

## Delegated Financial Authority Policy

### Purpose

This is a policy document that applies to the Board members, Management and Staff of the Wiri Business Association. It sets out:

- Financial authority limits
- Circumstances in which these limits apply
- Required segregation of duties for processing payments

Breaches of this Delegated Financial Authority Policy may lead to disciplinary action up to and including summary dismissal.

### Financial commitment

Only those with authorised financial authority may commit the Wiri Business Association's funds to expenditure. A commitment may be the use of a credit card, an actual payment, an email instructing another party to provide a product or service, or the signing of a contract.

A single financial commitment may not be split into smaller components to get around financial authority limits. For example the procurement of an installed heat pump consisting of a \$2,000 heat pump plus \$500 installation, is a \$2,500 financial commitment even if a separate invoice is provided for the installation.

Where recurring costs are incurred the greater of the monthly cost x 12 months or the term of the contract is considered to be the financial commitment. For example:

- Broadband at \$75 per month for two years =  $75 \times 24 = \$1,800$
- Broadband at \$120 per month and no term =  $120 \times 12 = \$1,440$

### Delegated Financial Authority (DFA) limits

Per financial commitment limits are as follows:

	Opex	Capex
Board	Limited to available funds	Limited to available funds
Finance Committee	\$25,000	\$10,000
Chair and GM	\$10,000	\$5,000
Chair	\$5,000	\$2,500
General Manager	\$5,000	\$2,500
Staff	\$0	\$0

### Notes:

- These limits apply to budgeted and non-budgeted expenditure.
- Figures are excluding gst.

- The monthly limit of expenditure is what is budgeted for the month. The General Manager is authorised to make multiple transactions that may exceed \$5,000 within a month as long as they are within the budget and do not exceed \$5,000 individually.
- Staff may incur work related expenses and seek reimbursement as agreed with the General Manager.





### Recruitment and remuneration

- The General Manager may employ staff as planned and budgeted.
  - Prior to advertising a vacancy the Board are to be advised.
  - Remuneration packages are to be approved as per DFA limits.
- Recruitment for positions that have not been planned or budgeted requires Board approval.
- Pay increases of the GM and staff require Board approval.

### Segregation of duties

A standard antifraud measure is to ensure that different people are responsible for each step involved in making a payment to a supplier. This is known as a 'segregation of duties'. In smaller organisations sometimes it is not possible to have full segregation for each step.

The Wiri Business Association will adhere to the following segregation of duties:

Payment step	System	Responsibilities
Commitment	N/A	A supplier has been authorised, as per DFAs detailed in this document, to provide a product or service. Upon completion (or as otherwise agreed) they have sent the Wiri Business Association an invoice for payment.
Load invoices		The GM or nominee loads <u>valid</u> invoices, for existing suppliers, into Xero for payment approval.  For new suppliers the GM must first enter their contact and bank account details into Xero prior to the GM or nominee entering the supplier invoice for payment approval. This is a permission setting within Xero.
Approve invoices		A Board signatory approves individual invoices for payment.  The GM then generates a bank batch payment file of approved invoices.
Process payment		The GM loads the approved bank batch payment file into the ASB Fastnet facility and provides 1 <sup>st</sup> level approval.  Second (final) level approval is provided by a Board signatory.
Post payment		The Finance Committee review accounts monthly.

Good practice states that the account number entered for payment to a supplier should be cross checked to match the account number printed on the original supplier invoice.