	<b>Per Interactive Assessment</b>	<b>Daily rate</b>	<b>Hourly rate</b>
Convenor	\$400	\$600	\$75
Assessor	\$400	\$400	\$50

### 38. Architect Services Advisory Panel (ASAP)

ASAP panel members are paid a daily rate (or part thereof) for all activities associated with investigations. Rates as follows:

	<b>Daily rate</b>	<b>Hourly rate</b>
ASAP Chair	\$600	\$75
Member	\$400	\$50

### 39. Investigating Panel

Investigating panel members are paid a daily rate (or part thereof) for all activities associated with investigations. Rates as follows:

	<b>Daily rate</b>	<b>Hourly rate</b>
Chair	\$600	\$75
Member	\$400	\$50
Technical Advisor	\$400	\$50

### 40. Degree Accreditation Panel

Degree accreditation panel members are paid a daily rate (or part thereof) for all activities associated with degree accreditation. Rates as follows:

	<b>Daily rate</b>	<b>Hourly rate</b>
Chair	\$600	\$75
Member	\$400	\$50

### 41. Other advisory panels or work groups

NZRAB may from time to time form other advisory panels or work groups. Payment (if any) for participation will be determined by the Board on a case-by-case basis taking into account the scope of work and the skills and experience required.

### 42. Reimbursement of expenses

Non-Board members travelling to and from Board approved meetings, or on other Board approved business, are entitled to reimbursement of actual and reasonable travel, meal, and accommodation expenses. Expenses are expected to be modest and appropriate to reflect public sector norms<sup>7</sup>.

Where it would not be reasonable to travel by public transport and a private motor vehicle is used, reimbursement will be at the per kilometre rates specified by Inland Revenue<sup>8</sup>.

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<sup>7</sup> CO (22) 2 – S95

<sup>8</sup> <https://www.ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-expenses/claiming-vehicle-expenses>

## Appendix 1 – delegated authority and responsibility schedule

Function or activity	Board	Chair	Chief Executive Officer	Operations Manager	Finance Officer	Comments
1. Strategic plan and budget	✓					
2. Annual report	✓					
3. Registrations, continuing registrations, discipline/penalties, suspensions, cancellations	✓					As applies to individual architects
4. Authorising the commitment to an expense (e.g. placing an order) All expenditure must be within budget, unless authorised by the Board	✓ >\$50,000		✓ ≤\$50,000	✓ ≤\$20,000	✓ ≤\$5,000)	
5. Authorising payment of an expense	✓ >\$50,000	✓ ≤\$50,000 to	✓ ≤\$50,000	✓ ≤\$20,000)		Invoices to be signed by initiator of expense. Authoriser is CE for staff, Board Chair for CE, Chair of FARC for Board Chair
6. Credit card limits			\$10,000	\$10,000		Reflecting business usage
7. Signatories on bank accounts (making payments by direct credit, etc – two signatures required)		✓	✓	✓	✓	

8. Income (banking)					✓	
9. Leases or rental arrangements	✓					Rent review terms to be approved by Board
10. Asset purchase	✓ >\$10,000		✓ ≤\$10,000			
11. Asset disposal – up to \$ (book value)	✓ >\$2,000		✓ ≤\$2,000			
12. Banking new accounts or new arrangements			✓			
13. Insurance			✓			
14. NZRAB policies	✓					
15. Press releases		✓				
16. Travel – overseas	✓					
17. CEO credit card or personal reimbursement		✓				
18. Staff credit card or personal reimbursement			✓			
19. CEO appointment	✓					
20. CEO responsibilities, performance appraisals, salary reviews	✓					Board may appoint a Committee of the Board for the review
21. Staff or contractors appointment outside budget	✓					CE does performance and annual salary reviews

22. Staff or contractors appointment within budget, responsibilities, performance appraisals, salary reviews			✓			
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## Document control

<b>Policy version</b>	<b>Date</b>	<b>Author</b>	<b>Approval method</b>	<b>Summary of changes</b>
v0	26/11/24	Acting Chief Executive	Board	Combining three policies into one finance policy