

Treasury Policy

Policy	FIN-TSY – Treasury Policy
Version	3.0
Date in force	November 2018
Reviewed	November 2018
Planned review	November 2019

Purpose and Scope

This policy has been developed to enable treasury risks within InternetNZ to be prudently managed.

InternetNZ will ensure sufficient liquidity to enable operational and capital expenditure commitments to be met; will respect the requirements for prudent management of any prepayments made by Registrar customers of InternetNZ, and will invest in investments with a reasonably low risk of short term (annual) loss.

Responsibilities

While the Council has final responsibility for the policy governing the management of InternetNZ's risks, it delegates overall responsibility for the day to day management of such risks to the Chief Executive.

Council acknowledges that there are various financial risks from its treasury activities. These include variations in interest or currency rates, changes in liquidity criteria, and credit terms. InternetNZ will avoid incurring additional risk as a result of its treasury activities.

InternetNZ is a risk averse entity and does not wish to incur additional risk from its treasury activities.

The Chief Executive shall have the responsibility to explore, establish and manage investments in accordance with this policy.

Cash Management

Managers with budget delegations will provide the Finance Manager timely information regarding planned expenditure, and "no surprises" information regarding changes.

The Finance Manager will:

- calculate and maintain comprehensive cash flow projections on a monthly basis. These cash flow projections will demonstrate the surplus available for investment or the draw on retained earnings.
- maximise the return from available funds by ensuring significant payments are made within the vendor's payment terms, but no earlier than required, unless there is a financial benefit from doing so.

Financial Reserves

Required reserves will be calculated on the basis of:

- Deferred income;
- Plus 1.5 x current liabilities;
- Plus one month's average budgeted salaries;
- Plus estimated redundancy based on a beginning of the year calculation;
- Plus 12 months of monthly premises lease obligations;
- Plus \$500,000 of working capital.

Financial Reserves are to be held in interest bearing call and term deposit accounts with major financial institutions.

Cheque, Savings and Call Deposit Accounts

- All payments, whether by cheque, telegraphic transfer or direct credit must be authorised by two approved account signatories.
- Under no circumstances is an account signatory to sign a blank cheque.
- Bank accounts must be in the name of Internet New Zealand Incorporated only.
- Operational expenditure is funded from the InternetNZ Current a/c (cheque) only.
- Interest-bearing savings accounts are to be used to hold a buffer of cash that can be applied should finance be required in the short term.
- All bank accounts must be with a registered NZ trading bank.

Community Funding Management Bank Accounts

These accounts will be used to manage the Community Funding, as defined payment dates are unknown, funds will be transferred to the higher interest-bearing account at the time the grant has been approved by Council.

Authorised signatures on the account are per those identified in the authorised signatories section.

All banks accounts must be with a registered NZ trading bank.

Term Deposits

Term Deposits are invested in line with the Investment Policy.

Maturity dates of Term deposits will be spread sufficiently to enable all financial commitments to be met.

Banking requirements require 31 days' notice to break term deposits before their maturity date.

Foreign Exchange Management

InternetNZ will not deal in borrow, hedge, invest or speculate in foreign currencies.

Where foreign exchange exposures (for either receipts or payments in foreign currency) are less than the equivalent of NZD\$400,000 in any forecast 12-month period, the Finance

Manager will manage and report this foreign exchange exposure as part of the monthly financial reporting process.

Where forecast foreign exchange exposures (for either receipts or payments in foreign currency) exceed the equivalent of NZD\$400,000 in any forecast 12-month period, the Finance Manager will advise the Chief Executive. The Chief Executive will then advise Council of the appropriate methodology for managing this foreign exchange exposure to minimise financial risk, taking into account the types of instruments, limits, authorisations and appropriate internal control and reporting mechanisms.

All foreign exchange transactions will be conducted in accordance with anti-money laundering legislation and processes.

All foreign currency bank accounts are to be held with a registered NZ trading bank. Authorised signatures on the account will be as per the authorised signatories section that follows.

Funds will be held in the account and converted at the most advantageous rate available, or when the funds are needed. Foreign Currency will be recorded in the accounting system at the rate as provided on: <http://www.oanda.com/currency/converter/> or other recognised rates such as the Inland Revenue rates or those of an accounting software provider.

Managed Funds

InternetNZ shall adhere to the Constitution, Council Bylaws and to all relevant laws governing Incorporated Societies in its undertaking of managed funds.

Managed Funds are invested in line with the Investment Policy.

Payments

Payments in context of this policy is defined as the transfer of funds from our banks accounts to that of our supplier/staff and Council back accounts for all approved invoices/liabilities.

All payments shall be authorised in compliance with the following:

- when any payment is authorised, the person doing so shall have the full details of that payment available to them at the time they authorise the payment.
- neither the Chief Executive, nor any Council Member, nor any member of staff may authorise a payment for which they are the payee;
- neither the Chief Executive, nor any Council Member, nor any member of staff may authorise a payment that they have created;
- for all payments, two authorisers are required;
 - where the value of the payment is up to \$150,000 then the authorisers may be two senior members of staff, or a senior member of staff and a Council Member;
 - where the value of the payment is between \$150,000 and \$300,000 then the authorisers shall be the Chief Executive and a Council Member, or two Council Members;

- where the value of the payment is over \$300,000 the authorisers shall be two Council Members.
- the daily online banking authorisation limit of the Chief Executive is \$500k.

Authorised Signatories

The authorised signatories to the bank accounts are as follows:

- Chief Executive,
- Senior members of staff as nominated and delegated by Chief Executive and approved by Council;
- Council members, as approved by Council.

Any authorisations required for managing online banking will be the same as the authorised signatories.

Petty Cash

Petty cash funds provide a convenient way to pay for small expenses, but keeping cash in any office entails risk of misuse or theft. This policy provides procedures designed to mitigate these risks.

Petty cash funds should not to be used as an operating fund, i.e., to pay invoices for goods or services, to pay salaries or wages, or to make advances or loans.

Petty cash funds provide cash to cover minor expenses, such as reimbursement of staff members and visitors for small expenses like such as taxi fares, postage, milk, newspaper, office supplies, generally not to exceed \$50.

The Wellington office has a petty cash float of \$400. Petty cash is to be kept in a lockbox in a locked cabinet.

Borrowings

In the event that InternetNZ borrows funds, including overdraft facilities, this will need to be approved by Council as part of the Annual Planning process or by resolution of Council before the borrowing is undertaken.

Document History

Version 3.0 November 2018 – updated payment authorisation limits.

Version 2.0 November 2017