

Finance and Delegation Policy

Approved: 17 March 2009

**Updated: September 2009, 30 November 2010, 25 August 2011, 1 November 2011,
29 November 2012, 7 April 2016**

Reviewed: 14 May 2015, 27 November 2018

Purpose

1. This policy establishes a set of principles and rules by which the NZRAB will manage its finances, so as to protect the NZRAB's resources and reputation.

Principles

Accounting Standards

2. Proper financial accounts shall be maintained in accordance with the financial reporting standards adopted by the New Zealand Accounting Standards Board (NZARB) as is appropriate to the organisation.
3. All transactions shall be processed in accordance with New Zealand's tax legislation.
4. All monies referred to in this policy are exclusive of GST.

Reporting

5. Good quality financial reporting allows the organisation to:
 - 5.1. make good financial decisions
 - 5.2. monitor its progress against the NZRAB Strategic Plan and budget
 - 5.3. provide clear and transparent information to the NZRAB Board, the Minister and other stakeholders.
6. Financial reports shall be provided monthly for noting to the Chief Executive, the Board Chair and the Strategy and Finance Committee (the committee). These reports shall include:
 - 6.1. a financial statement
 - 6.2. a balance sheet
 - 6.3. a commentary on performance, variances to budget and any financial issues.
7. The *NZRAB Annual Report* shall be prepared in accordance with the requirements of the Registered Architects Act 2005 (the Act). The *NZRAB Annual Report* shall be:
 - 7.1. drafted by management in consultation with the Strategy & Finance Committee
 - 7.2. approved by the Board

7.3. signed by two Board members as per the requirements of the Act.

Commitments

8. All commitments and payments are to be processed in accordance with the NZRAB Delegated Authorities and Responsibilities Schedule (see attachment 1).
9. All invoices must be signed by the authorised person who initiated the expenditure prior to payment, unless a personal benefit will accrue to the person initiating the expenditure, in which case the invoice must be signed by the Chief Executive where other staff have initiated the expenditure, and by the Board Chair where the Chief Executive has initiated the expenditure.

Payments

10. All payments (Direct Debits, Automatic Payments, Electronic Payments and cheque payments) are to be approved by two signatories, these being the Chief Executive or the Chair and the Finance Officer.

Income

11. Income received by cheque or cash shall be banked at least weekly.
12. Exceptional circumstances apart, fees charged for services must be paid in full before services are provided, ie the NZRAB does not provide credit. A refund will be granted when the NZRAB is advised that the service is not required at least five working days before the service is due to be provided.

Procurement

13. Where a product or service is to be purchased that is expected to cost more than \$10,000, quotes or estimates shall be sought from three potential suppliers and any decision to purchase shall be made in accordance with the NZRAB's delegations and shall be based on judgment in regard to quality, price and risk.
14. This policy, however, does not apply where a product or service can be provided by a provider who is a listed "NZRAB Preferred Supplier" and has provided comparable goods or services in the past, the quality and price having been satisfactory.
15. Where a contract is for a service involving a binding contract the provision of which extends for more than 12 months and costs more than \$5,000 per annum, Board approval is required.

Fixed Assets

16. All physical assets greater than \$500 are to be capitalised.
17. Depreciation is to be recognised annually and based on generally accepted accounting standard depreciation rates.
18. All capital expenditure greater than \$5000 shall be preceded by a tendering process with a minimum of three quotes, unless the work or purchase is from a "preferred supplier", and shall be agreed to by the Chair.

Preferred suppliers

19. Management shall keep and provide to the Board for noting a register of preferred suppliers, these being suppliers of goods or services that the NZRAB has an ongoing relationship based on good quality provision and an understanding of the NZRAB's business.

Budget

20. An annual budget is to be prepared by management and presented to the Strategy and Finance Committee. Subject to amendment, the Committee shall then recommend the budget's adoption to the Board.
21. In preparation of the annual budget, projections for the following six years are to be prepared. These projections are to reflect:
 - 21.1. known trends of the Board activities past and future
 - 21.2. future inflationary influences.

Reserves

22. The NZRAB must at all times have sufficient, but also not excessive, financial resources to carry out its day-to-day operations and manage the risk that it may face unexpected costs from time to time. To this end, the NZRAB shall endeavour to have projected working capital (minus accounts receivable and pre-payments) for the following six years of between 25 per cent and 50 per cent of annual budgeted expenditure and shall set its Annual Certificate of Registration fee accordingly, subject to judgement, assessment of risk and Ministerial approval.

Costing of activities

23. Whenever the NZRAB is reviewing its fees, ACR apart, the full cost to deliver of each activity subject to a fee charge is to be determined. Full costs are to include direct and indirect costs.
24. All direct costs are to be allocated to the activity to which they relate.
25. All remaining indirect costs are to be allocated based on a method in relation to each activity as agreed by the Board (see attachment 2).

Fee Setting

26. Fees should be set to ensure that the organisation can fund its activities and maintain sufficient reserves to deal with contingencies, as specified in clause 22.
27. Generally Fees are to be set on a full cost-recovery basis. However the Board may consider other aspects and information that supports a different formula that is more appropriate and has the support of major stakeholders.
28. In setting fees for a service activity the Board takes into consideration:
 - 28.1. the full cost (direct and indirect) of delivering the activity by the organisation
 - 28.2. the impact on the NZRAB achieving its goals
 - 28.3. the impact on all stakeholders.

Investment of Surplus Funds

29. The current account shall be maintained at the minimum level required to cover immediate payments.
30. All surplus funds are to be held in an interest bearing account of a New Zealand Trading Bank either on call or at term. Any other investment options must comply with section 42 of the Act and be submitted to the Chair for approval.

Sensitive Expenditure

31. Sensitive expenditure is expenditure that:
 - 31.1. could be seen as giving some additional private benefit to an individual office holder or staff member; or
 - 31.2. is unusual or invites controversy.
32. Sensitive expenditure decisions should:
 - 32.1. be authorised via a transparent process
 - 32.2. be subject to high standards of probity and financial prudence
 - 32.3. be able to withstand public scrutiny
 - 32.4. have a justifiable business purpose
 - 32.5. be impartial
 - 32.6. be moderate and conservative, having regard to the circumstances be appropriate in all respects.
33. For detailed guidelines on this expenditure, refer to the Sensitive Expenditure Policy.

Credit Cards

34. Refer to the Sensitive Expenditure Policy for credit card guidelines.

Responsibilities:

35. The Board:
 - 35.1. sets the NZRAB's overall strategic direction within the parameters set by the Registered Architects Act 2005 and the Registered Architects Rules 2006
 - 35.2. adopts the Strategic Plan and budget
 - 35.3. ensures the appropriate financial management systems are in place, including delegations
 - 35.4. monitors performance against the Strategic Plan and budget
 - 35.5. reports to the Minister via the *Annual Report*.
36. The Strategy & Finance Committee:
 - 36.1. assists the Chief Executive in developing the annual Strategic Plan and budget
 - 36.2. monitors and advises the Board in terms of the implementation of the Strategic Plan and budget
 - 36.3. advises the Board as to whether:
 - 36.3.1. the NZRAB complies with relevant statutory and regulatory requirements

- 36.3.2. risks have been identified and appropriate steps have been taken to mitigate or manage them
- 36.3.3. procedures and delegations are in place to ensure that all expenditure is authorised
- 36.3.4. reporting to the Board and the Minister truly reflects the NZRAB's activities, financial and otherwise
- 36.3.5. the annual report and audit requirements of the Act (S58 to 63) have been met
- 36.4. provides a confidential communications channel by which any staff member or other person can speak up regarding any improper decisions or activity within the NZRAB
- 36.5. fosters sound financial practices and an ethical and professional culture throughout the NZRAB.

37. Management:

- 37.1. drafts the Strategic Plan and budget
- 37.2. implements the Strategic Plan
- 37.3. manages day-to-day financial recording and internal controls, having regard to risk
- 37.4. reports to the Strategy & Finance Committee/Board on the NZRAB's financial and overall performance
- 37.5. drafts the *Annual Report*.

Attachment 1

NZRAB Delegated Authority and Responsibility Schedule

Function or activity	Board	Chair	Chief Executive Officer	Executive Officer Public Protection	Executive Officer Registration	Registration Officer	Finance Officer	Comments
1. Strategic Plan and budget	X							
2. Annual Report	X							
3. Registrations, continuing registrations, discipline/penalties, suspensions, cancellations	X							Where applying to individual architects
4. Authorising an expense		X (Outside budget >\$20,000)	X (Within budget >\$20,000, outside budget <\$20,000)	X (Within budget <\$20,000)	X (Within budget <\$20,000)	X (Within budget <\$20,000)	X (Within budget <\$5,000)	
5. Authorising a contract for a service that spans more than one financial year	X (>\$5,000 per annum)							
6. Authorising payment (signing invoices etc)		X (Outside budget >\$20,000)	X (Within budget >\$20,000, outside budget <\$20,000)	X (Within budget <\$20,000)	X (Within budget <\$20,000)	X (Within budget <\$20,000)	X (Within budget)	Invoices to be signed by initiator of expense. AO as second signature only
7. Credit card limits			\$5,000	\$10,000	\$10,000	\$10,000	\$5,000	Reflecting regular usage

Function or activity	Board	Chair	Chief Executive Officer	Executive Officer Public Protection	Executive Officer Registration	Registration Officer	Finance Officer	Comments
8. Signatories on bank accounts (making payments by cheque, direct credit etc – two signatures required)		X	X				X	
9. Income (banking)							X	
10. Leases/rental arrangements	(See item 5)		X					
11. Asset purchase		>\$5,000	<\$5,000					
12. Asset disposal – up to \$ (book value)		>\$2,000	<\$2,000					
13. Banking new accounts/new arrangements		X						
14. Insurance			X					
15. Policy	X							
16. Press release		X						
17. Travel – overseas		X						
18. Travel – local			X	X	X	X	X	EOPP, EOR, RO & FO to have CE's approval for own travel
19. CEO credit card/personal reimbursement		X						
20. Staff credit card/personal reimbursement			X					
21. CEO appointment	X							
22. CEO responsibilities, performance appraisals, salary reviews		X						

Function or activity	Board	Chair	Chief Executive Officer	Executive Officer Public Protection	Executive Officer Registration	Registration Officer	Finance Officer	Comments
23. Staff /contractors appointment outside budget		X						
24. Staff /contractors appointment inside budget, responsibilities, performance appraisals, salary reviews			X					

Attachment 2

Allocation of activity costs for review purposes (refer clauses 24-26 of the Finance & Delegation Policy)

The method of allocation of costs relative to fees charged for services shall reflect the main features of the NZRAB, which are that:

- the NZRAB is a small organisation and does not have economies of scale
- some indirect costs would remain if the service ceased and if activity in the service increased the cost would not increase proportionally
- the majority of direct costs relate to people performing activities, the scale of which varies over time depending on the number of registration applications received.

The NZRAB's costs are to be allocated in relation to fees charged so that the costs of the major components of the NZRAB's services can be delineated and understood consistently over time.

For this:

- direct costs shall be those materials, labour and expenses that can be traced directly to or identified with a specific service
- partially direct costs are those materials, labour and services that are not explicitly identified but can be estimated with reasonable accuracy
- indirect costs shall be those materials, labour and expenses that cannot be traced directly to or identified with a specific service as they cover a range of services.

Allocation Methods

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

Partially direct costs shall be allocated in relation to fees charged as follows:

Costs of staff shall be apportioned to any NZRAB activity that attracts a fee, based on the time spent, the remainder to be apportioned to the ACR payment. For the purpose of apportionment, an employee's hourly rate shall be the annual salary divided by hours worked (i.e excluding all leave).

Postage is calculated based on the average courier charge (total cost of couriating one item to each assessor divided by the number of assessors).

The Assessor Training Day, the cost of the Registration Committee, and other registration projects and activities is to be apportioned 45 per cent to Initial Registration, 45 percent to Continuing Registration and 10 per cent to Equivalency.

The following **indirect costs** shall be fully allocated to the ACR payment (ie not to a fee for a service):

- costs of the Strategy and Finance, and Public Protection committees

- one off costs
- spending on projects (except registration)
- public protection
- protection of title
- communications and the register
- CPD framework administration (NZIA CPD contract)
- other overheads.