Graphical user interface, application

Description automatically generated

**Contents**

[1.0 Introduction to financial management for schools and kura - *Whakatakinga ki te whakahaere ahumoni ā-kura* 6](#_Toc132279420)

[1.1 The importance of good financial management - *Te hiranga o te whakahaere ahumoni pai* 6](#_Toc132279421)

[1.2 Board roles and responsibilities - *Ngā mahi me ngā kawenga a te poari* 7](#_Toc132279422)

[1.3 Principal roles and responsibilities - *Ngā mahi me ngā kawenga a ngā tumuaki* 8](#_Toc132279423)

[1.4 Ministry of Education roles and responsibilities - *Ngā mahi me ngā kawenga a Te Tāhuhu o te Mātauranga* 9](#_Toc132279424)

[2.0 Understanding your obligations 11](#_Toc132279425)

[2.1 Annual financial timetable 11](#_Toc132279426)

[2.2 Appropriate use of public funds - *Te whakamahi tika i ngā moni tūmatanui* 13](#_Toc132279427)

[2.2.1 Sensitive expenditure - *Whakapaunga tārehu* 15](#_Toc132279428)

[2.2.2 Overseas travel - *Te haere ki tāwāhi* 17](#_Toc132279429)

[2.3 Gifts 22](#_Toc132279430)

[2.3.1 Giving gifts 22](#_Toc132279431)

[2.3.2 Receiving gifts 24](#_Toc132279432)

[2.3.3 Receiving securities as a gift 24](#_Toc132279433)

[2.4 Policies and procedures 25](#_Toc132279434)

[2.5 Delegations - *Ngā tuku mana* 25](#_Toc132279435)

[2.6 Conflicts of interest - *Ngā raru whaipānga* 28](#_Toc132279436)

[2.6.1 Managing the conflict of interest - *Te whakahaere i te raru whaipānga* 30](#_Toc132279437)

[2.6.2 When a conflict of interest is unmanageable - *I te wā kāore e taea te whakahaere i te raru whaipānga* 32](#_Toc132279438)

[2.6.3 Conflicts of interest in contracting processes - *Ngā raru whaipānga i ngā tukanga kirimana* 33](#_Toc132279439)

[2.7 Financial record keeping 35](#_Toc132279440)

[2.8 Legal requirements for financial reporting 35](#_Toc132279441)

[2.8.1 Annual reports 36](#_Toc132279442)

[2.9 Securities 38](#_Toc132279443)

[2.9.1 Approval to acquire or retain securities 39](#_Toc132279444)

[2.9.2 When securities no longer qualify as authorised 40](#_Toc132279445)

[2.9.3 Loans 40](#_Toc132279446)

[2.10 Making borrowing decisions 41](#_Toc132279447)

[2.10.1 Limitations on borrowing 41](#_Toc132279448)

[2.10.2 Approval to exceed the borrowing limit 42](#_Toc132279449)

[2.11 Board minutes 43](#_Toc132279450)

[3.0 Financial planning 45](#_Toc132279451)

[3.1 Strategic planning 45](#_Toc132279452)

[3.2 Preparing a budget 46](#_Toc132279453)

[3.2.1 Compiling a draft operating budget 46](#_Toc132279454)

[3.3 Forecasting 49](#_Toc132279455)

[3.4 Asset planning 49](#_Toc132279456)

[4.0 Processing your transactions 51](#_Toc132279457)

[4.1 Accounts payable 51](#_Toc132279458)

[4.2 Accounts receivable 53](#_Toc132279459)

[4.3 Bequests 54](#_Toc132279460)

[4.4 Borrowings 55](#_Toc132279461)

[4.5 Cash and cash equivalents 55](#_Toc132279462)

[4.6 Depreciation 55](#_Toc132279463)

[4.7 Donations/koha, activities and fundraising 56](#_Toc132279464)

[4.7.1 Donated assets 57](#_Toc132279465)

[4.7.2 Restricted donations/koha 57](#_Toc132279466)

[4.8 Leases 58](#_Toc132279467)

[4.9 Funds held in trust 59](#_Toc132279468)

[4.9.1 Funds held for capital works projects 60](#_Toc132279469)

[4.9.2 Funds received by lead schools and kura for a multiple school service 62](#_Toc132279470)

[4.10 Government grants 62](#_Toc132279471)

[4.11 Intangible assets 64](#_Toc132279472)

[4.12 International students 65](#_Toc132279473)

[4.13 Inventory and stock 66](#_Toc132279474)

[4.14 Investments 67](#_Toc132279475)

[4.15 Use of land and buildings 67](#_Toc132279476)

[4.16 Locally raised funds 68](#_Toc132279477)

[4.17 Personnel expenses 68](#_Toc132279478)

[4.17.1 ACC premiums 68](#_Toc132279479)

[4.18 Property, plant and equipment 69](#_Toc132279480)

[4.18.1 Furniture and equipment (F&E) grants 69](#_Toc132279481)

[4.18.2 Library and teaching resources 70](#_Toc132279482)

[4.18.3 Impairment of property, plant and equipment 73](#_Toc132279483)

[4.18.4 Property, plant & equipment register 74](#_Toc132279484)

[4.19 Provision for cyclical maintenance 74](#_Toc132279485)

[4.20 Te Mana Tūhono (The Power of Connection) 81](#_Toc132279486)

[5.0 Monitoring your finances 85](#_Toc132279487)

[5.1 Management reports 85](#_Toc132279488)

[5.1.1 Structure for monthly reports to boards 85](#_Toc132279489)

[5.2 Indicators of financial health 87](#_Toc132279490)

[6.0 Reporting on your finances 89](#_Toc132279491)

[6.1 Annual reports 89](#_Toc132279492)

[6.1.1 Filing the annual report 89](#_Toc132279493)

[6.2 IPSAS PBE Tier 2 reporting framework 90](#_Toc132279494)

[6.3 Reporting entity 91](#_Toc132279495)

[6.4 Group financial statements 91](#_Toc132279496)

[6.5 Notes to financial statements 92](#_Toc132279497)

[6.5.1 Related parties 92](#_Toc132279498)

[6.5.2 Commitments 94](#_Toc132279499)

[6.5.3 Contingencies 94](#_Toc132279500)

[6.5.4 Remuneration 94](#_Toc132279501)

[6.6 Disclosure of revenue and expenditure 94](#_Toc132279502)

[6.7 Treatment of contributions to property projects 96](#_Toc132279503)

[6.8 Treatment of school-owned assets transferred to the Ministry 97](#_Toc132279504)

[6.9 Treatment of overspends of five-year agreement projects 97](#_Toc132279505)

[7.0 Advice about… 98](#_Toc132279506)

[7.1 Banking 98](#_Toc132279507)

[7.2 Fraud and internal controls - *Hara Tāware* 99](#_Toc132279508)

[7.2.1 Fraud risk factors - *Ngā āhuatanga mōrearea hara tāware* 100](#_Toc132279509)

[7.2.2 Types of fraud - *Ngā momo hara tāware* 101](#_Toc132279510)

[7.2.3 Board and management responsibilities to prevent fraud and theft - *Ngā kawenga a te poari me ngā kaiwhakahaere hei kaupare i te hara tāware me te whānako* 103](#_Toc132279511)

[7.2.4 Fraud mitigation - *Te whakamauru i te hara tāware* 105](#_Toc132279512)

[7.2.5 Internal controls - *Ngā whakahaere ā-roto* 105](#_Toc132279513)

[7.2.6 Fraud mitigation policies and checklist - *Ngā kaupapahere whakamauru hara tāware me te rārangi arowhai* 112](#_Toc132279514)

[7.3 Fundraising by integrated schools and kura 112](#_Toc132279515)

[7.4 Hostels 112](#_Toc132279516)

[7.5 Housing for teachers and caretakers 113](#_Toc132279517)

[7.6 Insurance 113](#_Toc132279518)

[7.7 Parent Teacher Associations (PTAs) 114](#_Toc132279519)

[7.8 Property management 114](#_Toc132279520)

[7.9 Tax 115](#_Toc132279521)

[7.10 Trusts 116](#_Toc132279522)

[8.0 Getting help 118](#_Toc132279523)

[8.1 Schools and kura at financial risk 118](#_Toc132279524)

[9.0 Glossary 119](#_Toc132279525)

[Appendix A: Treatment of TELA leases 121](#_Toc132279526)

[Appendix B: Model financial policies 123](#_Toc132279527)

[Appendix C: Decision guide for funding student overseas travel 124](#_Toc132279528)

[*Āpitihanga C: Aratohu whakatau mō te tautoko ā-pūtea i ngā haerenga a ngā ākonga ki tāwāhi* 126](#_Toc132279529)

#### Using the Financial Information for Schools Handbook

The Financial Information for Schools Handbook (FISH) is for the boards of schools and kura, principals, administrators and accountants working in and with schools and kura. The purpose of the handbook is to provide information to demonstrate best practice in financial governance, management and reporting.

The handbook covers a range of financial topics specific to schools and kura in New Zealand. It is not an accounting textbook, and you are not expected to be an expert in legislation. The Ministry of Education (the Ministry) has produced the handbook to help you become familiar with the legal framework that impacts how schools and kura manage their finances.

The handbook is updated regularly so please refer to the Ministry website and check the version number to make sure you are always using the latest publication.

**Version:** April 2023

# 1.0 Introduction to financial management for schools and kura - *Whakatakinga ki te whakahaere ahumoni ā-kura*

## 1.1 The importance of good financial management - *Te hiranga o te whakahaere ahumoni pai*

Good financial management is crucial to the success of schools and kura in order to provide adequate funding for day-to-day needs and to plan for the future. Any system of school administration must keep the needs of students in mind, support learning and teaching, and enable the board to realise its strategic and annual goals and objectives.

Dealing with deliberate fraud or a lapse in financial management diverts staff and board members from their primary focus. It can also result in a reduction of available funds for curriculum delivery. Financial management problems almost always impact the quality of education being provided to students.

*He waiwai te whakahaere ahumoni pai ki te angitu o tētahi kura e rite ai te whakarato i te pūtea tika mō ngā matea o ia rā, me te whakamahere mō te anamata. Me whai whakaaro ngā pūnaha whakahaere kura ki ngā matea o ngā ākonga, te tautoko i ngā mahi ako, ā, kia taea hoki te poari te whakatinana i ōna whāinga rauataki.*

*Ko te whakatau i ngā take hara tāware hakune, i ngā hapa rānei i ngā whakahaere ahumoni, ka autaki kē te aro o ngā kaimahi me ngā mema poari mai i tā rātou aronga matua. Ko te hua hoki pea ka heke ngā pūtea e wātea ana ki te tuku i te marautanga. Ka pā kinotia hoki i te nuinga o te wā te kounga o te mātauranga ki ngā ākonga i ngā raru whakahaere ahumoni.*

#### Setting clear objectives - *Te whakarite i ngā whāinga mārama*

A board’s primary objectives in governing a school or kura (as set out in section 127 of the Education and Training Act 2020) to ensure that:

**(a)** every student at the school is able to attain their highest possible standard in educational achievement; and

**(b)** the school—

(i) is a physically and emotionally safe place for all students and staff; and

**(ii)** gives effect to relevant student rights set out in this Act, the [New Zealand Bill of Rights Act 1990](https://www.legislation.govt.nz/act/public/2020/0038/latest/link.aspx?id=DLM224791), and the [Human Rights Act 1993](https://www.legislation.govt.nz/act/public/2020/0038/latest/link.aspx?id=DLM304211); and

**(iii)** takes all reasonable steps to eliminate racism, stigma, bullying, and any other forms of discrimination within the school; and

**(c)** the school is inclusive of, and caters for, students with differing needs; and

**(d)** the school gives effect to [Te Tiriti o Waitangi](https://www.legislation.govt.nz/act/public/2020/0038/latest/link.aspx?id=DLM435834#DLM435834), including by—

**(i)** working to ensure that its plans, policies, and local curriculum reflect local tikanga Māori, mātauranga Māori, and te ao Māori; and

**(ii)** taking all reasonable steps to make instruction available in tikanga Māori and te reo Māori; and

**(iii)** achieving equitable outcomes for Māori students

The board sets strategic goals for student achievement and policies by which the school or kura is managed.

A successful school or kura plans what it intends to achieve and outlines a strategy for how to achieve it. A combination of good planning and communication ensures that parents, teachers, principals and board members are all striving for common goals. If schools and kura do not identify and communicate their goals to stakeholders, they risk a lack of focused effort – and students’ education will suffer.

The Education Review Office (ERO) reported in ‘School Governance: An Overview 2007’ that well-governed schools and kura share common features:

* Governance is centred on students, with members committed to improving learning and achievement
* Student achievement information is used to set realistic targets and underpin decision-making
* Strategic and annual planning is strongly focused on student achievement.

*Ko te whāinga matua o te poari i te whakahaere i te kura ko te whakarite kia tutuki i ia ākonga tō rātou paerewa mātauranga paetae teitei rawa. Ka whakatau te poari i ngā whāinga matua mō te paetae ākonga me ngā kaupapahere hei whakahaere i te kura.*

*Ko te kura angitu ka whakamahaere i ōna tūmanakohanga me te whakatakoto i te rautaki o te whakatutuki i tērā. Mā te pahekotanga o ngā whakamaheretanga me ngā whakawhiti pai ka rite te whai a ngā mātua, ngā kaiako, ngā tumuaki me ngā mema poari i ngā whāinga ōrite. Ki te kore ngā kura e tautuhi, e whakawhiti hoki i ō rātou whāinga ki ngā kaiwhaipānga, ko te mōrearea o tērā kua kore e arotahi ngā mahi - ā ko ngā mātauranga ākonga te papa.*

*I pūrongo te Te Tari Arotake Mātauranga (ERO) i roto i 'Mana Whakahaere Kura: He Tirohanga Whānui 2007' tērā ētahi āhuatanga ōrite o ngā kura e pai ana te mana whakahaeretanga:*

* *Ko ngā ākonga te matua o ngā mahi mana whakahaere, me te pūmautanga o ngā mema ki te hiki i ngā mahi ako me te eke paetae*
* *Ka whakamahia ngā mōhiohio eke paetae ākonga ki te whakatau i ngā whāinga pono, ki te noho hei pūtake hoki mō ngā whakatau take.*
* *E kaha ana te arotahi o ngā mahere rautaki, ā-tau hoki ki te eke paetae ākonga*

## Board roles and responsibilities - *Ngā mahi me ngā kawenga a te poari*

Section 125 of the Education and Training Act 2020 states a board is the governing body of its school or kura. Section 127 (c) of the Education and Training Act 2020 requires a board to perform its functions and to exercise its powers in a way that is financially responsible (section 127 (c)).

#### Responsibilities of boards and board members

Boards are responsible for setting the strategic direction of the school or kura and allocating resources to achieve goals. The board creates rules (the policies) by which the school or kura is managed.

Every board member has a responsibility to establish and maintain appropriate financial policies. They must also be able to understand key financial information about their school or kura.

Board members make significant financial decisions about their school or kura. It is important to carefully document those decisions and the process with which they were made. Actual and potential conflicts of interest in any decision-making should be declared and managed appropriately.

#### *Ngā kawenga o ngā poari me ngā mema poari*

*Nō ngā poari te kawenga ki te whakatau i te anga rautaki o te kura me te toha rauemi e tutuki ai ngā whāinga. Ka hanga ture te poari (ngā kaupapahere) hei whakahaere i te kura.*

*Kei ia mema poari te kawenga ki te whakarite me te pupuru i ngā kaupapahere ahumoni tōtika. Me mārama hoki rātou ki ngā mōhiohio ahumoni matua e pā ana ki tō rātou kura.*

*Ka whakatau ngā mema poari i ngā take ahumoni nui mō tō rātou kura. He hiranga tonu kia āta tuhia aua whakatau me te tukanga i tutuki ai aua whakatau. Me whakaatu hoki i ngā raru whaipānga i roto i ngā whakatau kaupapa, ā, me tika te whakahaere.*

   
**Read more about - *Pānui haere tonu mō***

[Model financial policies](#_Appendix_B:_Model) - [*Ngā tauira kaupapahere ahumoni*](#_Appendix_B:_Model)

[Strategic planning](#_3.1_Strategic_planning) - *[Te whakamahere rautaki](#_3.1_Strategic_planning)*

[Conflicts of interest](#_2.5_Conflicts_of) - [*Ngā raru whaipānga*](#_2.6_Conflicts_of)

## 1.3 Principal roles and responsibilities - *Ngā mahi me ngā kawenga a ngā tumuaki*

Principals are often delegated authority from the board for the day-to-day financial management of the school or kura. Under section 130 of the Education and Training Act 2020 a principal is the chief executive in relation to the control and management of the school or kura. The principal is appointed by the board and must comply with the board’s general policy directions and operate within delegated powers.

Principals are responsible for monitoring and controlling expenditure to make sure funds are spent on priorities, as planned and budgeted for. Principals should report regularly to the board on financial management and prepare annual financial statements which are audited.

Principals can choose to delegate financial management tasks to senior administration staff or pay for external accounting services. The principal retains full responsibility for the financial records and reporting, where this responsibility is delegated by the board. Boards can seek guidance from their senior administration staff, financial service provider and auditor.

Every principal is expected to maintain robust financial systems, understand key financial information about their school or kura and provide appropriate reporting.

*He nui te wā ka whiwhi tuku mana ngā tumuaki i te poari ki te whakahaere ā-ahumoni i te kura ia rā. I raro i te wāhanga 130 o te Education and Training Act 2020 ko te tumuaki te tumu whakarae e pā ana ki te whakahaere i te kura. Ka tohua te tumuaki e te poari, ā, me whai ia i ngā tohutohu kaupapahere whānui a te poari me te mahi i roto i taua tuku mana.*

*Nō ngā tumuaki te kawenga ki te aroturuki me te whakahaere i te whakapaunga pūtea kia pau ai i runga i ngā whakaarotau i whakaarotia, whakamaheretia ā-pūtea hoki. Me rīpoata auau te tumuaki ki te poari i ngā take whakahaere ahumoni me te whakarite i ngā tauākī ahumoni ā-tau kua arotaketia.*

*Ka taea e ngā tumuaki te tuku i ngā mahi whakahaere ahumoni ki ngā kaimahi whakahaere matua, te utu rānei i ngā ratonga kaute ā-waho. Ka pupuri tonu te tumuaki i te kawenga nui o ngā pūranga ahumoni me te pūrongo. Ka taea e ngā poari te rapu tohutohu mai i ā rātou kaimahi whakahaere matua, i tētahi ratonga ahumoni me tētahi kaiarotake.*

*E tika ana kia pupuru ia tumuaki i ngā pūnaha ahumoni tōtōpū, kia mārama ki ngā mōhiohio ahumoni matua mō te kura me te whakarato i ngā pūrongo tika.*

**Read more about - *Pānui haere tonu mō***  
[Management reports](#_5.1_Management_reports) - [*Ngā*](#_5.1_Management_reports) *pūrongo whakahaere*

[Annual reports](#_6.1_Annual_reports) - [*Ngā*](#_6.1_Annual_reports) *pūrongo ā-tau*

[Delegations](#_2.4_Delegations) - [*Ngā*](#_2.4_Delegations) *tuku mana*

## 1.4 Ministry of Education roles and responsibilities - *Ngā mahi me ngā kawenga a Te Tāhuhu o te Mātauranga*

The Ministry is responsible for the equitable distribution of the annual Crown budget to the New Zealand education network. The Ministry also provides a range of support services to education providers, teachers and the community.

The Ministry provides training and guidance on financial management including:

* Group training opportunities, advertised in the ‘Education Gazette’
* Support from local Ministry offices for boards of a school or kura that is at financial risk
* A team of financial advisors who provide guidance, advice and support to schools and kura on a range of topics
* Advice, training and support for boards from the New Zealand School Trustees Association (NZSTA).

Boards can also seek guidance from their financial service provider.

*Nō Te Tāhuhu te kawenga mō te tohanga mana ōrite o te mahere pūtea ā-tau a te Karauna ki te whatunga mātauranga o Aotearoa. E whakarato ana hoki Te Tāhuhu i te whānuitanga o ngā ratonga tautoko ki ngā kaiwhakarato mātauranga, ngā kaiako me te hapori.*

*Ka wharato Te Tāhuhu i te whakangungu me te ārahitanga o ngā mahi whakahaere ahumoni pēnei i:*

* *Ngā āheinga whakangungu ā-rōpū, e whakatairangatia ana i a 'Tukutuku Kōrero'*
* *Te Tautoko mai i ngā tari ā-rohe a te Manatū mā ngā poari kura e mōrearea ana ngā take ahumoni*
* *Te tira o ngā kaitohutohu ahumoni e whakarato tohutohu, kupu āwhina, tautoko ana hoki ki ngā kura mō ngā take huhua*
* *Te kupu āwhina, whakangungu me te tautoko ki ngā poari mai i te New Zealand School Trustees Association (NZSTA).*

*Ka taea hoki e ngā poari te rapu tohutohu mai i tō rātou kaiwhakarato ratonga ahumoni.*

**Read more about - *Pānui haere tonu mō***  
[Professional development for boards -](https://www.nzstaresourcecentre.org.nz/helpforboards) *[Te akoranga ngaio me ngā poari](https://www.nzstaresourcecentre.org.nz/helpforboards)*

[Getting help](#_8.0_Getting_help) - [*Te*](#_8.0_Getting_help) *rapu āwhina*

# 2.0 Understanding your obligations

## 2.1 Annual financial timetable

Schools and kura are required to meet certain reporting deadlines throughout the year. This basic timeline outlines which tasks are required and when, together with suggested timing for completing other financial tasks.

|  |  |
| --- | --- |
| **Month** | **Task** |
| October | Start your budget for next year. |
| November | Ensure your 10-year property plan is up-to-date. Review your cyclical maintenance plan to ensure it reflects painting costs and timeframes, and that the provision is adequate. Prepare re-estimates for inclusion in your annual financial statement and minute approval.  Present the draft budget to the finance committee or board for review and approval. The budget is reviewed in detail and queries may be taken away to resolve later. |
| December | Board approves the budget at last meeting before the new year.  Start to gather information for year-end financial statements, eg inventory lists, library stock list, property, plant and equipment register.  Ensure all reconciliations are up to date, including any funds held on trust, eg funds received in advance for international students match funds held in trust account.  Pay any outstanding invoices to minimise the number and value of the 31 December accounts payable balance and associated accruals.  Ensure there is enough money in the bank to meet any automatic payments due over the holiday period.  Review term deposits, especially if any are due to mature (keeping in mind that operational grants are received in early January). |
| January | Complete the:   * Property, plant and equipment register and property, plant and equipment reconciliation * Bank account reconciliations * Payables and receivables schedules.   Complete the Statement of Variance. |
| February/March | If your school or kura uses a financial service provider, ensure all financial information is sent to them within their timeframe.  Board approves the draft annual financial statements and sends to auditor.  Obtain the principal’s and presiding member’s (or combined) report(s). |
| **March** | https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirementStatutory deadline of 31 March. This is the date that draft annual financial statements need to be presented to your auditor as required by section 135 of the Education and Training Act 2020.  The Ministry recommends that you submit your draft financial statements and supporting documents to your auditor as soon as possible. |
| **May** | Board adopts the audited annual financial statements.  https://education.govt.nz/assets/Uploads/NEWRequired1RED2.png**Requirement** The principal and presiding member must sign the Statement of Financial Responsibility as required by section [155](http://www.legislation.govt.nz/libraries/contents/om_isapi.dll?clientID=2188252536&infobase=pal_statutes.nfo&jump=a1989-044%2fs.42&softpage=DOC&wordsaroundhits=6#JUMPDEST_a1989-044/s.42) of the Crown Entities Act 2004.  Requirementhttps://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngStatutory deadline of 31 May. This is the date that your annual report, including the Statement of Variance and audited financial statements, are to be submitted to the Ministry of Education.  Requirement  https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngMake the annual report available to the public, as soon as practical, on a website maintained by (or on behalf of) the board as required by Section 136 of the Education and Training Act 2020.  Board to review and comment on the audit management letter. Where applicable, agree on actions required and document in the Board minutes. |
| July | Review current budget and update cash flow forecast where required. |
| September | Review the property, plant and equipment register and asset plan. |

#### Other tasks to consider for your timetable

Key events or important dates during the year can also be included in your annual financial timetable. You could add:

* Dates for when budget proposals need to be submitted, and to whom
* Dates of the board’s approval of the operating and other annual budgets
* Any other key dates for the board that are finance related
* GST returns and any other returns to Inland Revenue
* Deposit maturity dates
* Loan repayment dates
* Dates when funding payments are due from the Ministry
* Dates when monthly financial reports are due to the board.

## 2.2 Appropriate use of public funds - *Te whakamahi tika i ngā moni tūmatanui*

Money received by boards, whatever the source, automatically becomes public funds and boards are accountable for all expenditure. Boards are responsible for making sensible financial decisions that support the effective operation of the school or kura. They should not spend money on anything that may be considered extravagant or wasteful. All spending should be consistent with the outcomes agreed by the school or kura.

The Office of the Auditor General provides a set of principles that should underpin any decision-making about sensitive expenditure. They state that expenditure decisions should:

* **Have a justiﬁable business purpose** that is consistent with the public organisation's objectives. This means a reason that makes clear sense, supported by evidence of the need for the spending and evidence that a range of options have been considered
* **Preserve impartiality** based on objective criteria, rather than based on any sort of bias, preference, or improper reason
* **Be made with integrity** by exercising power in a way that is true to the values, purposes, and duties for which that power is entrusted to, or held by, someone. It is about consistently behaving in keeping with agreed or accepted moral and ethical principles
* **Be moderate and conservative** when viewed from the standpoint of the public and given the circumstances of the spending. It includes considering whether the justifiable business purpose could be achieved at a lower cost;
* **Be made transparently** by being open about the spending, and willing to explain any spending decisions or have them reviewed
* **Be made with proper authority** so that the person approving the spending has the appropriate financial delegation to do so, for the type and amount of spending and follows correct procedures.

Boards should take extra care when making decisions about large purchases or long-term financial commitments. Decisions made now can impact the financial situation of your school or kura for years to come. Consider these options before spending a lot of money or signing a long-term contract.

|  |  |  |
| --- | --- | --- |
| **Assets** | **Consumables** | **Services** |
| Examples include:   * computers * buildings * vehicles | Examples include:   * stationery * sports equipment * canteen supplies | Examples include:   * painting and maintenance contracts * plumbing and electrical work * computer consultants |
| Possible options include:   * buy * finance lease | Possible options include:   * preferred supplier agreement * bulk purchase agreements * case-by-case purchase * equipment sharing | Possible options include:   * preferred supplier agreements * quotes or closed tender |
| Key considerations:   * buy * cash discount * finance charges/interest * warranty * ongoing service and supplies * maintenance (local expertise and complexity) * economic life * obsolescence * Ministry approval (buildings) * FBT (vehicles) * borrowing limits | Key considerations:   * cost * availability * continued supply * delivery cost * environmental impact * loyalty discounts * fit for purpose * bulk purchase discount * quality | Key considerations:   * total cost * quality * previous experience * reputation * communication * continuity of service * guarantee |

*Ko ngā moni ka whiwhi i ngā poari, ahakoa nō whea, ka aunoa te huri hei moni tūmatanui, ā, nō ngā poari te haepapa mō ngā whakapaunga katoa. Nō ngā poari te kawenga ki te whakatau i ngā whakataunga whaitake e tautoko ana i te whakahaerenga whaihua o te kura. Me kaua e whakapau moni i runga i ngā mea e whakaarotia ana he ngutu hore, he tōtōā rānei. Me hāngai ngā whakapaunga katoa ki ngā putanga kua whakaaetia e te kura.*

*E whakarato ana te Tari o te Tianara Arotake i te huinga mātāpono ka noho hei pūtaketanga o ngā whakataunga take mō te whakapaunga tārehu. E kī ana ko ngā whakataunga whakapau moni me:*

* ***Whai pūtake pakihi parahau*** *e hāngai ana ki ngā whāinga o te whakahaere tūmatanui. Ko te tikanga o tēnei, he take e mārama pai ana, e tautokona ana e ngā taunakitanga matea mō te whakapau me te taunakitanga kua whai whakaarotia te huhua o ngā kōwhiringa.*
* ***Noho tapatahi*** *i runga anō i ngā paearu tōkeke, kaua i runga i tētahi haukume, mariunga, tētahi atu take hē rānei*
* ***Whakatau i runga anō i te ngākau pono*** *mā te whakahaere i te mana e pono ana ki ngā uara, ngā kaupapa me ngā kawenga e whirinakitia ana, e puritia ana rānei taua mana e tētahi. Ko te tikanga kia hāngai ngā whanonga ki ngā mātāpono matatika kua whakaaetia.*
* ***Whakamōwai, me ohiti*** *i roto i ngā tirohanga a te iwi tūmatanui, kia aro hoki ki ngā āhuatanga whakapau. Tapiri atu ko te whai whakaaro mēnā ka taea te kaupapa pakihi parahau mō te utu iti ake;*
* ***Pūataata ngā whakatau*** *mā te noho tuwhera o ngā whakapaunga, ā, me rite ki te whakamārama i ngā whakataunga whakapau, kia arotakehia rānei*
* ***Tika tonu te mana whakatau*** *kia whiwhi ai i te tangata te tuku mana ahumoni tika ki te whakapau moni, mō te momo, me te nui o te whakapaunga, ā, me te whai i ngā tukanga tika.*

*Me āta tūpato ngā poari ina whakatau i ngā take hoko nui, ngā pūmautanga ahumoni mau roa rānei. Ko ngā whakataunga ka tau ināianei ka pā ki te āhuatanga ahumoni o tō kura mō ngā tau e tū mai nei. Whakaarohia ēnei kōwhiringa i mua o te whakapau pūtea nui, te waitohu kirimana mau roa rānei.*

|  |  |  |
| --- | --- | --- |
| ***Ngā rawa*** | ***Ngā whakatange*** | ***Ngā ratonga*** |
| *Ētahi tauira*   * *rorohiko* * *whare* * *waka* | *Ētahi tauira:*   * *taputapu tuhi* * *taputapu hākinakina* * *kai o te toa hoko* | *Ētahi tauira:*   * *ngā kirimana peita, tautiaki* * *mahi paipa, hiko hoki* * *ngā mātanga rorohiko* |
| *Ētahi momo whiringa:*   * *hoko* * *rīhi taurewa* | *Ētahi momo whiringa:*   * *whakaaetanga kaiwhakarato mariu* * *whakaaetanga hoko nui* * *hoko takitahi* * *toha taputapu* | *Ētahi momo whiringa:*   * *whakaaetanga kaiwhakarato mariu* * *kī horipū, tukanga tono kati* |
| *Whakaarotanga matua:*   * *hoko* * *hekenga utu mā te moni* * *utu moni taurewa/huamoni* * *kī taurangi* * *ngā ratonga me ngā taonga moroki* * *tautiaki (mātanga tata, matatini)* * *tawhitotanga* * *Whakaaetanga a te Manatū (whare)* * *FBT (waka)* * *tepenga mino* | *Whakaarotanga matua*   * *utu* * *wāteatanga* * *whakarato moroki* * *utu tuku* * *pānga taiao* * *hekenga utu* * *hāngai ki te kaupapa* * *hekenga utu hoko nui* * *kounga* | *Whakaarotanga matua*   * *tapeke o te utu* * *kounga* * *tautōhito o mua* * *Hau te mana* * *whakawhitiwhiti* * *ratonga riterite* * *kī taurangi* |

### 2.2.1 Sensitive expenditure - *Whakapaunga tārehu*

Expenditure is deemed sensitive when it could appear to have been spent inappropriately could be seen to confer a private benefit on an individual, or not in the best interest of the school or kura.

Common areas of spending that can be sensitive are travel expenditure, hospitality and principal or board expenditure. Carefully consider any sensitive expenditure requests before approving, and ask:

* Does the expenditure further the aims of the school or kura?
* Could the board justify this expenditure to a taxpayer or parent?
* Would publicity over this spending adversely affect the school or kura?
* Would there be a perception of personal gain from this expenditure?
* Does the expenditure represent the best value for money?
* Was the expenditure budgeted for?
* Does this expenditure occur frequently?
* Are there other more important priorities?

Examples of inappropriate expenditure include:

* Purchasing a lifetime Koru Club membership for the principal
* Hiring a corporate box to reward staff for their work during the year
* Paying the costs for the principal’s spouse on an overseas trip.

*Ka kīia ngā whakapaunga he tārehu mēnā kāore i tika te whakapau, i whiwhi hua mataiti te tangata, kāore rānei i roto i ngā aronga pai rawa o te kura.*

*Ko ngā wāhi whānui e tārehu ai pea te whakapau pūtea, ko ngā whakapaunga hāereere, manaaki me ngā whakapaunga a te tumuaki, poari rānei. Āta whakaarohia ngā tono whakapaunga tārehu i mua o te whakaaetanga, ā, ka pātai:*

* *Ka whanaketia ngā whāinga o te kura i ēnei whakapaunga?*
* *E taea ana e te poari te parahau i tēnei whakapaunga ki tētahi kaiutu tāke, mātua rānei?*
* *Ka pā kinotia te kura i ngā whakatairanga o tēnei whakapaunga?*
* *Ka kitea pea te whaihua whaiaro mai i tēnei whakapaunga?*
* *E tohu ana taua whakapaunga i te uara pai rawa mō te moni?*
* *I maheretia taua whakapaunga?*
* *He auau te pānga o tēnei whakapaunga?*
* *He whakaarotau whai hiranga kē atu?*

*Ko ngā tauira o ngā whakapaunga hē ko te:*

* *hoko i te mematanga mauroa ki te Koru Club mā te tumuaki*
* *rīhi i tētahi pouaka umanga hei koha ki ngā kaimahi mō ā rātou mahi i te tau*
* *utu i te haerenga a te hoa o te tumuaki ki tāwāhi.*

Use the flow diagram to ensure you carefully consider requests before approving.

Chart

Description automatically generated

### 2.2.2 Overseas travel - *Te haere ki tāwāhi*

While boards have discretion on how funds are spent, there must always be reasonable justification for how expenditure supports the learning achievement of students.

All school and kura funds (including locally raised funds) are subject to the same standards of expenditure, regardless of the source. The only exception is funds raised or provided for a specific purpose (ie a parent paying money specifically towards an overseas trip which must be paid back if the trip does not go ahead) or funds raised specifically for a trip.

Consider these questions when reviewing requests to fund overseas travel:

* How does the proposed trip support the curriculum?
* How would the trip be paid for?
* Why is this trip better than a local/virtual alternative?
* How could learning from this trip be shared with students, staff, or the community?
* How does the expenditure on this trip further the aims of the school or kura as set out in its strategic plan?
* Is this spending justified for the number of students involved?
* What are the total trip costs?
* After accounting for the cost of the trip, will the school or kura have enough working capital/available cash to meet expenses?

Examples of overseas travel that may further student achievement include:

* Visiting the site of a significant cultural event (eg a battle where the school or kura community had significant casualties)
* Groups visiting countries where ancestral stories originate
* Language students visiting a country where the language of study is spoken.

*Ahakoa nō ngā poari te tikanga ki te whakapau pūtea, me whai rawa i te parahau whaitake, arā e pēhea e tautokona ana e ngā whakapaunga ngā mahi ako a ngā ākonga.*

*Ko ngā pūtea kura katoa (tae atu ki ngā pūtea mahi moni) e herea ana e ngā paerewa ōrite o te whakapaunga, ahakoa nō whea. Kotahi te mea kāore i whai wāhi atu ko ngā pūtea i kohia, i whakaratoa rānei mō tētahi take motuhake (arā, he mātua e utu moni ana mō tētahi kaupapa motuhake pēnei i te harenga ki tāwāhi, me whakahoki aua moni ki te kore e tatū te haerenga), ngā pūtea i kohia motuhaketia rānei mō tētahi haerenga.*

*Whakaarotia ēnei pātai i te wā e arotake ana i ngā tono ki te tautoko ā-pūtea i tētahi haerenga ki tāwāhi:*

* *Ka pēhea te āhua tautoko o tēnei haerenga i te marautanga?*
* *Ka pēhea te utu i tēnei haerenga?*
* *He aha i pai ake ai tēnei haerenga i tētahi haerenga tata/mariko?*
* *Ka pēhea te āhua o te toha i ngā akoranga o tēnei haerenga ki ngā ākonga, kaimahi, hapori rānei?*
* *Ka pēhea te kawe o ngā whakapaunga ki tēnei haerenga i ngā whāinga o te kura, e noho ana i tōna kawenata?*
* *E tika ana ngā whakapaunga mō te nui o ngā ākonga o tēnei haerenga?*
* *He aha te tapeke o ngā utu o te haerenga?*
* *I muri i te utu i ngā utu o te haerenga, ka nui tonu ngā pūtea hei whakaea i ngā nama mō te whakahaere i te kura?*

*Ko ētahi tauira o ngā haerenga ki tāwāhi e whanake ai te paetae a ngā ākonga ko te:*

* *Haere ki te wāhi i tū ai tētahi kaupapa ahurea nui (hei tauira, he pakanga i hinga nui ai te hapori o te kura)*
* *Toro atu a ngā rōpū kura tuākana ki ngā wāhi i pūtake mai ai ngā kōrero tuku iho*
* *Haere a ngā ākonga reo ki te whenua e kōrerotia ana te reo e ākona ana e rātou.*

#### Travel involving students - *Ngā haerenga me ngā ākonga*

Any overseas trips involving students should have board approval. Before approving any travel, the Ministry advises boards:

* Complete the Decision Guide for Funding Overseas Travel Involving Students (Appendix C) or follow the normal documented approval process of the school or kura. The decision guide gives a framework to help boards carefully consider travel requests
* Prepare a detailed budget for the travel with supporting documents
* Keep a copy of the signed decision guide, along with board minutes of each decision, for audit purposes
* Keep a copy of any communication with parents (note that communication should include details of the ownership of any fundraising amounts if the trip does not occur)
* Account for all expenditure associated with the travel, including receipts, following the trip.

*Me whiwhi rawa te whakaaetanga a te poari mō ngā haerenga ki tāwāhi me ngā ākonga. I mua o te whakaaetanga, ko te whakahau a te Tāhuhu ki ngā poari:*

* *Whakakīhia te Aratohu Whakatau mō te Funding Overseas Travel Involving Students (Āpitihanga C), me whai rānei i te tukanga whakaaetanga whānui o te kura. Ka tuku te aratohu whakatau i tētahi anga hei āwhina i ngā poari ki te āta whakaaro i ngā tono haerenga*
* *Whakaritea tētahi mahere pūtea āmiki mō te haerenga me ngā pepa taunaki*
* *Puritia he kape o te aratohu whakatau kua waitohua, me ngā mineti a te poari mō ia whakatau, mō ngā take arotake*
* *Puritia he kape o ngā whakawhitiwhiti ki ngā mātua (me uru ki ngā whakawhitinga ētahi taipitopito o te mana pupuri i ngā tapeke mahi moni ina kore te haerenga e tatū)*
* *Me haepapa mō ngā whakapaunga katoa e pā ana ki te haerenga, tae atu ki ngā rihīti i muri iho.*

#### Non-curriculum and staff travel *- Ngā haerenga marau-kore, kaimahi hoki*

Examples of a non-curriculum overseas trip could be when a principal attends an international conference or a marketing event to attract international students, or staff professional development.

The Ministry recommends that boards:

* Provide reasonable justification for how the expenditure supports the board’s primary objectives, and record the formal approval
* Apply the ‘one-up principle’ ie approval for travel is given by the staff member’s direct manager.

Consider these questions when assessing non-curriculum travel:

* What is the purpose of the trip?
* What is the budget, including all associated costs and potential staffing implications?
* What are the expected outcomes of the trip – for the school or kura and the individual travelling?
* How will learning from the trip be used in the school or kura and shared amongst colleagues?
* How will learning be used to enhance student achievement?
* Are there any more important priorities?

The Ministry recommends that the board is given a report following the trip. Identify actual vs budgeted expenditure and include an outline of the learning outcomes that were achieved.

*Ko ngā tauira o ngā haerenga ki tāwāhi kāore i whai pānga ki te marau, arā, ko te haerenga pea a te tumuaki ki tētahi hui taumata ā-ao, tētahi kaupapa whakatairanga rānei ki te whakapoapoa i ngā ākonga o tāwāhi, tētahi kaupapa akoranga ngaio kaimahi rānei.*

*E whakahau ana te Tāhuhu ko tā ngā poari me:*

* *Whakarato kōrero parahau o te āhua e tautoko ana te whakapaunga i te whāinga matua o te poari, me te hopu i te whakaaetanga ōkawa*
* *Whakatinana i te 'mātāpono pae o runga ake', arā, ko te whakaaetanga haerenga ka tukua e te kaiwhakahaere ake a te kaimahi.*

*Whakaarotia ēnei pātai i te wā e aromatawai ana i ngā haerenga marau-kore:*

* *He aha te kaupapa o te haerenga?*
* *He aha te mahere pūtea, tae atu ki ngā utu katoa me ngā tūpono hīraunga kaimahi?*
* *He aha ngā putanga e manakohia ana i te haerenga - mō te kura, mō te tangata hoki e haere ana?*
* *Ka pēhea te whakamahinga o ngā akoranga i roto i te kura, ka pēhea hoki te tohanga ki ngā hoa kura?*
* *Ka pēhea te whakamahinga o ngā akoranga hei hiki i te paetae ākonga?*
* *He whakaarotau hiranga anō hei tāpiri atu?*

*E whakahau ana te Tāhuhu kia tukuna ki te poari tētahi pūrongo i muri mai i te haerenga. Tautuhia ngā whakapaunga ake, atu ki ngā whakapaunga i maheretia, ā, tāpiritia he tirohanga whānui o ngā putanga ako i tutuki.*

*Whāia te hoahoa rerenga whakatau i raro nei ki te āta whakaaro i te tono mō te haerenga ki tāwāhi.*

Use the decision flow chart to carefully consider a request for overseas travel.

Diagram

Description automatically generated

Accounting for travel expenditure - *Te haepapa i ngā utu haerenga*Overseas travel incurred in the current period which is material to the school or kura (including significant travel expenditure for professional development purposes) should be disclosed in the notes section of your annual financial statements.

Some overseas travel may require greater justification and transparency than others, eg a two-week trip to Europe costing $10,000 compared with a $500 day trip to Melbourne. Confirm any decisions not to disclose a trip with your auditor.

*Ko ngā haerenga ki tāwāhi i tatū i tēnei wāhanga tonu ka whai pānga ki te kura (tae atu ki ngā utunga haerenga nui mō ngā take akoranga ngaio), me whakapuaki i te wāhanga tuhipoka o ō tauākī ahumoni ā-tau.*

*Ko ētahi o ngā haerenga ki tāwāhi me whai i te kōrero parahau nui ake, me te pūataata nui ake i ētahi atu, hei tauira, he haerenga mō te rua wiki ki Ūropi i eke ki te $10,000 te utu, ina tauritetia ki te haerenga ki Melbourne mō te $500. Whakaūngia ngā whakatau ki te kore e whakapuaki i tētahi haerenga ki tō kaiarotake..*



One of the most common reasons given by schools and kura for inappropriate payments is “the payment was from locally raised funds, not from government grants” but this is not consistent with section 127c of the Education and Training Act 2020 or the Crown Entities Act 2004.

*Ko tētahi o ngā take nui ka tukuna e ngā kura mō ngā utunga hē ko tēnei "i ahu mai te utu i ngā pūtea kohi moni, kaua i ngā pūtea kāwanatanga" engari kāore tēnei i hāngai ki te Education and Training Act 2020, ki te Crown Entities Act 2004 rānei.*

 **Read more about - *Pānui haere tonu mō***[Sensitive expenditure model policy](https://education.govt.nz/assets/Uploads/Sensitive-expenditure-policy.docx) - [Te kaupapahere tauira whakapaunga tārehu](https://education.govt.nz/assets/Uploads/Sensitive-expenditure-policy.docx)

[Travel model policy](https://education.govt.nz/assets/Uploads/Travel-policy.docx) - [Te kaupapahere tauira haerenga](https://education.govt.nz/assets/Uploads/Travel-policy.docx)

[Decision guide for funding overseas travel](#_Appendix_C:_Decision) - Te aratohu whakatau mō te tautoko ā-pūtea i ngā haerenga ki tāwāhi

[Locally raised funds](#_4.18_Locally_raised) - Ngā pūtea i kohia i te rohe

[Auditor General guidance on sensitive expenditure](https://oag.parliament.nz/2020/sensitive-expenditure) - [Te aratohu a te Tumuaki o te Mana Arotake mō te whakapaunga tārehu](https://oag.parliament.nz/2020/sensitive-expenditure)

## 2.3 Gifts

Boards should be cautious when giving and receiving gifts. This can be a sensitive area of expenditure where perception is important. Think carefully about the purpose and value of any gift. If your board has any doubt about the appropriateness of a gift, seek independent advice (eg from a lawyer, the New Zealand School Trustees Association or your Ministry Schools Financial Advisor).

Gift policies generally require that all gifts given and received by employees and board members are recorded. This ensures transparency and provides protection in the event of allegations of inappropriateness being made. Policies also reduce the risk of exposure to fraud and the perception of obligation to the gift giver.

### 2.3.1 Giving gifts

Gifts given in recognition of long employment or hard work (including payments made when employees retire, compassionate grants and bonus payments) may conflict with the terms of collective employment agreements. You may be required to apply for concurrence (ie approval from the Secretary for Education) before giving a gift.

The board may want to give thanks to parents or community members who donate services to the school or kura by way of a small gift. It may also be appropriate for employees travelling overseas to give a small gift to their hosts.

Before approving a gift for giving, consider that:

* The gift is of an appropriate value
* Gifts are not given on a regular basis
* There will not be any perception issues
* There is no personal link between staff/board members and the receiver of the gift.

Use the decision flowchart to carefully consider whether giving a gift is appropriate.

Diagram

Description automatically generated

### 2.3.2 Receiving gifts

Gifts to employees  
Employees should consider the appropriateness of any gift offered. It may be appropriate for a teacher to accept a small gift (eg chocolates) from the parents of a student who has shown great improvement. The board should have a policy that clearly states which gifts are acceptable, which are not and an appropriate value. A cash gift to a teacher by the parents of a student is inappropriate. This sort of gift could lead to a feeling of obligation to the giver, or even to allegations of bribery.

Principals and board members should also consider if any gifts offered to them could give rise to a conflict of interest and should therefore be declined. For example, if a gift was offered from a construction firm when the school or kura was about to tender a construction project, this would give rise to a conflict of interest and would not be appropriate to accept.

Use the decision flowchart to carefully consider whether accepting a gift is appropriate.

Diagram

Description automatically generated

### 2.3.3 Receiving securities as a gift

Section 669(3)(b) of the Education and Training Act 2020 applies to boards that receive gifts of money or property including securities. Under this provision:

* Any money or property gifted to a school or kura may be accepted or declined by the board
* Any limitation in the Education and Training Act 2020 or that applies under the Crown Entities Act 2004 (such as a limitation on the form in which property may be held) does not apply during a period of no more than 12 months.

This means the school or kura is required to divest itself of the non-approved securities within a year of receiving them.

#### Applying to retain securities

If a board wants to retain a gifted security, they must apply for approval from the Ministry within a year of receiving it. To apply see section ‘2.9.1. Approval to acquire or retain securities’ and use the information to make your application to retain your securities in writing.

#### Exception for conditional gifts

Boards can receive gifts or bequests that are conditional on continuing to hold the security in its current form. The donor or testator instructs the school or kura to hold the security and fund activities or prizes from any return.

In these circumstances, the acceptance of a conditional gift or bequest creates a trust and the restrictions in section 160 regarding securities do not apply as stated in section 161(2) of the Crown Entities Act. The board can continue to hold the security in perpetuity without need to seek approval.

**Read more about**

[Securities](#_2.8_Securities)

[Bequests](#_4.3_Bequests)

[Applying for concurrence](https://www.education.govt.nz/school/people-and-employment/employment-agreements/special-terms-or-conditions-concurrence/)

[Getting help](#Getting_help)

## 2.4 Policies and procedures

Policies are rules set by the board to guide what is expected at the school orkura. Policies and procedures are designed to clearly outline the intentions of the school or kura. Financial policies specify how funds should be spent. They are intended to help the principal and staff make good financial decisions.

The Ministry has developed model financial policies for schools and kura to use as a guide when developing their own policies.

**Read more about**   
  
[Model financial policies](#_Appendix_B:_Model)

## 2.5 Delegations - *Ngā tuku mana*

A delegation is a formal way to communicate the authority and responsibility that is being given to an individual or group. Providing delegations to employees of a school or kura is one of the ways the board govern. By setting appropriate delegations, the board communicates the responsibilities each staff member has. Any delegation must be by board resolution, and written notice given to the delegated person.

Under the Education (School Boards) Regulations 2020, a board may delegate any of the functions and powers of the board or the board members, either generally or specifically, to any of the following persons:

* A board member or members
* The principal or any other employee, or office holder of the board
* A committee consisting of at least two persons, at least one of whom is a board member
* Any other person or persons approved by the Minister of Education
* Any class of persons that comprises any of the persons in this list.

*Ko te tuku mana he ara ōkawa ki te whakawhiti i te mana me te kawenga e tukuna ana ki tētahi tangata, rōpū rānei. Ko te whakarato tuku mana ki ngā kaimahi o tētahi kura tētahi ara whakahaere a te poari. Mā te whakatau i ngā tuku mana tika, e whakawhitiwhiti ana te poari i ngā kawenga o ia kaimahi. Me hua rawa ngā tuku mana i tētahi whakatau a te poari, ā, me tuku i te whakaaetanga ā-tuhi ki te tangata whiwhi tuku mana.*

*I raro i ngā Waeture Mātauranga (Poari Kura) 2020, ka taea e te poari te tuku mana i ngā mahi me ngā mana o te poari, o ngā mema poari rānei, ā-whānui nei, ā-motuhake rānei, ki tētahi o ēnei tāngata:*

* *He mema poari, ngā mema rānei*
* *Te tumuaki, tētahi atu kaimahi kura, kaipupuri tūranga poari*
* *He komiti, neke atu i te rua tāngata, ā, ko tētahi he mema o te poari*
* *Tētahi atu tangata, tāngata rānei e whakaaetia ana e te Tāhuhu o te Mātauranga*
* *Ētahi momo kōwhiringa tāngata i takea mai i tēnei rārarangi*

https://education.govt.nz/assets/Uploads/NEWRequired1RED2.png

**Requirement**  
A board must not delegate the general power of delegation, nor any power to borrow money - including the power to enter into a financial lease - that it may have under section 160 or 162 of the Crown Entities Act 2004.

https://education.govt.nz/assets/Uploads/NEWRequired1RED2.png

***Me mātua tutuki***  
*Me kaua te poari e tuku i te mana whānui o te tuku mana, i te mana rānei ki te mino pūtea - tae atu ki te mana ki te kuhu atu ki tētahi rīhi ahumoni - e taea ana pea i raro i te wāhanga 160, 162 rānei o te Crown Entities Act 2004.*

#### Delegations help clarify roles and responsibilities - *Ka āwhina ngā tuku mana ki te whakamārama i ngā mahi me ngā kawenga*

By formalising the delegation process in writing the board reduces the risk of:

* Overlooking tasks because ‘everybody thought someone else was doing it’
* Duplicating tasks because several people thought they were responsible
* Conflicts between people or groups because they feel uncertain about who is doing what.

Boards often delegate day-to-day financial management to the principal. In small schools and kura there may not be enough staff to ensure segregation of duties. In those cases, a board member can be appointed as a further level of control for day-to-day expenditure, eg a board member has internet banking authority and is the second approver for payments.

*Mā te whakaōkawa i te tukanga tuku mana ki te reo tuhi, e whakaiti ana te poari i te mōrearea o te:*

* *Whakangongo i ngā mahi nā te mea 'i pōhēhē te katoa e oti ana i tētahi atu taua mahi'*
* *Pūrua i ngā mahi nā te mea he maha ngā tāngata i pōhēhē nōna te kawenga*
* *Taututenga o te tangata, rōpū rānei nā te mea i rangirua ko wai e mahi ana i te aha.*

*He nui te wā ka tuku mana ngā poari i ngā whakahaere ahumoni o ia rā ki te tumuaki. I roto i ngā kura iti ākene pea kāore i nui ngā kaimahi ki te wāwāhi haere i ngā mahi. Ina pērā, ka āhei ki te tohu i tētahi mema poari hei kaiwhakahaere i ngā whakapaunga o ia rā, hei tauira, kei te mema poari te mana pēke tuihono, ā, ko ia te kaiwhakamana tuarua mō ngā utunga.*

**Example**

**Board delegates hiring responsibilities**

The Kiwi Park School board decides to delegate authority to the principal to make all staff appointments within the existing school structure. But to have oversight of spending on overall staffing levels they decide to retain the right to approve or veto any appointments for newly established positions. The principal will need to report to the board first, and get approval before making a formal offer to a person to fill a new role.

****

***He tauira***

***Ka tuku mana te poari i te kawenga mō te rapu kaimahi***

*Ka whakatau te poari o te Kura o Kiwi Park ki te tuku mana ki te tumuaki ki te rapu kaimahi hou i roto i te anga o te kura. Engari kia mau tonu ai te tirohanga whānui o ngā whakapaunga o ngā taumata kaimahi katoa, ka puritia tonu te mana ki te whakamana, whakahē rānei i ngā whakaritenga mō ngā tūranga hou. Me pūrongo te tumuaki ki te poari i te tuatahi, ā, me te rapu whakaaetanga i mua o te tuku i te tono ōkawa ki te tangata mō te tūranga hou.*

 **Read more about - Pānui haere tonu mō**

[Schedule of delegation policy](https://assets.education.govt.nz/public/Documents/School/Running-a-school/Financial-Information-for-Schools-Handbook/Schedule-of-delegations-policy-1-v2.docx) - [Te kaupapahere tauira o te mahere o ngā tuku mana](https://assets.education.govt.nz/public/Documents/School/Running-a-school/Financial-Information-for-Schools-Handbook/Schedule-of-delegations-policy-1-v2.docx)

## 2.6 Conflicts of interest - *Ngā raru whaipānga*

A conflict of interest arises where a member has an interest or duty that conflicts (or might conflict or might be perceived to conflict) with the interests or duties of the board itself. The interest or duty may be regarded as an influence on the member. The influence may affect their ability to make unbiased decisions and carry out their duties as a board member.

*Ka pupū mai he raru whaipānga i te wā e tuki ana te whaipānga, mahi rānei a tētahi mema (ka tuki pea, ka kitea mai e tuki ana pea) ki ngā whaipānga, mahi rānei a te poari tonu. Kei kīia taua whaipānga, mahi rānei he awenga i te mema. Ka pā kinotia pea te āheinga ki te whakatau i ngā whakatau tōkeke me te kawe i āna mahi hei mema poari.*

The key question to ask when considering if an interest might create a conflict is: could the interest potentially create an incentive for the member to act in a way which may not be in the best interests of the school or kura?

Conflicts of interest take many forms: financial or non-financial, direct or indirect, professional or family related and perceived or actual. A conflict of interest can arise from:

* Family relationships
* Existing professional or personal relationships
* Directorships or employment
* Interests in business enterprises or professional practices
* Share ownership
* Beneficial interests in trusts
* Professional associations or relationships with other organisations, including appointing bodies
* Personal associations with other groups or organisations.

*Ko te pātai matua hei whiu i te wā e whakaaro ana mēnā ka ara mai he raru i te whaipānga: Ka hua mai pea he whakapoapoatanga i taua whaipānga, e whaia ana e te mema he huarahi kāore i hāngai ki ngā aronga o te kura?*

*He nui ngā āhua o ngā raru whaipānga: ahumoni, ahumoni kore rānei, hāngai, hāngai-kore rānei, pānga a-ngaio, ā-whānau rānei, aroā, ōkiko rānei. Ka ara mai pea he raru whaipānga i:*

* *Ngā hononga whānau*
* *Ngā hononga ngaio, whaiaro o te wā nei*
* *Ngā take whakahaere, take rapu mahi rānei*
* *Ngā whaipānga ki ngā hinonga pakihi, ritenga ngaio rānei*
* *Ngā take kaipupuri maha*
* *Ngā whaipānga whiwhinga rōpū kaitiaki*
* *Ngā hononga ngaio ki ētahi atu rōpū whakahaere, tae atu ki ngā rōpū whakarawe*
* *Ngā hononga ngaio ki ētahi atu rōpū, whakahaere rānei.*

Examples of potential conflicts of interests include:

* The spouse of a board member is an employee of the school or kura.
* The spouse of a board member is contracted by the school or kura.
* A board member owns a company that is contracted by the school or kura.

The existence of an incentive, or a perception of bias, creates a conflict. Whether the individual concerned would act on the incentive or allow it to influence their decision-making is irrelevant.

*He tauira o ngā tūpono raru whaipānga:*

* *He kaimahi o te kura te hoa rangatira o tētahi mema poari.*
* *Kua kirimanatia te hoa rangatira o tētahi mema poari.*
* *Kua kirimanatia te kamupene a tētahi mema poari.*

*Ko te kitenga o tētahi whakapoapoatanga, kitenga haukume rānei, ka puta he raru. Kāore he aha mēnā kāore taua tangata rā e whai i taua whakapoapoatanga, e tuku rānei kia whakaawetia āna whakataunga.*

**Why conflicts of interest matter - *He aha i whaitake ai ngā raru whaipānga***

All aspects of governance and management must be fair and ethical. Boards need to act transparently and make decisions impartially. However, in small communities board members will often have interests which can create conflict (whether real or perceived) and impact the impartiality of decisions.

The State Services Commission states that conflicts of interest should be viewed within an ethical context of:

* **Good faith** - board members always have an obligation to act in good faith and in the best interests of the school or kura.
* **Honesty** - board members always have an obligation to act honestly in relation to all matters concerning the school or kura.
* **Impartiality** - board members must observe the principles of fairness and impartiality, or access to information, or anything similar.

How the situation may be perceived by an outsider is as important as the reality.

*Me tōkeke, me matatika tonu ngā āhuatanga katoa o ngā whakahaerenga o te kura. Me mahi pūataata ngā poari, me te whakatau tapatahi i ngā whakatau. Engari i ngā hapori iti, he nui tonu ngā whaipānga pea a ngā mema poari, i hua mai ai he raru (ahakoa tūturu, aroā rānei), ā, ka pāngia ngā whakataunga tōkeke.*

*E kī ana Te Kawa Mataaho, me aro ki ngā raru whaipānga i runga anō i te horopaki matatika o te:*

* ***Ngākaupono*** *- He haepapa tō ngā mema poari ki te mahi i runga i te ngākaupono, hei painga mō te kura.*
* ***Kōrero pono -*** *E whai haepapa ana ngā mema poari i ngā wā katoa ki te mahi i runga i te pono i ngā take katoa e pā ana ki te kura.*
* ***Noho******Tapatahi*** *- Me whai ngā mema paori i ngā mātāpono tōkeke, tapatahi hoki, me whai āheinga hoki ki ngā mōhohio, me ērā atu mea.*

*Ko te aronga o te rāwaho ki taua āhuatanga, he ōrite anō rā ki te tūturutanga.*

#### Identifying a conflict of interest - *Te tautuhi i tētahi raru whaipānga*

The Office of the Auditor-General (OAG) publication ‘Reflections from our Audits: Governance and Accountability’ (April 2016) states that conflicts of interest are not necessarily a problem – they are a reality. It is how they are identified and managed that determines whether they are a problem.

Board members need to manage their interests transparently, and not compromise decision making. There are three steps board members need to take:

* Recognise that there is a conflict of interest
* Disclose the conflict of interest
* Manage the risks associated with the conflict of interest.

*E kī ana te whakaputanga a te Tumuaki o te Mana Arotake (OAG) a 'Reflections from our Audits: Governance and Accountability' (Paengawhāwhā 2016), ehara i te mea he raru nui ngā raru whaipānga - engari he tūturutanga. Engari ko te āhua o te tautuhi me te whakahaere kē, ka whakatau mēnā he raru.*

*Me whakahaere ngā mema poari i ā rātou whaipānga kia pūataata tonu, ā, me kaua e whakamōrea i ngā whakataunga take. E toru ngā whetoko hei whai mā ngā mema poari:*

* *Mōhio ki te raru whaipānga*
* *Whakaatu i te raru whaipānga*
* *Whakahaere i ngā mōrearea e pā ana ki te raru whaipānga*

#### Disclosing a conflict of interest - *Te whakaatu i te raru whaipānga*

Boards should have a policy of disclosing interests at the start of each meeting, and annually for ongoing issues. When disclosing, it is best to err on the side of openness.

*Me whai tikanga ngā poari o te whakaatu i ngā whaipānga i te tīmatanga o ia hui, ā, i ia tau hoki mō ngā take mau roa. I te wā e whakaatu ana, he pai tonu kia whakaputa i ngā āhuatanga katoa.*

### 2.6.1 Managing the conflict of interest - *Te whakahaere i te raru whaipānga*

Members with a conflict of interest must declare it and remove themselves from any discussions or decision-making by the board relating to that matter. If this is not possible, they should consider what other mitigations can be made.

*Ko ngā mema e whai ana i te raru whaipānga, me whāki, ā, me tango anō i a rātou mai i ngā kōrero, ngā whakataunga rānei a te poari e pā ana ki taua take. Ina kore e taea, me whai whakaaro ki ētahi atu whakamaurutanga.*

**https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement**  
The Education (School Boards) Regulations 2020 states that ‘…a board member who has a pecuniary interest in any matter or any interest that may reasonably be regarded as likely to influence a board member in carrying out his or her duties and responsibilities as a member must be excluded from any meeting of the board while it discusses, considers, considers anything relating to, or decides the matter’.

Always remember: ‘if in doubt, opt out’. If there is any doubt about whether a conflict exists or could be perceived to exist, it is safer for both the board and the board member if the board member declares the interest and is excluded while the board discusses the matter. If they declare their interest and exclude themselves, there cannot be allegations of influence.

***https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngMe mātua tutuki*** *E kī ana ngā Waeture Mātauranga (Poari Kura) 2020, '...Me awere atu te poari mema e whaipānga ā-moni ana ki tētahi take, whaipānga rānei, kei kitea ake e whakaawe ana i te mema poari i roto i te kawenga o āna mahi me āna kawenga hei mema, i ngā hui a te poari, i te wā e kōrerotia ana, e whakaarotia ana hoki ngā āhuatanga e pā ana ki taua take'.*

*Kia mahara ake: 'mēnā e māharahara ana, me whakaputa'. Mēnā e māharahara ana mō te raru whaipānga tūturu, aroā rānei, he pai ake mō te poari me te mema poari, kia whakaatu te mema i te whaipānga, ā, kia awere ia i te wā e kōrero ana te poari i taua take. Ki te pērā hoki, kua kore e rere ngā whakapae.*

**Example**

**Tender for repair work causes conflict of interest**

The Kiwi Park School board decides to put out a tender for repair work to a classroom. As the board reviews the tenders they have received, a member realises that one is from a building company owned by their brother in law. The board member immediately declares their interest. They agree to be excluded from any future meetings of the board while it discusses or considers any matter relating to or any decision about the tender. This is recorded in the board meeting minutes.

****

***He tauira***

***Ka ara mai he raru whaipānga i tētahi tono mahi whakatikatika***

*Ka whakatau te poari o Te Kura o Kiwi Park ki te tuku tono mō ētahi mahi whakatikatika akomanga. I te wā e arotake ana te poari i ngā tono mahi i whiwhi rātou, ka mahara ake tētahi mema, ko tētahi o ngā tono, nā te kamupene e puritia ana e tōna taokete. Ka wawe tonu tana whāki i tana whaipānga. Ka whakaae rātou kia awere atu ia mai i ngā hui a te poari i te wā e kōrerotia ana, e whakaarotia ana rānei te take e pā ana ki te tono. Ka tuhi* tēnei ki ngā mineti o te hui poari.

Use the decision flowchart to monitor and manage any potential conflict of interest. *Whāia te hoahoa rerenga whakatau nei ki te aroturuki me te whakahaere i ngā tūpono raru whaipānga.*

Chart, diagram

Description automatically generated

### 2.6.2 When a conflict of interest is unmanageable - *I te wā kāore e taea te whakahaere i te raru whaipānga*

A conflict of interest can be managed when board members are able and willing to remove themselves from any discussions or decisions on the ‘conflicting interest’.

A conflict of interest may be unmanageable when a board member is unable or unwilling to disassociate themselves from the conflicting interest. In rare cases the conflict may be so pervasive or material that the member is unable to perform their duties at all and should resign from the board.

*Ka taea te whakahaere i te raru whaipānga i te wā e ngākaunui ana ngā mema poari ki te awere i a rātou anō mai i ngā kōrerorero, ngā whakataunga rānei o te 'raru e whaipānga ana'.*

*Kāore pea e taea te whakahaere i te raru whaipānga i te wā e horokukū ana te mema poari ki te awere atu i a ia mai i te whaipānga e raru ana. I ētahi wā mokorea, nā te tino rangiwhāwhā, taumaha rānei o te raru whaipānga, kāore e taea e te mema te kawe i āna mahi katoa, ā, me rihaina i te poari.*

### 2.6.3 Conflicts of interest in contracting processes - *Ngā raru whaipānga i ngā tukanga kirimana*

The Education and Training Act 2020 does not prohibit a board from entering contracts with members (or people associated with members) provided they declare their interest and are excluded from meetings when the matter is being considered.

Under Schedule 23 Clause 10 a member may be disqualified from being a board member or board committee member if they have financial interests or concerns in contracts with the board that total more than $25,000 inclusive of GST (or an amount determined by the Secretary for Education) in any financial year if they have not obtained prior approval from the Secretary for Education.

*E kore te ture Education and Training Act 2020 e aukati i te poari mai i te kuhu ki ngā kirimana me ōna mema (te hunga rānei e whai pānga ana ki ngā mema), engari me whāki i tana whaipānga, ā, ka aweretia ia mai i ngā hui i te wā e whai whakaarotia ana te take.*

*I raro i te Wāhanga 23 Whiti 10, ka taea te whakakore i te mema hei mema poari, hei mema komiti rānei mēnā he whaipānga ahumoni tāna, he māharahara rānei i ngā kirimana ki te poari, ka eke ki tua i te $25,000 te uara, whakautu GST (tētahi atu tapeke kua whakatauhia e te Hēkeretari mō te Mātauranga) i tētahi tau ahumoni, mēnā kāore rātou i rapu whakaaetanga i mua mai i te Hēkeretari mō te Mātauranga.*

The figure of $25,000 is only a trigger point. If a contract is less than $25,000 but still a significant sum (eg $5,000 to $10,000), the board must be very certain that it has taken a rigorous approach to ensuring that a conflict of interest is avoided, or appropriately managed.

*He tohu keu noa iho te $25,000. Mēnā he iti ake te kirimana i te $25,000 engari pūtea nui tonu (hei tuaira, he $5,000 ki te $10,000), me tino tau te poari kua whāia e ia ngā mahi tōtōpū ki te whakarite i te parenga o tētahi raru whaipānga, e tika ana rānei te whakahaeretia*.

#### Applying for approval where contracts exceed $25,000 - *Te tono mō te whakaaetanga i te wā ka hipa ngā kirimana i te $25,000*

If a board wants to enter contracts exceeding the limit in any one year with a board member who has declared an interest, the board must obtain the **prior approval** of the Secretary for Education. The Secretary for Education must be satisfied there is no risk that the board member who has a concern or interest in the contract has used their position on the board to receive preferential treatment.

*Ina hiahia te poari ki te kuhu ki ngā kirimana e hipa ana i te tepenga i tētahi tau kotahi me tētahi mema poari kua whāki i te whaipāna, me rapu rawa te poari i te whakaaetanga tōmua a te Hēkeretari mō te Mātauranga. Me tau rawa ngā whakaaro o te Hēkeretari mō te Mātauranga kāore he mōrearea i whakamahia e te mema poari e raru whaipānga ana ki te kirimana tana tūranga i runga i te poari ki te whiwhi painga.*

**Making an application**

Written applications must include:

* Evidence that the board has taken all reasonable steps to ensure that potentially interested parties had an opportunity to tender for the contract.
* Evidence that the board has considered and evaluated each of the tenders or quotes and can justify the preferred choice on the basis of cost, performance or quality of service.
* Evidence that the board has resolved to accept the contract subject to the Secretary for Education’s approval. The contract should not have been entered into prior to approval being sought, but it is permissible for the board to have conditionally entered into the contract subject to obtaining the Secretary’s approval.
* The board minutes record that the member who is ‘concerned or interested’ in the contract, declared that interest and excluded themselves from all meetings of the board when the matter was being considered.

Although the Secretary may retrospectively approve contracts that have already been entered into, the approval process is not an automatic one. Where the contract has already been entered into when a board makes an application, evidence needs to be provided that there is sufficient good reason why the board did not apply for prior approval. It is a risk not to seek permission early as the member may be disqualified from the board if approval is not given.

###### Send your application to:

Ministry of Education National Office  
Attention: National Lead Advisor, School Financial Advice  
Ministry of Education PO Box 1666  
Wellington 6041  
Or email [school.finances@education.govt.nz](mailto:school.finances@education.govt.nz).

***Te tuku tono***

*Me uru ki ngā tono ā-tuhi:*

* *He taunakitanga i whāia e te poari ngā mahi whaitake ki te whakarite i te āheinga o te hunga whaipānga, ki te tuku tono mō te kirimana.*
* *He taunakitanga i whai whakaaro te poari, i arotake hoki i ia tono utu, ā, ka taea te parahau i te kōwhiringa mariu i runga i te take o te utu, te mahi me te kounga o te ratonga.*
* *He taunakitanga i whakatau te poari ki te whakaae ki te kirimana i runga anō i te whakaaetanga a te Hēkeretari mō te Mātauranga. Me kaua te kirimana e whakamanatia kia riro rā anō te whakaaetanga, engari ka whakaaetia te poari ki te kuhu ki te kirimana i runga anō i te mōhio a tōna wā ka riro mai te whakaaetanga a te Hēkeretari.*
* *E mau ana i ngā mineti a te poari te ingoa o te mema 'e raru whaipānga ana' ki te kirimana, i whāki i taua pānga, ā, i awere i a ia mai i nga hui katoa a te poari i te wā i whakaarotia te take.*

*Ahakoa ka taea e te Hēkeretari te tuku whakaaetanga ki ngā kirimana i muri iho i te kuhutanga atu, ehara te tukanga whakaaetanga i te tukanga aunoa. I te wā kua kuhu kē te poari ki te kirimana i mua o te tuku tono whakaaetanga, me whakarato he taunakitanga rawaka i kore ai te poari i rapu whakaaetanga i mua o te kuhunga atu. He mōreareatanga hoki te kore rapu whakaaetanga tōmua, i te mea kei whakakorea tētahi mema i te poari ina kore e riro mai te whakaaetanga.*

###### *Tukuna tō tono ki:*

*Tari Matua o Te Tāhuuhu o te Mātauranga   
Te aronga o: Kaitohutohu Matua ā-Motu, Tohutohu Ahumoni mō ngā Kura  
Te Tāhuhu o te Mātauranga Pouaka Motuhake 1666  
Te Whanganui-a-Tara 6041  
Īmēra rānei* [*school.finances@education.govt.nz*](mailto:school.finances@education.govt.nz).

 **Read more about - *Pānui haere tonu mō***

[Office of the Auditor General guidance on conflicts of interest](https://oag.parliament.nz/good-practice/conflicts-of-interest) - [*Ngā aratohu a Te Tumuaki o te Mana Arotake mō ngā raru whaipānga*](https://oag.parliament.nz/good-practice/conflicts-of-interest)

## 2.7 Financial record keeping

Section 168 of the Crown Entities Act 2004 requires boards to meet certain record keeping obligations.

https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement  
The board must ensure that annual financial statements:

* Correctly record and explain the transactions of the school or kura
* Will at any time enable the financial position of the school or kura to be determined with reasonable accuracy
* Comply with generally accepted accounting practice
* Include any other information or explanations needed to fairly reflect the financial operations and financial position of the school or kura
* Include the financial statement budgets prepared at the start of the financial year, for comparison with the actual financial statements
* Enable the financial statements of the school or kura to be readily and properly audited.

Accounting records must be in written form, or easily convertible into written form.

## 2.8 Legal requirements for financial reporting

All public organisations (including schools and kura) must produce annual financial reports. The organisation’s owners and stakeholders can review the performance and take action if it is needed.

Annual reports for schools and kura serve the same purpose. They allow teachers, parents, students, Members of Parliament and the Minister of Education to review the performance of the school or kura.

The legal requirements for schools and kura to produce annual reports are contained in the Education and Training Act 2020, the Crown Entities Act 2004 and the Financial Reporting Act 2013.

https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement  
Boards must present audited annual financial statements for their school or kura to the Secretary for Education by **31 May** each year under section 137 of the Education and Training Act 2020. The board is also required under section 136 of the Act to make the annual report available to the public on a website maintained by (or on behalf of) the board.

### 2.8.1 Annual reports

#### Preparation of annual reports

Public Sector Public Benefit Entity (PBE) financial reporting standards are mandatory for state and state-integrated schools and kura. To help ensure compliance with these standards, schools are required to prepare financial statements in the format outlined in the Kiwi Park model[[1]](#footnote-2). Additional disclosures are required for schools and kura with expenditure greater than $30 million per year.

You can find the [Kiwi Park model financial statements and a suite of instructional videos](https://www.education.govt.nz/school/funding-and-financials/schools-annual-report/) on the Ministry website.

Requirementhttps://education.govt.nz/assets/Uploads/NEWRequired1RED2.png  
An annual report must include the following:

#### A Kiwisport statement

This Government funding initiative supports the delivery of sport education to school-aged children. Kiwisport funding is included in your quarterly Operations Grant and is identified as a separate line in your entitlement notice.

Schools and kura are required to include a short statement in their annual reports on how the funding was used to increase student participation in organised sport. These do not form part of the audited financial statements and are shown in a separate statement within the annual report. Use of the funding will also be monitored as part of the regular ERO reviews.

#### Statement of variance

All schools and kura are required to include a statement of variance in which the board describes how priorities in its strategic plan have been achieved and how successful the approach has been.

#### Good Employer Disclosure

Under section 597 of the Education and Training Act 2020 a good employer is one who operates a personnel policy containing provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment.

A board is required to report on the extent of its compliance with its policies to be a good employer. The board should look to confirm what actions or policies are already in place and what actions are being undertaken to meet the provisions under section 597 of the Act

#### Members of the school board

This list details the people who govern the school and kura. It must include the name of each member who served on the board during the year, and the date on which that member will finish their term on the board.

#### Reports on special and contestable funding (may be necessary)

If the school or kura has received extra Government funding during the year for specific purposes, it may need to report on how the funds were used to support student development.

#### Annual financial statements

Annual financial statements must be prepared in the format prescribed by the Kiwi Park model financial statements.

#### Optional inclusions to annual reports

###### Presiding member (board chair)/principal’s report

A report from a presiding member or principal tells staff, parents and students about the achievements and successes of the academic year, the goals for the coming year and the risks and opportunities that may be encountered along the way.

If both the presiding member and the principal are including a report, they can decide what will be covered in the two reports. There are no samples provided of this kind of report in the Kiwi Park School model, as there are no mandatory requirements about content.

###### Statement of resources

The statement of resources describes the financial and non-financial resources used by the school or kura during the year.  
  
2.8.2 Annual financial statements disclosures

###### https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement

Annual financial statements must be prepared in the format prescribed by the Kiwi Park model financial statements, and contain the following:

#### Statement of responsibility

This statement is signed by the principal and the presiding member of the board, and acknowledges that the board is responsible for the preparation and accuracy of the financial statements. It also states that the board has established and maintained a system of internal control to keep assets safe.

#### Statement of comprehensive revenue and expense

This financial statement summarises the revenue and expense of the school or kura over the financial year and shows if it has managed to operate within the funding received.

#### Statement of changes in net equity/assets

This financial statement shows the value of the Government’s ‘investment’ in the school or kura (known as ‘equity’) and shows increases or decreases in the value of the investment during the financial year.

#### Statement of financial position

This financial statement shows everything the school or kura owns (assets) and everything it owes (liabilities) at a specific date, equating to the total equity of the school (ie total net worth).

#### Statement of cash flows

A statement of cash flows shows all cash received and paid by the school or kura over the financial year. It is split into three categories: operating, investing and financing.

#### Notes to the financial statements

Notes provide an extra level of detail to supplement the information shown in the financial statements. They include the statement of significant accounting policies, further explanations of key items and the financial statements and disclosure of any contingencies and commitments.

#### Auditor’s report

Auditors (appointed by the Auditor-General) prepare a report on the financial statements of the school or kura. The auditor’s report must be included in the board’s annual report. It tells the reader whether the financial statements comply with generally accepted accounting practice and if they fairly represent the financial position, financial performance and cash flows of the school or kura. This report will be issued to you by the independent auditor when your audit is complete.

A board can delegate the responsibility for preparing financial statements, but the presiding member and principal must sign a Statement of Responsibility to accompany the financial statements – section 134(5)) of the Education and Training Act 2020.

**Read more about**

[Kiwi Park model financial statements](https://education.govt.nz/school/funding-and-financials/school-finances/schoolsannualreport/)

[Developing your statement of variance](https://www.education.govt.nz/school/schools-planning-and-reporting/analysis-of-variance-overview-and-template/)

[IPSAS PBE Tier 2 reporting framework](#_6.2_IPSAS_PBE)

[Publishing your documents online](https://www.education.govt.nz/school/funding-and-financials/school-finances/schoolsannualreport/publishing-your-documents-online/)

## 2.9 Securities

A security is any interest or right to invest in capital, assets, earnings, royalties or other property of any person. There are two main types of securities:

* A debt security is a right to be paid money that has been lent to someone else. A common form of debt security is a term deposit (others include debentures, debenture stock, bonds, notes, certificates of deposit and convertible notes)
* An equity security is full or part ownership of a private or public company, through shares or investment fund holding.

###### Acquiring securities

Schools and kura are authorised to hold securities in certain circumstances outlined below. Prior approval must be gained before shares or investment funds are acquired (see 2.9.1).

| **Authorised to hold** | **Not authorised to hold without prior approval** | **Not authorised to hold** |
| --- | --- | --- |
| **Debt securities**  These must be denominated in NZ dollars and issued by a registered bank, or any other entity, that satisfies a credit rating test that is specified in either regulations made under part 4 of the Crown Entities Act 2004 and specified in the Crown Entities (Financial Powers) Regulations 2005 section 9, or a notice in the *Gazette*, published by the Minister of Finance | **Shares in private and public (listed on stock exchange) companies**  These must be authorised jointly by the Minister of Education and the Minister of Finance under section 160(1)(a) or (b) of the Crown Entities Act and in section 154 of the Education and Training Act 2020 | **Overseas currencies** |
| **Bonds and stocks issued by public bodies**  This includes any loan or credit agreement, guarantee, indemnity, bond, note, debenture, bill of exchange, Treasury bill, government stock and any other security representing part of the public debt of New Zealand | **Investment funds**  These must be authorised jointly by the Minister of Education and the Minister of Finance under section 160(1)(a) or (b) of the Crown Entities Act and in section 154 of the Education and Training Act 2020 | **Overseas investments**  **Loans to staff, parents, any external parties or proprietors (of integrated schools and kura)** |

### 2.9.1 Approval to acquire or retain securities

Acquiring or retaining shares or investment funds require the joint approval of the Minister of Finance and the Minister of Education. Approval is only given if there is no risk to Crown funds, and a significant level of benefit (educational or otherwise) for one or more boards or their students.

**Example**

**Gaining Ministry approval to acquire securities**

Kiwi Park School has a healthy available cash balance and has started a primary production course to teach students the basics of running a dairy farm. The board decides to start selling milk produced in the farm course to Fonterra, but to join the co-operative they need to acquire equity shares from the Fonterra Shareholders Market. The board know they must make an application to the Ministry in writing for permission to acquire the shares (equity securities). The application is accepted because there is significant educational benefit to owning the shares – the course will teach students how farm operations are commercialised. The board enters into a supply agreement with Fonterra and purchases shares.

**Making an application**

Written applications must include:

* Your reasons for wanting to acquire/retain these securities
* The value and, where applicable, the term of the security
* Details of any interest a board member may have and the extent and/or financial value of that interest
* Any credit rating or other financial risk information about the issuer of the security
* Any security offered by the issuer
* The expected benefits from acquiring/retaining the security
* Current financial information for the school or kura
* An assessment of the potential effect on the school or kura in event of default by the issuer
* Information relating to actions taken, or proposed to be taken, by the board to minimise and/or mitigate credit risk exposure if the application is approved.

If approval is granted the following conditions will apply:

* The approval is from the date of the decision and is not retrospective.
* The approval is for this transaction only.
* The Crown does not guarantee securities acquired/retained by boards.

###### Send your application to:

Ministry of Education National Office  
Attention: National Lead Advisor, School Financial Advice  
Ministry of Education PO Box 1666  
Wellington 6041  
Or email [school.finances@education.govt.nz](mailto:school.finances@education.govt.nz).

### 2.9.2 When securities no longer qualify as authorised

If a security ceases to qualify as authorised by Section 154 of the Education and Training Act 2020 (detailed in 2.8 table) boards have a period of grace in which they can continue to hold the security. The period of grace ends on the **earlier** of:

* Two months after the bank account or investment funds holding ceases to qualify OR
* A date specified by the Minister of Finance and notified to the board.

Once the board becomes aware that the security no longer satisfies the credit rating test (listed in 2.9), it must closely monitor the credit rating of the debt security and take all prudent steps to avoid loss.

**Read more about**

[Receiving securities as a gift](#_4.11.3_Receiving_securities)

### 2.9.3 Loans

In no circumstance shall a board approve a loan to any party. This includes loans to any staff, parents, trusts associated with the school or kura or any external party. Loans are not allowed under section 154 of the Education and Training Act 2020. If a school is approached to provide an external loan, the board should immediately notify the Ministry.

## 2.10 Making borrowing decisions

The need to invest in equipment and buildings is part of managing resources. How to fund these purchases is an important decision that boards and management need to make.

As a public entity, board decision-making must follow the guiding principles of public sector procurement practices: transparent, unbiased and consideration of value for money.

The decision to buy or lease resources for your school or kura depends on your circumstances. If you have the cash available, purchasing outright is often the best option.

If your school or kura does not have the cash (i.e. you have insufficient cash reserves, the capital item is very expensive or you do not want to tie up large amounts of cash) then you may consider borrowing to purchase the item or leasing the item and paying for it over time. You should first check that you will be within the borrowing limits as set out in 2.10.1 before you enter into any new leases.

Often the initial cost of a resource is only part of the total lifetime costs. Ongoing associated costs should also be considered.

We have developed a Buy vs Lease Tool to assist you in making good purchasing decisions. While the tool is not designed to make the decision for you, it will help you to carefully consider the financial options available.

You can [find the Buy vs Lease Tool on the Ministry website](https://education.govt.nz/assets/Education-and-Training-Act-2020/Buy-vs-Lease-Tool-2020.xlsm).

2.10.1 Limitations on borrowing

**https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement**Boards can only borrow within the limits set by section 155 of the Education and Training Act 2020 and the conditions specified in regulation 12 of the Crown Entities (Financial Powers) Regulations 2005.

A board can: ‘in any calendar year, borrow any amount it thinks fit from any source it thinks fit provided that the total annual cost to the board in repaying all outstanding borrowings (including both principal and interest repayments) is equal to or less than one-tenth of the value of the grants determined by the Minister of Education to be paid to the board for operational activities for that year’.

The annual value of grants for operational activities is considered to be the annual operations grant entitlement as per the four instalment notices, after excluding banking staffing. I.e. If the school or kura has a banking staffing overuse, add this back to the operational grant total. If the school or kura has a banking staffing underuse repayment, deduct this from the operational grant total.

We have developed a Borrowing Threshold Calculator to assist you to determine whether your borrowing levels result in a breach of the borrowing limitations.

You can [find the Borrowing threshold calculator on the Ministry website](https://www.education.govt.nz/school/funding-and-financials/school-finances/#Managing).

#### Breaching the borrowing limit

Any new borrowing that causes your total principal and interest repayments to exceed 10% of operational funding in that year will breach the limit. The new borrowing could be a finance lease (some long-term property maintenance contracts are a form of finance lease), overdraft or other loan. The highest value of an overdraft, during the reporting year, is deemed to be the repayment value of that overdraft. If a board exceeds the limit without obtaining prior approval, then it is deemed to be in breach of the Education and Training Act 2020, and retrospective approval will not be given. Breaches of the Act are publicly notified in the Office of the Auditor-General’s report on the results of school audits.

#### Exceptions to the borrowing limit

The following situations will not result in a breach of regulation 12 of the Crown Entities (Financial Powers) Regulations 2005 or section 155 of the Education and Training Act 2020:

* A short-term advance from the Ministry
* Increases in interest rates or decreases in operational funding that result in boards exceeding the 10% limit. If this occurs, boards do not need to seek retrospective approval for the borrowing because it was within the limits when it was entered into.
* If money has been borrowed within the limit, and the board decides to repay the debt early, when the repayment of the principal plus interest costs for the year exceed the 10% limit.

An advance from the Ministry may be approved for schools and kura that are in severe financial difficulty. Advances will almost certainly be accompanied by the requirement to engage expert financial assistance and to repay the advance within the agreed timeframe.

### 2.10.2 Approval to exceed the borrowing limit

If a board wants to borrow and exceed the 10% repayment threshold, prior joint approval from the ministers of Education and Finance must be gained.

**Making an application**

Written applications must include:

* The expected educational benefit from the new borrowing, eg increased capacity or improved performance from the acquisition of physical assets
* A copy of the board minutes showing its resolution that the proposed borrowing is necessary, including how the borrowing will help achieve strategic objectives as set out in the charter of the school or kura
* The value and term of the proposed borrowing arrangement, along with any associated security, contractual restrictions, obligations or covenants
* Any credit rating or other financial risk information about the proposed lender
* A copy of the board’s latest audited financial statements and current year-to-date financial information for the school or kura (if not already supplied via portal)
* A copy of the board’s financial plan (including a projected Statement of Cash Flow) demonstrating the ability to meet current financial obligations and the proposed borrowing arrangement
* Details of any interest a board member may have and the extent and/or financial value of that interest
* Information relating to any negative implications if the borrowing arrangement is not approved
* Details of the investment proposition that the borrowing is for, including cash flow projections of the investment, e.g. the borrowing is for a new hostel and annual revenue and expenses projections are included.

###### Send your application to:

Ministry of Education National Office  
Attention: National Lead Advisor, School Financial Advice  
Ministry of Education PO Box 1666  
Wellington 6041  
Or email [school.finances@education.govt.nz](mailto:school.finances@education.govt.nz).

The Ministry will consider the application and may request clarification or further information. If the Ministry supports the application, we will forward it to Treasury officials for consideration.

If approval is granted the following conditions apply:

* The approval is from the date of the decision and is not retrospective.
* The approval is for the proposed borrowing arrangement only.
* The Ministry and Treasury do not guarantee any borrowing arrangements entered into by boards.

**Read more about**

[Asset planning](#_3.4_Asset_planning)

[Borrowings](#_4.4_Borrowings)

[Depreciation](#_4.6_Depreciation)

## 2.11 Board minutes

Board meeting minutes demonstrate to stakeholders that the school or kura and its board act appropriately and in accordance with legal and contractual requirements. Minutes provide a ‘paper trail’ to show that proper authority is being exercised. They also document that principles of good governance and informed decision-making are being followed.  The board should ensure that minutes appropriately record all decisions taken by the board.

Minutes should record:

* The meeting was duly convened with the required quorum, and at what time
* The time that the meeting closed or adjourned
* The minutes and date of the previous meeting were approved as a correct record. Once approved, the presiding member should sign and date the previous minutes
* Board members and others in attendance and absent
* Late arrivals, apologies and early departures
* Declarations of board member interests (or any other participant in the board’s decision processes) are recorded. This is accompanied by a record of the action taken to mitigate any conflicts of interest, e.g. withdrawing from the meeting while a matter is discussed
* Correspondence received and sent
* Decisions taken by the board. Recording decisions can be done as follows:

**Motion:**  That the budget for the year ending 31 December 2020 with a net surplus of $2,000 be approved

**Proposed**:  Treasurer    **Seconded:** Presiding Member         **In favour:** All

* Any documents that form an important part of the board’s decision-making are referenced or attached to the minutes eg. review and approval of the annual cyclical maintenance plan, copy of new contracts for approval
* Any reports received from the board’s committees, such as the principal’s monthly report etc. This ensures that the board’s delegation to its committees receives appropriate oversight and the board is taking responsibility for any decisions made in those committees.

You do not need to have an exact record of who said what during the meeting. The objective is to record the processes, outcomes and the decisions that were made.

# 3.0 Financial planning

## 3.1 Strategic planning

**https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement**  
The board is required to prepare and maintain a 3 year strategic plan and an annual implementation plan. The detailed requirements of strategic and annual implementation plans will be set out in regulations proposed to come into effect in mid-2023. For 2023, boards are required to update the annually updated sections of the charter that was in effect for the 2022 year so they remain current. .

A strategic plan uses student achievement data to set educational goals which then determines your resource allocation. You will consider the level of resource needed for: teachers and support staff, professional development, information and communications technology (ICT) planning, property plans, and budgets.

A good school planning and reporting process operates in a continuous cycle of improvement. Start by considering your current position, and how you got there (self-review) then move through the steps below.



When developing strategic objectives for your school or kura, consider the reporting you will be doing against these targets in the Statement of Variance included in your annual report.

**Read more about**

[Planning and reporting requirements](https://www.education.govt.nz/school/schools-planning-and-reporting/)

[Developing your statement of variance](https://www.education.govt.nz/school/schools-planning-and-reporting/statement-of-variance-overview/)

## 3.2 Preparing a budget

#### What is a budget?

A budget is an estimate of the revenue and expenditure incurred by the school or kura over the financial year (January to December for schools and kura). It is an action plan for achieving quantified objectives, measuring performance and planning for unexpected situations.

Your ‘budget’ will be made up of many components but should include the four specific areas below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Operating budget** | **Capital expenditure budget** | **Cashflow budget** | **Balance sheet budget** |
| This is the most familiar format. It identifies the revenue and expenses as captured in the Statement of Comprehensive Revenue and Expense. It also includes non-cash expenses such as depreciation and the provision for cyclical maintenance expense. | Capital purchases are not part of the operating budget and should be budgeted for separately. | This represents all cash in and out of bank accounts so does not include any non-cash items such as teacher salaries, depreciation and cyclical maintenance provision. The budgeted result should be reconciled to the operating budget bottom line by considering non-cash items, capital purchases, and changes to receivables and payables including movement in Ministry projects (this is best done by a qualified finance professional). | The other three budget types are required to form the balance sheet budget. This is used to predict the level of assets, liabilities and equity at year end. |

#### What is the requirement?

Budgeted figures must be provided for each of the financial statements required in the annual report, being the Statement of Comprehensive Revenue and Expense, Statement of Financial Position and Statement of Cashflows.

#### Who is involved?

The board and principal have a shared responsibility to prepare the budget. Schools and kura may set up a finance committee that includes the principal and at least one board member. The committee is tasked with preparing the budget, and you may also choose to seek advice from a finance professional to ensure your estimates are correct. The board is responsible for approving the budget prior to the beginning of the financial year.

### 3.2.1 Compiling a draft operating budget

These steps to creating an operating budget will help you to consider areas that impact your revenue and expense.

It is useful to prepare for your budgeting by:

* Reviewing your strategic plan to identify specific goals or activities that need to be budgeted for
* Creating a budget committee – in a small school or kura this might be one or two board members; in a larger school or kura it might include senior managers
* Clarifying roles (who does what)
* Setting and communicating timelines and deadlines
* Reviewing expenditure against the budget for the current year to see what has gone well and what needs to be addressed for the new year
* Identifying the information required to help make sound decisions.

This will give you a budget work plan.

Each year should be treated independently. Base your budget on annual priorities, known figures and expected outcomes for the year ahead.

It is important not to create your budget by just using last year’s figures and adjusting for inflation.

Consider the following questions as you draft your operating budget.

###### Revenue

* What is your operations grant entitlement next year? Review the provisional operations grant notice to ensure line items match expectations. Take GST off the entitlement figure in your funding notice.
* What activity fees and/or donations/koha do you expect to collect next year?
* Are you planning an overseas student programme next year?
* What other fundraising do you plan for next year?  
  

It makes good financial sense to be conservative when estimating revenue, just in case things don’t go quite as well as hoped.

###### Personnel costs

* What is your entitlement for teachers and management units next year?
* Do you plan to fund any teachers from operational funding or locally raised funds? How will these teachers contribute to student outcomes?
* What teacher aides are you planning to employ next year, how will they be funded and how will they contribute to student outcomes?
* What support staff are you planning to employ next year and how will they contribute to student outcomes?

###### Department and classroom costs

* Based on your review of student outcomes, what department and classroom costs are you likely to incur next year? Liaise with your departments.

###### Infrastructure costs

* Based on your review of infrastructure, what property and ICT costs are you likely to incur next year?
* What fixed asset purchases do you need to make next year?

###### Other costs

* What other expenses must you make next year?
* Administration costs
* Depreciation costs
* Cyclical maintenance provision
* Operating lease costs
* Finance lease interest costs.

###### Future costs

* Do you have costs coming up in future years that you will need to save for now?

#### Reviewing a draft budget

Now that you have a draft version of your budget, it is time to give it a reality check.

* Are your assumptions realistic? For example, if your boiler breaks down every year, have you set aside money to get it fixed?
* Does the draft budget show a surplus including depreciation? If not:
* What changes can you make that will increase revenue and cut costs?
* Can you afford to run a deficit next year?
* How can you make changes in the future to ensure you make a surplus and start building up reserves?
* Based on your experience last year and over the year to date, is your budget realistic?
* Will you have the funds necessary to make planned fixed asset purchases?
* Ensure you have adequate reserves for your cyclical maintenance provision
* Are there any areas where spending is not essential and does not directly contribute to student achievement?

Once you are confident that the budget is representative of the strategic plan, prepare it for review and approval by the board.

#### Approving a budget

The board has responsibility to ensure budgets are prepared and approved annually. The budget should be board-approved before year end. The principal, the financial service provider, business manager or office support staff are often involved in the budgeting process with the board. The budget should align with the annual plan, allocating resources to the educational priorities that have been identified. The approved budget needs to be shared with all budget holders before the end of the year to allow for planning.

The full board need to review the proposed budget. Depending on how much input board members have had in budget planning, they may want to refine some of the detail.

When the proposed budget has been reviewed and updated, the board formally approves the budget, and records the decision in its minutes. The approved budget will need to be incorporated into your annual report. A copy of the approved budget and the related minute should be provided to your auditor.

The approval of the budget by the board is for the expected expenditure for the upcoming year. It is important to continue to monitor the budget closely during the year.

**Read more about**

[Operational funding calculator](https://www.education.govt.nz/school/funding-and-financials/resourcing/operational-funding/#sh-funding%20calculator)

[Depreciation](#_4.6_Depreciation)

## 3.3 Forecasting

Schools and kura should regularly review how they are performing against their approved budget. Even careful budget preparation cannot account for everything that happens in a year. Circumstances can change and decisions might need to be made to reallocate funding within the agreed budget levels. The board approved budget is reported in your annual accounts.

A forecast shows where the school or kura is likely to come out at year end, and takes into account any changes that the school or kura has become aware of since the budget was approved. Forecasting allows for early intervention and informed decision-making.

#### Operating forecasts

The Ministry recommends that boards prepare at least one formal operating forecast during the year, this is vital when circumstances have changed significantly. A good time to do this is following the 1 July roll return. You may choose to do this more frequently, depending on the financial situation of your school or kura.

The process for approving forecast changes should be documented and approved by the board. Once the revised forecast has been approved, it can be used by the school or kura.

The board’s annual report shows the original operating budget figures. If the Statement of Variance shows any financial figures, they must not conflict with the annual financial statements. Any budget forecast figures in the Statement of Variance must explain why actual revenue or expenditure differed from the original budget.

#### Cashflow forecasts

When forecasting your operating position, you should also forecast your cashflow position. The cashflow forecast for the rest of the year needs to be updated. Boards are encouraged to maintain a rolling forecast of their year-end positions, based on the actual year to date and budget or forecast figures for the remainder of the year. This ensures there are enough funds through to the end of the year.

## 3.4 Asset planning

Property, Plant and Equipment needs to be maintained in good working order, and you need a plan for their replacement.

You can plan for asset replacement by:

1. Ensuring your fixed asset register is up-to-date and accurate.
2. Identifying Property, Plant and Equipment that you:

* Do not plan to replace, eg school or kura houses, or assets becoming obsolete with technology changes
* Do not plan to replace by using board funds, eg assets bought with fundraising
* Do not plan to replace by purchasing, eg computers that will be leased (make sure that all finance leases are within the borrowing limit).

1. Deciding what new assets are needed to achieve the strategic plan. Asset costs such as consumables and maintenance also need to be budgeted for.
2. Determining when existing assets will be replaced. Replacement costs may be higher than the original cost. Roll projections affect the number of assets to replace.
3. Preparing a forecast of future cash flows needed for asset replacement. Include the timing of purchases as teaching staff may expect assets to be available for the beginning of a new year.

Compare the depreciation budget with the asset replacement and investment plan. Prepare a savings plan to cover any shortfall and pay for new asset purchases.

Build flexibility into asset and savings plans so that funds are available if assets need to be replaced unexpectedly.

#### Sticking to your plan

It can be challenging to stick to an asset plan, especially when there is expectation amongst staff or parents to keep up with the latest technology, beyond the ability of the school or kura to pay for it.

It may help to discuss variations to the asset plan at a board meeting. Have a ‘wish list’ of items (with clear links to educational outcomes) that can be considered for purchasing in the future, as finances allow.

Make sure your asset plan is consistent with the asset management policy set by the board.

**Read more about**

[Asset management model policy](https://education.govt.nz/assets/Uploads/Asset-management-policy3.docx)

[Preparing a budget](#_3.2_Preparing_a)

[Finance leases](#_4.8.1_Finance_leases)

[Making borrowing decisions](#_2.9_Making_borrowing)

# 4.0 Processing your transactions

## 4.1 Accounts payable

#### Operating creditors

This is the amount of any invoices that have been received by the school or kura for expenditure incurred that have not yet been paid for. You are required to recognise both the expense and the operating creditor (liability) through a journal entry.

Example: Kiwi Park School orders and receives stationery totalling $115 in December. They will not pay for the stationery until January of the following year. The school is required to recognise the stationery expense and the accounts payable in December.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Stationery (expense) | $100 |  |
| Debit | GST (expense) | $15 |  |
| Credit | Operating creditors (liability) |  | $115 |
| Narrative: Journal to record stationery expense and operating creditor as no payment has been made. | | | |

Once the invoice is paid in January the journal is reversed so that there is no longer an operating creditor.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Operating creditors (liability) | $115 |  |
| Credit | Bank (asset) |  | $115 |
| Narrative: Journal to record payment of stationery and reversal of operating creditor. | | | |

#### Accruals

An accrual is like an operating creditor, but an invoice has not yet been received. It is an estimate of the expected cost of expenditure incurred. A common example is the audit fee which is not usually invoiced until after the audit. The best estimate for this is based on the engagement letter received by the school or kura during the year. The journals are the same as the previous example, but the liability account is accruals rather than operating creditors.

#### Banking staffing overuse

Banking staffing is how schools and kura manage their annual staffing entitlement. The balance is shown on the fortnightly Novopay banking staffing report. Any overuse must be recorded as a liability and the Ministry will recover the overuse from the operations grant payment.

Example: Kiwi Park School receives a banking staffing report for PP22 showing overuse at a value of -6.52 FTTE or $13,792.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Teachers Salary Grant | $13,792 |  |
| Credit | Banking staffing liability |  | $13,792 |
| Narrative: To recognise the liability for banking staffing overuse for the year ended 31 December. | | | |

#### Banking staffing balances

Pay period 22 (PP 22) normally occurs at the end of January and marks the end of the teachers’ employment year. This is because teachers are often taking leave in January, which was earned during the previous calendar year. PP 22 marks the end of the financial year for teachers’ salaries and related balances, and is the amount used in your annual financial statements. It should be noted that schools and kura have the option to reduce any over or under-use balance at PP22, by under or over-using in periods 23-26.

#### **E**mployee entitlements – salaries

At year-end an accrual is necessary to ensure that salary costs reflect the amounts confirmed by the Ministry in the School Annual Accrual Report (SAAR).

The SAAR is available early in the new year and provides the total earnings for all staff for the teachers’ pay year. It also includes prorated estimates for the first and last pay periods to reflect the financial year cut-offs. Totals for bulk grant salaries, teachers’ salaries, and other items such as ACC accruals are provided too.

To calculate the accrual, refer to the figures provided in the SAAR report and adjust the general ledger to match.

###### Journal Entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Employee benefits – salaries learning resources | $8,975 |  |
| Credit | Salary accrual (liability) |  | $8,975 |
| Narrative: To accrue teachers’ salaries in line with SAAR for the financial year. | | | |

#### Employee entitlements – leave accrual

Schools and kura are required at year end to account for the leave liability of non-teaching employees only who are permanent employed for 52 weeks of the year. Teaching employees take their leave as the year progresses. Non-teaching term-time-only staff are paid out holiday pay in pay period 19.

Leave can include annual leave, long-service leave or retirement leave for long-serving employees. Sick leave is not required to be accrued as in practice most sick leave is picked up by the Ministry.

A leave liability report is sent to schools and kura in February each year based on the balance at the end of pay period 20. An accrual will be required to report this figure.

It is important to check personnel records, calculate any liability that exists, set funds aside, and record the liability in the Statement of Financial Position. It can be difficult for a school to fund unexpected or significant amounts to pay exiting staff their leave entitlements.

To calculate the accrual, refer to the leave liability report provided by the Ministry in February.

###### Journal Entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Employee benefits – salaries property | $1,500 |  |
| Debit | Employee benefits – salaries admin | $1,500 |  |
| Credit | Staff Payables (liability) |  | $3,000 |
| Narrative: To accrue annual leave and long service leave at 31 December. | | | |

**Read more about**

[Banking staffing](https://www.education.govt.nz/school/funding-and-financials/resourcing/school-staffing/banking-staffing/)

[Annual Reporting Guidelines - Accounting for School Payroll](https://assets.education.govt.nz/public/2022-Financial-Reporting-School-Payroll-Information.pdf)

## 4.2 Accounts receivable

Accounts receivable represents items that the school or kura has issued invoices for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the school or kura realistically expects to receive. A receivable is considered uncollectable when there is clear evidence the school or kura will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

**Example:** Property funding agreed by the Ministry but not yet received.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Account receivable | $87,000 |  |
| Credit | Property funding/grant revenue |  | $87,000 |
| Narrative: | To recognise property funding due from the Ministry (cash not yet received). | | |

#### Impairment of debtors

If you have applied a general provision for doubtful debts to all debtors, this must be based on clear evidence that you will not be able to collect the amount owing.

Accounts receivable for schools and kura are mostly current (received within 12 months) and relate to grant funding receivable from the Ministry. It is very unlikely that grant funding receivable will not be collected, and an impairment loss recognised. However, you should assess annually for any objective evidence that other receivables are impaired.



Example:Twenty-five Kiwi Park School students play netball for the school. The cost for each student is $80 for the year to cover tournaments and uniforms. At 31 December a family with two students in the team had moved to Australia, and the students no longer attend the school. The family owes $160 for netball fees but the school does not have a contact address for the family and it is unlikely the money will be collected.

At 31 December, the present value of estimated cash flows is calculated as $0 as the school is unlikely to recover any of the receivable outstanding. The carrying amount is $160, which is the amount of the receivable. An impairment loss of $160 is recognised directly against the receivable in the Revenue Statement as follows.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Loss on uncollectable accounts receivable | $160 |  |
| Credit | Receivables |  | $160 |
| Narrative: | To recognise unrecoverable debt. | | |

## 4.3 Bequests

A bequest is a gift to a school or kura from someone who has passed away. Bequests can be in the form of cash, property, or investments. If a bequest is provided with certain conditions, it will be held on trust.

The board may accept or decline bequests from any person.

https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement  
All accepted bequests must be recorded as revenue and are subject to section 159 of the Education and Training Act 2020.

Revenue from bequests must be disclosed in the financial statements as locally raised funds and recorded as revenue when receipt is formally acknowledged by the school or kura.

Example:Kiwi Park School board is left a property under a will (a bequest) valued at $500,000. The testator has specified that the property is to be applied for a particular purpose. The board must hold the property on trust and deal with it according to the terms of the trust. The trust must at all times remain under board control.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Property held on trust | $500,000 |  |
| Credit | Bequest (revenue) |  | $500,000 |
| Narrative: | To recognise bequest received in the form of property. | | |

**Read more about**

[Securities](#_2.8_Securities)

[Funds held in trust](#_4.10_Funds_held)

[Trusts](#_7.12_Trusts)

## 4.4 Borrowings

Some schools and kura borrow funds from third parties with nil or below market interest rates. These are disclosed as a liability in the financial statements under borrowings. They can either be current or non-current liabilities depending on when repayment is due.

If the loan is interest free, or interest is being paid at a rate below commercial interest rates, a calculation will need to be performed to discount the loan amount to its fair value at balance date.

Please contact your financial service provider or financial advisor for advice.

**Read more about**

[Making borrowing decisions](#_2.9_Making_borrowing)

[Getting help](#_8.0_Getting_help)

## 4.5 Cash and cash equivalents

Cash and cash equivalents are disclosed as a current asset on the Statement of Financial Position.

‘Cash’ includes cash on hand and demand deposits such as:

* Petty cash
* Cheque accounts
* Savings accounts
* Short-term deposits.

‘Cash equivalents’ include short-term, highly liquid investments that are readily convertible to known amounts of cash that are not subject to risk or a change in value. This includes money deposited with a financial institution, with a maturity of three months or less from the date of acquisition, ie the original term of the deposit.

When money reaches ‘maturity’, it refers to the final date of repayment, where the interest and principal of a loan are to be paid in full.

## 4.6 Depreciation

When an asset is bought, the cost is recognised in the Statement of Financial Position as an asset and is not expensed in the year of purchase. Instead, in each year of using the asset, part of the cost of the asset is expensed as depreciation.

Depreciation rates should be reviewed annually by the board, and approved and recorded in the meeting minutes. The Kiwi Park model financial statements provide a list of asset categories and depreciation ranges.

Calculating depreciation

The simplest method to calculate depreciation is to estimate the useful life of an asset and then divide the cost of the asset equally across that life. This is known as ‘straight line’ depreciation.

###### Example: A computer is estimated to have a useful life of four years and at the end of that time it will have no resale value. If the computer cost $2,000 then the depreciation cost each year will be:

Annual depreciation expenses = (purchase price less residual or resale value)   
 divided by useful life

= ($2,000) - ($0)

4

= $500

##### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Depreciation expense (ICT) | $500 |  |
| Credit | Accumulated depreciation (ICT) |  | $500 |
| Narrative: | To recognise the depreciation expense for the year. | | |

## 4.7 Donations/koha, activities and fundraising

Revenue such as donations/koha and fundraising are disclosed in the financial statements as locally raised funds.

Donations/koha are recorded as revenue when their receipt is formally acknowledged by the school or kura. The board may accept or decline gifts from any person.

There is no Goods and Services Tax (GST) on donations/koha.

https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement  
All accepted donations/koha must be recorded as revenue and are subject to section 159 of the Education and Training Act 2020.

Any donations/koha of goods or services should be recognised at the fair value of those goods or services.

#### Payments by parents

Activities revenue such as trips can be made up of payments by parents’ contributions and fundraising. Parents’ contributions should be recognised as revenue as the expenditure is incurred and is considered an exchange transaction. Up to this point, the value of collected money in the bank should be matched by a liability to the contributing parents. However, any fundraising is classified as non-exchange. Funds must be recognised as they are received, because it is unlikely they can be refunded if the trip does not go ahead.

### 4.7.1 Donated assets

The value of donated assets received must be recorded as an asset and revenue.

###### Example: A parent donates a new computer to Kiwi Park School, and the current price for purchasing that computer is $2,000. The accounting entries required are as follows.

##### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Computer equipment (fixed asset) | $2,000 |  |
| Credit | Donations/koha (revenue) |  | $2,000 |
| Narrative: | To recognise donated assets | | |

#### Donated services

In the case of gifted services, if the value is not material then the service can be disclosed by a note in the financial statements (see the Kiwi Park model for more information). For example, a voluntary working-bee to clean up the school grounds can be recorded with a stated number of non-waged hours.

### 4.7.2 Restricted donations/koha

Schools and kura receive donations/koha from individuals or organisations for specific purposes. These purposes may be to create scholarships for pupils, to pay for specific building developments or for other educational purposes in connection with the school or kura. These gifts can only be used in accordance with the specific purpose stated.

https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement   
Boards are required to hold any gift received for a specific purpose under clause 159(4) of the Education and Training Act 2020. Boards cannot pass any gifts to an entity that it does not have control over. A school or kura may pass a gift to a trust that it controls, but it must ensure that the trust uses the gift for that specific purpose.

Restricted revenue should be credited to a liability account. Once the conditions or restrictions governing the use of the donation/koha are met, it can be transferred from the liability account into revenue. In some cases, the donor may require a financial report to assess compliance. Appropriately detailed records need to be kept.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Bank | $1,000 |  |
| Credit | Funds held in trust (liability) |  | $1,000 |
| Narrative: | To recognise funds received to be held in trust | | |

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Funds held in trust (liability) | $200 |  |
| Credit | Donations/koha received (revenue) |  | $200 |
| Narrative: | To recognise donation/koha revenue for x purpose | | |

**Read more about**

[Kiwi Park model financial statements and instructional videos](https://www.education.govt.nz/school/funding-and-financials/school-finances/schoolsannualreport/)

[Locally raised funds](#_4.17_Locally_raised)

[Funds held in trust](#_4.10_Funds_held_1)

## 4.8 Leases

Boards may decide to lease an asset rather than to buy it outright for a range of reasons eg to control cashflow or to avoid ongoing maintenance.

Lease arrangements are accounted for as either a finance lease (which is treated as borrowing to obtain an asset) or an operating lease (which is treated as a simple operating expense).  
  
4.8.1 Finance leases  
A finance lease is a lease that transfers substantially all the risks and rewards of owning an asset to the lessee (the person leasing the asset). The substance of the lease documentation (what it means) rather than the contractual form (the words used) is used to define whether a contract is a finance lease or an operating lease. Each lease should be considered on a case by case basis.

Factors that determine a lease is a finance lease (stated in PBE IPSAS 13 paragraph 15 and 16) include:

* Ownership of the leased asset is transferred to the lessee by the end of the lease term
* The lessee can buy the asset at no or low cost at the end of the lease
* The lease is for the major part of the economic life of the asset
* At the beginning of the lease, the present value of the total minimum lease payments is at least substantially all of the fair value of the asset
* The asset is of a specialised nature so that only the lessee can use it without major modifications
* There are penalties for cancelling the lease
* The lessee gets any gains or losses in the value of the asset
* The lease can be extended when it finishes, at a lower than market rate.

In most cases, the school or kura and their financial service providers can decide about whether the lease is a finance or operating lease. However, the Ministry accepts that it can be difficult to make a decision on some leases. If in doubt, and the issue is material to the financial statements, contact your Ministry School Finance Advisor for assistance.

#### Accounting for finance leases

According to PBE IPSAS 13:

“At the commencement of the lease term, lessees shall recognise assets acquired under finance leases as assets, and the associated lease obligations as liabilities in their statements of financial position. The assets and liabilities shall be recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee’s incremental borrowing rate shall be used.”

Fair values can usually be estimated based on the cost of buying the asset. The present value of the minimum lease payments is usually around fair value.

The finance charge is the total of the lease payments, less the initial value of the capitalised asset. This charge should be allocated as an expense to the financial periods of the lease term to give a constant periodic rate of interest on the remaining balance of the liability (as stated in 36 PBE IPSAS 13) or a reasonable approximation.

#### Depreciation of leased assets

Depreciation policies for leased assets should be consistent with those for assets which are owned. An exception is where there is no reasonable certainty that the board will have ownership of the asset by the end of the lease term. In those cases depreciation should be over the lease term (as stated in 36 PBE IPSAS 13). For example, if computer equipment is normally depreciated over five years, computer equipment obtained under a 4-year finance lease should be depreciated over four years rather than five years.  
4.8.2 Operating leases  
Operating leases occur when the risks and rewards of owning an asset are clearly not transferred to the lessee (see the factors outlined in 4.8.1).

**Example:** Kiwi Park school rents a building for a one-year period to temporarily locate a Year 3 class to while repairs are being made to the usual classroom. The 12-month rental period is only a fraction of the useful life of the building and the school has not taken on any of the risks and rewards of ownership of the classroom.

#### Accounting for operating leases

The cost to lease an asset is accounted for simply as an operating lease expense. There are no assets, depreciation or interest expenses recorded in the financial accounts of the school or kura. Operating lease commitments are required as a disclosure in the annual financial statements.

**Read more about**

[Treatment of TELA leases](#_Appendix_A:_Treatment)

[Depreciation](#_4.6_Depreciation_1)

## 4.9 Funds held in trust

Schools and kura sometimes receive donations/koha, bequests and other sums of money. Depending on the terms or conditions attached to the donation/koha or bequest, the school or kura may be required to:

* Hold the capital sum intact (held in trust) as a cash deposit or investment
* Only distribute interest earned on deposits.

If the conditions attached to the donation/koha are complex, a written opinion can be obtained from a lawyer or chartered accountant. These opinions give instructions for how the fund will be administered and accounted for. Give the opinion to your auditor.

When funds are held in trust, they are regarded as a liability until the conditions attached to the donation/koha are met. At that time, the donation/koha is transferred from a liability and is recognised as revenue.

If the donation/koha is to be held for a long time before it is paid out, or if the conditions require that only interest is paid, you should consider setting up a separate bank account.

Example: Kiwi Park School receives $10,000 from the estate of former student M. Cooper. The bequest states that half the interest earned each year is to be given to a student who has made an outstanding contribution to the school. In the first year $700 is earned in interest, meaning $350 can be paid as an award.

###### Journal entries

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Deposit trust account | $10,000 |  |
| Credit | M. Cooper Trust (liability) |  | $10,000 |
| Narrative: A bequest from M. Cooper is to be held in trust and a portion of the interest earned each year is to be given as an award to a student who has made an outstanding contribution to the school. | | | |
| Debit | Deposit trust account | $700 |  |
| Credit | M. Cooper Trust (liability) |  | $700 |
| Narrative: Interest earned by the M. Cooper Trust. | | | |
| Debit | M. Cooper Trust (liability) | $350 |  |
| Credit | Donations/koha (revenue) |  | $350 |
| Debit | Prize giving (expense) | $350 |  |
| Credit | Deposit trust account |  | $350 |
| Narrative: Payment of a $350 award from the M. Cooper Trust and recognition of that amount as a donation/koha to the school (as the conditions of the trust have been met). | | | |

### 4.9.1 Funds held for capital works projects

Schools and kura can receive funding advances from the Ministry for capital works projects. This can come from a school’s or kura 5YA funding or from other capital funding programmes.

The funds received for property projects through 5YA is not revenue to your school. The advance of funds from the Ministry should be recorded as a liability to the school as the funds are held on behalf of the Ministry until spent. This means that you must:

* Credit the funds to a capital works liability account when received;
* Debit the capital works liability account when funds are spent on the capital project. Payments for capital works projects should not be expensed to your profit and loss;
* Maintain separate ledger accounts for each capital works project to assist with financial management and control. For good tracking of each project, you could set up general ledger sub-codes for each project that includes reference to the project number in K2 (the Ministry’s property project system);
* Include a disclosure note in the financial statements stating the amounts received and spent during the year for each project, even if there is no liability at year end.

**Journal entries**

**Example 1:** Kiwi Park School received $29,097 for fencing stage II during the year.

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Bank (asset) | $29,097 |  |
| Credit | Funds held for capital works projects (liability) |  | $29,097 |
| Narrative: Journal to recognise receipt of money for capital works project on fencing stage II. | | | |

**Example 2:** Kiwi Park School must pay a progress payment of $50,000 for fencing stage II.

When the school or kura incurs costs for the capital works project you will need to “charge” this against the capital works liability as below:

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Funds held for capital works projects (liability) | $50,000 |  |
| Credit | Bank (asset) |  | $50,000 |
| Narrative: Journal to recognise progress payment for capital works project - fencing stage II. | | | |

**Reconciliation at end of project**

As all property development under 5YA belongs to the Ministry, the school project manager must prepare a full reconciliation at the end of each project which substantiates the use of the funds. The completion of project documentation is called the Occupancy Use Certificate (OUC). The project manager will prepare the OUC for the Ministry on behalf of the school and this document will need to be signed by the school board representative. The school should get a copy of the OUC from their project manager and then close out the project in their general ledger.

**Tips:**

* As well as by name, it is highly recommended that you identify projects in your general ledger system by the project number that is in K2, the Ministry’s property project system. This will help you to reconcile your financial records to the final project documentation.
* Obtain completion of project documentation from the project manager and provide to your auditor for the end of year audit.

**Read more about**

[Capital works – state schools – Education in New Zealand](https://www.education.govt.nz/school/funding-and-financials/school-finances/captial-works-state-schools/)

[Capital works – state-integrated schools – Education in New Zealand](https://www.education.govt.nz/school/funding-and-financials/school-finances/capital-works-state-integrated-schools/)

[Schools annual report (annual financial statement) resources – Education in New Zealand](https://www.education.govt.nz/school/funding-and-financials/school-finances/schools-annual-report/) - The Kiwi Park model shows an example of the disclosure required for funds held for capital works.

[Occupancy Use Certificate](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.education.govt.nz%2Fpublic%2FDocuments%2FPrimary-Secondary%2FProperty%2FProject-Management%2FSchool-led-project-forms.xlsx&wdOrigin=BROWSELINK)

### 4.9.2 Funds received by lead schools and kura for a multiple school service

Where a service is provided to several schools and the governance and control of this service is retained by a lead school, this is considered to be an operational service of the lead school. This service is different to a cluster arrangement as there is no financial interest by the schools or kura that are recipients of the service.

Schools and kura that hold funding for services to multiple schools must account for the funding and staffing they receive as part of their normal operations. In other words, the income and expenditure is passed through the Statement of Comprehensive Revenue and Expense. The lead school or kura must account for any balance unspent that is returnable to the Ministry or transferable to a new lead school or kura. This can be recognised as a liability in the Statement of Financial Position at the end of the reporting period.

The Lead school or kura is also required to identify and record any property, plant & equipment that has been purchased for use by the lead school in the provision of this service on its property, plant & equipment register and depreciate this over time.

The Kiwi Park School model financial statements show how the lead school or kura disclosure of this activity should look for funds for Resource Teachers: Learning and Behaviour (RTLB) services and funds held on behalf of a cluster.



**Read more about**

[Resource teachers learning and behaviour service](https://www.education.govt.nz/school/student-support/special-education/resource-teachers-learning-and-behaviour-service/)

[RTLB Reporting](https://rtlb.tki.org.nz/Governance-management/Plan-review-report/Reporting)

## 4.10 Government grants

Government grants should be accounted for as shown in the examples.

#### Operational grant

This is paid quarterly by the Ministry and is based on roll numbers. School boards are responsible for the financial governance of their schools or kura, including determining how operational funding is allocated.

The four instalments of operational grants should be recorded as revenue to operational grants in your financial statements, adjusting only for any banking staffing adjustment. Add back any banking staffing overuse or deduct any banking staffing underuse to calculate the operations grant amount.

Operational funding should be recorded when the school or kura has the rights to the funding, which is in the year that the funding is received. We recommend recording this income on a monthly basis in line with expenditure – as shown below.

Example: Kiwi Park School receives an operational grant of $300k for the quarter Jan – Mar from the Ministry into their school bank account. The following journal entries also account for the revenue recognition in the month they relate to.

###### Journal – 1st January

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Debit | Bank (asset) | $345,000 |  | |
| Credit | Operational grant (revenue) |  | $100,000 | |
| Credit | Future Months Ops Grant (liability) |  | $200,000 |
| Credit | GST |  | $45,000 |
| Narrative: | To recognise receipt of operational grant for quarter Jan – Mar | | | |

###### Journal – 1st February

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Future Months Ops Grant (liability) | $100,000 |  |
| Credit | Operational grant (revenue) |  | $100,000 |
| Narrative: | To recognise February portion of January operational grant | | |

###### Journal – 1st March

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Future Months Ops Grant (liability) | $100,000 |  |
| Credit | Operational grant (revenue) |  | $100,000 |
| Narrative: | To recognise March portion of January operational grant | | |

#### Teacher salary grant

This is recorded as revenue when the school or kura has the rights to the funding in the salary period it relates to. The grant is not received in cash by the school or kura and is paid directly to teachers by the Ministry through Novopay. A journal is processed at year end to record the amount as a revenue and expense item in the financial statements. The amount is from the School Annual Accrual Report (SAAR) sent by the Ministry.

Example: Kiwi Park School has teachers’ salaries grant/expense for the year of $4m shown in their SUE report received from the Ministry.

###### Journal

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Employee benefits – teachers (expense) | $4,000,000 |  |
| Credit | Teachers’ salaries grant (revenue) |  | $4,000,000 |
| Narrative: | To recognise teachers’ salaries grant and expense for the year per SAAR report. | | |

#### Use of land and buildings grant

This is recorded as revenue in the period the school or kura uses the land and buildings. It is not received in cash. The grant equates to the deemed expense for using the land and buildings owned by the Crown (non-integrated schools and kura) or proprietor (integrated schools and kura). It is recognised through a journal at year end.

###### How values are calculated

The notional lease value is determined by the Ministry and is sent to each school and kura. This is available on the Ministry property portal early in the new year.

Example: Kiwi Park School has use of land and buildings grant/expense for the year of $1m per the value determined by the Ministry.

###### Journal

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Use of land and buildings(expense) | $1,000,000 |  |
| Credit | Use of land and buildingsgrant (revenue) |  | $1,000,000 |
| Narrative: | To recognise use of land and building grant and expense for the year based on value from the Ministry. | | |

#### Other grants

These are recorded as revenue when the school or kura has the rights to the funding. If there are unfulfilled conditions attached to the grant, the amount relating to the conditions is recognised as a liability of revenue received in advance. The amount is released to revenue as the conditions are fulfilled.

**Read more about**

[Personnel expenses](#_4.18_Personnel_expenses)

## 4.11 Intangible assets

An intangible asset is an identifiable asset without physical substance that does not have an easily determined value. Schools and kura may have intangible assets such as websites or software systems for student management or accounting.

#### Software

No intangible asset is recognised where a school or kura pays an annual rental or licence fee rather than purchasing a software program outright (or where the software had only a minimal purchase price with a substantial annual licence fee).

When a school or kura purchases a computer, this will often include suite or day-to-day software (eg Microsoft Office). The operating system of a computer (eg Windows 10) is not required to be separately identified, as this is considered part of the hardware.

The Ministry recommends that software purchases:

* Are recognised as an intangible asset **when it is probable** that the expected future economic benefits or service potential will flow through to the school; and the cost or fair value of the asset can be measured reliably.
* Are recognised as an expense **when it is not probable** that the expected future economic benefits or service potential will flow through to the school; or the cost or fair value of the asset cannot be measured reliably.

Seek advice from your financial service provider if you are considering capitalising a software program that was developed internally. PBE IPSAS 31 provides certain circumstances where costs can be capitalised.

Example:Kiwi Park School purchases a laptop computer for $1,999 for use in its junior classroom. It has a basic Microsoft Office package installed.

The software portion is considered as integral to the purchase of the equipment, so it is not required to be separately identified as an intangible asset. The laptop computer is capitalised at the cost of $1,999 and recorded in the information and communication technology asset class.

Example: Kiwi Park School purchases a school management software system with a gross book value of $15,000. No other intangible assets have been recognised by the school, but this purchase is expected to provide ongoing economic benefit to the school, and the cost can be measured reliably.

The software system meets the criteria for an intangible asset. As disclosure of the purchase is considered useful to the readers of the accounts, a separate intangible assets class should be created.

#### Website costs

Schools and kura can recognise their website as an intangible asset if they can demonstrate that the website will generate probable future economic benefits. A website to promote and advertise the school or kura does not generate those benefits. A website that enables international students to pay their fees, or parents to purchase uniforms or stationery, can generate revenue – and future economic benefits – so can be recognised as an intangible asset.

Consult your financial service provider before any website costs are capitalised in accordance with PBE IPSAS 31.

Costs associated with a website that does not generate probable future economic benefits should be expensed in the Statement of Comprehensive Revenue and Expenses when incurred.

## 4.12 International students

Some schools and kura look after the personal/contingency funds of their international students. These personal funds are held by the school or kura for student’s additional expenses that may relate to purchase of uniforms, shuttles, school trips and other incidentals. Any remaining funds should be returned to the parents/caregivers when the international student returns home.

Schools and kura should have written agreements with the student and/or their parents/guardians to outline the circumstances in which the funds can be used and by whom. Expenses should be signed off by the student before drawing down on these funds. Any school or kura looking after funds must regard itself as being in a fiduciary relationship with the student and behave in an exemplary manner in the management of the funds.

#### Holding funds on trust

Private funds held on behalf of students should be deposited into a bank account separate to the main school or kura account. All interest earned on the funds must be returned to the student. These funds should be recognised in the annual financial statements as held on behalf of third parties.

Schools and kura should not act as financial guarantors for international students since this can put resources at risk. Boards are only allowed to spend funds to achieve goals as outlined in their strategic plan

#### Accounting for fees from international students

International student fees received must only be recognised as revenue when they are earned.

For example:Kiwi Park School receive funds for an international student in December for the whole of the next school year. That money is revenue received in advance when it is received. It must be reported as revenue in advance at 31 December. In the next year, a portion of the funds can be reclassified as revenue earned each term.

###### Journal entry for December when funds received

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Bank (asset) | $100 |  |
| Credit | Revenue received in advance (liability) |  | $100 |
| Credit | GST |  | XX |
| Narrative: | To recognise funds received in advance for the next financial year. | | |

###### Journal entry for next financial year – quarterly

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Revenue received in advance (liability) | $25 |  |
| Credit | International student fees (revenue) |  | $25 |
| Narrative: | To recognise international student fee revenue for the first term of year. | | |

## 4.13 Inventory and stock

An inventory is the name for consumable items that are held for sale, such as stationery and uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities, less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

Example:Kiwi Park School sells school uniform jerseys. As at 31 December, the school has 200 jerseys at a total cost of $10,000 ($50 per jersey). During the year, the school changes the uniform and the jerseys are now only optional for senior students. The school reduces the sale price to $25 per jersey and expects to be able to sell all 200 at the lower price. The net realisable value of the jerseys is now $5,000 ($25 per jersey).

A write down of $25 per jersey is required because the net realisable value for each jersey ($25) is less than the cost ($50).

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Impairment expense | $5,000 |  |
| Credit | Inventory |  | $5,000 |
| Narrative: | To recognise a loss from the reduction in value of school jerseys held in stock. | | |

## 4.14 Investments

Bank deposits with an original maturity greater than 90 days are classified as investments.

|  |  |
| --- | --- |
| **Term deposit time to maturity** | **Type of asset** |
| Within one year of the balance date | Current asset |
| More than one year from the balance date | Non-current asset |

Some schools and kura also have approval for investments classified as tradable securities, including investments in shares. These investments are measured at market value, or, where fair value cannot be reliably measured, at cost. A decrease in value (eg shares dropping in price) or cost of investments is recognised as an expense in the Statement of Revenue and Expenses.

**Read more about**

[Securities](#_2.8_Securities)

## 4.15 Use of land and buildings

Schools and kura must recognise the cost of a notional lease for land and buildings provided to them by the Crown (or their proprietor) as a non-cash expense, with the same number recognised as revenue. Refer to 4.11 Government Grants to see how the notional lease value is calculated.

**Read more about**

[Government grants](#_4.11_Government_grants)

## 4.16 Locally raised funds

Revenue such as donations/koha, bequests, grants, fundraising, trading and activities are disclosed in financial statements as locally raised funds.

Expenses such as trading, fundraising, transport (local) are classed as locally raised funds.

**Read more about**

[Donations](#_4.7_Donations/koha,_activities)/koha, activities and fundraising

[Gifts](#_2.3_Gifts)

[Bequests](#_4.3_Bequests)

## 4.17 Personnel expenses

Boards must show all personnel costs relating to their employees in their financial statements. This also applies to payments made by the Ministry on behalf of the board, eg for qualified teachers paid through the teachers’ salaries payroll system (Novopay).

Salaries and wages for administration and property staff are usually paid via the Ministry payroll system but are expensed against the board’s operational grant. You can choose to pay teachers additional to your full-time teaching equivalent (FTTE) entitlement with operational grants or locally raised funds.

Enter costs for employees on the Ministry payroll as a journal entry. Make the journal entry monthly, using the Staffing Usage and Entitlement (SUE) report, rather than wait until the year end. This ensures you can report accurately against your budget.

To assist schools and kura with the annual journal entry, a School Annual Accrual Report (SAAR) is generated at the end of each financial year and available early in the new year.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Teaching salaries (expense) | xxx |  |
| Credit | Teacher salaries grant (revenue) |  | xxx |
| Narrative | To recognise Ministry teacher salary grants for the period 28 January to 27 January. | | |

### 

### 4.17.1 ACC premiums

The Ministry pays the ACC residual claims levy and workplace cover premiums on behalf of schools and kura. Schools and kura are billed for their share of the premiums annually (for board funded staff). As with teacher salaries, you must record the portion of ACC premiums funded by the Ministry as a grant in your financial statements and as a cost to the school or kura. Although this will have no effect on your surplus for the year, it will reflect the actual cost of operations and the revenue earned.

**Read more about**

[Government grants](#_4.11_Government_grants)

## 4.18 Property, plant and equipment

Property, plant and equipment are tangible items that are expected to be used during more than one 12-month period and are held for:

* Use in the production or supply of goods or services
* Rental to others
* Administrative purposes.

For a school or kura these can include the following:

* Board-owned buildings
* School and kura oHousingHHoufchousing
* Furniture and equipment
* Library and teaching resources
* Information and communication assets (ie computers).

#### Buildings – state schools and kura

Any buildings erected on Crown land become part of that land. Legal ownership of educational Crown land and the buildings on it is vested in the Ministry. Ministry approval must be obtained before any buildings are erected on school and kura land. This avoids later dispute over ownership, use and disposal of buildings. The cost of a board-funded building must be accounted for as property, plant and equipment in the Statement of Financial Position. All buildings on the statement are the responsibility of the board to manage, maintain and insure as outlined in the Property Occupancy Document.

### 4.18.1 Furniture and equipment (F&E) grants

Funding for furniture and equipment in state schools and kura is provided as a capital contribution. There is no GST included and it is not revenue for the school or kura. The money should be credited to the equity account in the Statement of Financial Position and not recorded as revenue in the Statement of Comprehensive Revenue and Expenses.

Funding is based on a percentage of the 5 Year Agreement (5YA) budget depending on the type of school. It is paid out in the first year (two thirds) and third year (one third) of the five-year agreement.

Funding for new approved space is based on a rate per new square metres depending on the type of building space grants. State schools and kura need to invoice the Ministry to receive this funding which is paid as part of the project budget.

**Read more about**

[Furniture and equipment funding for state schools](https://www.education.govt.nz/school/funding-and-financials/funding/furniture-and-equipment-funding-for-schools/)

**Example:** A state school needs new equipment worth $1,000 + GST. Therefore, the amount the school requires from the Ministry would be $1,000.

**State school** **MOE Position**

Funding payment from the Ministry to the school 1,000 (1,000)

Output tax (returned) on receipt of funding/paid to IRD (0)

Purchase of furniture/equipment (1,150)

Input tax claimed on purchase of furniture/equipment 150

**Net Receipt / (Cost)**  **1,000 (1,000)**

### 4.18.2 Library and teaching resources

Library (including classroom libraries), teaching and curriculum resources are valuable assets that support teachers and enhance learning opportunities. Schools and kura are required to account for the resources as Property, Plant and Equipment if they cost more than their approved asset capitalisation limit. This is consistent with generally accepted accounting practice.

###### Accounting for library resources

Changes in the quantity and value of library resources should be reconciled with your accounting records at least once each term. This includes resources in all formats, eg books, periodicals, kits, maps, posters, videos and CD-ROMs. It excludes library consumables, software and online subscriptions. This ensures that the figures are accurate. It also provides more readily reconcilable figures for verification at the end of the financial year.

Multi-volume resources, such as encyclopaedias, change in value in the same way as single-volume items and should be included in the general book value calculation.

Rare items, which may have a unique value, should be excluded.

Keep a record of all donated library resources and those purchased in sales. Many automated library systems record this information, including the value. If you use a manual system, you will need to value donated or sale-price purchases, so that appropriate journal entries can be made in the accounting system. Procedures for valuing items should be specified and agreed on with your auditor. Any alternative method of accounting must conform to PBE IPSAS 17.

#### Financial year-end procedures

At year end it is recommended that schools and kura:

* Ensure that the beginning of year values and quantities are the same as those for the end of the previous financial year
* Add this year’s purchases and donations/koha to the gross value of books
* Carry out a stock-take to establish the value and number of books on hand, and those lost or damaged which must be written off
* Calculate average resource values and calculate the cost of, and depreciation on, books written off
* Calculate the depreciation for the current year on those books on hand at the end of the year.

Example:Kiwi Park School’s Library Resources Reconciliation Statement summarises the items needed to ensure all library-related transactions are properly recorded in the accounting system. Below the statement are the steps required to complete the Library Resources Reconciliation Statement.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Gross value | Accumulated  depreciation | Net value | Book numbers | Note |
|  | **$** | **$** | **$** |  |  |
| Balance at 1 January | 45,000 | 17,800 | 27,200 | 5,000 | 1 |
| Purchases for year | 8,000 |  | 8,000 | 533 | 2 |
|  | 53,000 | 17,800 | 35,200 | 5,533 | 3 |
| Write off | (2,000) | (790) | (1,210) | (222) | 4, 5, 6 |
| Adjusted book value | 51,000 | 17,010 | 33,990 | 5,311 |  |
| Depreciation expense |  | 6,375 | (6,375) |  | 7 |
| **Balance at 31 December** | **51,000** | **23,385** | **27,615** | **5,311** | 8 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 1**  **Balance at beginning of year**  Establish the opening balances for the financial year. These are the same as the closing balances at the end of the previous financial year. | Gross value  Depreciation  Net book value | **Cost**  $45,000  17,800  27,200 | **Number**  5,000 | **Average  cost**  45,000  5,000  = $9/book |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 2**  **Purchases during the year**  Establish the number and cost of books purchased during the year. The information is obtained from the general ledger, invoices and the accession register. | Books purchased | **Cost**  8,000 | **Number**  533 | **Average  cost**  8,000  533  = $15/book |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 3**  **Calculate total number and value of books**  Based on the opening number of books and purchases during the year, how many books should be held by the library? | Opening  + Purchases  = Closing  (expected book numbers) | **Cost**  45,000  8,000  53,000 | **Number**  5,000  533  5,533 | **Average  cost**  $9  $15 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 4**  **Carry out stock-take**  Count the number of books on hand (including books currently on issue) | Books on hand  + Books on issue  = Actual books  Expected  - Actual  = Lost or damaged |  | **Number**  4,080  1,231  5,311  5,533  - 5,311  = 222 |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 5**  **Calculate value of books lost**  Calculate the value of books lost or damaged based on the average cost of books at the beginning of the year. This is the amount that must be written off. | Lost or damaged | **Average cost**  $9 | **Number**  222 | **Write off**  $9 x 222  = $1.998 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 6**  **Calculate depreciation on the lost books**  As part of the write-off of the books that have been lost or damaged, the depreciation relating to those books must also be written off*.* | As at 1 January  Depreciation on lost books | **Opening Acc Depn**  17,800 | **Number**  5,000  222 | 17,800  5,000  = $3.56/book  222 x $3.56  = $790 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 7** **Calculate depreciation for the current year**  Calculate the depreciation expense for the current year. | Opening  + Purchases   * Lost   = Total |  | **Number**  45,000  8,000  (2,000) 51,000 | **Depn**  @12.5%  (8 year life)  = $6,375 |

|  |  |  |
| --- | --- | --- |
| **Note 8** **Calculate accumulated depreciation**  Based on the workings above, calculate the total depreciation on the school’s library resources. | Opening balance  - Books lost (Note 6)  *+* Current year (Note 7)  Total | **Accumulated  Depreciation**  17,800  (790)  6,375  23,385 |

Assets should be reported at their fair value. If the value of an asset has reduced, then that asset has been impaired and its lower value should be reported. The reduction in value is an impairment expense.

### 

### 4.18.3 Impairment of property, plant and equipment

Property, plant and equipment may reduce in value for a variety of reasons including:

* Physical damage or the asset wearing out earlier than expected – eg assets damaged in a flood
* Changes in technology that makes an asset obsolete – eg computer software no longer of any use
* Changes in the curriculum – eg obsolete textbooks.

Each year schools and kura must consider:

* Whether there are any indications that asset values have been impaired for each class of property, plant and equipment and intangible assets
* Where indications of impairment exist, calculate the assets’ recoverable amount
* If the carrying amount/book value of the assets is higher than the depreciated replacement cost (this is an estimate of the current replacement cost less allowances for physical deterioration and optimisation for obsolescence and surplus capacity) then recognise an impairment loss as an expense in the Revenue Statement.

Example:Kiwi Park School purchased 100 maths textbooks two years ago. The textbooks have a gross book value of $10,000 (each book cost $100) and the depreciation rate is straight line over five years or 20%. This year the school changed its curriculum and the content of the textbooks is no longer relevant. The curriculum change has reduced the value of the maths textbooks to zero because they are obsolete.

The carrying value of the maths textbooks in the school’s financial statements as at 31 December is $6,000 (two years’ depreciation is $4,000, 20% a year of $10,000). An impairment loss of $6,000 is recognised as an expense for the year as the carrying value ($6,000) is greater than the fair value of the textbooks ($0).

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Impairment expense | $6,000 |  |
| Credit | Textbooks |  | $6,000 |
| Narrative: | To recognise a loss on obsolete textbooks. | | |

### 4.18.4 Property, plant & equipment register

A property, plant & equipment register is a record kept separate to your accounting system. The register records all property, plant & equipment assets which have been purchased by the school or kura. The Ministry suggests only recording assets if they cost more than $1,000. This limit is up to the board and should be stated in the policies set by the board.

The property, plant & equipment register includes asset purchase details such as:

* Date
* Price
* Estimated useful life
* Residual value
* Annual depreciation expense
* Depreciation rate.

Keep the register up to date and perform a yearly stocktake. This involves sighting all assets in the register to ensure they still exist and are in good working order – ie that no impairment over the asset needs to be recognised or that it needs to be disposed of.

**Read more about**

[Asset planning](#_3.4_Asset_planning_1)

[Government grants](#_4.11_Government_grants)

## 4.19 Provision for cyclical maintenance

Schools and kura are required to keep all property well maintained, as outlined in their Property Occupancy Document. In the case of an integrated school or kura this is outlined in the integration agreement.

Some maintenance tasks occur on cyclical basis. Painting the exterior of school buildings, for example, is usually done every 7-10 years. Other maintenance tasks that are commonly completed on a cyclical basis include interior painting, resurfacing sports areas, painting the swimming pool and resealing car parks.

What is a provision for cyclical maintenance?

A provision for cyclical maintenance is an estimate of the future costs to maintain the school’s buildings. It does not include day to day maintenance but those items that are cyclical in nature (as explained above).

To comply with generally accepted accounting practice schools and kura are required to record a provision for cyclical maintenance in their financial statements, as a liability in their statement of financial position. This also supports good planning.

Each year, a portion of the cost of the work to be completed in the future is recognised as an expense in the statement of comprehensive income and expenditure. The amount of the provision accumulates and is split between current (to be carried out in the following year) and non-current (to be carried out in future years) annually until the work is undertaken.

It is important that schools and kura set aside enough funds to match the provision that has been created. Operations grants include a portion for maintenance. If a school or kura does not set aside money each year from its operations grant then it may struggle to pay for the full cost of the painting or other maintenance in the year it is done.

#### Information required to calculate your cyclical maintenance provision

The provision for cyclical maintenance is calculated using estimates of the cost of future maintenance and when that maintenance is due. It is important that the estimates underlying your provision are reliable as this can be a significant liability in your financial statements.

You will need to explain to your auditor the key assumptions underlying these estimates and provide evidence to support that the estimates are reasonable. You need to do this even if the provision is based on information prepared by a specialist, such as a Ministry-appointed property consultant.

Your board should have a cyclical maintenance plan outlining the key maintenance tasks for your school. The plan should provide an estimate of the cost and timing of future maintenance activities. Your 10-Year Property Plan (10YPP) and 5-Year Agreement (5YA) capital works plan will provide you with information to update your cyclical maintenance plan, including future maintenance requirements and the condition of school buildings.

You can use your cyclical maintenance plan as an input into your provision calculation. If you do not have a cyclical maintenance plan, or if it is not up to date, you will need to use other sources of evidence to support your cyclical maintenance provision. These could include:

* a quote from a local painter or other reputable third party; or
* a current or recently completed long-term painting maintenance contract

Using a cyclical maintenance plan created by a property consultant or specialist - (a third party)

If you are using a plan developed by a property specialist as an input into your provision calculation you need to be able to show your auditor how you have assessed that the estimates are reasonable. This includes gaining an understanding of the estimation methods used and the data on which the estimate is based. You will need to show this understanding for all the key assumptions used, which we consider to be:

* condition of school property;
* estimated maintenance costs; and
* dates the maintenance will be carried out in the future.

Your cyclical maintenance plan is a living document which should be reviewed and updated annually by the school board, to show that the information in the plan is still valid and is a reasonable estimate of the maintenance required. This review and approval should be recorded in the board meeting minutes.

Consider the following when reviewing your cyclical maintenance plan:

* maintenance or capital work that has been brought forward or delayed;
* changes in estimated costs of completing work; and
* changes to maintenance tasks resulting from a recent capital investment decision.

If your school or kura is currently undergoing significant redevelopment or has other uncertainties due to the condition of the school buildings, please contact your Ministry Property Adviser and School Finance Adviser for support in the preparation of your cyclical maintenance plan and provision.

###### Cyclical maintenance spreadsheet tool

Use the cyclical maintenance calculation spreadsheet available on the Ministry’s website to help you calculate your cyclical maintenance provision. The spreadsheet can be used to allocate funding for multiple projects based on the year each task is expected to be done and the estimated cost.

The spreadsheet tool will help you calculate how much funding you need to set aside each year for cyclical maintenance. This annual amount will need to be charged as an expense in your statement of comprehensive income and expenditure.

In addition to the tool, additional guidance has been prepared for the use of this spreadsheet tool:

* [How to use the Cyclical Maintenance Provision Calculator](https://assets.education.govt.nz/public/Documents/School/Funding/How-to-use-the-Cyclical-Maintenance-Provision-Calculator.pdf)
* [Cyclical Maintenance Provision Calculator – Cyclical Maintenance Provision](https://assets.education.govt.nz/public/Documents/School/Funding/Cyclical-Maintenance-Provision-Calculator.xlsx)
* [Cyclical Maintenance Provision Calculator – Painting Contract Liability and Cyclical Maintenance Provision](https://assets.education.govt.nz/public/Documents/School/Funding/Cyclical-Maintenance-Provision-Calculator-with-Painting-Contract-Liability.xlsx)
* [Example: Calculation of cyclical maintenance provision (with no painting contract)](https://assets.education.govt.nz/public/Documents/School/Funding/Worked-Example-Calculation-of-CM-Provision.pdf)
* [Example: Calculation of painting contract liability and cyclical maintenance provision](https://assets.education.govt.nz/public/Documents/School/Funding/Worked-Example-Calculation-of-CM-provision-with-paint-contract-liability.pdf)

#### Accounting for cyclical maintenance

When cyclical maintenance work is carried out, the cost of that work will be charged against the provision for cyclical maintenance in the statement of financial position.

It is possible that the maintenance cost incurred will not equal the provision made for cyclical maintenance. This could be the result of:

1. Changes in the nature of the property of the school or kura – for example:
   1. Completion of 5YA capital projects
   2. Major roll change resulting in the arrival/departure of classrooms
   3. Major capital investment in the school or kura resulting in replacement of buildings.
2. Changes in estimates – for example:
   1. Signing of a 5YA with the Ministry, resulting in changes to the cyclical maintenance plan
   2. Amendments to the nature and timing of maintenance tasks in the cyclical maintenance plan
3. Differences between estimated cost and actual costs.

Actual cost is equal to provision

Example:Kiwi Park School has a classroom block that was last painted nine years ago. The school anticipates that it needs repainting every 10 years and the maintenance plan shows a repaint is due next year that is expected to cost $50,000. At 31 December year end, the school had a provision for cyclical maintenance liability of $45,000 ($50,000/10 x 9 years). The provision was increased each year by $5,000 ($50,000/10 years).

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Cyclical maintenance (property expense) | $5,000 |  |
| Credit | Provision for cyclical maintenance (liability) |  | $5,000 |
| Narrative: To recognise the annual charge for cyclical maintenance and increase the provision. | | | |

In the following year the repaint was done at the forecast cost of $50,000.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Cyclical maintenance (property expense) | $50,000 |  |
| Credit | Bank (asset) |  | $50,000 |
| Narrative: To record the exterior repaint of a classroom block. | | | |

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Provision for cyclical maintenance (liability) | $45,000 |  |
| Credit | Cyclical maintenance (property expense) |  | $45,000 |
| Narrative: To record the exterior repaint of a classroom block. | | | |

Actual cost is more than provision

Example: Kiwi Park School has a classroom block that was last painted eight years ago. The school anticipates that it needs repainting every 10 years and the maintenance plan shows a repaint is due next year that is expected to cost $50,000. At 31 December year end the school had a provision for cyclical maintenance liability of $40,000 ($50,000/10 x 8 years).

The following year a rapid deterioration of exterior paint on the classroom block is noticed. Although the repaint is not due for another two years, the board decide to have the block painted that year.

The repaint is completed at a cost of $50,000. The school must now record the cost of the exterior repaint. With the balance of the provision for cyclical maintenance standing at $40,000, the cost of the repaint exceeds the amount provided. The extra cost must therefore be recorded as an expense.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Cyclical maintenance  (property expense) | $10,000 |  |
| Debit | Provision for cyclical maintenance (liability) | $40,000 |  |
| Credit | Bank |  | $50,000 |
| Narrative: To record the exterior repaint of the classroom block. | | | |

At the end of that year, the school updates its cyclical maintenance plan and recalculates its provision for cyclical maintenance. The only item of cyclical maintenance was the repaint of the classroom block, and since this has only just been completed, the school is in a ‘good order of repair’. Therefore, the current value of the school’s obligation to maintain Crown property is zero and no provision is required at year end.

Actual cost is less than provision

Example:Kiwi Park School has a classroom block that was last painted nine years ago. The school anticipates it needs repainting every 10 years and the maintenance plan shows a repaint is due next year that is expected to cost $50,000. At 31 December year end, the school had a provision for cyclical maintenance liability of $45,000 ($50,000/10 x 9 years).

During the year, the school signs a new 5YA with the Ministry. As part of this agreement, the sash windows in the classroom block are replaced with aluminium windows and the areas around the windows are painted too.

The following year the school carries out the exterior repaint of the classroom block in accordance with the 10YPP. Because of the window painting work done the previous year, the actual cost of the repaint is $40,000, $10,000 less than the amount estimated.

###### Journal entry

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Provision for cyclical maintenance (liability) | $45,000 |  |
| Credit | Bank (asset) |  | $40,000 |
| Credit | Cyclical maintenance (property expense) |  | $5,000 |
| Narrative: To record the exterior repaint of the classroom block and charge the cost against the provision for cyclical maintenance. On completion of the exterior repaint, the value of the school’s obligation to maintain school property is zero and the balance of the provision is therefore transferred to revenue. | | | |

At year end the school updates its cyclical maintenance plan and recalculates its provision for cyclical maintenance. The only item of cyclical maintenance was the repaint of the classroom block and since this has only just been completed, the school is in a ‘good order of repair’ and the next repaint is not due for another 10 years. Therefore, the current value of the school’s obligation to maintain Crown property is zero and no provision is required at year end. This means the balance of the provision at 31 December must be transferred to revenue.

#### How do painting contracts and cyclical maintenance plans interact

The cyclical maintenance provision increases as the painting contract liability decreases. This is because your painting contract liability will usually decrease over the term of the contract as you pay for the painting work done in earlier years, while you will steadily be building up the cyclical maintenance provision for the next paint as it becomes due.

The following example demonstrates how the provision of cyclical maintenance increases as the painting contract liability decreases.

* In the year when the painting contract commences, and the paint job is undertaken the opening balance of the provision for cyclical maintenance will be offset against the cost of the painting contract. The revised balance of provision for cyclical maintenance is reduced to $nil until the end of the year when the cyclical maintenance is recalculated for the next paint job required in 8 years’ time.
  + Any difference between the provision and the initial painting liability is recognised in the statement of comprehensive income and expenditure.
* In the instance that your provision for cyclical maintenance was equal to the painting contract liability you would see the total liabilities overall remaining equal throughout the year as the provision for cyclical maintenance increases and the painting contract liability decreases.
  + It is unlikely that this would be the case for genuine painting contracts due to the maintenance portion varying each year
* Each year you will pay a fixed amount under your painting contract. Dependent on the terms of the contract a portion of this payment will reduce (offset) your painting liability and the remaining portion will be expensed as a painting maintenance charge to the statement of Comprehensive income and expenditure.

In the example below, the provision for cyclical maintenance relating to the paint job due to be completed in 2027 is the cost of the paint job in 2019 adjusted for an annual inflation rate of 1.7% over eight years.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Annual Maintenance charge** | **Repayment of painting Contract liability** | **Total Payment** | **Outstanding Painting Contract Liability** | **Provision for Cyclical Maintenance** | **Total Liabilities** |  |
| Opening Balance - 2019 |  |  |  | - | 66,516 | 66,516 | Opening cyclical maintenance balance |
| Paint Job Completed - 2019 |  |  |  | 77,497 | - | 77,497 | Recording of paint job completed |
| 2019-year end | 0 | 16,754 | 16,754 | 60,743 | - | 60,743 | First payment made 100% allocated to Painting Contract Liability |
| 2020-year end | 11,374 | 5,380 | 16,754 | 55,363 | 11,086 | 66,449 | Note:  Painting Contract – In the 2020 year the second payment made, 8.49% of work completed for the year.    Cyclical Maintenance – The provision is based in an annual 1/8th increase of the anticipated total cost to repaint in year 8 cost in this case $88,686 |
| 2021-year end | 10,262 | 6,492 | 16,754 | 48,871 | 22,172 | 71,043 |
| 2022-year end | 7,286 | 9,468 | 16,754 | 39,403 | 33,258 | 72,661 |
| 2023-year end | 7,380 | 9,374 | 16,754 | 30,029 | 44,344 | 74,373 |
| 2024-year end | 7,500 | 9,254 | 16,754 | 20,775 | 55,430 | 76,205 |
| 2025-year end | 6,635 | 10,119 | 16,754 | 10,656 | 66,516 | 77,172 |
| 2026-year end | 6,098 | 10,656 | 16,754 | - | 77,602 | 77,602 | Painting contract ends |
| 2027-year end |  |  |  | 88,686 | - | 88,686 | Assuming school enters into a new painting contract with school painted in this year. |

* The above graph highlights that was the painting contract liability decreases as the repayments are made, the provision for cyclical maintenance increases each year. The blue line highlights the total liabilities recognised in the accounts which increases by 1.7% each year.

**Read more about**

[Developing 10-year property plans](https://education.govt.nz/school/property-and-transport/property-planning/10ypp/)

[Property Occupancy Document](https://www.education.govt.nz/school/property-and-transport/roles/state-schools/)

[Cyclical Maintenance Provision Tools and Examples](https://www.education.govt.nz/school/funding-and-financials/school-finances/#CM-Provision-resources)

## 4.20 Te Mana Tūhono (The Power of Connection)

The Ministry has had regular engagement with schools throughout previous programmes of work, namely the School Network Upgrade Project (SNUP) and its spinoff, the Wireless School Network Upgrade Project (WSNUP).

Te Mana Tūhono is the joint vision of the Ministry of Education (the Ministry) and The Network for Learning Limited (N4L) to connect schools to a reliable internet that is resilient, safe, and secure. Te Mana Tūhono will also provide a long-term programme of support that removes the burden on schools to monitor, maintain and manage their ICT networks.

Te Mana Tūhono is made up of three phases:

* Equipment Support
* Equipment Replacement
* Secure Access

All three parts of Te Mana Tūhono will continue to be heavily subsidised by the Ministry of Education. However, schools will still be required to make a small contribution currently set at $2.50 per student per year upon commencement into the programme. This is payable to the Ministry of Education (not N4L). Shifting to an annualised funding model will make it easier for schools to budget. This will provide schools with an assurance that their ICT networks will continue to run seamlessly, remain fit-for-purpose and are reliable, resilient, with increased safety and security.

****

**Read more about**

[Te Mana Tūhono](https://www.education.govt.nz/school/digital-technology/your-schools-ict-network/te-mana-tuhono/#sh-te%20mana%20tuhono)

###### Accounting for Te Mana Tūhono

The Ministry may have provided funding for Te Mana Tūhono equipment. This is not 5YA funding but is still a capital grant.

Schools and kura should treat equipment (e.g. switches and wireless access points etc) installed as part of the Te Mana Tūhono by:

* Recording the Ministry portion as an equity contribution
* Recording the assets at 100% of their value then subsequently depreciating the assets accordingly
* You will be advised of the value of the IT equipment received as part of Te Mana Tūhono

5YA funds cannot be applied to switches and wireless access points that are part of Te Mana Tūhono.

The Ministry has partnered with the N4L to deliver Te Mana Tūhono. N4L will oversee the warranty extension or hardware upgrades for your school and will be your first point of contact for support. They will be in contact to begin the process.

Your school will be invoiced by the Ministry annually for the cost associated with the program ($2.50 per student). You only need to process this invoice like any other invoice received from a regular school supplier.

Further information on contribution arrangements can be found [here](https://assets.education.govt.nz/public/Documents/School/Digital-technology/Te-Mana-Tuhono-Information-Brief-May-2022.pdf)

#### State-integrated schools and kura

Switches and wireless access points are equipment and should be recognised at 100% of the cost of the equipment as an asset on the balance sheet. Any contributions made by the Ministry or the proprietor should be shown as income (in the same way as integrated schools and kura recognise the furniture and equipment grant).

If you have accounted for cabling, switches, and wireless access points differently in previous years from what is outlined above, you are not required to adjust your financial statements, because of the decreasing materiality of historic figures.

4.21 Shared funds

There are some instances when schools and kura share resources to achieve a common purpose. This may include projects to improve teaching and learning, to improve efficiencies, for professional development or to reduce administration costs. Examples include:

* Enhanced Programme Fund (EPF)
* ICT professional development clusters (ICT PD)
* Joint Schools Initiative Funding (JSIF)
* School transport networks (known as Direct Resourcing or DR)
* Supplementary Learning Support (SLS)
* Communities of Learning/Kāhui Ako.

Shared resources may include people, property or funds (money).

#### Managing a cluster

Schools and kura can form a cluster or group (referred to as a cluster here) and share funds for a common purpose to simplify administration. The cluster is not a new entity but is a jointly controlled operation.

One school or kura will be the ‘lead’ (or host/fund-holder/initiator) for the cluster and act as an agent for all the schools and kura in the cluster. The lead school or kura may set up a separate bank account on behalf of the cluster, or account for shared funds using a separate ledger.

The lead school or kura will receive funds from the Ministry or other funding sources on behalf of the cluster. They may also receive funds from member schools and kura to be used for the cluster’s common purpose.

The cluster should have a written agreement about what the shared funds are for, how they will be used, which schools and kura own any assets bought with shared funds, and what will happen to any remaining funds and assets when the cluster stops working together.

The use of the funds is subject to the same considerations that apply to the schools and kura that are members of the cluster, eg reporting, audit, procurement processes, investment of funds and managing any conflicts of interest.

#### Reporting requirements

The organisation that is funding the cluster (or the part of the Ministry that is monitoring funding provided to the cluster) may have specific reporting requirements that need to be met.

Reporting requirements will be set out by the funder and are separate to the reporting that schools and kura are required to include in their financial reporting.

#### Reporting to cluster members

The lead school or kura must track all revenue and expenses for the cluster separately from their own operations. They should provide regular, detailed management reports to the cluster and the funders.

#### Accounting for clusters

The lead school or kura will include GST on all cluster transactions with its own GST records and record cluster revenue and expenses net of GST.

At the end of the year, the lead school or kura should show the balance of funds held on behalf of the cluster as a liability in its Statement of Financial Position, with reference to a note. The note should show how the balance of funds held will be allocated. The lead school should only recognise its percentage share of cluster revenue or expense in its Statement of financial performance.

###### Journal entries for cluster member

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Kiwi Cluster (asset) | $4,000 |  |
| Credit | Bank |  | $4,000 |
| Narrative: | Funds contributed to the lead school for Kiwi Cluster (20% share) | | |

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Kiwi Cluster (asset) | $1,300 |  |
| Credit | Kiwi Cluster activities (revenue) |  | $1,300 |
| Narrative: | Recognise 20% share of surplus in Kiwi Cluster for the year | | |

Each school and kura that is a member of a cluster should show the balance of funds held by the lead school or kura on their behalf as an asset in their Statement of Financial Position, with reference to a note. The note should include their share of the net revenue (or expenses) of the cluster for the year to show how the asset balance changed during the year.

**Read more about**

[Legal requirements for financial reporting](#_2.7._Legal_requirements)

[Management reports](#_5.1_Management_reports)

# 5.0 Monitoring your finances

## 5.1 Management reports

Boards need regular updates about the financial performance and position of the school or kura to be able to make good decisions. The Ministry recommends updates are made monthly. Reports to the board should include:

* Current financial issues and how they are being managed, eg if the audit management letter was received recently, how are you responding to recommendations?
* That the school or kura has adequate working capital – or what is being done to improve the financial position
* Revenue and expenditure are within budget to date - or reasons for major variations are supplied
* Annual revenue and expenditure forecasts are on track – or the action taken to mitigate issues and risks, eg if the roll has changed significantly, has the forecast been adjusted?
* All funds held in trust are kept separate and managed appropriately
* Money has been set aside for long-term commitments, eg asset replacement
* The school or kura is operating within the policies approved by the board, eg there has been no unauthorised expenditure.

#### The basics of good reporting

* Use current information and prepare and present your reports as soon as possible.
* Limit reports to what is useful and relevant for decision-making. Providing too much detail can cause confusion.
* Think about your audience when preparing reports. Avoid accounting jargon for boards with little financial experience. A finance committee might want more detail.

### 5.1.1 Structure for monthly reports to boards

The board will often delegate responsibility for the quality and timeliness of reports to the principal. A monthly report should be comprised of:

* A Statement of Comprehensive Revenue and Expense (or a summary statement) showing revenue and expense against budget to date
* A Statement of Financial Position (or a summary statement) including significant commitments for the next month
* The year-to-date banking staffing balance and planned usage for the remainder of the staffing year
* Cash-flow Forecast to the end of the year, reconciling the current cash position to the predicted year end position
* Commentary/exception report – a simple written report showing:
* Any unusual/unexpected variance from what was budgeted, eg extra maintenance costs
* Any points that should be brought to the board’s attention, eg conflicts of interest or sensitive expenditure
* Any areas of risk, and plans for mitigating that risk
* Plans and expectations for the coming month(s).

Payments outside the principal’s delegation (eg over a certain amount or of a certain type) need to be presented to the board for approval. Also present any borrowing agreements including finance leases that need approval, as the board cannot delegate the authority to borrow.

#### Responsibility for report preparation

The principal can ask a staff member or service provider to prepare the financial reports based on information from the accounting system. The principal should understand what is in the report and present it at the board meeting. They should be able to answer any questions the board has about the financial status of the school or kura.

#### Monthly report to principal and/or finance committee

As manager of the day-to-day finances of the school or kura, the principal should receive more detailed monthly reports (the finance committee may need them too). They should understand the finances at a detailed level. To support this, they need a complete Statement of Financial Performance. They should also have a full ledger transaction report listing all revenue received and payments made during the month. Bank reconciliations for all accounts should also be provided and reviewed.

###### Extra information for budget holders

If a senior staff member has been given responsibility as a budget holder, then the principal should keep them fully informed. The budget holder needs regular reports showing current details of all transactions from accounts within their control and the balance against budget.

The budget holder should always know about all expenditure committed. They should also hold records of any outstanding orders.

Check that you know when your monthly financial management reports are due, so that they include the most current information for presentation at the next board meeting.

**Example**

**Report on overspend comes too late**

The Kiwi Park School administrator takes 15 working days to prepare a monthly report, get approval from budget holders, and get the principal to provide sign-off. The report is presented at the following month’s board meeting.

The report shows that urgent action is needed to cover an unexpected budget overspend. Because of the time spent preparing, reviewing and presenting the report, it is too late to fix the situation. If the board had been notified of the overspend earlier they could have made the funds available and avoided overdraft fees.

**Read more about**

[Delegations](#_2.4_Delegations)

[Schedule of Delegations model policy](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.education.govt.nz%2Fpublic%2FDocuments%2FSchool%2FRunning-a-school%2FFinancial-Information-for-Schools-Handbook%2FSchedule-of-delegations-policy-1-v2.docx&wdOrigin=BROWSELINK)

[Preparing a budget](#_3.2_Preparing_a)

Banking [staffing](https://www.education.govt.nz/school/funding-and-financials/resourcing/school-staffing/banking-staffing/#sh-banking%20staffing)

## 5.2 Indicators of financial health

The board needs to know that the school or kura is on track to achieve its financial and non-financial objectives throughout the year. This is usually monitored by reviewing management reports presented by the principal at board meetings. It is important that the board meet regularly throughout the year to discuss the status of the school or kura.

When reviewing management reports, the board should be looking for anything that may indicate that the school or kura is financially at risk. Reports should include budget versus actual for the month. If there are areas where actual is well over budget, find out why this has occurred. The board should also review roll numbers and whether the school or kura is meeting targets set in the charter. Board meeting minutes are a record of all matters discussed and decisions made.

Boards should confirm their school or kura has:

* Positive working capital and can pay its current debts as they fall due (short-term assets, such as cash or assets that can be converted to cash quickly, are greater than short-term liabilities)
* Operating surplus – revenue is greater than expenses
* Positive equity – total assets are greater than total liabilities
* Up to date cyclical maintenance obligations
* Steady/improving roll numbers
* Up to date staffing usage information ie that the school or kura is within its funding entitlement and if not, how it is being funded or if it can be afforded
* Budgets that are prepared annually and are being met
* An unqualified audit report
* A 10-year property plan in place
* Cash set aside for any future asset replacement (ie computers) or exterior painting of the buildings (ie cyclical maintenance provision)
* No excessive borrowing
* Property projects are in line with project budgets.

#### Identifying at-risk schools and kura

If expectations are not being met in any of the areas listed above (ie there is an operating deficit or a declining roll) that may indicate that the school or kura is financially at risk. The board needs to analyse any indicators and assess whether there needs to be an intervention. Any of these indicators in isolation will not necessarily mean that a school or kura is at risk as financial circumstances vary throughout the year, eg a board may have cash reserves to cover a one-off operating deficit.

If you are uncertain or believe your school or kura is at risk, contact your financial service provider or local Ministry School Finance Advisor for help to assess the situation. This does not necessarily mean that more funding can be made available.

###### Common reasons for being at-risk

Financial difficulty is most often caused by:

* Large property projects paid in full or part from local funds
* Unsustainable levels of staffing (including teachers) paid out of operational funding and local funds
* Unplanned acquisitions and large commitments to ongoing expenditure (ie long-term painting contracts, ICT leases)
* Rolls falling year on year.

In most cases, these problems can be avoided if the school or kura starts planning early and accurately forecasts what level of expenditure is sustainable.

**Read more about**

[Getting help](#_8.0_Getting_help)

# 6.0 Reporting on your finances

## 6.1 Annual reports

Public organisations are required by law to produce an annual report. This allows the organisation’s owners, employees, creditors and customers to review its performance and to make informed decisions about the future.

Annual reports for schools and kura allow teachers, parents, students and the wider community to review the year’s performance. Members of Parliament, the Minister of Education and the Ministry of Education are also interested in how well individual schools and kura, and the wider sector, perform.

###### https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement

Under Section 134 of the Education and Training Act 2020 all state and state-integrated schools and kura are required to prepare an annual report each year. The annual report must include audited annual financial statements prepared in accordance with generally accepted accounting practice. It is the responsibility of the board to approve the financial statements, but it is the responsibility of the principal to ensure they are presented to the board.

#### Preparation of annual reports

The annual report includes the annual financial statements which must be prepared in the Kiwi Park format, complying with generally accepted accounting principles. The board often delegates the responsibility of preparing the annual reports to the principal.

It is the responsibility of the board to ensure that the annual report is presented to the Secretary for Education no later than the statutory deadline of 31 May. Failure to do so will be a breach of the Education and Training Act 2020.

### 6.1.1 Filing the annual report

###### https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement

The Education and Training Act 2020 requires schools and kura to meet the following deadlines each year.

###### By 31 March

Draft financial statements (and as far as possible the whole annual report) must be submitted to your appointed auditor (section 135). Auditing standards require auditors to review the contents of the annual report in its entirety so that they may check consistency of information between the financial statements and the rest of the report.

If a financial service provider completes your financial statements, it is still the board’s responsibility to ensure that the service provider meets this deadline.

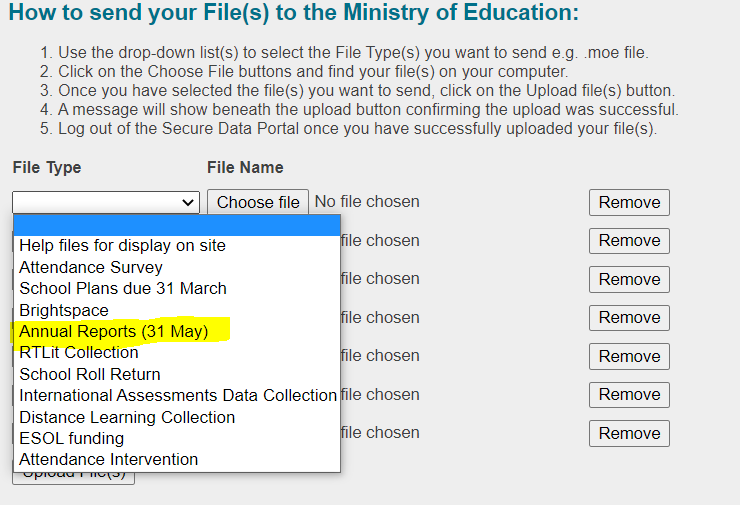
###### By 31 May

Submit a single PDF file of your annual report (including audited financial statements) to the Ministry via the Secure Data Portal (section 137). The financial statements must be signed by the presiding member (board chair), the principal and the auditor. It is the responsibility of the board to submit the report to the Ministry.

The Ministry recommends that you agree upon a timetable with your auditor to ensure that the annual report is with the Ministry by 31 May of the following financial year. This timetable should allow for enough time to work through issues identified in the audit before the deadline.

#### Secure Data Portal for submission of annual reports

Please use the Secure Data Portal to submit your annual reports to the Ministry. For document clarity, only use original versions (rather than photocopies) to create the PDF file. Use the portal drop-down option ‘Annual Report’ as shown in the picture to ensure your annual report is submitted correctly.



#### Publishing your annual report online

The board is required to publish their annual report on a website maintained by or on behalf of the board. This is usually the website of the school or kura. Making your annual report available online allows the community to see what has been achieved, and how finances have been managed. Publish your annual report on your website at the same time you submit it to the Ministry.

It is the board’s responsibility to ensure the Annual Report does not contain any information that may breach an individual’s privacy before being made publicly available.

If you do not have a website, the Ministry can host your annual report on our Education Counts website. Please email your request for us to host your report to [planning.reporting@education.govt.nz](mailto:planning.reporting@education.govt.nz)

**Read more about**

[Kiwi Park model financial statements and instructional videos](https://www.education.govt.nz/school/funding-and-financials/schools-annual-report/)

[Legal requirements for financial reporting](#_2.7._Legal_requirements)

[[Publishing](https://www.education.govt.nz/school/funding-and-financials/school-finances/schoolsannualreport/publishing-your-documents-online/) your documents online](https://www.education.govt.nz/school/funding-and-financials/school-finances/schoolsannualreport/publishing-your-documents-online/)

## 6.2 IPSAS PBE Tier 2 reporting framework

Financial statements for schools and kura are required to be prepared in accordance with generally accepted accounting practice in New Zealand, applying International Public Sector Accounting Standards (IPSAS) for Public Benefit Entities (PBE) Reduced Disclosure Regime as appropriate to Public Benefit Entities.

Schools and kura are considered Public Benefit Entities as they meet the criteria of “having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders”.

The majority of schools and kura qualify as Tier 2 as they are not publicly accountable and are not considered large (ie fall below the expenditure threshold of $30 million per year). All relevant reduced disclosure concessions have been taken.

The accounting standards require schools and kura to prepare a compulsory Statement of Cash Flows.

**Read more about**

[Kiwi Park model financial statements and instructional videos](https://www.education.govt.nz/school/funding-and-financials/schools-annual-report/)

[Legal requirements for financial reporting](#_2.7._Legal_requirements)

## 6.3 Reporting entity

A ‘reporting entity’ is the organisation being reported on in financial statements. The reporting entity in most situations is the organisation governed by the board and the school’s charter. However, there may be more complex cases, eg a large school or kura may have a trading enterprise, such as a farm.

The reporting entity must accurately describe the legal and accounting entity in the Statement of Financial Responsibility.

**Read more about**

[Kiwi Park model financial statements and instructional videos](https://www.education.govt.nz/school/funding-and-financials/schools-annual-report/)

## 6.4 Group financial statements

If the board can influence the activities and financial and operating policies of an entity connected with the school or kura then the financial reporting of the entity must be incorporated into the main school or kura financial statements (eg a boarding hostel, a parents’ support group, activity centre, teen parent unit or trust etc).

It first needs to be determined whether the entity is an integral part of the school or kura or a separate legal entity. Entities whose activities are integral (such as a teen parent unit) would be accounted for as a separate activity within the financial statements (with a note if there is more detail to disclose).

Separate legal entities, which have been assessed as controlled by the board for financial reporting purposes, are also public entities. They may be required to prepare their own financial statements. Whether the entity is subject to audit will be determined by legislation and/or the entity’s founding document. Where the separate legal entity is material to the school or kura, the school or kura will have to prepare consolidated accounts incorporating the transactions of the separate entity.

#### Defining control of an entity

The capacity to influence is defined in terms of control, eg can the board control the financial and operating policies of another entity for the purpose of obtaining the benefits and/or assuming the risks normally associated with ownership.

Use these questions to determine whether the board ‘controls’ an entity:

* Can the board influence appointing or removing people from the decision-making body of the entity?
* Can the board influence the distribution of the entity’s funds and assets?
* Can the board make decisions on behalf of the entity or veto any decisions made by the entity?
* Can the board dissolve the unit and obtain any of the entity’s funds and assets?

If the answer to these questions is yes, the entity is deemed to be a subsidiary of the board. The entity’s accounts must be consolidated with the school or kura accounts in the annual report.

If the board is in doubt about what comprises its reporting entity, seek advice from your accounting service provider, auditor or a Ministry School Finance Advisor.

Consolidated financial statements are prepared by combining the financial statements of the separate entities on a line-by-line basis, ie by adding together (after adjustments for inter-entity balances and transactions) corresponding items of assets and liabilities, revenue and expenses. It is recommended that a full set of accounts be presented for each entity as well as the consolidated accounts. Some accounting software products enable separate sets of accounts to be kept, and then consolidated at year-end.

If there is an entity associated with the school or kura, but not controlled by the board, then keep that entity’s funds, assets and operations separate and account for it separately.

See the Kiwi Park Group example of consolidated accounts.

**Read more about**

[[Kiwi Park model financial statements and instructional videos](https://www.education.govt.nz/school/funding-and-financials/schools-annual-report/)](https://www.education.govt.nz/school/funding-and-financials/school-finances/schoolsannualreport/)

[Trusts](#_7.10_Trusts)

[Getting help](#_8.0_Getting_help)

## 6.5 Notes to financial statements

Notes to the financial statements provide important explanations with a greater level of detail. Some notes are compulsory (in accordance with PBE IPSAS) but you may also choose to include notes that provide value or understanding to the reader.

The Kiwi Park School model financial statements include suggested wording for compulsory disclosure notes and are easy to understand. Additional information is provided below for a few of the more complex areas.

### 6.5.1 Related parties

An entity or person is considered a related party to a school or kura if they can control or exert significant influence over the decisions made by the board, ie key management personnel, close family of a board member or proprietor entity of an integrated school or kura.

|  |  |
| --- | --- |
| **Key management personnel** | **Close family members** |
| People who either directly or indirectly have authority and responsibility for planning, directing and controlling the activities of the school or kura | People who may be expected to influence, or be influenced by, the individual in their dealings with the school or kura |
| Principal (or deputy/associate/assistant), board members, committee members, executive management, senior staff with employing/contracting responsibilities | Domestic partners, children, children of partners, dependants and other family members |

#### Related party transactions

A related party transaction is atransfer of resources, services or obligations between related parties, regardless of whether a price is charged.

#### Disclosing related party transactions

All related party transactions that have occurred that are non-arm’s length and not at market terms are required to be disclosed. Any transactions that have occurred with related parties within a normal supplier relationship on normal terms are not required to be disclosed.

It is not necessary to report related party transactions between entities that form part of the New Zealand public sector, despite the fact that they are subject to common control or significant influence by the Crown (if the transactions are carried out at arm’s length). For example, schools and kura and New Zealand Post are both Crown reporting entities. However, disclosure of information by a school or kura about purchasing stamps from New Zealand Post does not provide users with useful information.

#### Non-arm’s length transaction

Example: Nicholas Reid is a member of the board of Kiwi Park School. Nicholas is also the general manager of Computer City Ltd that has been used to maintain and service the school’s computer hardware. The total value of transactions for the year is $10,000 and Computer City Ltd provided the services at a rate lower than market value.

This is a non-arm’s length related party transaction and therefore the board needs to disclose the payment of $10,000 with Computer City Ltd as a note in the financial statements.

#### Arm’s length transaction

**Example:** Angela Ashby is the principal of Kiwi Park School. In November the board purchased $24,000 of playground equipment from Big Fun Ltd. Angela’s husband, Tom, is the managing director of Big Fun Ltd. At 31 December $10,000 remained outstanding to Big Fun Ltd. All transactions have been on normal trading terms and will result in a fair market sales price.

This is an arm’s length related party transaction as the equipment was purchased at a market value price and therefore no disclosure is required in the related party note.

#### Key management personnel compensation

All schools and kura are required to disclose key management personnel compensation in a note to the accounts. All the shown remuneration classifications should be disclosed even if the payment is nil.

Remuneration includes all pay and benefits, such as cars, insurance payments, subsidised housing, bonuses, etc. Most key management personnel will be teachers so will be unlikely to have benefits unless concurrence has been given. However, if a school or kura has a business manager, they may be key management personnel and not be restricted by the collective employment agreement If the cost of a benefit is not determinable, an estimate should be made. If benefits are payable, the school or kura should be paying Fringe Benefit Tax on these which will provide a reasonable estimate of the benefit received.

Schools and kura are required to disclose the total remuneration of key management personnel (which includes members of the board and committee). As well as the number of individuals (determined on a full-time equivalent basis) receiving remuneration within each category. For example, the full-time equivalent for board and committee members has been determined based on the frequency and length of board and committee meetings and the estimated time for board members to prepare for meetings.

Refer to the Kiwi Park School model for how to calculate key management personnel compensation.

### 6.5.2 Commitments

Schools and kura are required to include a note in their financial statements disclosing their capital and operating commitments for up to five years in the future.

### 6.5.3 Contingencies

Schools and kura are required to include a contingency note in their financial statements showing the potential for any additional expense. For example, the board may be aware of a matter at 31 December that is unresolved, but which could result in expenditure that is not allowed for in the accounts (eg a redundancy or severance payment).

### 6.5.4 Remuneration

As the effective CEO of a school or kura the principal is in a position of power. Therefore, it is important to disclose to the community how much of the public funds are being paid out to the principal and key management personnel (KMP). It is also required by PBE IPSAS 20.34(a) and Crown Entities Act s152(1)(a), (c).

**Read more about**

[[Kiwi Park model financial statements and instructional videos](https://www.education.govt.nz/school/funding-and-financials/schools-annual-report/)](https://www.education.govt.nz/school/funding-and-financials/school-finances/schoolsannualreport/)

[Applying for concurrence for employee benefits](https://www.education.govt.nz/school/people-and-employment/employment-agreements/special-terms-or-conditions-concurrence/)

## 6.6 Disclosure of revenue and expenditure

Any activities large or small, that are reported within the financial statements, need to be reported in gross terms for both revenue and expenditure, whether a part of a financial statement line item or disclosed in a note.

#### Revenue disclosure

Revenue should be disclosed separately from expenses - not ‘netted off’ - to help the reader of the financial statements understand what has happened at the school or kura during the year. This includes locally raised funds, such as trading activities, hostel operations and fees from international students. The detailed breakdown of all revenue is usually provided in the notes to the financial statements rather than the Statement of Comprehensive Revenue and Expense.

Revenue is required to be separated into exchange and non-exchange transactions in the accounting standards.

###### Exchange PBE IPSAS 9

Exchange transactions are when one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange. Examples of exchange transactions for schools and kura would be interest revenue or money received from overseas students that pay market rates for education.

###### Non-Exchange PBE IPSAS 23

Non-exchange transactions are where an entity receives value from another entity without giving approximately equal value in exchange. The main types of transactions applicable to schools and kura are transfers (eg grants, donations/koha, gifts and pledges).

Most transactions that schools and kura take part in are non-exchange. While we do not recommend labelling revenue as exchange and non-exchange in the Statement of Comprehensive Revenue and Expenditure, it is a requirement to show the amounts receivable/payable in exchange/non-exchange transactions in the notes.

###### Determining the difference between transactions

If the grantor of a grant or donation/koha, or a person involved in any monetary exchange, has an expectation for the return of a specified service or goods then this can be deemed an exchange transaction. Alternatively, if there is no expectation that goods and/or services given will result in a specific service and or goods in return this can be deemed a non-exchange transaction.

The Kiwi Park model financial statements clearly outline what category each revenue stream falls under.

#### Expenditure disclosure

Expenditure should be disclosed separately from revenue - not ‘netted off’ - to help the reader of the financial statements understand what has happened at the school or kura during the year. This includes locally raised funds, such as trading activities, hostel operations and fees received from international students, although the detail is usually provided in the notes to the financial statements rather than in the Statement of Comprehensive Revenue and Expense.

Expenditure is usually reported against a range of expenditure-type categories, eg learning resources, administration or property. This enables comparisons from year to year within the school or kura and across the sector. However, if a school or kura has allocated its budget against strategic priorities within those categories, it may choose to report actual expenditure in the same way, especially within its Statement of Variance or notes to the accounts.

**Read more about**

[[Kiwi Park model financial statements and instructional videos](https://www.education.govt.nz/school/funding-and-financials/schools-annual-report/)](https://www.education.govt.nz/school/funding-and-financials/school-finances/schoolsannualreport/)

[Legal requirements for financial reporting](#_2.7._Legal_requirements)

## 6.7 Treatment of contributions to property projects

A funding contribution can range from a school board contributing a small sum to a Ministry-funded capital works project, through to a ‘shared ownership’ capital works where the board contributes to a large property development at the school or kura.

The accounting and tax treatment differs depending on the ownership of the assets being developed.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Asset Ownership** | |
|  |  | **School-owned** | **Ministry-owned** |
| **Project Management** | **Ministry-led** | A contribution towards the creation of a new asset or enhancement of an existing asset owned and maintained by the board; or owned and maintained partly by the Ministry and partly by the board is an **investment contribution.**    Accounting Treatment  The expenditure must be capitalised in the school fixed asset register.        GST Treatment  The Ministry will issue a GST inclusive invoice to the school. The school should include the GST on this invoice in their GST return. | A contribution towards an upgrade of a Ministry-owned and maintained asset is a **donation/koha contribution.**          Accounting Treatment  The expenditure must be treated as a distribution to the Crown through the Statement of Changes in Net Assets/Equity.    GST Treatment  The Ministry will issue a GST exempt invoice to the school. The school cannot claim GST as no GST was paid to the Ministry. |
| **School-led** | A contribution towards the creation of a new asset or enhancement of an existing asset owned and maintained by the board; or owned and maintained partly by the Ministry and partly by the board is an **investment contribution.**    Accounting Treatment  The expenditure must be capitalised in the school fixed asset register.        GST Treatment  The school should include the GST on payments made to suppliers in the GST return as they would for any other purchase. | A contribution towards an upgrade of a Ministry-owned and maintained asset is a **donation/koha contribution.**          Accounting Treatment  The expenditure must be treated as a distribution to the Crown through the Statement of Changes in Net Assets/Equity.    The school must declare to the Ministry what it spent on the project at its conclusion.    GST Treatment  An agency opt-out clause will be included in relevant agreements with the Ministry. The school should include the GST on payments made to suppliers in the GST return as they would for any other purchase. |

## 6.8 Treatment of school-owned assets transferred to the Ministry

Where a board transfers its ownership interest in a building or part of a building to the Ministry, the transfer must be treated as a distribution to the Crown through the Statement of Changes in Net Assets/Equity, and not as an expense.

## 6.9 Treatment of overspends of five-year agreement projects

If a board is facing an overspend on a Ministry-funded capital works project, eg a five-year agreement (5YA) project, then the board should approach the Ministry on project management options before exceeding the budget. Options could include scope reduction or readjusting the 5YA. If the step is not followed and the budget is overspent without Ministry pre-approval, any overspend will result in the board having to recognise the overspend as a board expense (in this scenario, the board will not own an asset).

# 7.0 Advice about…

## 7.1 Banking

Per section 158 of the Crown Entities Act, all money received by a school or kura must be paid, as soon as practicable after it is received, into the bank account of the school or kura. The account must comply with Crown Entities Act requirements at all times.

Boards must properly authorise the withdrawal or payment of money from their bank accounts. This means that:

* Boards may grant a power of attorney to a service provider to use the bank account, but the board will still be responsible for the account
* No money for the school or kura can be paid directly to a service provider trust account, proprietor’s account or the account of any other third party.

#### Authorised bank accounts

###### https://education.govt.nz/assets/Uploads/NEWRequired1RED2.pngRequirement

Bank accounts for schools and kura must be held in registered banks or building societies that either meet the credit test specified in the Crown Entities (Financial Powers) Regulations 2005 or have been approved by the Minister of Finance.

Bank accounts must:

1. Be in the name of the school or kura only and cannot include the name of a service provider, for example, ‘Kiwi Park School’ or ‘Kiwi Park School Board’
2. Be denominated in New Zealand dollars (unless the Minister of Finance allows otherwise)
3. Be held at one or more of the following:

* A registered bank or registered building society that meets a relevant credit rating specified in the Crown Entities section 158(1)(a) and the credit-rating test set out in Regulation 7 OR
* A registered bank or registered building society that meets the conditions of any relevant approval given by the Minister of Finance by notice in the Gazette OR
* A bank outside New Zealand if that meets the conditions of any relevant approval given to all schools and kura, is authorised by the Minister of Finance or conditions related to an individual school or kura, a group of schools and kura or a type of bank account.

All approvals are gazetted in the New Zealand Gazette.

The Reserve Bank maintains a [list of registered banks and their credit ratings](https://www.rbnz.govt.nz/regulation-and-supervision/banks/prudential-requirements/credit-ratings).

**Making an application**

To operate a bank account that is not authorised under the guidelines you must make a written request for approval that contains the following information:

* Why the board wants or needs to bank with a bank or building society that does not meet the specified credit-rating test.
* The nature and size of the board seeking approval and the likely amounts that will be kept in the bank from time to time.
* What the bank or building society’s credit rating is (if applicable), the reasons it has not been able to satisfy the specified credit-rating test and the significance of those reasons, in terms of investment risk, to the board as a banking customer.
* Whether the bank or building society is prudently managed and meets its statutory obligations.
* The ability of the bank or building society to meet the needs of the board and the relative convenience of the board using that bank or building society.
* The level of risk that the bank or building society might default on its obligations (and any attendant Crown risk).
* Whether there is any other factor that might point to it being financially irresponsible for the board to bank with the institution.

###### Send your application to:

Ministry of Education National Office  
Attention: National Lead Advisor, School Financial Advice  
Ministry of Education PO Box 1666  
Wellington 6041  
Or email [school.finances@education.govt.nz](mailto:school.finances@education.govt.nz).

###### Period of grace for accounts that cease to be authorised

If your current bank account ceases to qualify as authorised (as detailed above), the board has a period of grace in which it may continue to operate the bank account. By the end of that period, it must have closed the account and transferred all money in the account to another account that meets the requirements. This situation can arise when a registered bank no longer satisfies the credit-rating test. The period of grace ends on the earlier of:

* Two months after the bank account ceases to qualify OR
* A date specified by the Minister of Finance and notified to the board.

## 7.2 Fraud and internal controls - *Hara Tāware*

Fraud is an intentional act by management, staff or third parties to deceive others, usually by acts of deception, that involves the:

* manipulation, falsification or alteration of records or documents
* suppression or omission of the effects of transactions from records or documents
* recording of false transactions
* misapplication of accounting policies
* misrepresentations in a financial report
* misappropriation (theft) of assets

Boards and management are responsible for the prevention and detection of fraud and theft. The risk of fraud can be reduced by implementing and consistently operating adequate internal control systems.

Boards and management must be vigilant, as it is one of their primary responsibilities to ensure the assets of the school are safe guarded. It is not the responsibility of the auditor to detect or prevent fraud. However, during their work, they may uncover evidence of fraud. If so, they will bring this to the attention of the board.

*Ko te hara tāware he mahi takune tonu nā ngā kaiwhakahaere, kaimahi, tētahi atu tangata rānei ki te nukarau i ētahi atu, mā ngā mahi tinihanga, pēnei i te:*

* *raweke, te rūkahu, te whakarerekē rānei i ngā mauhanga, ngā tuhinga rānei*
* *pēhi, te huna rānei i ngā pānga o ngā tauwhitinga mai i ngā mauhanga, tuhinga rānei*
* *rekoata i ngā tauwhitinga rūkahu*
* *whakamahinga hē i ngā kaupapahere kaute*
* *whakaatunga hē i ngā pūrongo ahumoni*
* *whānako i ngā rawa*

*Nō ngā poari kura me ngā kaiwhakahaere te kawenga ki te kaupare me te rapu i te hara tāware me te whānako. Ka taea te whakaiti i te mōrearea o te hara tāware mā te whakatinana me te whakahaere ōrite i ngā pūnaha whakahaere ā-roto.*

*Me mataara ngā poari me ngā kaiwhakahaere, i te mea koinei tētahi o ā rātou kawenga matua, ki te whakarite i te haumarutanga o ngā rawa o te kura. Ehara nō te kaiarotake te kawenga ki te rapu, ki te kaupare rānei i te hara tāware. Engari i te wā e mahi ana rātou, ka huraina pea he taunakitanga hara tāware. Ki te pērā, ka whakamōhiotia te poari.*

### 7.2.1 Fraud risk factors - *Ngā āhuatanga mōrearea hara tāware*

Fraud usually includes a form of deception by an individual or several in collusion with others. Most fraud is opportunistic. It is committed when a person is presented with an opportunity to commit fraud.

*Ko tētahi āhua whānui te kitea o te hara tāware ko te mahi tinihanga a tētahi, ētahi rānei e mahi tahi ana. Ko te nuinga o ngā hara tāware he tūpono noa. Ka pupū ake i te wā ka wātea mai he āheinga ki te taka ki te hara tāware.*

There are several risk factors that boards and management should be aware of that may indicate a heightened risk of fraudulent behaviour:

* Close relationship with suppliers or a high number of transactions with a particular supplier
* Insufficient knowledge of suppliers
* Unprofessional invoices
* Lack of supporting documentation for payments
* Contact details and bank account numbers that are common to more than one supplier or employee
* Dominant personalities in sole charge or high trust positions
* Staff that work long hours or are reluctant to take leave
* Staff that resist having peer reviews or are unwilling to share duties
* Extravagant lifestyle or individuals that appear to live beyond their means
* Significant observed changes in the attitude and behaviour of an employee
* Poor tone at the top where the board and senior management have no commitment to acting with integrity
* Weak internal control environment

*Tērā ētahi āhuatanga mōrearea me mātua mōhio ngā poari me ngā kaiwhakahaere e tohu ana pea i te hikinga o te mōrearea o ngā whanonga hara tāware:*

* *He hononga tata ki ngā kaiwhakarato, he nui rānei ngā tauwhitinga ki te kaiwhakarato kotahi*
* *Te kore mōhiohio mō ngā kaiwhakarato*
* *Ngā nama runaruna*
* *Te kore o ngā taunakitanga mō ngā utunga*
* *Ngā taipitopito whakapā me ngā tau pūkete pēke e ōrite ana mō ētahi kaiwhakarato, kaimahi rānei*
* *Ngā haukiri awenui kei ngā tūranga whakapono nui*
* *Ngā kaimahi e mahi ana i ngā hāora roa, e whakatenetene ana ki te whakangā*
* *Ngā kaimahi e ātete ana ki ngā arotake ā-hoa, kāore rānei e hiahia ki te toha i ngā mahi*
* *Te hunga noho ngutu hore, noho rawanui ana i tua kē i tāna e tika ana*
* *Te rerekētanga nui o ngā waiaro me ngā whanonga a te kaimahi*
* *He reo koretake i ngā tūranga teitei i te wā kāore te poari me ngā kaiwhakahaere matua e pūmau ana ki te mahi i runga i te ngākau pono*
* *He taiao whakahaere ā-roto ngoikore*

### 7.2.2 Types of fraud - *Ngā momo hara tāware*

Fraudulent behaviour is usually motivated by an individual’s desire to financially benefit from an organisational weakness that presents itself. The following are some common types of fraud.

*I te nuinga o te wā e hihiritia ana te whanonga hara tāware e te hunga e awhero ana i ngā hua ahumoni mai i tētahi ngoikoretanga ā-whakahaere ka whakaatu ake. Ko ēnei e whai ake nei ētahi momo tauira o te hara tāware.*

Cybercrime - *Taihara ā-ipurangi*

There is a growing number of cases where cyber means have been used to access an organisation’s financial systems. Common cybercrime threats include compromising an employee’s email account and phishing scams, where employees are tricked into giving up log-in details or they allow ransomware to be loaded onto the network. There are also cases where an employee is tricked into paying an invoice outside the entity’s usual processes.

*E tipu haere ana te nui o ngā kēhi o te whakamahinga o ngā āhuatanga ipurangi ki te whakauru atu ki ngā pūnaha ahumoni a tētahi rōpū whakahaere. Ko ētahi o ngā taihara ā-ipurangi whānui ko te uru tinihanga ki te īmēra kaimahi, ngā hara hītinihanga rānei, i te wā ka tinihangatia ngā kaimahi ki te tuku i ngā taipitopito takiuru, ka tuku rātou kia uru ētahi pūmanawa tono moni ki te whatunga. Tērā anō ētahi kēhi ka nukarautia te kaimahi ki te utu i tētahi nama i waho o ngā tukanga ake a te rōpū.*

**Example**

**Fraudulent request for payment**

A Kiwi Park school office administrator recently received an email from the principal to pay a new creditor with a PDF attached showing the banking details. The creditor was well known in the education sector, although the school had not dealt with them before. This seemed unusual so the administrator contacted the principal to confirm this. The email was bogus and was presented in such a manner to seem legitimate. Personal details are readily obtained from the internet and any payment requested should follow the normal approval processes.

***He tauira***

**He tono hara tāware mō te utunga**

***He tono hara tāware mō te utunga***

*Kātahi anō tētahi kaiwhakahaere tari o te Kura o Kiwi Park i whiwhi īmēra mai i te tumuaki ki te utu i tētahi kaituku hou me te PDF e whakaatu ana pūtea pēke. He tangata rongonui te kaituku i te rāngai mātauranga, ahakoa kāore anō kia tauwhiti noa ki te kura i mua. He āhua rerekē tēnei nā reira ka whakapā atu te kaiwhakahaere tari ki te tumuaki ki te whakaū i tēnei. He rūkahu kē te īmēra, engari he whaitake kē tōna āhua. Ko ngā taipito whaiaro ka taea māmātia i te ipurangi, ā, nō reira ko ngā tono utu me whai tonu i ngā tukanga kua whakaaetia.*

Kātahi anō tētahi kaiwhakahaere tari o te Kura o Kiwi Park i whiwhi īmēra mai i te tumuaki ki te utu i tētahi kaituku hou me te PDF e whakaatu ana pūtea pēke. He tangata rongonui te kaituku i te rāngai mātauranga, ahakoa kāore anō kia tauwhiti noa ki te kura i mua. He āhua rerekē tēnei nā reira ka whakapā atu te kaiwhakahaere tari ki te tumuaki ki te whakaū i tēnei. He rūkahu kē te īmēra, engari he whaitake kē tōna āhua. Ko ngā taipito whaiaro ka taea māmātia i te ipurangi, ā, nō reira ko ngā tono utu me whai tonu i ngā tukanga kua whakaaetia.

Card fraud - *Hara tāware ā-kāri*

Card fraud can include credit cards, fuel cards, Visa debit and EFTPOS cards. Fraud can occur when card details are not kept secure and when there is no segregation of duties for the review and approval of card expenditure. Cards should be used only by the named person on the card who has appropriate authority and the card and PIN must be kept secure. Approval for expenditure must be one-up, for example, the board chair must authorise payments on the principal’s credit card. Receipts must be provided to support the expenditure.

*Ka uru ki te hara tāware ā-kāri ko ngā kāri taurewa, kāri hinu, kāri Visa debit me te EFTPOS. Ka ara ake te hara tāware i te wā kāore e tika te tiaki i ngā taipitopito kāri, ā, kāore he whakatāukenga mahi mō te arotake me te whakaae i te whakapaunga kāri. Me whakamahi ngā kari e te hunga e whakaingoatia ana i runga i te kāri, ā, e whai ana i te mana tōtika, ka mutu me noho haumaru te kāri me te PIN. Ko te whakaaetanga mō te whakapaunga me ahu mai i te pae o runga ake, hei tauira, me whakamana te ūpoko o te poari i ngā utunga o te kāri taurewa a te tumuaki. Me whakarato i ngā rihīti hei taunaki ki te whakapaunga.*

**Example**

**Lack of one-up approval for credit card**

A Kiwi Park school employee has a credit card for making office purchases and is also responsible for checking, approving, and paying the credit card bills. An opportunity exists for the employee to use the credit card to make personal purchases without anyone else at the school noticing. By ensuring there is an appropriate internal control process for using the credit card (e.g. all expenditure must be approved by the principal), the opportunity to commit any fraud would be considerably reduced.

***Hei tauira***

***Te korenga o te whakaaetanga pae o runga ake mō te kāri taurewa***

*He kāri taurewa tā te kaimahi o Te Kura o Kiwi Park mō te hoko i ngā hautaonga mō te tari, ā, nōna hoki te kawenga ki te hihira, te whakaae me te utu i ngā nama kāri taurewa. E ora ana tētahi āheinga mā te kaimahi ki te hoko mea whaiaro mā te kāri taurewa me te kore anō e aro a ētahi atu o te kura. Mā te whakarite kia whai tukanga ā-roto tika mō te whakamahi i te kāri taurewa (hei tauira, me whakaae rawa te tumuaki i ngā whakapaunga katoa), ka tino heke te āheinga ki te taka ki te hara tāware.*

Theft of assets. *Te whānakotanga o ngā rawa*  
Assets can be stolen by overriding existing controls or due to weak physical controls over assets. Boards should have strong internal controls over asset purchasing. There should be segregation of duties between ordering, approving and authorising payment of asset purchases. Assets that are desirable and mobile, for example, laptops and chromebooks, should be kept physically secure.

*Kei whānakohia ngā rawa mā te takahi i ngā tukana whakahaere, nā te ngoikore rāneio ngā whakahaerenga ōkiko o ngā rawa. Me whai ngā poari i ngā whakahaerenga ā-roto pakari mō te hoko rawa. Ko ngā rawa e tōminatia ana, ā, e taea ana te kawe, pēnei i te rorohiko kawekawe, me haumaru ōkiko te pupuri.*

Theft of cash - *Te whānakotanga o te moni*  
Cash can be easily stolen if there are weak physical controls or a lack of segregation of duties, for example, if a staff member is responsible for collecting, receipting and banking cash. Schools should encourage electronic payment for fees, donations and invoices rather than cash payment and store cash in a secure location that few employees have access to. Any cash should be banked as soon as possible.

*He māmā noa te whānako moni mēnā e ngoikore ana ngā whakahaerenga ōkiko, kāore rānei he wehewhenga o ngā mahi, hei tauira, mehemea nō te kaimahi te kawenga ki te kohi, te tuhi rihīti me te pēke i ngā moni. Me akiaki ngā kura i ngā utunga matihiko mō ngā utunga, ngā nama me ngā koha, hāunga te moni, ā, me puri i ngā moni i tētahi wāhi haumaru, e tokoiti noa ana ngā kaimahi e āhei ana. Me wawe tonu hoki te pēke i ngā moni.*

False invoicing - *Tuku nama horihori*  
Fraudulent payments can arise by false invoicing where an employee with delegated authority enters false or overstated invoices for payment. Good internal controls can mitigate this risk. A second person should be required to review and authorise all masterfile changes before payments are made. Any suspicious invoices should be investigated.

*Ka hua mai pea ngā utunga hara tāware i ngā tukunama horihori, i te wā ka tuku tētahi kaimahi whai tuku mana i ngā nama horihori, whakamōmona rānei. Ka taea e ngā whakahaerenga ā-roto pai te whakamauru i tēnei mōreareatanga. Me whai hoki i tētahi tangata atu anō hei arotake, hei whakamana i ngā panonitanga kōnae matua katoa i mua o ngā utunga. Me tūhura i ngā nama pāihi katoa.*

### 7.2.3 Board and management responsibilities to prevent fraud and theft - *Ngā kawenga a te poari me ngā kaiwhakahaere hei kaupare i te hara tāware me te whānako*

Fraud Policy - *Kaupapahere Hara Tāware*  
Boards are expected to adopt a fraud and theft prevention policy that is regularly communicated to staff and is acted on when a potential fraud is identified.

*Ko te tikanga ia ka whakatinana ngā poari o ngā kura i tētahi kaupapahere kaupare hara tāware, whānako hoki, e whakawhitia auautia ki ngā kaimahi, ā, ka whāia inā pupū ake tētahi hara tāware.*

A fraud policy should include the following elements:

* The board accepts that it has a responsibility to protect the physical and financial resources of the school.
* The board requires the principal to establish systems and procedures to guard against the actions of fraud and theft.
* Sets out how to record and report suspected or actual fraud to the principal, the board, appropriate law enforcement authority or other agency.
* Sets out that any investigation will be conducted in a manner that conforms to the principles of due process, equity and fairness.

*Me uru ki te kaupapahere hara tāware ēnei āhuatanga:*

* *E whakaae ana te poari he kawenga tōna ki te tiaki i ngā rauemi ōkiko, ahumoni hoki mai i ngā mahi hara tāware me te whānako.*
* *E whakahau ana te poari kia whakaritea e te tumuaki he pūnaha, he tukanga hoki hei kaupare atu i ngā mahi hara tāware me te whānako.*
* *E whakatakoto ana me pēhea te rekoata me te pūrongo i ngā whakapae me ngā hara tāware tūturu ki te tumuaki, te poari, te ture, tētahi atu rōpū rānei.*
* *E whakatakoto ana i ngā tukanga whakahaere tūhuratanga i runga anō i ngā mātāpono o te ture tōkeke, te tautika me te matatika hoki.*

You can find a model theft and fraud prevention policy here [Theft and fraud prevention model policy](https://education.govt.nz/assets/Uploads/Theft-and-fraud-prevention-policy.docx).

*Ka taea tētahi tauira kaupapahere kaupare i te hara tāware me te whānako i konei:*[*Tauira kaupapahere kaupare i te hara tāware me te whānako.*](https://education.govt.nz/assets/Uploads/Theft-and-fraud-prevention-policy.docx)

#### Reporting suspected fraud - *Te pūrongo i te whakapae hara tāware*

If you suspect fraud, refer to your theft and fraud prevention policy and immediately seek advice from an expert, such as your liability insurer, your Ministry School Finance Adviser, an auditor, forensic accountant, solicitor or the Police. This is important because the correct process needs to be followed for the best chance of recovering any funds. If the person you suspect of fraud is an employee, contact NZSTA, or another adviser approved by your liability insurer, for advice on how to handle the issue appropriately.

*Mēnā e whakapae ana koe tērā tētahi hara tāware, tirohia tō kaupapahere kaupare hara tāware me te whānako, ā, kia tere tonu te rapu tohutohu mai i tētahi mātanga, pēnei i tō kai-inihua pūnama, tō Kaitohutohu Ahumoni Kura a te Tāhuhu, tētahi kaiarotake, tētahi kaikaute rapu hara, tētahi rōia, ngā pirihimana rānei. He mea nui tēnei i te mea me whai i te tukanga tika e piki ai te tūponotanga pai o te rapu anō i ngā putea ngaro. Mēnā he kaimahi te tangata e whakapaetia ana e koe, whakapā atu ki te NZSTA, tētahi atu kaitohutohu rānei e whakaaetia ana e tō kai-inihua pūnama mō ētahi tohutohu me pēhea te whakahaere tika i tēnei take.*

#### Awareness and training for staff - *Te Aroā me te whakangungu mā ngā kaimahi*

It is important that the board communicates the theft and fraud prevention policy to staff regularly and provides training to staff about the risk of fraud. The more people that are aware of the risk, the harder most frauds become. Staff should know what their responsibilities are if they suspect fraud.

*He mea nui tonu kia whakawhiti auau te poari i te kaupapahere whānako me te hara tāware ki ngā kaimahi me te whakarato whakangungu ki ngā kaimahi mō ngā mōrearea o te hara tāware. Ko te nui ake o ngā tāngata e aroā ana ki te mōrearea, te uaua ake o ngā mahi hara tāware. Me mātua mōhio ngā kaimahi he aha ō rātou kawenga ina pupū ake he whakapae hara tāware.*

### 7.2.4 Fraud mitigation - *Te whakamauru i te hara tāware*

#### Practical steps to protect your school or kura - *Ngā whāinga ā-ringa hei tiaki i tō kura*

Most fraud is opportunistic. It is committed when a person is presented with an opportunity to commit fraud. Practical steps that staff and the board can take to protect the school or kura are:

* Remain sceptical – it is better to ask questions and follow up where necessary than to suffer loss.
* Educate staff and the board about the risk of fraud – the more people who are aware of the risk, the harder it can be to commit fraud. Some schools and kura prepare an annual written report to the board on potential financial fraud issues.
* Revisit your financial controls whenever changes occur, for example, changes in key staff or accounting systems. There should be more than one person involved in any financial process.
* Seek independent assistance – a review of your systems and controls by an independent expert is beneficial.
* If you find fraud, act – taking appropriate legal action against a fraudster does two things; it prevents the fraudster from taking advantage of another school or kura as well as it sends a clear message that fraud will not be tolerated.

*Ko te nuinga o te hara tāware he āheinga. Ka tatū i te wā ka whakaatu he āheinga ki te tangata ki te whai i te hara tāware. Ko ētahi whāinga ā-ringa hei whai mā ngā kaimahi me te poari ki te tiaki i te kura ko te:*

* *Noho hokirua - he pai ake te whiu pātai me te whaiwhai haere, tēnā i te pāngia ki te ngaromanga.*
* *Whakamōhio i ngā kaimahi me te poari mō te mōrearea hara tāware - ko te nui ake o te hunga e aroā ana ki te mōrearea, te uaua ake o te mahi hara tāware. Ka whakarite ētahi kura i tētahi pūrongo ā-tau ki te poari o ngā tūpono take hara tāware ā-ahumoni.*
* *Tiro anō i ngā whakahaere ahumoni i te wā ka tū he panoni, hei tauira, te panoni i ngā kaimahi matua, ngā pūnaha kaute rānei. Ko te tikanga he nui ake i te tangata kotahi i roto i te tukanga ahumoni.*
* *Rapu āwhinatanga motuhake - he whai hua tonu te arotake i ō pūnaha me ō whakahaerenga e tētahi mātanga motuhake.*
* *Ina kite koe i te hara tāware, whāia - ko te tuku i te kaihara ki te ture, e rua ōna painga; kua aukati koe i taua kaihara mai i te mahi hara anō i roto i tētahi atu kura me te tuku karere mārama, e kore e whakaaetia te mahi hara tāware.*

### 7.2.5 Internal controls - *Ngā whakahaere ā-roto*

Internal controls are the set of systems, policies, procedures, reviews and other activities that are used to minimise the risk of fraud and theft. Internal controls also serve to prevent and detect errors, promote accountability and ensure the integrity of financial and accounting information.

*Ko ngā whakahaere ā-roto he huinga pūnaha, kaupapahere, tukanga, arotake me ētahi atu mahi hei whakaheke i te mōrearea o te hara tāware me te whānako.*

No organisation can completely guard against fraud and theft. When fraud occurs, it can be devastating to the board and school community.

*E kore e taea e tētahi rōpū te ārai i ngā mahi hara tāware me te whānako katoa. I te wā ka tatū te hara tāware, he aneatanga nui mō te poari me te hapori o te kura.*

Boards can be proactive by implementing and operating internal controls to help prevent the opportunity to commit fraud. Strong internal controls in a school or kura are vital to ensuring its financial integrity. It is the responsibility of the principal to ensure day-to-day internal controls are in place.

*Me ngana ngā poari mā te whakatinana i ngā whakahaere ā-roto hei āwhina ki te ārai atu i te āheinga ki te mahi hara tāware. He waiwai ngā whakahaere ā-roto pakari i roto i te kura ki te whakarite i tana ngākaupono ahumoni. Nō te tumuaki te kawenga kia rite ngā whakahaere ā-roto o ia rā.*

No single control will protect against fraud. Instead, a full and varied set of systems and controls provides the best chance of fraud prevention.

*E kore tētahi whakahaerenga kotahi e ārai atu i te mahi hara tāware. Engari mā te huinga nui, rerekē hoki o ngā pūnaha me ngā whakahaere e whakarato i te āheinga pai rawa o te kaupare i te hara tāware.*

The following internal controls should be implemented within all schools and kura.

*Ko ēnei ngā whakahaere ā-roto me whakatinana i roto i ngā kura.*

#### a) Segregation of duties - *Te whakatāuke i ngā mahi*

One of the simplest and most effective forms of internal control is to ensure the segregation of any duties relating to purchasing and paying for items and handling money. Separating these duties makes it much harder for one person to engage in fraudulent behaviour.   
*Ko tētahi o ngā āhuatanga māmā, whaihua rawa atu o te whakahaere ā-roto, ko te whakarite kia wehewehe ngā mahi e pā ana ki te hoko me te utu mō ngā tūemi me te pupuri moni. Mā te whakatāuke i ēnei mahi, ka uaua ake mā te tangata kotahi ki te whakauru ki ngā whanonga hara tāware.*

No one person should have control of ordering goods, approving expenditure and authorising payments via internet banking. Having control of the whole process creates an opportunity for fraud by giving the person opportunity to purchase and pay for goods for their own use without ever having the purchases detected.

*Kāore i tika kia noho ki te tangata kotahi te whakahaeretanga o ngā mahi tono hautaonga, whakaae i ngā whakapaunga, me te whakamana i ngā utunga mā te pēke ipurangi. Mā te pupuri i te mana o te tukanga katoa, ka hanga i te āheinga hara tāware mā te tuku i te āheinga ki te tangata ki te hoko me te utu mō ngā hautaonga mōna ake me te kore anō e kitea e tētahi atu*

Smaller schools can find it difficult to segregate duties because they have few administrative staff. However, a small school could still put in place mitigating controls such as additional monitoring by the board or management.

*Ka uaua pea ki ngā kura iti ki te whakatāuke i ngā mahi nā te mea he itiiti ngā kaimahi whakahaere. Engari ka taea tonu e ngā kura iti te whakarite i ngā whakamaurutanga pēnei i ngā aroturuki tāpiri a te poari, kaiwhakahaere rānei.*

When considering the segregation of duties, try to have different people performing these functions as much as possible:

* Receipting of cash
* Banking
* Ordering of goods/services
* Authorisation of expenditure
* Authorising payments
* Accounting records eg. journal preparation is separate to journal approval
* Payroll data input
* Payroll approver

*I te wā e whakaarotia ana te whakatāuke i ngā mahi, he pai tonu kia rerekē ngā tāngata e kawe ana i ēnei mahi:*

* *Te rihīti i ngā moni*
* *Te pēke moni*
* *Te tono hautaonga*
* *Te whakamana i ngā whakapaunga*
* *Te whakamana i ngā utunga*
* *Ngā mauhanga kaute, hei tauira te whakarite hautaka he rerekē ki te whakaaetanga hautaka*
* *Te tāuru raraunga utu kaimahi*
* *Te tangata whakaae i ngā utu kaimahi*

In addition to segregating tasks, effective internal control requires two people to authorise internet banking payments. This arrangement should be formalised with the bank. Changes to the online payroll system should be approved by an appropriate person.  
*Tāpiri ki te whakatāuke i ngā mahi, ko ngā whakahaere ā-roto whaihua, me whai i ngā tāngata tokorua hei whakamana i ngā utu pēke ipurangi. Me noho ōkawa tēnei whakaritenga ki te pēke. Ko ngā panoni ki te pūnaha utu kaimahi tuihono me whakaae rawa tētahi tangata tōtika.*

Segregation of duty examples:

* The person who authorises an invoice is different to the person who authorises payment of it.
* The person who banks cash is different to the person who receives and receipts it.
* The person who orders equipment is different to the person who authorises payment for it.

*Tauira o ngā whakatāuke mahi:*

* *Ko te tangata e whakamana ana i te nama, he rerekē i te tangata e whakamana ana i tōna utunga.*
* *Ko te tangata pēke moni he rerekē i te tangata ka whiwhi, ka tuhi rihīti hoki.*
* *Ko te tangata tono i ngā tūemi he rerekē i te tangata ka whakamana i tōna utunga.*

A segregation of duties matrix is available to help boards to identify any weak spots and take corrective action: [Segregation of Duties Matrix](https://www.education.govt.nz/school/funding-and-financials/school-finances/#:~:text=DOCX%2C%2017%20KB%5D-,Internal%20Control%20Resources,-The%20internal%20control)

#### b) Banking and cash handling - *Te pēke me te pupuri moni*

Cash receipts - *Ngā rihīti moni*  
Schools should encourage electronic payment for fees, donations and invoices rather than cash payment. Cash should be stored in a secure location that few employees have access to. Any cash should be banked as soon as possible.

*Me akiaki ngā kura i te utunga matihiko i ngā utu, ngā koha me ngā nama, hāunga te utu mā te moni. Me puri ngā moni ki tētahi wāhi haumaru, e iti ana ngā kaimahi e āhei ana ki aua moni. Me wawe tonu te pēke i ngā moni.*

Bank reconciliations - *Ngā tātaitanga pēke*  
Bank reconciliations should be prepared and reviewed at least monthly (weekly for larger schools and kura). You can download a statement from your online banking portal at any time. Bank reconciliations are used to compare the balances recorded in the general ledger to that recorded in the bank account/bank statement. Any variance should be able to be traced to supporting documentation, e.g. a remittance documentation received and accounted for in the system/general ledger but not yet cleared through the bank.

*Ko ngā tātaitanga pēke me whakarite, me arotake hoki kia kotahi wā i te marama, neke atu rānei (ia wiki mō ngā kura nui). Ka taea e koe te tikiake i tētahi ripanga mai i tō tomokanga pēke ipurangi i ngā wā katoa. Ka whakamahia ngā tātaitanga pēke ki te whakatairite i ngā tapeke e mau ana i te tārawa whānui ki ērā e mau ana i te pūtea pēke/ripanga pēke. Ko te tikanga ko ngā rerekētanga ka taea te whai haere ki ngā tuhinga taunaki, hei tauira he tuhinga utunga moni i tae mai, ā, e kitea ana i roto i te pūnaha/tārawa whānui, engari kāore anō kia wātea i te pēke.*

Petty cash - *Moni ukauka*Petty cash is often used to make small purchases or reimbursements in cash (e.g. for milk). Schools and kura should develop a policy on how much petty cash is available and the maximum amount that can be paid. This can be part of the board’s cash management policy.

*Ka whakamahia ngā moni ukauka ki te hoko mea iti, te whakahoki moni rānei (hei tauira mō te miraka). Me waihanga ngā kura i tētahi kaupapahere mō te nui o te moni ukauka e wātea ana me te nui o te moni ka taea te utu. Me noho tēnei hei wāhanga o te kaupapahere whakahaere moni a te poari.*

Most payments by schools and kura should be made using electronic banking and therefore only a small amount of cash should be held. The Ministry recommends no more than $200.

*Ko te nuinga o ngā utunga kura me utu mā te pēke matihiko, nā me iti noa te moni e puritia ana. Ko te whakahau a te Tāhuhu kia kaua e neke atu i te $200.*

Schools and kura should keep cash in a secure location that few employees have access to. Each transaction should be documented using receipts and petty cash vouchers. Boards should determine who can approve petty cash top-up payments.

*Me pupuri moni ngā kuri i tētahi wāhi haumaru e iti ana ngā kaimahi e āhei ana. Me tuhi rawa i ia tauwhititnga mā te whakamahi rihīti me ngā puka moni ukauka. Mā ngā poari e whakatau ko wai te hunga hei whakama i ngā utunga tāpiri moni ukauka.*

Fundraising cash  
Schools and kura undertake a variety of fundraising activities that are often organised by associated groups. Careful controls on cash in and out should be agreed on before the activity begins. For example, a cash ‘float’ may be needed at the beginning of an activity to provide change. The source of the cash float should be recorded carefully so it can be correctly returned. All cash received should be counted by two people separately before it is banked.

*He huhua ngā kaupapa kohi moni a ngā kura ka whakaritea e ētahi atu rōpū. Me whakaae rawa ētahi whakahaerenga motuhake mō te moni uru, puta hoki i mua i te tīmatanga o ngā mahi. Hei tauira, ka hiahiatia pea tētahi 'taurangi' moni i te tīmatanga o tētahi kaupapa hei wāwāhinga moni. Me tuhi nō whea ngā moni kia tika ai te whakahoki atu. E tika ana kia rua ngā tāngata hei kaute i ngā moni kohi i mua o te pēketanga.*

One way to reduce cash handling is to sell tickets equivalent to cash that can be ‘spent’ at booths and stalls. That means cash is only handled at the ticket booth, where there can be two people monitoring cash in and tickets out.

*Ko tētahi huarahi o te whakaiti i te raweketanga moni ko te hoko tīkiti e rite ana ki te moni, hei 'whakapau' i ngā toa. ko te tikanga o tērā, ka raweketia anake te moni i te wharau tīkiti, he wāhi ka aroturukihia ngā moni kuhu, puta hoki e tētahi tokorua.*

Cash should be banked by someone separate to the person who has received and receipted the cash. Any cash received should be banked as soon as possible.

*Me pēke ngā moni e tētahi tangata rerekē i te tangata nāna i whiwhi, i rihīti i ngā moni. Me wawe tonu te pēke i ngā moni whiwhi.*

#### c) Controls for expenditure - *Ngā whakahaere mō ngā whakapaunga*

Credit cards  
There should be strict controls over the use of school credit cards. Limit usage to certain staff, set the maximum credit limit carefully and require receipts to be kept and authorised when expenditure occurs. The ‘one up’ principle should be applied when authorising expenditure. This means that the expenditure should be approved by a person in a more senior position than the card holder, for example, the presiding member should approve the principal’s credit card expenditure. This should also be applied to store cards.

*Ngā kāri taurewa  
Me whai te kāri taurewa a te kura i ngā whakahaere pākaha o tana whakamahinga. Me iti noa ngā kaimahi e āhei ana, me āta whakatau i te mōrahi taurewa, ā, me mātua whakarite kia puritia ngā rihīti, kia pai ai te whakamana i te wā o te whakapaunga. Me whakarite i te mātāpono 'pae o runga ake' i te wā e whakamana ana i ngā whakapaunga. Ko te tikanga o tēnei, me whakamana tētahi tangata o te tūranga matua ake i te kaipupuri kāri, i ngā whakapaunga, hei tauira, mā te ūpoko o te poari e whakamana i te whakapaunga kāri taurewa a te tumuaki. Me pēnei te āhua mō ngā kāri o ngā toa hoki.*

Internet banking  
Schools and kura should have internet banking established and be using it as the main way for paying for expenditure and receiving funds. It is a more secure way to make and receive payment than cash and creates an electronic audit trail.

Strict controls should be implemented around internet banking. Restrict who has access and ensure that payments always require two approvals before they can be made. The potential for fraud is higher when one person can act on their own to make payments or transfers. The board should approve access to internet banking for any staff.

Remember that:

* Any payments should be supported by documentation, e.g. an invoice or purchase order. It is important to ensure the invoice has been approved by a person with delegated authority prior to any payment being made.
* Any reimbursements to staff should be made via internet banking and should be accompanied by a receipt that has been approved for reimbursement.
* The supplier bank account details loaded into internet banking must match those on the invoice and you should verify that it is a legitimate supplier before authorising the payment schedule.

*Pēke ipurangi  
Me whakarite ngā kura i te pēke ipurangi, ā, me whakamahi hei huarahi matua o te utu i ngā whakapaunga me te whiwhi pūtea. He huarahi haumaru ake tēnei ki te utu me te whiwhi utu, tēnā i te moni, ā, ka hangaia he makatea matihiko hei arotakenga.*

*Me whakatinana i ngā whakahaere pākaha mō te pēke ipurangi. Kia whāiti tonu te hunga e āhei ana, ā, me whakarite kia rua ngā whakaaetanga i mua o te utunga. He nui ake te tūpono hara tāware mēnā kotahi anake te tangata e whakatau ana i ngā utunga, ngā whakawhitinga rānei. Mā te poari tonu e whakamana i te āheinga ki te pēke ipurangi mā ngā kaimahi.*

*Kia mahara ake:*

* *Ko ngā utunga katoa me tautoko ki te tuhinga, hei tauira, he nama, he tono utunga rānei. He mea nui tonu kia whakarite i te whakaaetanga o te nama e te tangata whai tuku mana i mua o tētahi utunga.*
* *Ko ngā whakahokinga moni ki ngā kaimahi me tatū mā te pēke ipurangi, ā, me whai rihīti i te taha, kua whakaaetia kētia kia utua.*
* *Me ōrite tonu ngā taipitopito pūtea pēke a te kaiwhakarato kei runga i te pēke ipurangi ki ērā kei runga i te nama, ā, mē whakatūturu mēnā kaiwhakarato whaimana i mua o te whakamana i te hōtaka utunga.*

Authorisation of expenditure

All expenditure must be verified, approved and authorised before it is paid. Any expenditure should be in line with the delegation policies and budget set by the board and approved by the person responsible, eg. principal or head of department. All expenditure should be approved by the person one-up eg. the principal’s credit card should be approved by the Board.

*Te whakamana i te whakapaunga*

*Me whakatūturu, me whakaae, me whakaman i ngā whakapaunga katoa i mua o te utunga. Me hāngai ngā whakapaunga ki ngā kaupapahere tuku mana me te mahere pūtea kua whakatauhia e te poari, ā, kua whakaaehia e te tangata haepapa, hei tauira, te tumuaki, ūpoko o te tari rānei. Me whakaae rawa ngā whakapaunga katoa e te tangata o te pae o runga ake, hei tauira, mā te Poari e whakamana i te kāri taurewa a te tumuaki.*

Supplier masterfile

The supplier masterfile in your accounting system contains details of all suppliers and their bank account numbers. Most systems will generate a report listing for any changes made to the masterfile. Supporting documentation should be kept for any change to a supplier (e.g. a change in bank account details). To ensure no inappropriate changes are made, all changes to the supplier masterfile should be checked against supporting documentation by a second person.

*Kōnae matua a te kaiwhakarato*

*Kei roto i te kōnae matua o tō pūnaha kaute ngā taipitopito o ngā kaiwhakarato katoa me ō rātou pūtea pēke. Ka whakaputa pūrongo te nuinga o ngā pūnaha e whakarārangi ana i ngā panonitanga ki te kōnae matua. Me pupuri i ngā tuhinga tautoko mō ngā panonitanga kaiwhakarato (hei tauira, kua panoni ngā taipitopito pūtea pēke). Kia kore ai e hua ake ētahi panoni tinihanga, me hihira ngā panoni katoa ki te kōnae matua kaiwhakarato ki ngā tuhinga tautoko e tētahi tangata kē.*

d) Controls for payroll

EdPay has prepared guidance which outlines key payroll internal controls. The guidance is designed to assist you to strengthen your payroll internal control environment using the functionality available in EdPay.

The following guidance is available for download from the [training section of EdPay’s website](https://www.edpay.govt.nz/Site/Training/default.aspx):

* School internal processes and controls - payroll
* How to use EdPay transaction histories
* Checking transactions using the activity history and timesheet and leave histories in Edpay

#### e) Posting/approval of journals - *Te whakairi/whakaaetanga o ngā hautaka*

There should be internal controls in place to ensure appropriate journals are being posted. A key internal control for journals is to ensure the preparer of the journal is separate to the authoriser, and all journals must be authorised before being posted. Documentation to support every manual journal should be kept.

*Me whakarite i ngā whakahaere ā-roto, kia rite ai te whakairi i ngā hautaka tōtika. Ko tētahi whakahaere ā-roto matua mō ngā hautaka, kko te whakarite kia tū wehe te kaiwhakarite o te hautaka ki te kaiwhakamana, ā, me whakamana ngā hautaka katoa i mua o te whakairi. Me puri hoki ngā tuhinga e tautoko ana i ia hautaka ā-ringa.*

**Example**

**Internal control process for journal approvals**

Kiwi Park School operates a system of internal controls to segregate most accounting duties, including journal entries. The office manager is required to prepare a journal to account for the banking staffing liability at each month end. The journal is attached to the supporting banking staffing report for approval by the principal. The principal reviews the journal and report, then signs the journal as approved. Once approval is gained, the office manager can post the journal to the accounting system.

#### 

#### ***He tauira***

***Tukanga whakahaere ā-roto mō ngā whakaaetanga hautaka***

*E whakamahi ana te Kura o Kiwi Park i tētahi pūnaha o ngā whakahaere ā-roto ki te whakatāuke i te nuinga o ngā mahi kaute, tae atu ki ngā whakaurunga hautaka. E herea ana te kaiwhakahaere tari ki te whakarite hautaka hei haepapa i te tāpui taunaha kaimahi i te mutunga o ia marama. Ka tāpiritia te hautaka ki te pūrongo taunaha kaimahi tautoko kia whakaaetia e te tumuaki. Ka arotakehia e te tumuaki te hautaka me te pūrongo, kātahi ka waitohu i te hautaka. Kia whakaaetia, ka taea e te kaiwhakahaere tari te whakairi i te* hautaka ki te pūnaha kaute.

#### f) Password controls - *Ngā whakahaere kupumuna*

You should have a secure password for the accounting systems and internet banking that is kept safe. Passwords should not be shared amongst staff and should be updated regularly. This is a key internal control as inappropriate use of passwords can allow access to systems for those who should not have it.

*Me haumaru tonu te kupumuna mō ngā pūnaha kaute me te pēke ipurangi, ā, me haumaru hoki te pupuri. Me kaua ngā kupumuna e tohaina ki ngā kaimahi, ā, me auau hoki te whakahou. He whakahaere ā-roto matua tēnei, i te mea ki te hē te whakamahi i ngā kupumuna, ka uru poka noa ētahi kāore e tika ana ki ngā pūnaha.*

****

**Read more about**

[Internal Control Checklist](https://www.education.govt.nz/school/funding-and-financials/school-finances/#:~:text=DOCX%2C%2017%20KB%5D-,Internal%20Control%20Resources,-The%20internal%20control)

[Segregation of Duties Matrix](https://www.education.govt.nz/school/funding-and-financials/school-finances/#:~:text=DOCX%2C%2017%20KB%5D-,Internal%20Control%20Resources,-The%20internal%20control)

[Internal Controls and transaction checking - payroll](https://www.edpay.govt.nz/Site/Training/default.aspx)

### 7.2.6 Fraud mitigation policies and checklist - *Ngā kaupapahere whakamauru hara tāware me te rārangi arowhai*

The following documents can help you set up strong policies and processes for your school or kura to mitigate the risk of fraud and theft.

[Theft and fraud prevention policy](https://assets.education.govt.nz/public/Documents/School/Running-a-school/Financial-Information-for-Schools-Handbook/Theft-and-fraud-prevention-policy.docx)

[Cash management policy](https://assets.education.govt.nz/public/Documents/School/Running-a-school/Financial-Information-for-Schools-Handbook/Cash-management-policy-1.docx)

[Credit card policy](https://assets.education.govt.nz/public/Documents/School/Running-a-school/Financial-Information-for-Schools-Handbook/Credit-card-policy.docx)

[Schedule of delegations’ policy](https://assets.education.govt.nz/public/Documents/School/Running-a-school/Financial-Information-for-Schools-Handbook/Schedule-of-delegations-policy-1-v2.docx)

## 7.3 Fundraising by integrated schools and kura

State-integrated schools and kura (as defined in section 10 of the Education and Training Act 2020) should note that any funds raised by PTAs (or similar) that are transferred at any time to the board of the school or kura automatically become Crown funds and can only be spent on board-owned assets, ie they cannot be spent on the proprietor’s property.

Fundraisers for integrated schools and kura are encouraged to ensure that funds raised in support of school or kura property are clearly identified as being in support of the proprietor and do not come under the control of the board or board-controlled trusts at any time.

## 7.4 Hostels

Schools and kura that run a hostel must only recognise payments received as revenue when they are earned. If hostel fees are paid in advance, the same journals will be recorded as shown for international student fees.

**Read more about**

[International student fees](#_4.14_International_students)

## 7.5 Housing for teachers and caretakers

Core school houses are houses that are needed to recruit and retain teachers at schools and kura. Boards are responsible for managing any core houses the school or kura has, which includes dealing with rent and tenants. The Ministry manages non-core houses through the National Housing Contractor. The Ministry no longer builds or replaces caretaker houses. If your school or kura has one, you are responsible for its management.

**Read more about**

[Houses for teachers and caretakers](https://www.education.govt.nz/school/property-and-transport/school-facilities/teacher-caretaker-housing/)

## 7.6 Insurance

#### Risk Management Scheme

The Ministry’s Risk Management Scheme offers contents and liability insurance for state and state-integrated schools. The scheme covers most losses of property in the event of break in, vandalism or fire, as well as a range of legal liabilities. Boards can choose to join the scheme or to insure with a private insurance company.

Find out [more about the Risk Management Scheme](https://www.education.govt.nz/school/funding-and-financials/resourcing/operational-funding/the-risk-management-scheme-contents-and-liability-insurance/).

#### Workers Accident Insurance

The Accident Compensation Corporation (ACC) is the sole provider of accident insurance for all employers. All claims for work-related injuries must be lodged with ACC.

On behalf of state and state-integrated schools and kura, the Ministry has entered ACC's WorkPlace Cover programme. Schools and kura are invoiced each year for their Residual Claims Levy and Workplace Cover premiums.

#### Contract works insurance

Contract works insurance covers property that is under construction for Ministry contracts or jointly-funded contracts with the board. The cover is for accidental damage to the contract works, including vandalism, theft and earthquake. If the project is funded by the board or the community, the board can choose to use the Ministry’s contract works insurance or can arrange their own insurance.

#### Other potential areas of insurance

Schools and kura are covered for many types of insurance. However, some additional areas of insurance may be required:

* Overseas travel – if staff travel on school or kura business
* Motor vehicle – the Risk Management Scheme covers vicarious liability for motor vehicles within the public liability section, but if your school or kura owns motor vehicles, consider obtaining comprehensive insurance for these
* Overseas students – overseas students should obtain their own health and travel insurance.

**Read more about**

[Personnel expenses](#_4.19_Personnel_expenses)

## 7.7 Parent Teacher Associations (PTAs)

Parent Teacher Associations (PTAs) or home school associations are voluntary organisations bringing together parents, teachers and students within a school or kura. They aim to support their school or kura, foster relationships with the community and raise funds to improve services and facilities.

Good communication between the board and the PTA can help the two entities work together effectively for the school or kura and their students.

PTAs (or similar) should be registered under the Charities Act 2005 in order to retain their charitable (and tax-free) status.

Unless the PTA is a delegated committee of the board, boards have no authority over the use of funds raised by the PTA. The PTA can choose to gift funds to the board.

**Read more about**

[Parent Teacher Associations](https://www.education.govt.nz/school/funding-and-financials/school-finances/school-tax-issues/#Parent)

[The New Zealand Parent Teacher Association](https://www.nzpta.org.nz/)

## 7.8 Property management

#### State schools and kura

Schools and kura can have both board and Ministry-owned buildings. It is the board’s responsibility to manage and maintain both board and Ministry-owned property. The cost of a board-funded building must be accounted for as a fixed asset in the Statement of Financial Position. All Ministry-owned buildings should be excluded from the Statement of Financial Position.

**Property Maintenance Grant for maintenance work**Boards can use the Property Maintenance Grant (PMG) to pay for maintenance work on Ministry-owned buildings and facilities at their school or kura. This funding does not cover capital work or operational non-property expenses.

###### Property Occupancy Document

The Ministry notifies boards of state schools and kura of their responsibilities for managing property in a Property Occupancy Document (POD).

#### State-integrated schools/kura

State-integrated schools and kura receive some government funding to maintain and modernise the buildings of the integrated school or kura. They differ from other state schools and kura in that a private entity, the ‘proprietor’, owns the buildings and land and is responsible for ensuring the buildings meet Ministry standards.

**Read more about**

[Property management in state schools](https://www.education.govt.nz/school/property-and-transport/roles/state-schools/)

[Property management for state-integrated schools](https://www.education.govt.nz/school/property-and-transport/roles/integrating-schools/)

[Property Maintenance Grant for state school maintenance work](https://education.govt.nz/school/funding-and-financials/funding/property-maintenance-grant/)

[Property Occupancy Document](https://www.education.govt.nz/school/property-and-transport/roles/state-schools/#pod)

## 7.9 Tax

#### Income tax

All schools and kura are exempt from paying income tax under section 61 of the Education and Training Act 2020.

#### Goods and Services Tax (GST)

Schools and kura must be GST registered and must complete GST returns regularly. The Ministry recommends two-monthly GST returns (monthly for large schools or kura).

Schools and kura need to fully account for GST and reconcile all GST returns. GST statements received from the IRD must be checked with the return submitted. Any necessary adjustments should be incorporated into the accounting system.

All Ministry grants are GST inclusive except for the:

* Furniture and Equipment Grant
* Capital Contribution Grant

Most expenses have GST included except for:

* Wages and salaries
* Interest and bank charges
* Loan repayments.

Make sure you only claim GST on expenses where the supplier has provided a correct GST invoice. Check all your invoices are correct GST invoices. Schools and kura can mistakenly pay invoices that are addressed to other organisations or people.

The Inland Revenue website specifies [what information needs to be in a valid GST invoice](https://www.ird.govt.nz/gst/tax-invoices-for-gst/how-tax-invoices-for-gst-work).

******Example**

**Check your GST invoices carefully**

Kiwi Park School contracts a painter for the exterior repaint of school buildings. The painter purchases paint on behalf of the school and gives the invoice from the paint company to the school for payment. The invoice is addressed directly to the painter rather than the school. If the school pays the invoice and claims the GST credit, they will have committed an offence and could be fined. Instead, the painter should pay for the paint then include the cost of the paint on their invoice to the school, or the paint company should invoice the school directly.

For further guidance on GST including how to fill in GST returns, avoid penalties, and how and then GST is refunded refer to [GST guide IR375 on the IRD website](https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir300---ir399/ir375/ir375-2022.pdf?modified=20220720022155&modified=20220720022155).

#### Fringe Benefit Tax (FBT)

Schools and kura are employers and may have to pay FBT on benefits provided to employees. Ensure that any benefits provided to staff do not contravene the terms of the relevant collective agreements.

FBT may be payable on laptops provided to teachers (and any other employees) if they have significant private use and no recovery is made for that by the school or kura. The Ministry recommends that schools and kura advise employees that laptops are to be predominantly used for work purposes.

FBT is payable if a school or kura vehicle is provided to a principal for their private use. Providing a vehicle for private use also forms part of the principal’s remuneration and requires concurrence from the Ministry of Education. If the board allows the principal to take a vehicle home (such as the school van), it should be clearly communicated that the vehicle is not for private use.

FBT is also payable where a school or kura has not complied with the ‘service tenancy’ rules for any properties, whether they are Ministry or board owned.

For further guidance on FBT and whether it is applicable to employee benefits refer to [FBT guide IR409 on the IRD website](https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir400---ir499/ir409/ir409-2022.pdf?modified=20220407231310&modified=20220407231310).

#### Pay-related deductions

Education Payroll Limited (known as Novopay) manages all pay-related deductions, eg PAYE and superannuation, for education sector employees paid on behalf of schools and kura.

If your school or kura manages the payroll for any employee you are responsible for all payroll taxes and deductions for those employees. Refer to the [guidance on employer responsibilities on the IRD website.](http://www.ird.govt.nz/payroll-employers/)

**Read more about**

[Legislation and tax issues that impact schools](https://www.education.govt.nz/school/funding-and-financials/school-finances/school-tax-issues/) and kura

[Applying for concurrence for employee benefits](https://www.education.govt.nz/school/people-and-employment/employment-agreements/special-terms-or-conditions-concurrence/)

## 7.10 Trusts

###### Non-controlled trust

Independent trusts can be operated for the benefit of a school or kura yet be outside the control of the board. In this case, a trust is considered a separate entity and should not be consolidated within the accounts of the school or kura.

The board cannot transfer or gift any money or assets to any trust or other organisation that it does not control. If a gift or bequest is made directly to an independent trust, then that money is controlled by the trust and would not be subject to the Education and Training Act 2020.

###### Controlled trust

Board members can also be members of independent trust boards. Members that are on multiple boards need to be very careful to distinguish in which capacity they are acting and to avoid conflicts of duty and interest. It can be very difficult in practice for members to avoid conflicts of interest. Being on multiple boards may also increase the potential for a trust to be considered to be within the control of a school or kura. In situations where a school or kura has been determined to have control over a trust the accounts will need to be consolidated.

**Read more about**

[Group financial statements](#_6.4_Group_financial)

[Conflicts of interest](#_2.6_Conflicts_of_1)

# 8.0 Getting help

## 8.1 Schools and kura at financial risk

The Government requires the Ministry to review the audited financial statements of every school and kura and contact them where there is an element of financial risk. This does not mean that the school or kura is necessarily at risk. A letter from the Ministry may simply ask if the board has taken steps to remedy specific matters.

Boards will often have already recognised potential problems and have the situation under control. There is evidence that a high percentage of boards exercise robust levels of financial responsibility and effectiveness.

It is better for both the school or kura and the Ministry if the situation can be improved before intervention is necessary. Any school or kura that is experiencing financial difficulty is strongly advised to contact their Ministry School Financial Adviser or seek other help as soon as possible.

If your board would like assistance, the Ministry School Finance Advisers are available to provide advice and support. Find a [list of contact details](https://education.govt.nz/school/funding-and-financials/school-finances/) on our website.

If the financial situation of a school or kura becomes critical, the Minister of Education can invoke the provisions of the Education and Training Act 2020 such as:

* Requiring the school or kura to supply information or use expert assistance
* Developing an action plan
* Having a specialist audit
* Receiving a performance notice
* Appointing a limited statutory manager
* Removal of the board and replacement with a commissioner.

# 9.0 Glossary

###### Annual report

A document produced each year detailing funds that have been received and spent

**Board**A group of elected people responsible for the management of an organisation

**Board resolution**  
A formal way of documenting a decision in writing, can be legally binding

**Capitalisation**Recording a purchase as an asset in the balance sheet rather than as an expense

**Concurrence**  
Agreement or approval for something

Conflict of interest  
When a person is compromised by their personal interests and/or job responsibilities

###### Consolidation

The combination of two or more organisations, or their accounts

**Delegation**  
The assignment of authority to another person

**Depreciation**  
An accounting method for portioning the cost of an asset over its useful life

**Disclosure**  
An explanation added to an organisation's financial statements

**Fair value**This is the estimated price that an asset can be sold at in the current market

**Financial reports**  
A set of audited reports produced annually to meet legal requirements

**Held in trust**This is when a person or organisation has control of assets

**Intangible assets**  
An asset that is not physical e.g. a trademark

**Internal control**  
A process for ensuring an organisation is operating effectively

**Management reports**  
A set of reports prepared regularly to show the financial health of an organisation

**Material**A way of defining the importance of an amount, transaction or discrepancy

**Member**  
A single elected person acting on a school board (formerly known as a trustee)

**Monthly report**Provides a current snapshot of the financial position of an organisation

**Net realisable value**The estimated sale price of an asset, once the costs of selling it have been deducted

**Netted off**The amount remaining once all deductions have been subtracted

**Present value**The current value of a specified amount of money that will be received in the future

**Prima facie**What appears to be true when first heard or seen

**Probity**  
Acting ethically and fairly

**Residual value**  
The estimated amount you would expect to receive when disposing of an asset at the end of its useful life

**Total minimum lease payment**  
The total amount of lease payments that the lessee is required to make over the term of the lease

**Variance**  
The difference between one amount (for example a budgeted amount or target) and an actual amount

# Appendix A: Treatment of TELA leases

The following information is provided to assist you when reviewing your TELA lease arrangements for your school or kura for future years.

The TELA lease agreements have been assessed against current accounting standards and we have concluded that they are finance leases, not operating leases.

The accounting standard requires that at the commencement of the lease term, a lessee recognises these assets acquired as Finance Leases, and the associated lease obligations as liabilities in its Statement of Financial Position. The assets and liabilities shall be recognised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance leases are classified as borrowing. Boards should know that clause 12 of the Crown Entities (Financial Powers) Regulations 2005 limits the annual debt servicing of a board’s borrowing to no more than 10% of the operations grants the school or kura receives from the Ministry. If a school or kura has breached its borrowing limit because of the reclassification of these leases, this must be disclosed in the financial statements.   
  
Download the [TELA lease worksheet from our website.](https://www.education.govt.nz/school/funding-and-financials/school-finances/schoolsannualreport/)

#### Journals

We have set out the journals required to account for the TELA lease agreements below. As noted above, the total asset and liability under the lease agreement should be recognised and the Ministry portion of the lease payment is accounted for as ‘notional’ revenue and expense.

|  |
| --- |
| **1. To recognise asset and lease liability**  DR – PPE Leased Assets – Full Value of Asset  CR – Finance Lease Liability |
| **2. Annual cost of lease – school portion**  DR – Interest Expense  DR – Finance Lease Liability  CR – Cash |
| **3. Annual cost of lease – Ministry portion** |
| DR – Interest Expense  DR – Finance Lease Liability  CR – Subsidy Income – Other Ministry Grants |
| **4. Depreciation**  DR – Depreciation Expense  CR PPE – Accumulated Depreciation |

The worksheet will help you calculate the asset value (the present value of minimum lease payments) and split the quarterly payments between the principal (finance lease liability) and the interest expense.

Create a copy of the TELA worksheet for each lease agreement you have. Enter the school and Ministry payments from your lease agreement into the yellow shaded boxes. As all the lease agreements have the same interest rate and term, the worksheet will calculate the value of the initial asset and liability and the split of the quarterly payments. The journals to post to your financial statements are shaded blue.

If you enter the payment dates in column B, the balances in column I and J will show you the value of the asset and liability at 31 December in each year. You can see this in the examples.

# Appendix B: Model financial policies

We have developed a set of model financial policies for Kiwi Park School on the following topics for you to download and use:

* Asset management
* Cash management
* Credit cards
* Entertainment
* Finance
* Protected disclosures
* Schedule of delegations
* Sensitive expenditure
* Theft and fraud prevention
* Travel

****

**Read more about**

[Model financial policies](https://www.education.govt.nz/school/funding-and-financials/school-finances/#MFP)

# Appendix C: Decision guide for funding student overseas travel

This guide is designed to assist decision making when considering whether to approve Crown funding for overseas travel involving students. The questions listed here are not exhaustive. Include any information that may be relevant.

A completed and signed Decision Guide, and a copy of the relevant board minutes, should be kept and made available for audit purposes.

****

**Example**

**Decision Guide**

|  |  |
| --- | --- |
| **Information about the proposed trip** | |
| What is the purpose of the travel?  Where to and for how long?  Who is attending?  What is the budget? |  |

|  |  |
| --- | --- |
| **Curriculum and student achievement** | |
| How does the overseas travel support student achievement?  What curriculum outcomes is the experience likely to help students achieve? |  |
| **Financial considerations** | |
| How will this travel be paid for?  Has this travel been considered alongside other competing priorities (e.g. curriculum expenses, asset replacement/maintenance) for the use of limited financial resources?  How have you evaluated thatthe expenditure represents the best value for money? |  |

**Declaration**

The trip for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to travel to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is

**APPROVED/DECLINED**

Signed:

Presiding Member

with the authority of the board on (date) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# *Āpitihanga C: Aratohu whakatau mō te tautoko ā-pūtea i ngā haerenga a ngā ākonga ki tāwāhi*

*Kua hoahoatia te aratohu hei āwhina i ngā mahi whakatau take i te wā e whakaarotia ana te whakaaetanga o ngā tautoko ā-pūtea Karauna hei utu i ngā haerenga a ngā ākonga ki tāwāhi. Ehara ēnei pātai e rārangi mai nei i te whakarau kakai. Me whakauru i ngā mōhiohio e whai pānga ana.*

*Me puri i tētahi kape o te Aratohu Whakatau kua oti te whakakī, kua waitohua hoki, me tētahi kape o ngā mineti a te poari, kia wātea ai mō ngā take arotake.*

** ***Pānui haere tonu mō***

*Ngā haerenga ki tāwāhi*

|  |  |
| --- | --- |
| ***He mōhiohio mō te haerenga e whakaarotia ana*** | |
| *He aha te kaupapa o te haerenga?*  *Ka haere ki hea, pēhea hoki te roa?*  *Ko wai e haere ana?*  *He aha te mahere pūtea?* |  |

|  |  |
| --- | --- |
| ***Te marautanga me te paetae ākonga*** | |
| *Ka pēhea te tautoko a te haerenga ki tāwāhi i te paetae ākonga?*  *Ko ēhea ngā whāinga marautanga ka āwhina ake tēnei haerenga ki te whakatutuki mā ngā ākonga?* |  |
| ***Ngā whakaarotanga ahumoni*** | |
| *Ka pēhea te utu i tēnei haerenga?*  *Kua whakaarotia tēnei haerenga i te taha o ētahi atu whakaarotau e noho tauwhāinga ana (hei tauira, ngā whakapaunga marautanga, te whakahou/whakatika i ngā rawa) mō te whakamahi i ngā rauemi ahumoni whāiti?*  *Kua arotake anō koe mēnā e whakaatu ana tēnei whakapaunga i te uara pai mō aua pūtea?* |  |

***Tauākītanga***

*Ko te haerenga a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ e haere ana ki \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ kua*

***WHAKAAETIA/WHAKAKOREHIA***

*Waitohu:*

*Mema Whaimana/Ūpoko o te Poari*

*i runga anō i te mana o te poari (te rā) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

A close up of text on a white background

Description automatically generated

1. Section 134 (4) of the Education and Training Act 2020 states “The annual financial statements must be in the form (if any) determined by the Secretary after consultation with the Auditor General”. The Secretary for Education has determined that schools should report in the format set out in the Ministry’s Kiwi Park model. [↑](#footnote-ref-2)