

RESPONSIBILITIES AND ACCOUNTABILITIES OF THE BUDGET MANAGER

Section	Finance		
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PURPOSE

As an ITP, NMIT is bound by several Public Acts concerning the responsibilities of a Budget Manager and their financial reporting, including:

- Crown Entities Act 2004 (CEA)
- Education and Amendments Act 1989 (EEA)
- Public Finance Act 1989 (PFA)
- Public Audit Act 2001 (PAA)

RESPONSIBILITIES

BUDGET MANAGER

A Budget Manager is a person having financial control over a defined budget area, for example a cost centre, program or team/school.

A budget may include some or all of the following:

- Income
- Opex
- Pays
- Capex

Annual budgets will be set within defined criteria and timeframes, according to the Institute's current investment plan. It is the responsibility of each Budget Manager to control the finances of each of their delegated areas to the best of their ability within the guidelines of:

- Investment plans
- Strategic objectives
- Institute's financial objectives.

DELEGATION LIMITS AND AUTHORITY

Each Budget Manager will have an expenditure Delegation Limit. Under the EEA & PFA, NMIT council will make a specific delegation to the CEO, who in turn cascades this through the organisation as

appropriate. Different levels of internal hierarchy will have different limits to their financial authority, dependent on their position.

Delegation Limits may be restricted to natural account codes, cost centres, programmes or up to school or team level. There may also be exclusions, for example a budget manager may control Opex but not Pays, within their authorised budget areas. The financial delegation limits must be reviewed regularly by the finance team; ensuring correct procedure is followed for signatures, codes & cost centres and delegation policy (e.g. what to do in the absence of the budget manager).

SAMPLE FINANCIAL AUTHORISATION LIMITS						
	Staff/Admin	Programme Leader	H.O.S/Manager	Directorate	CEO	Council
\$	500	1000	2000	5000	No Limit	No Limit
Cost Centres	Trades	Trades	TPI		All	All

AUTHORISATION, GUIDELINES AND RESTRICTIONS

A Budget Manager must be aware of the rules that apply to authorisation and spending. Adherence to this policy and the assigned authority limits is mandatory and not negotiable. It is the responsibility of every Budget Manager to ensure they do not make any purchase or commitment outside of their limits.

PERSONAL SPENDING

A Budget Manager can not authorise expenditure relating personally to them. All such related expenditure must be pre agreed and then authorised by the Manager one up from the Budget Manager (Budget Line Manager), even if the transaction is within delegated limits & budgets of aforementioned Budget Manager.

CONFLICT OF INTEREST

A Budget Manager can not approve any expenditure relating to a person/organisation that has direct or indirect family links/ownership/management with themselves. An Alternative source must be supplied as comparative. All such related expenditure must be pre agreed and then authorised by the Budget Line Manager, even if the transaction is within delegated limits & budgets of aforementioned Budget Manager.

SENSITIVE EXPENDITURE

As a crown entity, NMIT is bound by the sensitive expenditure guidelines issued by the Office of the Auditor General (OAG). This includes strict guidelines on expenditure such as:

- Travel, especially overseas travel
- Expenses
- Meals & entertainment
- Credit card expenses (refer to NMIT Credit Policy)

All staff must abide by the guidelines (link www.oag.govt.nz) and NMIT have a responsibility to check the guidelines have been followed. This involves Budget Managers checking the integrity of all personal spending under their control. Authorisation of expenditure or reimbursement must be granted once the Budget Manager is satisfied a justified business purpose has been achieved.

In the case of people in very senior positions, the principle of approval by a more senior person (the “one-up” principle) should be applied to the maximum extent possible. However, there will be some instances where an alternative approach will be required because there is no more senior person. In such instances, it is essential that there should be no reciprocal arrangement for approving sensitive expenditure (that is, with a person approving expenditure having their own expenditure approved by a person whose expenditure they are approving). An arrangement involving three persons is one way to avoid this problem (for example, A approves B’s expenditure, B approves C’s expenditure, and C approves A’s expenditure).

SUB DELEGATION

Sub delegation does not absolve the Budget Manager of their financial responsibility.

INTERNAL PROCESS

A Budget Manager cannot be involved in all stages of any expenditure e.g.

- Order
- Receive
- Approve payment

Two signatures are required for all approvals and authorisations.

BUDGET SPENDING

A Budget Manager should try to remain within budget at all times, in all areas under their control, the same budgetary consideration should also be given to requests to utilise other Budget Managers budgets (e.g. applying for spending of a centralised budget). Before any purchase or commitment is made, the following steps should be considered and applied as appropriate.

REFERENCES

INTERNAL

- Credit Card Policy
- Budgets and Forecasting
- Management of Debtors
- Purchasing and Approval of Payments
- Custody and Use of Order Books
- Annual Capital Expenditure (CAPEX)

EXTERNAL

Office of the Auditor General – Good Practice Guidelines
(<http://www.oag.govt.nz/reports/good-practice-guides>)

