

From: Arlene Goss
To: ["Matthew Rhodes"](#)
Subject: RE: Official Information Request IR#160697
Date: Friday, 10 June 2016 01:33:52 p.m.
Attachments: [REDACTED]
[image001.png](#)
[image002.jpg](#)
[image003.jpg](#)
[image004.jpg](#)

Matthew Rhodes
New Zealand Taxpayers Union
Matthew@taxpayers.org.nz

Dear Matthew,

1. Official information request for credit card statements and receipts.

I refer to your official information request dated May 23, 2016, for copies of all credit card statements attributable to our council (including itemised receipts) since April 2015.

Dunedin City Council has on issue about 160 credit cards. The records for these are all held on paper files. The council's financial controller has estimated that the time needed to collate and photocopy 12 months of statements and receipts for each card could take up to two weeks work, or 80 hours.

We have considered whether consulting with you in an effort to refine your request (Section 17(b)) will bring the task under the three hours of free time allocated to each LGOIMA request. We believe that even if your request is refined it will take longer than three hours and we will need to charge for the information at the usual rate of \$76 per hour. You are welcome to consider this.

In the meantime we have decided to refuse your current request under section 17(f) of the Local Government Official Information and Meetings Act, as the information requested cannot be made available without substantial collation or research.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact me.

2. Official information request for a list of accounting classifications and cost codes.

I refer to your official information request dated May 16, 2016, for a copy of our Council's general ledger, i.e. a list of all accounting classifications and cost codes, including cost centres.

This information is contained in pages 102 to 106 of the attached document "Transactional Process and Procedures Manual".

Yours sincerely

Arlene Goss

Arlene Goss
Governance Support Officer
Dunedin City Council

50 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9058, New Zealand
Telephone: 03 477 4000
Email: Arlene.Goss@dcc.govt.nz



 Please consider the environment before printing this e-mail

From: Matthew Rhodes [<mailto:matthew@taxpayers.org.nz>]
Sent: Monday, 23 May 2016 4:16 p.m.
Subject: Official Information Request IR#160697

Good afternoon,

This is a request for information under the Local Government Official Information and Meetings Act 1987 regarding credit card expenditure. We request the following information:

1. Copies of all the credit card statements attributable to your Council (including itemised receipts) since April 2015.

We do not wish to cause unnecessary expense or burden on your agency. If clarification of any of our requests is needed, please call or email. Likewise, if a request proves unnecessarily burdensome in form and we are likely to be able to adjust it to be more specific or better suited to your information systems without losing the benefit of what is sought, please also get in touch. If there is likely to be a delay in being able to assemble or provide some of the information requested, please provide the rest of the information as it becomes available.

To avoid unnecessary printing and postage costs, we ask that you send a **confirmation of receipt**, the response and any other correspondence related to this request to requests@taxpayers.org.nz. Please include the following reference in the subject line: **IR#160697**

Regards

Matthew Rhodes

Researcher | New Zealand Taxpayers' Union | Auckland Ratepayers' Alliance
DDI +64 4 282 0300 | Mob +64 27 393 1536 | Email Matthew@taxpayers.org.nz

New Zealand Taxpayers' Union Inc. | Main +64 4 282 0300 | Level 1, 50 Manners Street, Wellington | PO Box 10518, The Terrace, Wellington | www.taxpayers.org.nz
Auckland Ratepayers' Alliance Ltd. | Main +64 9 281 5172 | PO Box 133099, Eastridge, Auckland | www.ratepayers.nz

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TRANSACTIONAL PROCESS AND PROCEDURES MANUAL

**Updated
April 2013**

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1 INTRODUCTION

1.0 OBJECTIVE

The objective of this Transactional Process and Procedures Manual is to set down in a readily accessible form, the Council's current financial workflow processes and procedures. Control actions associated with these work flows are also discussed.

1.1 AMENDMENTS

Amendments to this manual will be made annually after a finance department review is completed as required under the AMP. Amendments will also be made as result of internal or external audits.

1.2 MAINTENANCE OF MANUAL

It is the responsibility of the Financial Controller to keep this manual up to date, and to arrange for the manual in KnowledgeBase to be updated.

1.3 OTHER COUNCIL DOCUMENTS

This manual should be read in conjunction with:

- [Committee Structure and Delegation Manual](#)
- [Staff Delegations and General Procedures Manual](#)
- [Human Resources Manual](#)
- [Purchasing and Disposal Manual](#)
- [Purchasing Card Policy Manual](#)
- [Fraud Policy](#)
- [Draft Sensitive Expenditure Policy](#)
- [Protected Disclosures Policy](#)
- [Koha Policy](#)

1.4 DELEGATIONS IN THIS MANUAL

The Chief Executive has authorised the accounting delegations in this manual. Under this delegation, an authorised deputy may authorise an action where the one-up is absent in accordance with the normal delegations in the Staff Delegations Manual.

1.5 APPROVALS REQUIRED IN THIS MANUAL

Any approvals required in this manual can be made in written signature in ink on the appropriate form, or by e-mail as long as the required information is provided in the e-mail, or attached as a Word, Excel or other readable attachment.

2 PROCEDURES - GENERAL LEDGER

The General Ledger is the central database for financial information. Appendix [1](#) shows the flow of information between Financial modules. It will be noted that ultimately all information finishes up in the General Ledger and this is the basis for the financial reporting.

Appendix [2](#) shows the structure of the ledgers in the General Ledger.

2.1 GENERAL LEDGER CODES

The core computer system is driven by predetermined codes, which are common to the entire system. Coding standards are central to maintaining the integrity and usefulness of the database.

Appendix [3](#) contains a summary of the use of the object code, which defines types of expenditure, revenue, assets and liabilities.

The Systems Accountants is responsible for maintaining the code table file.

INTERNAL CONTROL

2.1	General Ledger Codes The Financial Analyst Team Leader is responsible for keeping up to date the schedule of standard code elements. Any officer who wishes to set up a code that varies from these standards may do so only with this officer's approval.	Financial Analyst Team Leader	As new codes set up
2.1	General Ledger Codes The Systems Accountants have sole access to these table files and will be the only people who may enter account code elements. The Senior Financial Accountant will act as deputy where necessary.	Systems Accountants	As new codes set up
2.1	General Ledger Codes The Systems Accountants are responsible for handling access to the computer system to allow officers to set up or maintain codes. The officers who may do so are: <ul style="list-style-type: none">• Senior Financial Accountant• Financial Planner• Financial Accountant• Financial Analysts for their respective areas• Systems Supervisor creates Rounding retentions and Capital codes	Systems Accountants	As required

2.2 GENERAL LEDGER STRUCTURE (REFER APPENDIX [4](#))

The General Ledger Coding Structure is in most cases a 12 digit number made up as follows:

BBBBBB-000000

Where BBBBBB is a six digit business unit number (eg 250410 = Finance Overheads) and where 000000 is a six digit object account number (eg 501101 = salaries and wages).

Appendices [4](#) and [5](#) provide more detail on this structure, and alternative structures that are used in specific situations.

2.3 GENERAL LEDGER TRANSACTIONS

Transactions are initiated either from a feeder module (such as Cash Receipting or Payroll) or a journal entry. The procedures for feeder module transactions are listed under each module.

The procedures for journal entries are as follows:

- 1 Journal entries may be used for transactions between different Business Units.
- 2 They may be used for corrections, or other transactions that do not involve a feeder module.
- 3 A journal entry must have an adequate narration and/or documentation attached.
- 4 Accrual journals may be used, which create a reversal automatically in the following month. The procedures are the same as for standard journal entries, except that accrual accounts must be monitored and reconciled monthly.
- 5 Internal invoices are technically a form of journal entry. Procedures for these are outlined in Section 2.4.
- 6 Journals provided by spreadsheets to be used for uploading may not include standard authorisation the internal control is covered in 2.3.

INTERNAL CONTROL

2.3	General Ledger Transactions All journal entries must be signed by either the Financial Controller, Senior Financial Accountant, Financial Accountant, Financial Analyst or the Systems Accountants.	Financial Controller, Senior Financial Accountant, Financial Accountant, Financial Analyst or the Systems Accountants.	As prepared
2.3	General Ledger Transactions All journal entries will be scanned for correct authorisation and documentation, and entered into the system under the supervision of the Systems Supervisor as long as they conform to these standards. Journals will be stamped appropriately after being entered.	Systems Supervisor	As entered
2.3	General Ledger Transactions There will generally be no journal entries to operating areas for an accounting period after that period's allocations are run. Exceptions to this will be permitted only after consultation between the Senior Financial Accountant and the Financial Analyst Team Leader.	Senior Financial Accountant Financial Analyst Team Leader	As required
2.3	General Ledger Transactions Accrual Accounts must be monitored and reconciled monthly by the responsible Financial Analyst.	Financial Analyst	Monthly
2.3	Journals by Spreadsheet Upload The printed copy of the spreadsheet as entered will be held by Finance.	Systems Supervisor	As entered

2.4 INTERNAL CHARGES

- 2.4.1 There are many occasions when one department is required to render a charge to another department. When this is necessary, the internal invoicing system is to be used. **Under no circumstances are sundry debtor invoices to be used for any charges between departments.**

The only exceptions when the internal invoicing system need not be used are Water Supply (charged via the Water Billing module), Rates, Consents and Licenses. In these cases there are formal Computer Accounting modules in place that must be used by the issuing department.

- 2.4.2 Examples of the use of internal invoices are:

- Services rendered by a department
- Use of carpool
- Photocopier use
- Issue of minor bulk supplies held by the Expenditure Manager
- Goods and services supplied by a business unit
- Telephone charges
- Goods or services charged on one invoice to several departments by an outside supplier. One department is to be the major recipient and to on charge the costs to the other departments.

2.4.3 Procedures

- a) The provider department is to ascertain the General Ledger codes in the customer department at the time the request for the service is made.
- b) Each month, the provider department will prepare a spreadsheet listing details of all debits, including their General Ledger codes and showing its credit General Ledger code. This will be published via an electronic medium and departments advised of its availability.
- c) Unless objections, queries, etc are received by the provider department, the spreadsheet as published will be actioned.
- d) An electronic or a printed copy of the spreadsheet will be delivered to the Systems Supervisor in Finance who will arrange for its entry into the General Ledger as a journal entry.

INTERNAL CONTROL

2.4	Internal Charges The printed copy of the spreadsheet as entered will be held by Finance.	Systems Supervisor	Monthly
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2.5 GENERAL LEDGER ALLOCATIONS AND STANDING JOURNALS

Allocations in the core computer system are a type of standing journal entry. They are run at monthly intervals by the Systems Supervisor.

Standing Journals are used for standard inter-department charges such as rents and for allocating some types of overhead charges.

They are authorised at the beginning of each financial year by the Financial Analysts, in co-operation with Activity Managers.

INTERNAL CONTROL

2.5	General Ledger Allocations & Standing Journals Allocations and Standing Journals may only be authorised by either the Senior Financial Accountant, Financial Accountant or a Financial Analyst. The Systems Accountants will act as deputy for the Systems Supervisor for the above functions.	Senior Financial Accountant Financial Accountant or a Financial Analyst Systems Accountants	Before beginning of financial year
2.5	General Ledger Allocations & Standing Journals Allocations are set up only by the Systems Supervisor who ensures that they are properly authorised. The Systems Accountants will act as deputy for the Systems Supervisor for the above functions.	Systems Supervisor Systems Accountants	Before beginning of financial year
2.5	General Ledger Allocations & Standing Journals The Systems Supervisor will run allocations in accordance with the agreed timetable. The Systems Accountants will act as deputy for the Systems Supervisor for the above functions.	Systems Supervisor Systems Accountants	Monthly

2.6 LOADING GENERAL LEDGER BUDGETS

Budgets are entered into the General Ledger each year in accordance with the following procedure:

- 1 Financial Analysts prepare the detailed budgets for their areas of responsibility in time for them to be loaded into the General Ledger to meet the agreed timetable.
- 2 Budgets may only be entered at the level of transaction codes.
- 3 Budgets held in the Annual Plan Budget Ledger Type (BA) must conform exactly to the approved Annual Plan.
- 4 With the approval of the relevant General Manager, Annual Plan Budgets may be amended by moving amounts between lines within a department, between departments, or between operating and capital expenditure, provided there is no change to the overall Annual Plan Budget. These changes are entered in the Revised Budget (UR) Ledger Type.
- 5 The Revised Budget form at Appendix [13](#) must be completed and authorised before any amendments can be actioned.
- 6 From time to time, the Council will approve variations to the Annual Plan Budget. These may be entered in the Ledger Type "Revised Budget" (UR). **Under no circumstances may the Annual Plan Budget Ledger Type vary from the approved Annual Plan.**
- 7 Budget items approved by the Council as carry forwards from one year to another will be entered in the Carried Forward Budget Ledger Type (UC).
- 8 Where Council approves budgets to be carried forward from a one year to the next, the prior year budget is adjusted as follows:
 - a. If the carry forward budget is entered in the BA budget ledger, the corresponding contra entry in the prior year is entered in the Reversed Budget 1 (April) budget ledger (R1).
 - b. If the carry forward budget is entered in the UC budget ledger, the corresponding contra entry in the prior year is entered in the Reversed Budget (August) budget ledger (R2).

INTERNAL CONTROL

2.6	General Ledger Budgets The Systems Accountants are responsible for loading the budgets into the General Ledger.	Systems Accountants	Before beginning of financial year
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2.7 GENERAL LEDGER TIMETABLE

Each year a timetable is set by the EMT on the recommendation of the Financial Controller in conjunction with accounting staff. Once set up, the timetable will be followed rigidly.

2.8 CAPITAL EXPENDITURE

2.8.1 Introduction

The procedure provided in this manual is not to compromise the Statement of Concepts or New Zealand International Financial Reporting Standard 16 issued by the Institute of Chartered Accountants of New Zealand, but is to provide some illumination of a difficult area.

2.8.2 Asset Test

If expenditure is capital expenditure, it must;

1. lead to the creation or acquisition of an asset or increase the capacity/economic benefits of an existing asset, and
2. have a useful life of more than 1 year, and
3. exceed \$1,000 in value.

Refer to Appendix [21](#) – Capital vs Operating Decision Flowchart

2.8.3 Useful Life

Useful life is the period over which an asset is expected to be available for use by the DCC. The minimum material useful life of an asset recognised by the Council is greater than one year. But if the asset manager believes there is justification to write off expenditure that would result in an asset, then the active agreement of the appropriate Financial Analyst must be obtained.

2.8.4 Component and Element Definition

Under Financial Reporting Standards, **a component is** part of an asset that has a different useful life or provides benefits to the Council in different patterns. The financial recording must be at component level, but the financial reporting will be at a very highly aggregated level referred to as a class of assets.

The level of detail held in the Asset Management Plan will be greater than that envisaged by the Financial Reporting Standard.

An example would be a pipe-line of consistent material at a uniform depth under the ground with six access points along its length. For the Asset Management Plan there are six pipe elements starting and ending with an access point. For Financial recording purposes there is one pipe component, the complete pipe-line.

Judgement is required to decide which components of a complex asset are to be recognised. It is generally encouraged that use be made of the assigned Financial Analyst to resolve any difficulties.

2.8.5 Initial Recording

Assets will be recorded at component level in the existing Council Asset Register. Where a satellite asset register is in use (eg RAMM, Hansen) the asset will be recorded at element level in the satellite asset register.

An asset must initially be recorded at cost and for self-constructed assets this will include direct materials and labour.

The total cost of an asset will include but not be limited to;

- survey costs,
- the cost of obtaining a resource consent,
- site preparation,
- land formation, installation costs,
- architectural and engineering fees,
- freight,
- commissioning,
- import duties,
- agent's commission or
- legal fees.

The cost will not include;

- feasibility costs or
- evaluation costs.

Asset costs will initially be recorded in the capital expenditure ledger, for the initial aggregation of costs and Annual Plan reporting. The balance in this ledger represents the amount of work in progress (WIP) at any given time.

2.8.6 Vested Assets

The Council receives assets which are vested in it, but for which there has been no direct exchange of funds. In the case of roads and infrastructural assets, the value of exchange is deemed to be the issue of the resource consent.

As for all donated or subsidised assets the initial value to be recorded will be the fair value at the date of acquisition. In effect this will be the replacement cost of the asset. For example a new rural swimming pool may have significant donated labour in its construction. The capital expenditure ledger will have recorded the direct material and the direct Council cost but will be missing the fair value of the donated labour. The value of the pool must be increased to recognise the donated labour and the Council revenue must also reflect the fair value of the labour as income. The replacement cost less direct material and Council costs will give you the labour cost. Clearly the resultant depreciation charge, paid for by ratepayers, will also increase.

2.8.7 Borrowing Costs

As stated in the Accounting policy borrowing costs should be capitalised during the construction period in accordance with the following Dunedin City Council specific criteria.

Criteria

When total debt funding for a capital project is greater than or equal to \$5 million and spans more than one financial year then interest is to be capitalised.

Transportation Operations capital projects are projects outside the criteria.

Accounting Treatment

The interest expense should be capitalised to a separate code and have a separate budget line, ie it will not form part of the budget for a project.

Once the project is completed, ie at the time the asset completion certificate is prepared, the capitalised interest expense should be allocated to the asset components.

2.8.8 Subsequent Expenditure

After the initial recording of an asset there may be significant subsequent expenditure which will raise the issue of accounting treatment. There are two conditions under which such expenditure can be capitalised.

- a) Where it is probable that the expenditure will result in a higher level of service or an increase in the useful life over the initial expected level of service or useful life.
- b) Where the expenditure was necessary to obtain the previously expected level of service or useful life and would have been considered part of the initial costs but for time of expenditure.

2.8.9 Disposal of Assets

This is covered in the Purchase and Disposal Manual in detail but when assets are sold, decommissioned, become obsolete or irreparable or cease to be useable for any reason, this must be recorded in the fixed asset system.

It is often the case with infrastructural asset capital expenditure that the work involves replacing assets, eg shape correction, pipe replacement. It is as important to record the taking out of service or disposal of the old asset as it is to record the new one. This is because the old asset may not have reached the end of its depreciable life and rates may still be levied to cover the depreciation on it. Recording the new asset without removing the old will therefore result in double rating.

The manager of the relevant department is to initiate this process by completing an Asset Disposal Certificate. The assigned Financial Analyst will assist with providing financial information.

In instances where a part of an asset or network is being disposed of, it may be that the Council's records cannot provide the original cost and accumulated depreciation. In these cases the manager is to provide the best estimate of the cost or valuation of that part of the asset and the accumulated depreciation. A copy of the working papers must be attached to the Asset Disposal Certificate.

Refer to Appendix [16](#) for Asset Disposal Certificate.

Refer to Appendix [18](#) for Asset Disposal Certificate – Land and Buildings.

Refer to Appendix [20](#) for Asset Disposal Certificate – Water & Waste Services.

2.8.10 Corporate Furniture Fund

In 1991 the Executive Management Team (EMT) at the meeting dated 23 July agreed:

- a) that the Council owns all furniture (however acquired)
- b) that while individual budgets may pay for furniture the actual purchase and general management of that furniture relates to the Council corporately; and that management of that for the purposes of decisions and coordination of purchases shall be with the General Manager Finance and Corporate Support.
- c) that a renewal fund for furniture replacement be established.

Subsequent management of the Corporate Furniture Fund and the maintenance of the Council's furniture asset has been delegated to the Expenditure Manager.

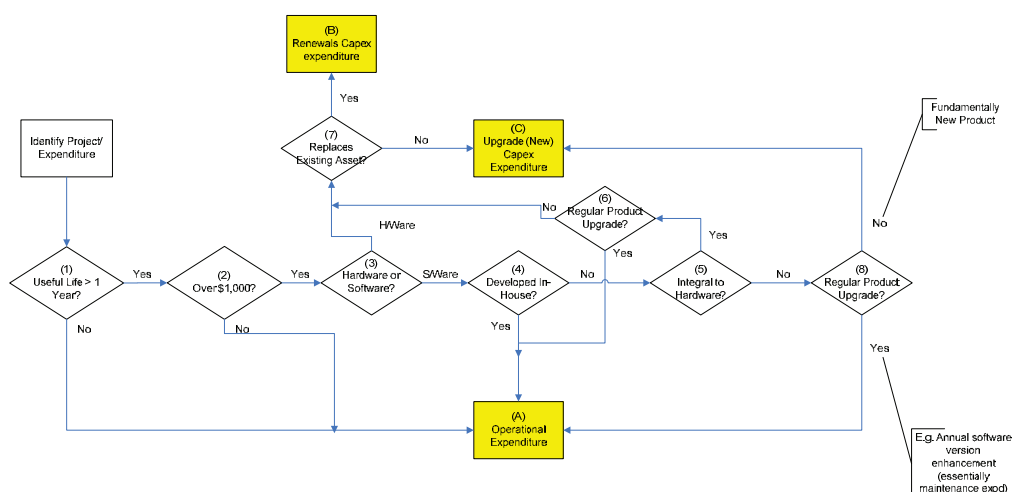
Appendix [23](#) details the Management Processes for the Corporate Furniture Fund.

2.9 INTANGIBLE EXPENDITURE

An intangible asset is an identifiable non-monetary asset without physical substance.

2.9.1 Classification of ICT Project Expenditure (Operational or Capital?)

The decision as to how to classify ICT project expenditure can be summarised by the flow chart below.



The following points explain the above chart in more detail. Bullet point numbers 1-8 relate to the numbered boxes in the chart.

1. The reason for having a useful life greater than one year comes from a number of sources including NZIAS¹ 38 Intangible Assets which has the definition of an asset being a resource controlled by an entity as a result of past events and from which **future** economic benefits are expected to flow to the entity.
2. The Dunedin City Council has made a policy decision that items with an expected use of more than one period and has a value below \$1,000 will be written off to operational expenditure. The policy of a \$1,000 threshold applies to tangible and intangible assets.
3. This is a decision on whether or not an item is property plant and equipment or an intangible asset. Property plant and equipment are tangible items that are expected to be used during more than one period. An intangible asset is an identifiable non-monetary asset without physical substance. It should be noted that some intangible assets may be contained in or on a physical substance such as a compact disc. Using these considerations ICT capital expenditure needs to be put into hardware as property plant and equipment and the software as an intangible asset.

4. This goes to the heart of what is an intangible asset. An intangible asset must meet the following three criteria: (1) to be identifiable, (2) to be the result of control over a resource and (3) to have the existence of future economic benefits. Details these criteria are contained in paragraph 11 to 17 of NZIAS 38.
 - Paragraph 12 of NZIAS 38 states that an asset meets the identifiable criteria under two circumstances. Firstly when an asset is capable of being separated or divided from the business and sold, transferred, or licensed in some way, with an example of this being the development of an identifiable product. The second criteria are when an asset arises from contractual or other legal rights, and this would occur with the purchase of software licenses. Software developed in-house for use only in-house would as likely as not run into identifiable problems.
 - Likewise an entity controls an asset if the entity has the power to make money or cut costs and to restrict the access of others to those opportunities. The capacity of an entity to control the future economic benefits from an intangible asset would normally stem from legal rights that are enforceable in a court of law. In the absence of legal rights, it is more difficult to demonstrate control as in the case of in-house developments.
 - Future economic benefits could be in the form of income or cost savings as the result of using the intangible asset. This would be true for in-house developments.
5. The IT industry has so called software 'stacks'. That software that is required to run the hardware or is integral should form part of that hardware and is therefore not an intangible.
6. A feature of software is the regular collection of patches, upgrades and new releases of software. From this a view has to be gained as to what is maintenance and what is a renewal. Patches are maintenance and new releases of software are renewals. The difficulty is categorising of the upgrades. This is an area of professional judgement and should consider the factors inherent in economic life such as functionality and obsolescence.
7. This is a question of fact and Dunedin City Council policy on the subject or new capital and renewal capital.
8. A feature of software is the regular collection of patches, upgrades and new releases of software. From this a view has to be gained of what is maintenance and what is a renewal. Patches are maintenance and new releases of software are renewals. The difficulty is categorising of the upgrades. This is an area of professional judgement and should consider the factors inherent in economic life such as functionality and obsolescence.
9. The costs of a separately acquired intangible asset comprises its purchase price and directly attributable cost of preparing the asset for its intended use such as employee costs, professional fees and testing costs arising directly from bringing the asset to its working condition. Excluded costs include administration and general overhead costs. As the intangible asset is the software the data in the data base is not part of the intangible asset so any work on that data incidental to an upgrade would be expensed.

Notes:

- 1 NZIAS = New Zealand International Accounting Standards
(NZIAS 38 is the standard concerning intangible assets)

2.10 OPERATING AND FINANCE LEASES

There are two types of Leases, Operating Leases and Finance Leases. In general terms the difference between these in accounting treatment and disclosure is set out in the following table.

	Finance Lease	Operating Lease
Statement of Financial Performance (Profit and Loss)		
- Interest	✓	x
- Depreciation	✓	x
- Lease Cost	x	✓
Statement of Financial Position (Balance Sheet)		
- Asset	✓	x
- Liability	✓	x

New Zealand Equivalent to International Accounting Standard (NZ IAS) 17 defines a Finance Lease as:

"... a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred."

The following are extracts from paragraphs 10 and 11 of NZ IAS 17:

"10. **Examples** of situations that individually or in combination would normally lead to a lease being classified as a Finance Lease are:

- a) *The lease transfers ownership of the asset to the lessee by the end of the lease term;*
- b) *The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;*
- c) *The lease term is for the major part of the economic life of the asset even if title is not transferred;*
- d) *At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and*
- e) *The leased assets are of such a specialised nature that only the lessee can use them without major modifications.*

11. **Indicators** of situations that individually or in combination could also lead to a lease being classified as a Finance Lease are:

- a) *If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;*
- b) *Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease); and*
- c) *The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent."*

The recognition of a finance lease, instead of being able to treat it as an operating lease, has long term issues. Under current procedure the expenditure is capital in nature for which the Council has no Annual Plan authority, plus there is an interest component that is also unbudgeted. The budgeted operating lease payments will not be incurred but there will be unbudgeted additional depreciation and interest costs. If significant enough all these variations will need to be recorded in the appropriate Annual Report, and the following Annual Plan. Finally the Council wide long-term financial strategy would require reworking because of this application of an International Financial Reporting Standard.

All leases are to be referred to the Finance Department before signing, for a determination as to type of lease offered.

That operating leases are only entered into, and the reason is, for a clear technological and operational advantage.

A checklist has been developed that Finance staff will complete to provide approval, or otherwise, of leases before they are signed. This is shown below.

Leasing Company:				
Department		Asset Involved		Lease Clause No.
		Circle Response		
1	How is the lease described	Finance	Operational	
2	The ownership of the asset transfers to the lessee by the end of the lease term	Yes	No	
3	The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value	Yes	No	
4	The lease term is for the major part of the economic life of the asset (ie at least 75% of the economic life)	Yes	No	
5	The present value of the minimum lease payments amount to substantially all (ie over 90%) of the fair value of the leased asset	Yes	No	
6	The leased assets are of a specialised nature so that only the lessee can use them	Yes	No	
<p>If the answer is "yes" to questions 2 to 6 above then the lease can normally be classified as a Finance Lease – if the answer is "no" to all of the above then proceed to question 7.</p>				
7	If the lessee can cancel the lease it will bear the lessor's losses associated with cancellation	Yes	No	
8	The gains or losses from the fluctuation in the fair value of the residual value fall to the lessee	Yes	No	
9	The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent	Yes	No	
<p>If the answer is "yes" to any of the questions 7 to 9 above then the lease could be classified as a Finance Lease – if the answer is "no" to all of the above then proceed to question 10.</p>				
10	Other features of the lease indicate that the lease transfers substantially all the risks and rewards incidental to ownership	Yes	No	
<p>If the answer is "yes" to question 10 above then the lease is classified as a Finance Lease – if the answer is "no" to all of the above then the lease is an Operating Lease.</p>				

Completed by: Reviewed by:

Position: Position:

On: / / On: / /

2.11 CONTROL OF PROCESSING

2.11.1 General Principles

In order to keep the Land Information System (Pathway) operating in an orderly manner during the day, major processing will take place overnight. This must be done in an orderly and planned fashion. For example, Cash Receipting must be processed before General Ledger exports or Debtor end of month. Planning will also avoid "log jams" where queues of jobs sit waiting for some long job to be completed.

This planning is the responsibility of the Systems Accountants in association with BIS staff.

Any major processing jobs must be discussed with the Systems Accountants before being entered.

2.11.2 Daily Processing

The general timing and priorities of daily overnight processing are:

- Batches of transactions of less than 100 for Accounts Receivable, Accounts Payable may be processed during the day.
- Cash Receipting is the first priority for overnight processing.
- General Ledger exports are run as part of end of day after cash receipting, on Monday – Friday and at 11.50 pm on Saturday and Sunday.

2.11.3 End of Month Processing

On the last working day of each month there is a particularly heavy processing load. The Systems Accountants will plan this in association with BIS staff.

Users should note the following general principles:

- Users in Accounts Receivable who are entering data are to ensure that all batches are listed and updated before 1700 hours.
- Users in all modules linked to Accounts Receivable (Rates, Licensing, Animals, Applications, Receipting, Water Billing, Infringements) must complete their work and exit the system by 1800 hours.
- Cash Receipting must cease and drawers be balanced by 1800 hours unless arrangements are made with the Systems Accountants to continue beyond this time.
- Aged trial balances and statements will be set to run as per Accounts Receivable end of month timetable.

2.11.4 End of Financial Year Processing

This involves processing data to end one year and activate the new year. All modules require this process, and is run on the last working day of the financial year. Usually 30 June. The Systems Accountants will plan and execute it in conjunction with the BIS staff.

2.12 SUSPENSE ACCOUNTS

Suspense accounts are to be kept to a minimum. In general, the only suspense accounts are to be those that are part of the control system.

INTERNAL CONTROL

2.12	Suspense Accounts Suspense accounts will be reconciled each month. The Senior Financial Accountant will sight the reconciliations and initial them.	Senior Financial Accountant	Monthly
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3 RATES MODULE

The Rates module is the major module for collection of the Council revenue. As such it is of major importance. Much of this accounting policy is necessary to meet the requirements of the Local Government (Rating) Act 2002 ("The Act"). The main areas that this manual will deal with are:

- 3.1 System Set Up
- 3.2 Setting the Rates
- 3.3 Rates Instalment Generation
- 3.4 Maintenance of the Rates Module
- 3.5 Remissions
- 3.6 Rates Rebates
- 3.7 Penalties
- 3.8 Refunds of Credit Balances
- 3.9 Collection of Current Year's Rates
- 3.10 Collection of Rates Arrears
- 3.11 Adjustments to Rate Accounts.

This module should be read in conjunction with the Rates Procedures and Policy Manual.

3.1 SYSTEM SET UP

The set up of basic parameters is controlled by the Systems Accountants.

INTERNAL CONTROL

3.1	System Set-up A report of current rating parameters showing the current set up will be held by the Systems Accountants, signed by the Financial Planner.	Systems Accountants Financial Planner	Annually by 15 July
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3.2 SETTING THE RATES

The Financial Planner will arrange for the appropriate Rates to be entered into the Rates module. The Financial Planner is responsible for the accuracy of the Rates in the dollar and the Targeted Rates entered.

INTERNAL CONTROL

3.2	Setting the Rates The Rates and Revenue Team Leader is responsible for generating the rates on the system and balancing the system reports with the model approved prior to the generation by Financial Planner.	Rates & Revenue Team Leader	Annually by 15 July
3.2	Setting the Rates The Financial Planner will sign and hold a copy of the "Rates Strike" report, countersigned by the Rates and Revenue Team Leader.	Financial Planner	Annually by 15 July
3.2	Setting the Rates The Systems Accountants are responsible for reconciling the Rates Strike to the Rates resolution and producing an audit statement. The Systems Accountants are also	Systems Accountants	Annually by 15 July

	responsible for keeping source documents for Audit.		
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3.3 RATES INSTALMENT GENERATION

These are initiated by the Rates and Revenue Team Leader or Rates Arrears and Projects Officer in accordance with the agreed timetable.

INTERNAL CONTROL

3.3	Rates Instalment Generation The Rates and Revenue Team Leader will hold copies of the Instalment Billing Generation Report.	Rates and Revenue Team Leader	Quarterly
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3.4 MAINTENANCE OF THE RATING MODULE

INTERNAL CONTROL

3.4	Maintenance of the Rating Module The Financial Controller is to be given a copy of the database balance of DCC values versus Valuation Service Provider values by the Team Leader Land Information.	Financial Controller Team Leader Land Information	Annually by 15 July
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3.4.1 The Rating module depends on the Council Property and customer database, which is the responsibility of Business Information Solutions.

There is a fine line between the respective responsibilities and close cooperation is needed between Rates and Information Solutions. The respective responsibilities are as follows:

Information Solutions	Liaison Action	Rates
Sets up new/subdivided/amalgamated properties.	Information Solutions advises Rates of new properties.	Sets up rate codes in new properties (always in the subsequent financial year).
Links/delinks customers to properties on transfer of properties.	Information Solutions advises Rates of delink where there is an agreement in place	Monitors final payment(s), ends agreements.
Changes postal addresses.	Rates advises Information Solutions of changes in postal address.	Receives changes of address from ratepayers (Note: This may also come from Customer Services).
Links properties to rateable properties.	Information Solutions advises Rates of changes.	Reviews rate codes, ensures Rates are collected on properties which are 'delinked'.

INTERNAL CONTROL

3.4.1	Maintenance of the Rating Module Rates staff will conduct regular reviews of rate codes in order to ensure that Rates levied are correct. The regular reviews will cover: a) Non rateable properties. b) That rateable properties all carry all District Wide Rates, except where contiguous applies. c) That Water Rates are correctly charged to properties within the various areas. d) That Drainage Rates are correctly charged within the various areas. e) That Kerbside Recycling Charges are correctly charged within the various areas. f) That remissions granted balance to remissions credited in the system (see 3.5). g) That Rates written off as uncollectable due to time are authorised. h) That Targeted Rates are charged correctly	Rates Staff	Annually before 15 July
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	(See 3.4.2).		
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3.4.2 Remission of Targeted Rates

Targeted Rates are remitted in the following circumstances:

- a) Where the Property is contiguous with another owned by the same ratepayer under Section 20 of the Act. This is question of fact and wherever the condition is found to exist the charges are cancelled; and
- b) Where a ratepayer has two or more farming properties that are not contiguous and are farmed as one unit. The principle is that one set of charges are to be levied in respect of each farm or (if there are dwellings on more than one of the properties) for each dwelling.

A ratepayer is required to apply for cancellation under these circumstances and to demonstrate that the properties are within the Council policy under section 4 of Remission and Postponement Policies

- c) Where a Property is only partly within the boundaries of Dunedin City, changes may be waived where any dwelling is outside the city and is in a neighbouring territorial local authority.

A ratepayer is required to apply for cancellation under these circumstances and to demonstrate that the Property meets the Council criteria under section 4 Remission and Postponement Policies.

INTERNAL CONTROL

3.4.2	Cancellation of Targeted Rates The initial waiving of the charges is authorised by a written memorandum signed by a delegated officer.	Rates and Revenue Team Leader	As required
3.4.2	Cancellation of Targeted Rates An Annual Report is prepared of all properties which do not have Targeted Rates levied. This will be scanned and a sample checked at depth in order to ensure that the implementation of the policy is up to date and correct.	Rates and Revenue Team Leader	Annually before 15 July

3.5 REMISSIONS

The Council grants the following types of remissions:

- 1 Land Voluntarily Protected for Conservation Purposes Remission Policy Number 5.
- 2 Hardship Remissions under Section 85 of the Act. Remissions and Postponement Numbers 1 and 2.
- 3 Remission and Postponement of Rates for Maori Freehold Land Numbers 6 and 7.

Accounting policy for all remissions is that they are viewed as expenditure rather than as a reduction of income.

INTERNAL CONTROL

3.5	Remissions The Financial Controller is to receive a schedule of remissions granted (excluding hardship remissions) from the Rates and Revenue Team Leader. This is to be balanced against remissions granted as recorded in the system.	Financial Controller Rates and Revenue Team Leader	Quarterly
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3.5.1 Conservation Remissions

Applications are received by the Financial Controller who drafts a recommendation to the Finance and Corporate Committee of the Council in conjunction with the Community and Recreation Services Manager.

Once approved by the Council, the Rates and Revenue Team Leader is responsible to credit the rate accounts as authorised.

Open Space Covenants are normally granted for an indefinite period. They attach to a Property, independently of the owner and thus are not usually affected when a Property changes hands.

They are reviewed after six years to ensure that the terms of the Covenant are still being complied with.

3.5.2 Hardship Remissions

Applications are received by a Finance Support Officer who will discuss it as far as possible with the applicant in order to clarify any ambiguities and make any helpful observations. The Financial Controller in consultation with the Rates Arrears and Projects Officer, decides on the remission or postponement in line with the Council guidelines.

Once approved, the Rates and Revenue Team Leader is responsible to credit the rate accounts as authorised.

Hardship remissions apply only to the year in which they are granted.

INTERNAL CONTROL

3.5.2	Hardship Remissions Hardship remissions are reported each month to the Finance and Strategic Committee of the Council by the Financial Controller.	Financial Controller	Monthly
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3.6 RATES REBATES

3.6.1 Rebates are granted under the Rates Rebates Act 1973. The procedure is as follows:

- i) The appropriate application form is completed by the ratepayer.
- ii) A Finance Support Officer reviews the application and calculates whether the ratepayer is entitled to a rebate and, if so, of how much.
- iii) If a rebate is due, this is entered into the system so that the ratepayer's account is duly credited.
- iv) At regular intervals, the Rates and Revenue Team Leader forwards the applications for refund to the Internal Affairs Department.

INTERNAL CONTROL

3.6.1	Rates Rebates The Rates and Revenue Team Leader authorises reconciled refunds from Internal Affairs Department against transactions in the General Ledger.	Rates and Revenue Team Leader	Monthly
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3.7 PENALTIES

3.7.1 General Principle

Penalties are a method of encouraging prompt payment of Rates. They are not primarily viewed as a source of income. This is an incidental outcome.

3.7.2 Authorisation

Instalment and arrears penalties are charged to rate accounts in accordance with the Council rate resolutions and the Act.

3.7.3 Timetable

The Rates and Revenue Team Leader or the Rates Arrears and Projects Officer will run the penalties programme to have effect three working days after the formal penalty date. This is to allow time for mail to be received, cheques processed, agency cash to be entered, etc.

3.7.4 Exemptions from Penalty

Rate accounts with current payment agreements are exempt from the imposition of penalties. The exception is where the account is in arrears and the agreement amount is not sufficient to bring it up to date within a reasonable period of time. In this case penalties may be charged at the discretion of the Rates and Revenue Team Leader.

3.7.5 Waiving of Penalties

Penalties may be waived in accordance with the Delegations Manual.

INTERNAL CONTROL

3.7.5	Waiving of Penalties A journal entry waiving a penalty will be documented by a written note signed by an authorised officer or by a copy of an e-mail note from an authorised officer.	Financial Controller Delegated Customer Services Officer	As required
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3.8 REFUNDS OF CREDIT BALANCES

3.8.1 In instances where a ratepayer has overpaid Rates or paid them in advance and requests a refund, this may be done.

3.8.2 The refund voucher must be authorised within normal delegated authorities. The decision to refund is made by the Rates and Revenue Team Leader.

3.8.3 There is no automatic link between Accounts Payable and Rates modules and therefore refunds must be dealt with carefully:

- 1 Payments will be by voucher cheque or direct credited to the ratepayer's nominated bank account.
- 2 Note: that there is no GST on a refund payment.
- 3 As a reconciliation is completed at the end of each month, officers must ensure that journal entries are entered and vouchers drawn within the same month.

INTERNAL CONTROL

3.8.3	Refunds of Credit Balances Voucher payments will be authorised in the usual way and documented appropriately.	Rates and Revenue Team Leader	As required
3.8.3	Refunds of Credit Balances The rostered Finance Support Officer will balance the General Ledger holding account each month and this is reviewed by the Rates and Revenue Team Leader.	Rates and Revenue Team Leader Finance Support Officer	Monthly

3.9 COLLECTION OF CURRENT YEAR'S RATES

- 3.9.1 This is the responsibility of the Rates Team, led by the Rates and Revenue Team Leader. The majority of all Rates are paid on the instalment notices via telebanking, or "cash over the counter", or under the "Direct Debit" scheme.
- 3.9.2 Where a Finance Support Officer considers it appropriate, they may make Direct Debit agreement with ratepayers within the following limits:
- Payments may be weekly, fortnightly, monthly or by instalment.
 - An extended Direct Debit Agreement may be entered into from March each year. This will include the current rates and the future year's rates only. Any accounts with arrears from the previous year must be referred to the Rates Arrears and Projects Officer.
 - Where an agreement is concluded in accordance with this procedure, the Finance Support Officer is authorised to place the "no penalty flag" in the ratepayer's account.
 - All agreements must be recorded in the Rates module.

INTERNAL CONTROL

3.9.2	Collections of Current Year's Rates An annual report is run as at 30 June listing each ratepayer whose account has a "no penalty" flag and for whom there is no agreement in place. This is to be generated and initialised by the Rates and Revenue Team Leader.	Rates and Revenue Team Leader	Annually as at 30 June
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3.9.3 Computer Generated Letters

A computer generated letter is sent to ratepayers who have a balance owing after Instalment 4 due dates have past advising them to pay by 30 June.

3.10 COLLECTION OF RATES ARREARS

3.10.1 Individual Action

Rate arrears refers to Rates owing from a previous financial year.

This is primarily the responsibility of the Rates Arrears and Projects Officer together with the Arrears Officer. They may take the following actions on their own initiative in regard to those ratepayers who are in arrears:

- telephone or visit ratepayers
- write letters
- search titles
- contact and make demand on owners and/or mortgagees under Section 62 of the Act, subject to the approval of the General Manager Finance and Corporate Support or the Chief Executive Officer.
- recommend to the General Manager Finance and Corporate Support or the Chief Executive Officer that legal action be taken.

INTERNAL CONTROL

3.10.1	Individual Action Actions taken are to be documented	Rates Arrears and Projects Officer	As required
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3.10.2 Computer Generated Action

The following computer generated letters are sent to ratepayers who are in arrears (ie have Rates still owing at the end of the financial year):

- a) Early July: A letter advising the ratepayer of the amount of arrears and advising that the Council is taking steps for their recovery.
- b) In September and March: A letter advising the ratepayer that an arrears penalty will be charged on the 1st October or April respectively.

3.11 ADJUSTMENTS TO RATE ACCOUNTS

From time to time rate accounts require adjustment. A typical example is where a Property's value has changed as a result of an objection, or a rate remission is granted.

The authority to make the adjustment must be signed by an Officer with the appropriate delegated authority.

The following rules must be adhered to in order to ensure that GST on adjustments is handled correctly:

- a) Previous year's transactions are never adjusted.
- b) The Rates and Revenue Team Leader may approve amendments to the current rates.
- c) Current Rates are adjusted by way of Supplementary Rates Procedure. This procedure is carried out by the Rates and Revenue Team Leader or the Rates Arrears and Projects Officer. The Report is then signed off by a person with the appropriate delegated authority other than the person carrying out the procedure.
- d) Supplementary Rate Reports are filed with the prime document such as a letter or information outlining the reason for the Adjustment.

INTERNAL CONTROL

3.11	Adjustments to Rate Accounts All documentation is signed off by a person with the appropriate delegation other than the person carrying out the procedure.	Rates and Revenue Team Leader or Rates Arrears and Projects Officer	As required
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4 ACCOUNTS RECEIVABLE

The core computer system provides a broad framework that "ties together" the various Debtors modules. The structure of the Debtors module is as set out in Appendix [6](#).

There are two types of Debtors ledgers:

a) **Module Linked Ledgers (Rates and Licensing)**

All entries in these ledgers are made via the supporting module and via the Cash Receipting.

Section [5](#) covers the Rates module. Part [4.1](#) below sets out procedures for the Licensing and Applications modules.

b) **Direct Entry Ledgers (Sundry Debtors)**

These do not have a linked module. All entries are via invoices and credit notes in Debtors module and via Cash Receipting.

Part [4.2](#) sets out procedures for these ledgers.

c) **Independent ledgers are those modules which are not linked to Debtors.** Animals, Infringements, Water Billing, Rates – not directly linked to Debtors.

Part [4.3](#) sets out procedures for the Parking Infringement module as far as accounting is concerned.

Part [4.4](#) sets out accounting procedures for the Animals module.

Part [4.5](#) details accounting procedures for the Water Billing system.

4.1 LICENSING AND APPLICATION MODULES

Refer Appendix [7](#).

4.1.1 The Development Services Manager or Resource Consent Manager or City Development Manager appoint a responsible Officer for each module who is responsible to:

- a) Authorise entries for the issue, renewal, cancellation and amendment of licenses and consents.

and

- b) The Finance Department Arrears Officer is responsible for the collection of overdue accounts.

4.1.2 An Administrative Support Officer is appointed in Development Services and City Planning for each module who is responsible to:

- a) Enter data and maintenance as authorised by the appropriate officer.
- b) Liaise with Information Solutions to maintain Property and customer links.
- c) Generate accounts, licenses, reports, etc as required.
- d) Liaise with Finance on accounting issues, especially the links between the module, the Debtors Ledger and the General Ledger.
- c) Monitor the integrity of data especially the matching of transactions. The Systems Accountants are available to assist.

4.1.3 The Finance Department is responsible to:

- a) Monitor the integrity of transactions.
- b) Monitor the linkages between the module, the AR Ledger and the General Ledger.
- c) Assist in "trouble shooting".
- d) Collect Arrears.

INTERNAL CONTROL

4.1.3	Licensing (Health and Building Warrant of Fitness and Applications Modules) The Systems Accountants balance the Debtors Ledger against the General Ledger control account each month.	Systems Accountants	Monthly
4.1.3	Licensing and Applications Modules The Responsible Officer in Development Services and Planning is to review a schedule of credits granted in respect of the assigned module.	Responsible Officer in Development Services and City Planning	Monthly

4.2 DIRECT ENTRY LEDGERS

4.2.1 Responsibilities are as follows:

- a) Activity Managers are responsible for the invoices and credit notes charged.
- b) The Finance Department is responsible for the integrity of transactions in the system, for the allocation between debits and credits, for the integrity of the linkages between the Debtors Ledger and the General Ledger and for monitoring and following up arrears.

4.2.2 The only transactions in direct entry Debtors Ledgers are:

- a) "One off" invoices
- b) Recurring invoices
- c) Credit notes
- d) Cash Receipts from the Cash Receipting module
- e) Cash transfers (done via Cash Receipting)

4.2.3 **"One Off" Invoices**

- a) Activity Managers may delegate the responsibility for raising invoices.
- b) Authorised data entry officers will ensure that there is a valid customer in the database and enter the data as instructed by the Activity Manager or the authorised delegated officer.

4.2.4 Recurring Invoices

- a) Invoices for which City Property is responsible will be set up and produced by Finance on the instructions of the Property Officers.
- b) Other recurring invoices will be set up and produced by the Systems Supervisor in Finance on the instructions of Activity Managers or their delegated officers.

INTERNAL CONTROL

4.2.4	Recurring Invoices The Systems Supervisor and Property Officer will maintain a manual record of recurring invoices. The numbers of recurring invoices produced will be reconciled at each run with the manual record.	Systems Supervisor Property Officer	As required
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4.2.5 Credit Notes

Credit notes are, in effect, expenditure. Therefore the principles for creating a credit note will be similar to those governing purchase orders.

- A credit note request will be completed and signed by the officer directly responsible for the administration of the department's Accounts Receivable function. This should have as an attachment any supporting documentation.
- This will be countersigned by the officer who has the appropriate delegated purchasing authority for the department.
- The credit note request will be passed to the Data Entry section of Finance who will process the request as long as it is correctly completed and authorised.

INTERNAL CONTROL

4.2.5	Credit Notes All credit note requests will be held in Finance. (Except credit note request by Property – these are returned to Property.)	Systems Supervisor	As required
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4.2.6 Write Offs

Write offs, in contrast to credit notes, cannot be considered in over charge situations. Write offs arise when an established and valid debt cannot be recovered. In the event of a debit not being recoverable the Department Manager concerned can write off the debt using the following steps and under \$400.

- if the Department has a current Balance Sheet Provision for Doubtful or Bad Debts the debt can be written off against the provision.
- if the Department does not have, or has an insufficient provision in the Balance Sheet, the debt must be written off as expenditure not a reduction of revenue.

To establish a Doubtful or Bad Debt Provision an assessment of the collectability of the debts must be made. Evidence of that assessment must be retained to justify the Provision.

INTERNAL CONTROL

4.2.6	Write Offs All write off source documents are to be held in Finance.	Systems Supervisor	As required
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4.2.7 Cash Receipts

The Systems Accountants will monitor the integrity of cash receipt batches from the Cash Receipting module. Section 8.9 deals with the process for dishonours.

4.2.8 Refunds of Credit Balances

Where a customer's account is in credit and requests a refund, this may be done using the following procedure:

- a) This may be initiated by the officer who customarily administers the ledger, eg
 - Rates - Rates and Revenue Team Leader
 - Property - The Finance Administration Officer
 - Development Services Ledgers - the Development Services Admin Support Officer
 - Other Ledgers - The Finance Systems Supervisor
- b) The Officer will:
 - i) Prepare a voucher payment form, which will be authorised by the appropriate delegated officer; **and**
 - ii) Prepare the appropriate documentation for the debit entry in the customer's account. E.g. Debtors Journal Refund Form.

4.2.9 There is no automatic link between Accounts Payable and Accounts Receivable modules and therefore refunds must be dealt with carefully:

- 1 Payments will be by voucher cheque or direct credited to the customer's nominated bank account.
- 2 Note that there is no GST on a refund payment.
- 3 As a reconciliation is completed at the end of each month, officers must ensure that journal entries are entered and vouchers drawn within the same month.

INTERNAL CONTROL

4.2.9	Refunds of Credit Balances Voucher payments will be authorised in the usual way. and a Debtors Journal Refund Form completed as it can be entered in Debtors.	Officer requesting refund	As required
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4.2.9	Refunds of Credit Balances The Systems Supervisor will balance the General Ledger holding account each month.	Systems Supervisor	Monthly
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4.2.10 Linkage with General Ledger

The Systems Accountants will monitor the linkage between the Debtors Ledgers and the General Ledger.

INTERNAL CONTROL

4.2.10	Linkage with General Ledger The Systems Accountants will regularly reconcile the balances of the Debtors Ledgers and the General Ledger and at each month end.	Systems Accountants	Monthly
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4.2.11 Arrears Collection

- a) The Finance Administration Officer - Property is responsible, for monitoring all debts generated in City Property. This Officer will arrange follow up of debts within one or two months overdue, after which time they will be referred to the originating Officer.
- b) The Arrears Officer in Finance will monitor arrears in all other direct entry Debtors Ledgers. This Officer will follow up all overdue debts via letters, telephone calls, etc.
- c) The Financial Controller prepares a six weekly report for the Finance and Strategy Committee of the Council.

4.2.12 Procedure for recording Court Fines Collection

All Court directed reparation letters are to be received and actioned by the relevant Department. The Department is to create a Pathway invoice for the amount expected to be received, with the recovery code being a Department code. The Pathway accounts receivable ledger is LTDT (Long Term Debt).

4.3 PARKING INFRINGEMENT MODULE

4.3.1 Management

The Team Leader – Development Services is responsible for the data entry (including handheld uploads) of parking infringement notices. The Team Leader Parking Enforcement and Customer Services Agency are responsible for the associated entries in regard to waiving notices, escalating them for prosecution, etc.

4.3.2 Accounting

Income is recognised when a notice is entered into the system, subject to a provision for uncollectable amounts. Part payment of parking infringement notices is not permitted.

Notices which are sent to the Court for prosecution are "reclassified" in the accounting system. A provision for doubtful debts is created and cleared when the cash is received from the Court.

INTERNAL CONTROL

4.3.2	Accounting The Systems Accountants will ensure that the General Ledger control account is reconciled to the module. The Financial Analyst will ensure the provision for uncollectable amount is adequate.	Systems Accountants Financial Analyst	Monthly
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4.3.3 Part Payments

Part payments are covered in section [6.2.3 \(h\)](#)

4.4 ANIMALS MODULE

This is not linked to the Accounts Receivable module.

4.4.1 The Animals module has an officer who is responsible:

- a) to authorise the issue, renewal, cancellation and amendment of Registrations,
and
- b) to follow up overdue Registrations

4.4.2 The Administration Officer is appointed to:

- a) Enter data and maintenance as authorised by the Animals Officer

- b) Liaise with Information Solutions to maintain Property and customer links
- c) Generate accounts, licenses, reports as required
- d) Liaise with the Systems Accountants in regard to maintaining the integrity of data in the system.

4.5 WATER BILLING

- 4.5.1 The Water Billing module is the responsibility of the Water and Waste Services Manager.
- 4.5.2 The Water and Waste Services Manager will delegate day to day responsibility for administering the system to the Business Support Leader.

This officer is responsible to:

- a) Enter data and maintenance into the system.
- b) Generate invoices and statements.

- 4.5.3 Arrears are routinely monitored by the Business Support Leader and the Business Support Team.

The normal process is as follows:

- a) The due date is the 20th of the next month after the meter reading.
- b) A 14 day notice is issued on the 1st working day after the due date.
- c) After the 14 day notice period, a letter is sent advising that supply will be restricted if not paid within seven days.
- d) After the 7 day period, the Business Support Leader will contact the consumer personally by letter or telephone to decide future action.
- e) The Finance Arrears Officer is available to assist in water billing arrears collection where this is appropriate.

- 4.5.4 Financial adjustments and the final readings are prepared and entered by the Business Support Leader.

INTERNAL CONTROL

4.5.3	Water Billing The Systems Accountants will ensure each month that the balance in the Water Billing module equals the balance in the General Ledger.	Systems Accountants	Monthly
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4.6 DEBTS FOR DRAINAGE WORK DONE IN URGENCY

- 4.6.1 Section 463 of the Local Government Act empowers Council's to "make advances to the owner of any premises for the purpose of enabling them to connect the premises with drainage module or to effect repairs to any such connection in compliance with the due requirements of the Council under the Local Government Act".

- 4.6.2 The Council is not a bank, but it is accepted that there will be occasions where it should provide financial assistance.

The Council will advance monies in the following circumstances:

- a) Private drainage work is required under the Local Government Act 2002.
- b) The Council has decided that it will arrange for the work to be done.
- c) The owner has advised the Council that they cannot afford to pay the full amount, has applied for an advance and has supplied appropriate supporting information.

- d) After due inquiry it is established that the Property owner is unable to pay in full and cannot reasonably obtain a loan from a financial institution.

4.6.3 The terms of the advance will be as follows:

The owner agrees in writing to an advance on the following terms:

- a) The principal is the sum expended on the work plus the cost of placing a notice of charge on land.
- b) The advance is secured by a notice of charge on land.
- c) Interest will be at the Council's current bank lending rate for the term concerned plus 0.5%.
- d) Repayment will be by equal regular instalments by direct debit.
- e) The term over which the advance is to be repaid should be within the following guidelines wherever this is reasonably practicable.
 - An advance paid within three months of invoice date will be interest free.
 - Up to \$1,000 Repayable in 12 months or less
 - Up to \$2,000 Repayable in two years or less
 - Up to \$5,000 Repayable in five years or less
 - Over \$5,000 To be negotiated.

There may be instances where a notice of charge on land is placed on the Property title and the whole of the principal plus interest is paid when the Property changes hands.

4.6.4 The procedure is as follows:

The applicant supplies the required information to the Financial Controller who assesses the application and makes a recommendation to the General Manager Finance and Corporate Support.

The General Manager decides the extent of the advance.

4.6.5 All advances 12 months and over will be recorded in the "Long Term Debt" (LTDT) Ledger.

5 DEBT COLLECTION

The Financial Controller has an overall responsibility for debt collection. The Arrears Officer in Finance is responsible for the collection of debts with the exception of Rates, Water, Property, Parking Infringements and Liquor Licensing.

Debt Collection procedures for Rates are detailed in Section [3](#).

Debt Collection procedures for Water are detailed in Section [4.5](#).

Debt Collection procedures for Property are detailed in Section [4.2.11](#).

Debt Collection procedures for Parking Infringements are detailed in Section [4.3](#).

GUIDELINES ON DEBT MANAGEMENT ROLES AND RESPONSIBILITIES

5.1 SUNDRY DEBTORS

This refers to one-off invoices other than module driven ledgers such as consents, licenses, parking offences and water billing.

5.1.1 Decision to Invoice a Customer

This rests with the Activity Manager. If there are doubts regarding the customer's ability to pay, the Finance Arrears Officer should be contacted for advice.

5.1.2 Production of Invoice

Where departments have the clerical resources, the entry of data to produce an invoice will be done in the relevant department. In other cases a form requesting an external invoice will be forwarded to Finance. Invoices, once printed, are sent to Departments for review and distribution.

5.1.3 Production of a Credit Note

In those cases where a credit note is to be produced, a request for credit note form, (see Appendix [12](#)) appropriately authorised, will be sent to Finance for data entry. Where a credit note is requested by Arrears Officer that request must be signed by the Financial Controller.

5.1.4 Credit Control

Once credit is extended and an invoice produced, it is generally Finance's responsibility to follow up the collection of the debt. In general the follow up process is:

Current Debt: Invoice/Statement mailed.

One Month Overdue: Reminder letter 1 is sent.

Two Months Overdue: Copy of Invoice/Statement and letter 2 is sent.

Fourteen Days Later: Final 10 day letter is mailed.

Three Months Overdue: Individual action is taken, which could include telephone calls, personal visits, legal action, referral to a Debt Collection Agency or Solicitor, whichever is most appropriate in the circumstances.

Extending Credit

The Arrears Officer may extend credit to a customer who is unable to pay the account in full. The debt must be paid off within a reasonable period e.g. \$1,000 within 12 months, \$2,000 within 24 months. Credit should not exceed 24 months.

Credit for larger debts over an extended period exceeding 24 months will be arranged at the discretion of the Financial Controller.

Long Term Debt Ledger

With the exception of Court Reparations all debt transferred to LTDL is to be approved by the Finance Controller on form provided. (See Appendix [25](#))

5.1.5 Departmental Involvement

Activity Managers will be required to assist in the process:

- Where there is a query from the customer concerning the quality or delivery of the goods or service, its pricing or a counter claim.
- Where the debt is more than three months overdue it may need additional assistance from the Activity Manager.
- Where Court action or a hearing of a Disputes Tribunal is required.

5.2 RENTS AND RECURRING CHARGES

Recurring invoices for rents, leases, water supply or the ongoing delivery of goods or services.

These are similar to one-off invoices above, but with differences as noted below.

5.2.1 Decision to Extend Credit

As above.

5.2.2 Production of a Recurring Invoice

Where a recurring invoice is to be set up, details will be given to the Finance Systems Supervisor.

The only exception is City Property where the volume of recurring invoice is such that it is done in the department.

The periodic generation of invoices is controlled by Finance and Property respectively. Invoices will be sent to departments for review and distribution.

The Water Department controls the production of its water billing invoices.

5.2.3 Production of Credit Notes

As above for rents and leases. As long as Water Billing is a separate system, the issuing of these credit notes will rest with the Business Support Leader.

5.2.4 Credit Control

Because recurring invoices are for the continuing supply of a service (eg rent), the credit control is focused on this relationship with the debtor.

City Property, monitor their tenants and follow up as landlord as soon as rents fall one period overdue.

Other departments who have rental properties will do likewise. They will be alerted to problems via the monthly aged trial balance of overdue accounts. The Water Department monitors its water billing customers and follows up as needed.

INTERNAL CONTROL

5.2.4	Debt Collection		Monthly
	The Finance Arrears Officer will monitor the overall debt management of all ledgers with the exception of Water, Property all Infringements and Liquor Licensing.		

5.3 CONSENTS AND LICENSES

Consents and Licences differ from the direct entry Accounts Receivable Ledgers in that all entries are via the module such as building consent, resource consent, etc.

5.3.1 Decision to Invoice a Customer

This rests with the Development Services and City Planning Managers.

5.3.2 Production of Invoices

Development Services and City Planning staff enter all data and produce invoices.

5.3.3 Credit Notes

Credit notes are produced by Development Services and City Planning staff as modifications or cancellations of a consent or licence. Approval to produce a modification or cancellation must be given in writing by an Authorised Officer, using a form similar to the request for credit note. These will be held in the Development Services and Planning Departments.

INTERNAL CONTROL

5.3.4	Internal Control		Monthly
	Finance Arrears Officer will monitor the overall debt management.		

6 CASH RECEIPTING

6.1 DEFINITIONS

6.1.1 Definitions - Systems for Receipting

Cash Receipting Module - The major module for receipting and recording incoming monies. Includes money received electronically via bank statements. Refer to Appendix [1](#) System Architecture and Pathway v2.21 SP4 Architecture.

Receipting - The systems and procedures for receiving monies over the counter and by mail.

6.1.2 Definitions - Types of Monies Receivable

Cash - New Zealand Bank notes and coins.

Cheques - Cheques drawn on a New Zealand Bank.

Credit Cards - Credit cards in New Zealand currency.

EFTPOS - Electronic Funds Transfer at Point of Sale. This is included in Cash Receipting procedures as it is an over the counter transaction.

Monies - Any of the above forms of receiving funds to settle a transaction.

Overseas Monies - Travellers cheques in foreign currency and foreign bank notes.

6.2 GENERAL PRINCIPLES

6.2.1 Cash represents the Council's most liquid and most negotiable asset. It is therefore uniquely vulnerable to mismanagement.

6.2.2 Cash Receipting procedures are to be followed to the letter. Finance staff will carry out checks on cash procedures from time to time. Any deviations from approved procedures will be reported to the Financial Controller and the General Manager Finance and Corporate Support.

6.2.3 The General principles underlying the procedures are:

- a) A receipt will always be issued for cash received. The exceptions, which are all documented, are where there is an independent internal check on monies received or where the transaction is a minor cash sale.
- b) Monies received are receipted immediately, or (in the case of mail) as soon as possible. The aim is to receipt all monies received on the same day (the "clear floor policy").
- c) Monies received are collected by a security firm. In the case of Cash Register and Drawer modules, monies will be deposited and recorded daily in the Cash Receipting module and banked the next day.
- d) There are some minor exceptions to the above general principles. Where these exist, they will be recorded in the appropriate section of this manual.
- e) Security is of paramount importance in all receipting operations. This is primarily for the protection of staff and secondarily for the protection of the Council's assets. Security issues are not to be compromised.
- f) Customer Services Flowcharts document in detail most Cash Receipting and Customer Services activities. Should the Flowchart and the Accounting Manual conflict, the Accounting Manual takes precedence.
- g) The Council does not cash cheques or give change on cheques.
- h) Do not accept part payment for parking ticket. Refer to Section [4.3.3](#).

6.2.4 What forms of payment are acceptable?

The Council accepts payment in the following forms:

- a) New Zealand banknotes and coin in accordance with the Reserve Bank Act, Section 27: gold coin up to \$100.00 and silver up to \$5.00 in total.
- b) Cheques drawn on a New Zealand bank.
- c) EFTPOS cards where the cash register is set up accordingly.
- d) Credit cards where their use conforms to policy and only at the Visitor Centre, Art Gallery, Otago Settlers Museum and Chinese Garden.
- e) Travellers cheques and overseas currency in the **Visitor Centre, Art Gallery and Otago Settlers Museum only**.

The Council does not accept payment in these forms:

- a) Cheques drawn on overseas banks. (But note that where a department or activity has a special situation where it may be desirable to accept cheques drawn on overseas banks, this should be referred in advance to Finance who may be able to make arrangements to accept them).
- b) NZ Post money orders. (These are orders payable only on personal presentation of a Post Shop. These are suitable for such transactions as sending \$10 to a favourite nephew, but not for settling a commercial transaction).

6.2.5 For rounding purposes 1, 2, 3, 4 and 5 cents will round down to the nearest 10 cent multiplier, and 6, 7, 8 and 9 will round up to the nearest 10 cent multiplier.

6.3 CASH RECEIPTING PROCEDURES - MAIL

6.3.1 Where monies are being requested, the following Post Office box numbers are to be used:

- Rates Freepost envelopes and Accounts Receivable - PO Box 5243.
- Parking infringement notices - PO Box 5550.

6.3.2 All mail is received by the Information Support Team Members.

Information Support Team Members will slit Freepost envelopes and make available the envelopes to the cashiers by 9.00 am.

All other envelopes addressed to the Council are opened by Information Support. Cheques are stamped "not negotiable, credit Dunedin City Council only", stapled to the document and made available for the cashiers. It should be noted that Information Support does not open envelopes marked "private", "personal" "confidential" or sent "C/O". Freepost envelopes are slit only.

6.3.3 Cash received. From time to time cash will be received via the mail. When this occurs, Information Support will follow the following procedure:

- a) Count cash and check it against the accompanying document.
- b) Enter the details and amount on daily Cash Report Sheet. The entry will be signed by the Team Member who records the details on the Daily Cash Report Sheet and is checked and countersigned by a second Team Member.
- c) The cash and document will be placed in an envelope and attached to the Cash Report Sheet.
- d) The envelope document and copy of the Cash Report Sheet will be personally delivered to the Customer Services Agency for receipting.
- e) Customer Services Agency will send letter of confirmation of cash received with the receipt. Suggested format shown as Appendix [14](#).

6.3.4 Cashiers enter mail cheques into the Cash Receipting module in batches of approximately 150. Batches are added independently and the total balanced to the system total.

6.4 CASH RECEIPTING PROCEDURES WHERE PAYMENT IS RECEIVED OVER THE COUNTER FOR A COUNCIL DOCUMENT

The following general procedures refer to all locations where monies are received over the counter for invoices, statements, rate assessments, infringement offence notices, etc.

6.4.1 The general procedure is:

- a) Enter the details from the document into the Cash Receipting module. This will be done either via the bar coding or manually on the keyboard.
- b) Enter payment type - cash/cheque/EFT.
- c) Count the money being tendered.
- d) Print the receipt.
 - Where any cash is received, a receipt will always be issued.
 - Where payment is received by cheque, a receipt will only be printed and issued on request.
- e) Print the receipt details on the reverse of all cheque(s) tendered and write receipt number on the back.
- f) Hand the receipt and change to the customer.
- g) Place the remittance advice and copy of the receipt in the drawer.

Note: Actions (a), (b) and (c) above may be done in a different order depending on how the customer tenders the monies and the document.

6.4.2 Payments where nothing is recorded as owing:

From time to time customers will want to pay the Council for some service for which we have not yet raised an invoice.

If it is for Rates, monies may be accepted through the cash register as long as the rate account number is known.

The core computer system Cash Receipting module is not able to accept monies for people or accounts not set up in the module. Therefore if a customer insists on paying monies "in anticipation" of an invoice subsequently being charged, it should be accepted following this procedure:

- a) Ascertain exactly who the person is and what is being offered
- b) Contact the Department officer responsible for the activity for which the monies are being offered. Confirm that the amount of money is correct and ascertain how it should be handled in the core computer system, including which account is to be credited.

6.5 CASH RECEIPTING PROCEDURES FOR CASH SALES

The following general procedures refer to cash sales at locations where the Council Cash Receipting module is installed. It covers items such as bus tickets, refuse coupons, etc, ie wherever there has not been a prior transaction that has caused a document to be generated.

6.5.1 The general procedure is as follows:

- a) Ascertain exactly what is wanted, the quantity, and obtain the item.
- b) Accept and count the monies tendered by the customer.
- c) Enter the value and details of the sale into the Cash Receipting module.
- d) Print the receipt details on the reverse of all cheque(s) tendered.
- e) Hand the item and change, etc to the customer.

6.5.2 Issuing Receipts for Cash Sales

Cashiers are to issue receipts (a) on request and (b) where there is no independent check on the items being sold.

Eg for bus tickets, there is a monthly reconciliation of tickets purchased and sold. Where this is done, a receipt is not required to be issued.

A tax invoice may be required to be issued for cash sales in excess of \$1,000.00. The Cash Receipting module has not been changed to reflect this.

Where this is the case, the customer's name and address is to be ascertained and the data entered, thus:

- Payer Name *J W Smith*
- Address 1 *43 Smith Street*
- Address 2 *Maori Hill*
- Address 3 *Dunedin 9010*

6.6 CASH RECEIPTING PROCEDURES FOR END OF DAY

This applies to all locations where the Council's Cash Receipting module is installed.

6.6.1 Timing

The closing of the cash drawer is to be carried out by 5.00 pm daily.

Should it be necessary to delay the closing of the cash drawer, the Cashier is to contact the Financial Accountant or Finance Officer and obtain approval for a later closing time.

Systems Accountants need to know if cash drawer will be closed later than 7.00 pm.

Timing is important for this process because of the overnight data processing and the need to co-ordinate the various processes.

Note: In any event, only DCC Rates and Accounts Receivable may be entered after 5.00 pm.

6.6.2 The detailed procedure for balancing and signing off each drawer is in the Pathway Receipting Manual

6.6.3 Reconciliation

Although not ideal some cash sites are completing any reconciliations on the following days. This is permitted if there is a staff issue but the cash drawer must be closed before the close of business the day before.

6.6.4 Cash Counting Procedure and Standards

These apply to all 'cash receipting points' whether or not they are linked to the corporate cash receipting module. These are standards that reflect the needs and expectations of the banking industry and are required by the Dunedin City Council to ensure professional respect in its many dealings with that industry.

The cash drawer should always be kept tidy to facilitate counting and/or reconciliation. As cash counting is undertaken the following standards should be maintained:

- Bank Notes will have the Queens head facing the same way, ie head on the right side of the note facing up.
- Bank Notes will be grouped ten to a 'fold' all of the same denomination.
- In the middle of the topside of the 'fold' a paper clip will be used to hold the 'fold' together.
- Spare bank notes of various denominations will be included in a composite 'fold' following the same standards as detailed above and with the largest denomination at the bottom of the 'fold'.
- Coins are to be split into separate coin bags, for gold coins a limit of \$100 to a bag and silver coins \$10 to a bag.
- Left over coins will be split into separate coin bags but the amount should be included by way of note.
- Cheques, along with the appropriate adding tape, should be held together by either a rubber band or paper clip.
- There will be no limit to number of items in a bundle and the add tape will record the number of items.

6.6.5 Variances

Where the actual monies differ from the system total, the following is the procedure:

- a) Check the counting of the cash and cheques. If this does not detect the error, go to (b) below.
- b) The procedure is:
 - Print the balance screen.
 - Initiate the report of the day's transactions.
 - Enter actual monies in the till as per the drawer balance sheet.
 - Sign off drawer.
- c) The Cashier must then process the variance by creating a receipt for the variance.
- d) This variance is to be explained on the handwritten cash difference report, which is to be handed or faxed to the Financial Accountant or Finance Officer by 9 am the following morning.
- e) The Financial Accountant or Finance Officer is to ensure that cash difference reports are received to explain all system variances.

Variances in excess of \$10 or persistent variances are to be drawn to the attention of the Financial Controller. It will be the Financial Controller's responsibility to ensure that variances are followed up and investigated.

6.7 SECURITY

The following procedures are to be followed in all locations:

- 6.7.1 Where large sums of money (eg in excess of \$2,000) are received, cash in the drawer is to be "skimmed off" and placed in a safe at least twice during the day. This will be as opportunity permits, having regard to the number of customers.
- 6.7.2 Counting cash. Large amounts of cash are to be counted out of the public view as far as possible. In locations where there is only one or two officers, it may be counted behind a screen in the public office.
- 6.7.3 Armed robbery or hold up. Cashiers in major locations are to be made aware of the confidential instructions in regard to armed robbery or hold up.
- 6.7.4 Fire Alarm. In the case of a fire alarm sounding:
 - a) Lock your cash drawers and take the keys with you.
 - b) Lock the safes.
 - c) Leave the building.

6.8 FINANCE DEPARTMENT CHECKS

- 6.8.1 Designated Finance staff will visit locations at intervals during the year to conduct spot checks on the accuracy of Cash Receipting and the adherence to correct procedures.
- 6.8.2 The results of the visits will be reported to the Financial Controller, the General Manager Finance and Corporate Support and the Manager of the locations visited.

6.9 DISHONoured RECEIPTS

Cheques, automatic payments, etc will be dishonoured from time to time. The procedures for dealing with dishonours are detailed for the following sources:

- 1 EFTPOS
- 2 Cheques
- 3 Automatic Payments
- 4 Direct Debits

6.9.1 EFTPOS Errors

These are not dishonours in that an EFTPOS transaction which is not accepted by the bank must not proceed.

However, the system at present does not prevent receipting an unaccepted EFTPOS transactions and should a receipt be processed in error, the following procedure is to be adopted:

- a) At the end of the day, the EFTPOS credits will be short when compared to receipts. At this stage the Cashier will cancel the receipt and notify the customer. If the receipt is not cancelled the following instructions are to be followed.
- b) The Cashier will create a variance and will be posted to the Cash Receipting Variance Account.
- c) The Accountant in charge of the Cash Receipting module will complete an "unpaid item report" and send this to the Revenue Officer. At the same time he will advise the Manager of the receipting department.
- d) The Manager of the receipting department will arrange for the customer to be contacted and asked to pay the monies receipted in error. The Revenue Officer is available to help in this. In general, it is expected that the cash will be received within five days. A period of up to ten working days may be allowed if necessary. Cash will be credited to the Cash Receipting Variance Account.
- e) If the cash is not received by the end of the arranged period, the Revenue Officer will arrange for the "unpaid item report" to be completed and entered into the system so that the receipt entry is reversed. At the same time the Revenue Officer will advise the appropriate manager of this action.

INTERNAL CONTROL

6.9.1	EFTPOS Errors The Financial Accountant will reconcile the Cash Receipting Variance Account at the end of each month.	Financial Accountant	Monthly
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6.9.2 Dishonoured Cheques

All dishonoured cheques are debited to the 00 bank account. The principle is that the charge is allowed to be held in an Unpaid Items Account for up to ten working days whilst efforts are made to rebank the cheque or recover the monies. This is because experience indicates that the majority of dishonoured cheques are paid within this timeframe and many unnecessary accounting entries are avoided by allowing some days of grace.

The procedure is as follows:

- a) All cheque dishonours appear in the 00 bank account.
- b) They will be charged to the Unpaid Item Account via the Bank Management Module.
- c) The unpaid items slip will be received two or three days later and be sent to the Rates Arrears and Projects Officer.
- d) The Rates Arrears and Projects Officer will attempt to contact the customer and seek to have a satisfactory arrangement for the cash to be paid within ten working days at the latest.
- e) If either the customer cannot be contacted within five days or the cash cannot be recovered within ten days, then the Rates Arrears and Projects Officer will immediately complete the Unpaid Items Report and pass this to a Rates Officer or Systems Supervisor for immediate entry into the system. This will reverse the cash entries. The relevant Activity Manager will be advised at the same time.
- f) The Rates Arrears and Projects Officer, in conjunction with the originating department will continue to seek to recover the debt. When cash is received after the entry has been reversed it is to be credited to the customer account.
- g) Customer Services Officers must note that any references to dishonoured cheques indicate that the customer is to be referred to the Rates Arrears and Projects Officer.

INTERNAL CONTROL

6.9.2	Dishonoured Cheques The Rates and Revenue Team Leader will reconcile the Unpaid Item Account at the end of each month (refer 2.11).	Rates and Revenue Team Leader	Monthly
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6.9.3 Dishonoured Automatic Payments

Dishonoured APs will be debited to the suffix 23 account.

The general principle is that the dishonour is reversed as promptly as possible (ie immediately after the original bank statement has been updated) and an appropriate follow up instituted. The procedure is as follows:

- a) AP dishonours will be debited to the suffix 23 bank account.
- b) They will be processed manually via the Bank Management module, to create a reverse transaction on the customers account.

INTERNAL CONTROL

6.9.3	Dishonoured Automatic Payments The Accounting Officer is responsible to ensure every bank statement run is updated correctly.	Accounting Officer	Daily
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6.9.4 Dishonoured Direct Debits

Dishonoured Direct Debits will be debited to the suffix 23 bank account.

The general principle is that the dishonour is reversed automatically by the Bank Management module, any dishonours that do not match automatically will be manually processed via Bank Management.

INTERNAL CONTROL

6.9.4	Dishonoured Direct Debits The Accounting Officer is responsible to ensure every bank statement run is updated correctly.	Accounting Officer	Daily
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6.9.5 Overpayments

If a Council debtor overpays an account within a particular debtors ledger, the Council once satisfied that other debtors ledgers do not record amounts outstanding, will refund the overpayment.

6.9.6 Returning Payments with Insufficient Detail

From time to time customers will send payments without sufficient detail to identify what is being paid. Staff are to review the various debtor ledgers and make whatever enquiries they can including contacting the payer. If the matter cannot be resolved then the payment is to be returned. Copies of screen dumps should be used as documentation.

6.10 RECEIPTING AT OTHER LOCATIONS

The Council receives monies at a range of locations and uses a range of different receipting methods. This section of the manual lists the locations which do not have installed the formal Cash Receipting module.

The general principles in [6.2](#) above and the security principles in [6.7](#) above apply to all locations. Finance will conduct checks of accuracy and procedures at locations as stated in [6.8](#).

Cheques received: it is important to have details of cheques in the event of a dishonour. Therefore cheques should have the following on their reverse:

- Customer name, address and phone number.
- Location received and any receipt reference.

The topics covered for each other location are:

- a) Introduction
- b) Method of receipting
- c) Method of depositing monies
- d) Treatment of cash variances

The locations covered are:

- 6.10.1 Dunedin Public Library
- 6.10.2 Mosgiel Library
- 6.10.3 Port Chalmers Library
- 6.10.4 Waikouaiti and Blueskin Bay Libraries
- 6.10.5 Visitor Centre
- 6.10.6 Settlers Museum
- 6.10.7 Dunedin Public Art Gallery
- 6.10.8 Moana Pool
- 6.10.9 St Clair Salt Water Pool
- 6.10.10 Mosgiel and Port Chalmers Pools
- 6.10.11 Green Island Landfill
- 6.10.12 Green Island Recovery Store
- 6.10.13 Sawyers Bay, Middlemarch and Waikouaiti Landfill
- 6.10.14 Civic Centre Minor Locations
- 6.10.15 Parking Meters
- 6.10.16 Pay and Display Car Parks and On Street Pay and Display Machines
- 6.10.17 Car Parks and Parking Buildings
- 6.10.18 Out in the Field
- 6.10.19 Chinese Garden

6.10.1 Dunedin Public Library

a) **Introduction**

The Library receives monies at the following points:

- i) Book buses (two)
- ii) Photocopiers (four in total)
- iii) Ground Floor helpdesk (one cash register and one EFTPOS terminal)
- iv) Central Reference desk on 1st floor (one cash register and one EFTPOS terminal)
- v) Audio Visual desk on 2nd floor (one cash register and one EFTPOS terminal)
- vi) McNab Room 3rd floor (cash register)

b) **Methods of Receipting**

i) **Book Buses**

The Librarian places monies received in the bags supplied. No receipts are issued. Bags are placed in the librarians' office.

ii) **Photocopiers.** The locations are:

Ground Floor

Information Services, 1st floor (2 copiers 1 black and white, 1 colour)

McNab Room, 3rd floor

Cash is collected from the photocopy coin boxes by the Library staff at the start of the day. The money is receipted into the till on the appropriate floor. Library staff are responsible for recording the counter start and finishing numbers, and reconciling this with cash received.

iii) **Help Desk Cash Registers**

Monies received are entered in the cash register. Receipts maybe issued.

At the end of the day, the Library staff initiate the end of day process and complete the cash register summary. The cash, including the float, EFTPOS receipts, the complete cash register tape and the summary are placed in a bag in the lending services librarian office on the ground floor.

iv) **Information Services Desk 1st Floor**

Monies received are entered in a cash register. Receipts maybe issued.

At the end of the day, the Library staff initiate the end of day process and complete the cash register summary. The cash, including the float and EFTPOS, the complete cash register tape and the summary are placed in a bag in the drop safe on the ground floor.

vi) **McNab 3rd Floor**

Monies received are entered in a cash register. Receipts maybe issued.

At the end of the day, the Library staff initiate the end of day process and complete the cash register summary. The cash, including the float, the complete cash register tape and the summary are placed in a bag in the drop safe on the ground floor.

vii) **A V Desk 2nd Floor**

Monies received are entered in cash register. Receipts maybe issued.

At the end of the day, Library staff initiate the end of day process and complete the cash register summary. The cash, including the float, EFTPOS receipts, the complete cash register tape and the summary are placed in a bag in the drop safe on the ground floor.

c) **Method of Depositing Monies**

On the next working day, a Library staff member collects the monies from the safe. The individual receipting point monies are counted and balanced against the recorded amount. The cash for the day is summarised on the daily cash receipt schedule.

The monies are deposited in the Finance Department safe and collected by a security firm on a daily basis for delivery to the bank.

The Cashiers in the Finance Department process the source documentation, which is returned to the Library along with the receipt.

d) **Treatment of Cash Variances**

Cash variances are recorded by receipting point and summarised for the day. The total is charged to a cash variance account. The Library staff member checks cash register tapes or other documentation in order to highlight any variance that exceeds \$10 at any one point. Variances are reported to the Section Supervisors in the area where the variance has occurred.

Copies of the cash summary sheets are forwarded to Section Supervisors. If an individual variance of \$10 at any one point, or \$20 for the whole library a report is sent to the City Librarian, via the Administration Officer.

Variances in excess of \$20 or persistent variances are to be drawn to the attention of the Financial Controller. It will be the Financial Controllers responsibility to ensure that variances are followed up and investigated.

6.10.2 **Mosgiel Library/Service Centre**

a) **Introduction**

The Mosgiel Library operates in conjunction with the Service Centre. The Library operates two cash registers and EFTPOS independently of the Service Centre Cash Receipting module.

b) **Method of Receipting**

Monies received are entered in the cash register. Receipts maybe issued.

At the start of the next day, the Library staff initiate the end of day processes for monies taken the previous day and complete the cash register summary. This is then processed via the Service Centre Cash Receipting module.

Cash register summary is forwarded to the Library Administration Officer at the Central Library.

c) **Method of Depositing Monies**

Monies are held in the Mosgiel Library safe. The monies are uplifted by a security firm in the presence of DCC staff, for delivery to the bank.

d) **Treatment of Cash Variances**

Any cash variance is recorded on the cash register summary and charged to a cash variance account in the General Ledger.

Where a cash variance exceeds \$10, a copy of the daily cash summary is sent to the City Librarian, via the Administration Officer.

6.10.3 Port Chalmers Library/Service Centre

a) **Introduction**

The Port Chalmers Library operates in conjunction with the Service Centre. The Library operates a cash register and EFTPOS independently of the Service Centre Cash Receipting module.

b) **Method of Receipting**

Monies received are entered in the cash register. Receipts maybe issued.

At the start of the next day, the Library staff initiate the end of day processes for monies taken the previous day and complete the cash register summary. This is then processed via the Service Centre Cash Receipting module.

Cash register summary is forwarded to the Library Administration Officer at the Central Library.

c) **Method of Depositing Monies**

Monies are held in the Mosgiel Library safe. The monies are uplifted by a security firm in the presence of DCC staff, for delivery to the bank.

d) **Treatment of Cash Variances**

Any cash variance is recorded on the cash register summary and charged to a cash variance account.

Where a cash variance exceeds \$10, a copy of the daily cash summary is sent to the City Librarian, via the Administration Officer.

6.10.4 Waikouaiti and Blueskin Bay Libraries

a) **Introduction**

These are smaller libraries, open for limited hours. In view of the relatively small amounts received, the receipting standards are modified in regard to the frequency of depositing monies. Each Library has a cash register and an EFTPOS terminal.

b) **Method of Receipting**

Monies received are entered in the cash register. Receipts may not be issued.

At the end of each cash receipting period week, staff initiate the end of period processes and complete the cash register summary.

c) **Method of Depositing Monies**

Monies received, all Cash Receipting tapes, the EFTPOS receipts and the cash register summary are collected by the Citifleet courier. The monies are delivered in a locked secure container to the Circulation staff who remove the bank bag from the container and place it in the drop safe on the ground floor. This money is accounted for the Finance staff when balancing the Central Library cash.

d) **Treatment of Cash Variances**

Any cash variance is recorded on the cash register summary and charged to a cash variance account.

Where a cash variance exceeds \$10, a copy of the daily cash summary is sent to the City Librarian, via the Library Administration Officer.

6.10.5 Visitor Centre

a) **Introduction**

The Visitor Centre operates seven days per week and collects monies from the sale of tickets for visitor services, sundry maps and brochures, etc. As a service to its customers, overseas monies are accepted for sales of goods and services. Overseas monies are changed into NZ currency during weekends and public holidays.

b) **Method of Receipting**

All monies are receipted via the cash register and or Vincent booking module and a receipt issued.

Where EFTPOS or a credit card is tendered, the card is first entered into the EFTPOS machine which reads it, carries out the appropriate verifications and accepts or rejects the transaction. Where the transaction is accepted, the sale is then receipted via the cash register in the usual way. A receipt is issued. Should the card be rejected, an alternative method of payment must be arranged or the transaction does not proceed.

c) **Method of Depositing Monies**

During the day excess cash is skimmed off the tills and secured in the safe for each operator.

At the end of the day's business, the cash register end of day process is initiated. Cash register tapes, float and monies are reconciled for each operator and then held overnight in the Visitor Centre safe. On the next working day, monies are balanced against the daily cash summary total for all operators' transactions and are taken to the Finance Department.

Monies are deposited each morning to Finance Department staff.

d) Treatment of Cash Variances

Cash variances are recorded on the daily cash-balancing sheet separately and charged to the cash variance account in the General Ledger.

A written explanation of cash variances in excess of \$10 is to be supplied to the Visitor Centre Manager and Financial Controller.

INTERNAL CONTROL

6.10.5	Treatment of Cash Variances It is the responsibility of the Visitor Centre Administration Officer to check that the amount received by Finance staff is equal to the amount sent for receipting.	Visitor Centre Administration Officer	Daily
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e) **Overseas Currency**

The Visitor Centre is not a Bureau de Change. However, as with any business in the Tourism industry, it is necessary to handle overseas currency under certain circumstances.

The Visitor Centre accepts overseas currency under these circumstances:

- i) Where it is tendered for the sale of goods or services being sold, and
- ii) Where a visitor has a problem in changing currency during a weekend or public holiday when the usual Bureau de Change are closed. Under these circumstances, a travellers cheque or foreign currency up to about NZ\$300 equivalent may be changed as a service to the customer.

A float of up to NZ \$3,000 is held in the safe for this purpose, the amount of the float will vary with seasonal fluctuations.

Exchange Rates are obtained from Travel X prior to the weekend and these Rates are used for conversion less a 5% commission.

Transactions are recorded on the schedule.

On the next working day, the overseas monies are taken to is collected by Travel X and the NZ equivalent received. The float is reimbursed and the 5% commission received is entered onto the daily cash summary. The schedule and other documentation (exchange Rates from Thomas Cook and exchange vouchers) for that day's receipts are stapled together and retained.

VISITOR CENTRE

SCHEDULE OF OVERSEAS CURRENCY TRANSACTIONS

DATE: _____

Type of Currency TC = Trav Chqs BN = Bank Notes	Country of Origin	Amount in Foreign Currency	Conversion Rate	5% Commission	Amount in NZ Currency	Signature of Officer
TOTAL						

Received from Travel X: NZ\$ _____

Cash Register Receipt No: _____

6.10.6 Settlers Museum

a) **Introduction**

The Settlers Museum has one point for receiving monies for admissions, shop sales, etc. Credit and EFTPOS cards are acceptable via an electronic terminal.

b) **Method of Receipting**

All monies are received via the cash register. Receipts are not issued unless requested, in which case a manual receipt is provided.

Credit cards are processed on an electronic EFTPOS terminal. At the end of the day, the end of day cash register process is initiated. Each half day shift has its own lockable float tray. At the end of each shift the float is counted out and the remaining cash is prepared using a banking form. Monies and float drawers are placed in the safe overnight.

Where one receptionist is on duty for a day the cash register end of day process is run at the end of the period, so that whole day may be included in one balance.

c) **Method of Depositing Monies**

Monies are collected by Dunedin Public Art Gallery staff once per week, staff must sign for the items collected when up lifting them, or more often when there is a major exhibition. Monies are delivered for further processing at the DPAG – Administration Services Manager.

d) **Treatment of Cash Variances**

Cash variances are noted on the banking analysis and charged to a General Ledger account. An explanation is noted on the analysis. All cash variances are reported to the Administration Services Manager at the Art Gallery.

INTERNAL CONTROL

6.10.6	5 Daily banking forms to be compared to the weekly banking sheet, sent to finance for process	DPAG	Done Monthly
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6.10.7 Dunedin Public Art Gallery

a) **Introduction**

Monies are received at the reception desk/shop. In addition there is a box for donations and maybe a temporary reception desk for receiving monies in connection with specific exhibitions.

b) **Method of Receipting**

All monies at the shop are receipted via a cash register. EFTPOS and credit card facilities are available.

Receipts are issued at the shop.

The Administration Services Manager collects monies received in donation boxes monthly independently counted and receipted into the reception till. Each half day shift has its own lockable float tray. At the end of each shift the float is counted out and the remaining cash is prepared using a banking form. The float and monies received are held in the locked shop area overnight. This location is protected by the Art Gallery security module.

c) **Method of Depositing Monies**

A security firm collects monies once per week or more often when there is a major exhibition. Monies from DPAG and OSM are deposited with the Cashiers on the 3rd Floor, Civic Centre once per week.

d) **Treatment of Cash Variances**

Cash variances are noted on the banking analysis and charged to a General Ledger account. An explanation is noted on the analysis. All cash variances are reported to the Administration Services Manager at the Art Gallery.

INTERNAL CONTROL

6.10.7	5 Daily banking forms to be compared to the weekly banking sheet, sent to finance for process	DPAG	Done Monthly
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6.10.8 **Moana Pool**

a) **Introduction**

All monies received are receipted via the Plus 2 cash receipting system in the entrance foyer. This includes pool admissions, sales of season tickets, inventory, sales of goods and receipts from vending machines, etc.

b) **Method of Receipting**

All monies are receipted via the cash register. Admission tickets are issued in lieu of receipts.

At the end of the day the cash register end of day process is initiated and money counted, cheques totalled (including monies deposited in the safe during the day). Monies are held overnight and collected the following day by a security firm. A cash summary schedule is completed by the Cashier/Receptionist, detailing the revenue and variance codes to be debited or credited. This is required to match the total of Cash, Cheques and Eftpos transactions **counted**. A copy is sent to Finance for the Cashiers to receipt into Pathway.

c) **Method of Depositing Monies**

The security firm collects the monies every day and deposits them at the bank that day or on the next working day where it is a weekend or public holiday. The Council's 00 bank account is credited. The credits on the bank statement are matched to the day's banking number in Bank Management by the Finance Department staff. Any variances are reported to the Financial Analyst.

d) **Treatment of Cash Variances**

Any cash variance is recorded on the daily summary sheet. The reason for variances is noted on this. Where variances exceed \$10 per day, the Pool Supervisor is to send a signed copy to the Aquatic Services Financial Analyst.

6.10.9 St Clair Salt Water Pool

a) **Introduction**

The St Clair Salt Water Pool receives monies for admissions, season tickets, merchandise, etc. This pool operates during the summer period – approximately October to March.

b) **Method of Receipting**

All monies are receipted via a cash register. Receipts are not issued. At the end of the day, a cash summary schedule is completed by the Cashier/Receptionist, detailing the revenue and variance codes to be debited or credited. This is required to match the total of Cash, Cheques and Eftpos transactions **counted**, a copy is faxed to the Finance Cashiers to receipt into the Council's Pathway receipting then onto the JDE reports.

c) **Method of Depositing Monies**

The security firm collects the monies every day and deposits them at the bank that day or on the next working day where it is a weekend or public holiday. The Council's 00 bank account is credited. The credits on the bank statement are matched to the day's banking number in Bank Management by the Finance Department staff. Any variances are reported to the Financial Analyst.

d) **Treatment of Cash Variances**

Any cash variance is recorded on the daily summary sheet. The reason for variances is noted on this. Where variances exceed \$10 per day, the Pool Supervisor is to send a signed copy to the Aquatic Services Financial Analyst.

6.10.10 Mosgiel and Port Chalmers Pools

a) **Introduction**

The community swimming pools receive monies for admissions, season tickets, etc.

b) **Method of Receipting**

All monies are receipted via a cash register. Receipts are not issued. At the end of the day, the cash register results are entered onto a summary sheet and the monies in the till balanced against it.

c) **Method of Depositing Monies**

The next working day, monies, the summary sheet and the cash register tape is taken to the Service Centre. Monies are checked, receipted and credited to the appropriate General Ledger accounts.

d) **Treatment of Cash Variances**

Any cash variance is recorded on the daily summary sheet. The reason for variances is noted on this. Where variances exceed \$10 per day, a memo is faxed to the Aquatic Services Financial Analyst via the Aquatic Services Manager.

6.10.11 Green Island Landfill

a) **Introduction**

The landfill booth is operated by a contractor supervised by the Water and Waste Services Department. The contractor is expected to conform to the Council standards and policies.

b) **Method of Receipting**

i) Domestic Customers - the booth attendant issues a receipt to all domestic customers, ie customers who pay on the standard scale of charges and not by weight. Visitors who are defined by the Water and Waste Services Department, are recorded on the cash register as "free passes" and a cash register docket issued accordingly.

ii) Commercial credit customers are those commercial operators who have made prior credit arrangements with the Water and Waste Services Department and whose vehicles have been issued with an ID number. These customers enter via the weighbridge which is linked to the "Landfill 3000" system to the cash register.

On entering the landfill the booth attendant enters the vehicle ID number. On exiting, the booth attendant calls up from the "vehicle pending" screen the relevant ID number. The tare weight is recorded, the sales docket issued which is handed to the driver.

iii) Commercial cash customers are those who have not made prior credit arrangements. On entry, the booth attendant enters the vehicle registration number. On exit, the relevant registration number is called up. The tare weight, weight of load and landfill charge are computed and a cash sale docket issued. The booth attendant collects the monies and hands the docket to the driver.

iv) End of day procedure - the "cash up" process is initiated about 3-4 pm prior to the arrival of the security firm who will collect the cash cheque and EFTPOS slips for delivery to the Finance Department.

The cash float plus monies received after the cash up are placed in the safe in the booth.

v) Weekends and public holidays - the above end of day procedure is carried out on these days as above. The security firm collects the monies and holds them until the next working day for delivery to the Finance Department.

vi) Cancelled receipts - where it is realised that an incorrect receipt has been issued, it is to be held and attached to the daily report as a "cancelled receipt". The amount will be manually deducted from the system total.

Each Monday morning on receipt of the weekly report the Business Support Leader logs into the computer terminal residing in the Civic Centre and marks the incorrect receipts as cancelled.

c) **Method of Depositing Monies**

The security firm delivers monies to the Finance Department. Monies are checked and the data entered into the Cash Receipting module. Should there be problems or cash variances beyond \$10, the Finance Department staff is to contact the Business Support Leader.

d) **Cash Variances**

The Finance Department enters the amounts as per the cash register record into the Cash Receipting module. Any cash variance is charged to the cash variance account in the General Ledger.

The Business Support Leader investigates all cash variances greater than \$10.00 and any instances where debit variances exceed \$20.00 in any one week.

6.10.12 **Green Island Landfill Recovery Store**

a) **Introduction**

The Green Island Landfill Recovery Store has one point for receiving monies for shop sales, etc. EFTPOS cards are acceptable via an electronic terminal.

b) **Method of Receipting**

All monies are received via the cash register. Receipts are not issued unless requested, in which case a manual receipt is provided.

At the end of the day, the end of day cash register process is initiated, the float is counted out and the remaining cash is prepared using a banking form. Monies and float drawers are placed in the safe overnight.

c) **Method of Depositing Monies**

A security firm collects monies daily. Monies are delivered for further processing to the Finance Department Cashier, Civic Centre, third floor.

d) **Treatment of Cash Variances**

Cash variances are noted on the banking analysis and charged to a General Ledger account. An explanation is noted on the analysis. All cash variances are reported to the Water and Waste Services Manager.

6.10.13 **Sawyers Bay, Middlemarch and Waikouaiti Landfill**

a) **Introduction**

These landfills are operated by contractors supervised by the Water and Waste Services Department. The contractor is expected to conform to the Council standards and policies.

b) **Method of Receipting**

All monies are receipted at the locations, opening times of these landfills mean that only a cash box is used. Manual self-carbon receipts are issued using the receipt books provided by the Water and Waste Services Department.

At the end of each days operation the Contractor prepares the banking form, recording the opening and closing receipt numbers and the total value taken.

c) **Method of Depositing Monies**

Each week the contractor will deliver the receipts, banking form and money to the administration staff of Water and Waste Services, Civic Centre. Water and Waste Services staff will perform a recount of the money and receipts, signing off who performed the check on the banking forms.

These forms and cash are then delivered to the Finance Department Cashiers for banking.

d) **Treatment of Cash Variances**

Cash variances are noted on the banking analysis and charged to a General Ledger account. An explanation is noted on the analysis. All cash variances are reported to the Water and Waste Services Manager.

6.10.14 Civic Centre Minor Locations

a) **Introduction**

Minor amounts of cash received at many locations within the Civic Centre. Examples are monies for sale of By-Laws on the second floor, minor printing jobs in Printing Services or staff transactions paid to Finance.

b) **Method of Receipting**

All monies received are acknowledged by the Department clerk who issues a manual DCC Tax Invoice from the Receipt Book. All cheques made payable to the Dunedin City Council may be receipted if the payer so requests.

c) **Method of Depositing Money**

Department clerk completes the **To Finance Cashiers** form entering the DCC Tax Invoice receipt number using the **From** and **To Receipt** fields (for more than one receipt) on the form and complete the other information. Sign and date the form.

Where the receipts total more than \$50, monies are taken personally on a daily basis to the Finance Cashiers and if the office is unattended monies and cashiers form are to be placed in the drop safe.

Where cash is less than \$50, it may be held in a locked place and deposited with the Cashiers at the end of the week.

The Cashier, after processing the monies, will return source documentation to the Department Clerk who will on receipt of these documents note the Cash Receipting receipt number on the DCC Tax Invoice copy in the manual receipt book.

Note: Monies are never to be sent via the internal mail system and if the Finance Cashiers room is unattended monies must be put in the drop safe. Any monies not in the drop safe will be returned to the department and no responsibility will be taken for any discrepancies.

d) **Treatment of Cash Variances**

There should be no variances, given the extremely low number of transactions. If there should be a variance, this is to be reported immediately to the Activity Manager of the receiving department.

6.10.15 Parking Meters

a) **Introduction**

The Council operates parking meters. The cash from these is cleared by a contractor.

b) **Method of Receipting**

Cash is placed in the meter.

c) **Method of Depositing Monies**

The Contractor clears cash from each meter once a week, on a programme determined by the Citifleet Team Leader. The cash is cleared by emptying the cash boxes into the box provided. The Contractor counts the cash and banks it to the Council's 00 account. The Contractor delivers the datapack containing the recorded information to an Officer in Finance. The information is read and balanced against the total banked.

d) **Treatment of Cash Variances**

The Finance Officer determines the amount of the daily variance where the variance is greater than 0.5%, the officer advises the contractor and asks for an explanation.

The Finance Officer is to evaluate the explanation and if it is not satisfactory, advise the Citifleet Team Leader.

6.10.16 **Pay and Display Car Parks and On Street Pay and Display Machines**

a) **Introduction**

These are on street and off street machines which issues a ticket for display on the vehicle's dashboard, visible from the outside. They are patrolled by Parking Enforcement Officers.

b) **Method of Receipt**

Customers put cash into the machine and receive a ticket containing start and expiry times.

c) **Method of Depositing Monies**

Every day a contractor collects cash from the car park machines and an audit record from the pay and display machines. Cash is counted and banked daily.

The cash from the on street pay and display machines is collected on a zone basis, zone 2 each Friday and zone 3 each Thursday.

Citifleet is advised of any machines which malfunction. The contractor faxes a copy of the cash count and the audit record to Finance. The Finance Officer confirms the amount banked from the bank statement and compares it to the audit record. A daily cash reconciliation is prepared via a spreadsheet.

d) **Treatment of Variances**

The Citifleet Management receives a monthly report.

6.10.17 **Car Parks and Parking Buildings**

a) **Introduction**

Currently car park buildings are operated by Citifleet at the following locations:

- Moray Place (YMCA)
- Lower Moray Place (Regent)
- Great King Street
- Wall Street

Automatic ticket and receipt stations operate at each location.

b) **Method of Receipting**

Customers are issued with a ticket on entry. Prior to exit they pay for time in the park. All cash is entered at automatic cash receipt ticket machines. Receipts are issued on request.

c) **Methods of Depositing Monies**

- i) Car Park Buildings: At the end of the day the security firm collects the cash and holds it overnight, and deposits it the next day. The contractor faxes to Finance the summary report for the day. The Finance Officer balances this to the bank statement and to the totals banked as advised by the security firm.

d) **Treatment of Variances**

- i) Parking Buildings: Variances are recorded on the daily cash reconciliation. Where it exceeds \$5 per day either way, the Finance Officer requests an explanation. If there were a serious problem, the Citifleet Team Leader is advised. The Citifleet Team Leader receives the monthly report.

6.10.18 Out in the Field

a) **Introduction**

Minor amounts of cash received while out in the field. Examples are monies for payment of dog impounding fees and dog registration.

There are a minimal number of these transactions for each vehicle used by staff. Therefore each vehicle has a numbered manual cash receipting book and a lockable cashbox.

b) **Method of Receipt**

All cash received is acknowledged by the issue of a manual cash receipt. Cheques made payable to the Dunedin City Council may be receipted if the payer so requests.

The manual cash receipting book is to be held separately from the cashbox to ensure that payments made can be identified if either one is stolen from the vehicle.

c) **Method of Depositing Monies**

All monies received are to be taken personally on the next working day to the Plaza and credited to the appropriate general ledger account. A receipt is obtained and attached to the copy of the manual cash receipt.

Note: Monies received are never to be sent via the internal mail system. They are to be taken to the Plaza in person.

d) **Treatment of Variances**

There should not be variances, given the extremely low number of transactions. If there should be a variance, this is to be reported immediately to the Activity Manager of the receiving department.

6.10.19 Chinese Garden

a) **Introduction**

The Chinese Garden has two points for receiving monies for admissions, shop sales, etc. Credit and EFTPOS cards are acceptable via an electronic terminal.

b) **Method of Receipting**

All monies are receipted via a cash register. Receipts **must be issued**. At the end of the day, a cash summary schedule is completed by the Cashier/Receptionist, detailing the revenue and variance codes to be debited or credited. This is required to match the total of Cash, Cheques and EFTPOS transactions counted, a copy is faxed to the Finance Cashiers to receipt into the Council's Pathway receipting then onto the JDE reports.

Credit cards are processed on an electronic EFTPOS terminal. At the end of the day, the end of day cash register process is initiated.

Monies and float drawers are placed in the safe overnight.

Where EFTPOS or a credit card is tendered, the card is first entered into the EFTPOS machine, which reads it, carries out the appropriate verifications and accepts or rejects the transaction. Where the transaction is accepted, the sale is then receipted via the cash register in the usual way. A receipt is issued. Should the card be rejected, an alternative method of payment must be arranged or the transaction does not proceed.

c) **Method of Depositing Monies**

The security firm collects the monies every day and deposits them at the bank that day or on the next working day where it is a weekend or public holiday. The Council's 00 bank account is credited. The credits on the bank statement are matched to the day's banking number in Bank Management by the Finance Department staff. Any variances are reported to the Financial Analyst.

d) **Treatment of Cash Variances**

Cash variances are noted on the banking analysis and charged to a General Ledger account. An explanation is noted on the analysis. All cash variances are reported to the Manager at the Chinese Garden.

6.11 CASH RECEIPTING - CONFIDENTIAL

Procedure In Case Of Robbery

General

No business expects to be robbed. However, should it happen, Cashiers must be aware of these procedures.

The general principle is that staff are not expected to be heroes - just observant.

Procedure If Confronted By A Robber

At the Time

- 1 Do what you are told by the robber, quietly and without hesitation.
- 2 Try to remember what is said to you and keep in mind a description of the offender.
- 3 Do NOT try and attract the attention of anyone else.
- 4 Do NOT push the buzzer at your work station.

After

- 1 Notify your supervisor - who will call the police immediately.
- 2 Write down a description of the offender.
- 3 Write down as much as you can about what was said and done.

Remember

- No heroes.
- Cash can be replaced. People cannot.

6.12 CASH RECEIPTING: ACCEPTANCE OF CHEQUES

6.12.1 In general the Council accepts cheques from customers. The receiving officer is to ensure that the cheque is, on the face of it, valid, ie:

- It is signed.
- Words and figures of the amount agree.
- It is dated correctly.
- It is made payable to the DCC.

6.12.2 Post Dated Cheques

This refers to cheques with a future date. These are acceptable as long as the date is within the next four weeks. Post dated cheques are held by the Cashiers in Finance and receipted on their due date.

6.12.3 Cheques Payable to Someone Other Than 'Dunedin City Council'

These are not to be accepted under any circumstances.

6.12.4 Change is Never Given on a Cheque

Cheques are not to be cashed or cash given in change from cheque.

6.12.5 Cheques accepted over the counter for cash sales, have the payer's name, address and telephone number written on the back of the cheque.

6.12.6 All cheques are stamped "Not Negotiable, Credit Dunedin City Council only". On the reverse they are to have stamped the receipt number where they are processed by a system cash register. In cases where they are processed in an "outside" location, the location and receipt reference is to be written on the reverse.

Note: The Bills of Exchange Act lays down some of the requirements for the acceptance of cheques. Where a cheque is endorsed "Not Transferable", "Non-transferable", "Account Payee", "A/C Payee", "Account Payee only" it may only be banked by the party named in the cheque as payee. This Act, plus commercial common sense, requires staff to exercise care in accepting cheques.

6.12.7 **Cash Receipting: Refund of Cash Sales**

Refund of cash sales must be strictly controlled and all refunded amounts must be recorded on daily banking summary schedules. As all refunds are expenditure, an officer with the appropriate delegated authority must sign the daily banking schedules containing refund records.

Cash sales are:

- Bus tickets
- Rodent poison
- Trailer nets
- Wasp traps
- Rubbish bags
- Dog collars

6.12.8 **Cash Receipt Transfers**

All Cash Receipt transfer requests must be submitted to Finance on the correct cash transfer form. It must include a screen shot of the receipt to be transferred, the reason why, and be signed by an authorised person with the appropriate delegated authority.

For copies of templates, please contact either the Systems Supervisor or Systems Accountants.

6.13 ELECTRONIC RECEIPTS

6.13.1 **Introduction**

These procedures cover, Direct Debits, Automatic payments, Direct Credit, Telebanking, Computer Transactions and Credit Cards.

Electronic transaction is an evolving field, with tension between the need for management control, customer satisfaction and containing organisational costs. The wider the number of options offered for payment the greater the costs and the greater the risk of a service decline.

There is a need to acknowledge that there is a variety of customers both business and non-business customers who have different requirements which the Council must meet wherever possible. In reality it could be argued that this is particularly relevant to the non-business customers who in the past have generally received less specific attention than individual ratepayers.

The operation of electronic receipting is dependent on legal and system constraints. The Banking module demands strict compliance with the requirement of the banking statutes, which may for instance require a review of our stationery. The functionality of the Council's main financial software also dictates what can be achieved.

This policy does not include cash, cheques or EFTPOS payments.

INTERNAL CONTROL

The clearance of Bank Management exceptions associated with each account are to be completed on the same day of import therefore allowing the total completion of all processes for all bank accounts. This is a requirement of the Pathway system.
The daily clearance of all files to be exported via deskbank (Westpac electronic banking).

FINANCE ACCOUNT SERVICE SECTION

Daily

6.13.2 Direct Debits

Council Procedure

The preferred method of electronic receipt is Direct Debits as this provides the maximum cost benefit, management control and for most individual ratepayers the maximum satisfaction.

This offers the most robust electronic process chain with the ability to communicate early and frequently with customers. In short the first step of debt monitoring is part of the process chain.

The Council has a different Direct Debt scheme for different types of services. Each scheme uses a different Bank Account both for the funds received and the dishonours incurred. Only a bank approved form, a different one for each scheme, is permitted to be used for direct debits.

Name of Scheme	Services	Bank Account	Bank Approval
Payplan Direct	Rates	184000 - 11	0303914
Pay Direct	Miscellaneous Payments	184000 - 03	0305567
Rent Direct	Rents	184000 - 18	0301476
Water Direct	Water	184000 - 12	0888 1102

These accounts are used for Direct Debits.

Legal Constraints

Direct Debits may only be used for additional areas of operation with the written approval of the Senior Financial Accountant. The Council's bankers for each class of direct debits require an indemnity and the conditions set by the banking industry must be strictly adhered to. Any new direct debit scheme requires prior approval from the Bank before the Finance Department can commence a new scheme.

System Constraints

The system requires all direct debits to be of a fixed variety except for Rates (and when the software is complete) Water. An agreement is recorded in the core computer system for each Property or debt held by a customer. The generation of the DD file in the core computer system does not constitute the end of the process and it is necessary to transmit the file via deskbank to customers bank accounts. This involves manual intervention and therefore requires monitoring.

6.13.3 Automatic Payments - Fixed Regular Amount

Council Procedure

No new Automatic Payments will be accepted except in circumstances where the customer's bank does not have an alternative service.

This method of payment has an increased cost because of the necessity for manual maintenance. The Council is working towards phasing out Automatic Payments in the longer term. Existing Automatic Payments for rents will continue to be accepted because of the numbers but ratepayers are to be actively encouraged to move to Direct Debits.

System Constraints

An agreement is recorded for each Property in the core computer system. The review and monitoring of the financial position is done manually.

6.13.4 Direct Credits - Fixed Regular Amount

Council Procedures

This facility is only available for business customers and is based on the suffix 05 for Rates and 07 for Sundry Debtor accounts. Each Direct Credit requires constant manual maintenance for each bank line. Therefore this facility can only be offered for commercial clients on a limited basis and must be a fixed amount with all appropriate details.

System Constraints

Agreements are not recorded in the core computer system software for this type of receipt therefore the processing of the transaction is by the use of a 'Receipt Allocation'. At the present time there has to be one allocation for one General Ledger code or one customer number to one Accounts Receivable Ledger. If a customer number is used then the amount automatically goes to the oldest debt. Experience indicates that customers find it difficult to pre-sort payments to the Council so that the electronic module will work. This therefore requires re-work and clean up. Debts owing for consents and licences require the receipt to be matched to a particular invoice, therefore the use of Direct Credit for these particular payments is limited.

6.13.5 Telebanking

The Bank requires written advice to expand this facility from the permitted area of use. Telebanking credits go to the module suffix account as follows:

- Rates Suffix 05
- Sundry Debtors Suffix 07
- Water Suffix 12

All entries into this account are cash receipted manually into the core computer system software. This requires manual intervention to ensure quality data for entry but generally the organisation has reasonable internal control.

6.13.6 Web Payments

The organisation has no control over the payment therefore a risk is present for the customer and the organisation.

6.13.7 Credit Cards

Originally manual credit card facility was available for incidental correspondence that initiated payments. The Council's use of credit cards has been expanded and now includes an e-commerce option with its website. The Council will be meeting Payment Card Industry Digital Security Standard (PCIDSS) for all its credit card receipt transactions. The meeting of these standards requires that transactions are treated in an appropriate manner.

Electronic transactions are managed by the service provider, but for manual transactions the following will be adhered to.

Written material with card holder data will be destroyed or if imbedded in correspondence, will be 'blanked' out.

Trading departments within Council permitted to operate credit cards as an acceptable business practice are:

- Dunedin Public Art Gallery
- Otago Settlers Museum
- Aquatic Services
- Chinese Garden
- ISite Visitor Centre

Credit card providers that are accepted by Dunedin City Council are:

- Mastercard
- Visa

No other credit card provider is permitted.

For historical reasons Amex and Diners cards are currently permitted to be used by the Dunedin Public Art Gallery only.

6.13.8 Dishonours, Exceptions, Errors and Re-Work

These items generate additional costs that we need to avoid. In addition they compromise the quality of service provided to our customers. These problems could be caused by the customer or the Council. Either way they should be viewed as a symptom of a wider problem. The customer should receive communication within 24 hours of a dishonour occurring.

6.13.9 Policy for the Refund of Web Payments

A refund will only be provided when it has been proven conclusively that a payment has been made twice at the same time for one item, from the same credit card. If sufficient information is forthcoming, the refund will be transferred back to the originating credit card.

Procedures

All web payment refunds must be approved by an authorised person with the appropriate delegated authority as per the delegations manual. All web payment refunds will be processed by finance if sufficient documentation supporting this request is available.

The supporting documentation must show screen shots of the receipt detail (must show the receipt number, date, offline reference) also showing screen shots of the relevant Applications, Infringement or Animal Registration, along with the reason why. If it is because the eLIM has been applied for twice by 2 different people, then screen dumps showing both Applications must be included.

For detailed procedures, please refer to the relevant manual.

6.14 USE OF EFTPOS REFUND CARDS

One card will be held at the cash-receipting site and will only be used by the CSA Team Leaders, Training Office CSA or Development Services Team Leader. Those staff cash receipting will not use the refund card as this compromises the standard rules related to the division of duties. The CSA Team Leaders have delegated authority to incur expenditure and the refund cards will be considered a form of expenditure.

The refund card is to be used as a last resort after ensuring that the customer does not have other debts to which the over payment can be applied. An appropriate form must be filled out each time the refund card is used.

Refer to Appendix [22](#).

7 PURCHASING AND ACCOUNTS PAYABLE

7.1 INTRODUCTION

The role of purchasing goods/services for the Council is delegated to appropriate staff as listed in the [Staff Delegations and General Procedures Manual](#) (Schedule 2: Delegations to Staff), and in accordance with the policies set out in the Council's [Purchasing and Disposal Manual](#).

The Expenditure Manager is responsible for the payment of accounts and for the administration of both the Accounts Payable and Purchase Order modules.

Refer to Appendix 8 for Accounts Payable Process Flowchart – Suppliers' Invoices.

INTERNAL CONTROL

7.1	Introduction The Senior Expenditure Officer will hold a file of specimen signatures of all staff who have delegated financial authorities.	Senior Expenditure Officer	Annually
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7.2 PURCHASING

- a) All Council purchase orders are raised by using the Approval Plus Purchase Order System. This system incorporates the disciplines required for expending the Council funds by enforcing delegations when the purchase order is raised and formal receipt process for goods/services ordered. Invoices received for payment are matched to the relevant purchase order number as part of the payment approval process.
- b) All purchases for goods/services made by Dunedin City Council staff are made using the Council's purchase order system – Approval Plus. The only exceptions are:
 - Contract Payments supported by Payment Certificates authorising the payment to an external contractor. This does not include those contracts for regular monthly charges where an invoice is submitted (see standing order).
 - Purchasing Card transactions actioned via the Purchase Card module – Flexipurchase. These transactions will in general be of low volume of less than \$1,000.00 but can be for any amount.
 - Utility services such as electricity, telephones, water and rates.
 - Grants authorised by the Council.
 - Property Lease Rental charges.
 - Some annual subscription payments and licence fees (if ongoing an order should be issued).
 - Minor items (ie less than \$25.00) purchased from petty cash.
 - Other exceptions as approved by the Expenditure Manager.
 - The Library has its specific book and periodical orders generated via the Horizon computer system. This system generates an order number different to the Council's official purchase order.

c) **Purchase Order System (Approval Plus)**

Approval Plus is an all encompassing system that enforces strict disciplines in how the Council orders goods/services and ultimately pays for them.

The system has two roles – Originator and Approver.

The Originator is responsible for raising the purchase order and ultimately receiving the goods or services against the purchase order they have raised. An Approver is someone who has the necessary delegated authority to approve the purchase order thereby committing the Council to the said expenditure.

Invoice received for payment are matched to the relevant purchase order before payment can be made.

d) **Standing Order Number**

The Approval Plus Purchase Order system will handle standing order in a number of ways.

Standing Orders are issued once and can cover a multitude of purchases for a specific period from a single supplier. Such order numbers replace the issuing of individual purchase orders.

In general these will be issued with a dollar value that does not exceed an officer's financial delegations. Once this expenditure has been reached the order number is closed within the system and a new standing order will need to be issued.

Each standing order should be issued for a specific period of time to a specific supplier. In general, a standing order should cover the financial year and be renewed annually on 1 July. An exception to this however, may be where a standing order is raised for the duration of a specific contract.

Examples of where a standing order may be used are:

- Regular monthly service contracts where an invoice is submitted for payment.
- Regular purchase of goods or services from a single supplier, eg legal services, maintenance contracts, cleaning services, etc.

e) **Receipt of Goods**

The Approval Plus Purchase Order system requires that all goods/services received will be certified as being received by the purchase order originator.

This is a formal process undertaken within the system with the receipt processes being recorded against the purchase order issued.

An invoice cannot be paid until this process is carried out, as the received process is a fundamental requirement for matching the invoice to the purchase order and ultimately approval for payment.

f) **General Terms and Conditions**

All purchase orders issued are subject to the Council's General Terms and Conditions for the supply of goods/services. These conditions do not supersede purchases made under a specific contract eg NZ3910.

Refer to Appendix [26](#) of this Manual.

7.3 PAYMENT OF ACCOUNTS

Introduction

There are a number of methods used to pay the Councils creditors. These are:

- The monthly payment run (20th month following)
- The 7 day payment run
- The daily payment run
- By manual cheque
- By Electronic Funds Transfers (EFT) methods
- By Purchasing Cards

Each is approached for different circumstances and the following offers some guidelines to determine which is the most appropriate.

7.3.1 Notice Required for Payments

In order to ensure efficient management of the Council funds, there is a treasury function within Finance which ensures that funds surplus to the immediate days requirements are "skimmed off" and invested, i.e. funds are not left lying about in the cheque account earning no interest.

Therefore Activity Managers should note the following requirements for notice when cheques are required:

- where payment is to be made via the monthly or 7 day payment runs, no advance notice is required. Finance's modules will ensure that these payments are managed appropriately.
- where payments are required via either the daily payment run or a manual cheque, notice is required as follows:

For payments of less than \$50,000 the payment process will be initiated the same day the payment documentation is received (refer [7.3.4](#)).

For payments between \$50,000 and \$100,000 the Finance Officer must be advised no less than three working days prior to payment being initiated.

For payments of \$100,000 or more, five working days notice is required by the Finance Officer.

7.3.2 Payments Made by the Monthly Payment Run

This is normally on the 20th of each month. The cut off date for approval of invoices is well documented in the Annual Reporting timetable. Every effort should be made to make payments via this method as it is the most cost effective method of payment.

The following are the only reasons why you should not use the 20th of the month method.

- where there is no invoice or "outside supplier" documentation.
- payment by a certain date will permit a discount to be gained or a penalty avoided.
- payment is made via Purchasing Card.
- it is a salary or wages cheque or there are PAYE or withholding tax requirements.
- an overseas draft is required.
- it is a contract or investment payment.

- there is an obligation to pay on a specific date other than the 20th.

7.3.3 **Payments made by the 7 day Payment Run**

There will be two 7 day payment runs processed each week. These will normally occur every Monday and Thursday. In the event either day falls on a public holiday, the payment runs will be actioned on the closest preceding day.

Departments should approve such invoices for payment promptly to enable Finance to affect payment in the 7 day payment runs.

7.3.4 **Payments Made by Daily Cheque Run**

The cut off time for the receipt of documentation for the daily cheque run is 10.00 am each morning. This allows for the entry of the required data to enable payments to be initiated the day of receipt.

The payment method will be via the daily cheque run if there are:

- payments to a supplier to meet discounts dates (eg electricity accounts).
- urgent payments that cannot wait until the next monthly cheque run and invoices are entered into the Accounts Payable module. (Eg Invoices deemed to be overdue following the monthly cheque run – actioned upon request only).
- there is no invoice provided and all documentation has been generated within the initiating department (eg contract payments, refunds or petty cash).
- When the Council has an obligation or has entered into a special arrangement to pay on a specific day.

7.3.5 **Payments Made by Manual Cheque**

This payment method will be used sparingly and in general only where the payment is of the following types:

- wage and salary cheque payments.
- overseas drafts.
- investments.
- where there are exceptional requirements and the Expenditure Manager so approves.

7.3.6 **Payments Made by Electronic Funds Transfer (EFT)**

There are a number of methods available to pay creditors electronically. These include deskbank, direct credit and direct debit (including automatic payments).

EFT will be used for the following types of payments:

- wages and salaries (including staff performance rewards and staff appreciation payments).
- grants to community organisations.
- payments to other creditors where this method has been approved by the Expenditure Manager and can be negotiated.

7.3.7 Payments Made by Purchasing Card

Purchasing Card transactions will typically apply to low value transactions (eg, less than \$1,000.00) similar to those normally paid on the 20th of each month.

Purchasing Cards will ultimately replace many purchase orders and reduce the number of cheque payments required. They are not intended to avoid or by pass existing purchasing or payment procedures but to compliment them.

The Council will make a single payment for all Purchasing Card transactions to the Bank of New Zealand on a monthly basis. The Council creditors are paid by the Bank of New Zealand in accordance with their own credit card arrangements negotiated.

* Full policy/procedures refer [Purchasing Card Policy and Procedure Manual](#).

7.4 INVOICES AND GST

GST is a complex subject and there are inherent dangers in trying to give brief practical rules to follow when preparing voucher logging forms or vouchers. The following is a very brief excursion into this area.

The Finance Department is charged with the responsibility for statutory compliance in this area. Departments embarking on schemes with GST implications must clear them first with the Senior Financial Accountant.

7.4.1 For GST to be claimed, the DCC must be in possession of a GST invoice made out to the DCC.

7.4.2 If second-hand goods are being purchased, it is possible to claim GST even without GST invoice but only if the following conditions are met:

- i) goods are purchased for the principal purpose of making taxable supplies.
- ii) the goods are in New Zealand.
- iii) the purchase is from a non-taxable supply, ie exempt supply by a non-registered person.
- iv) full particulars of a second-hand purchase must be kept if the deduction is to be claimed.

Note: that in the case of the IRD disputing the credit, the onus of proof is on the person claiming it.

7.4.3 There can be no GST claimed on overseas travel or expenses or on any overnight travel allowances. Advances for travel expenditure cannot have GST claimed and such advances should be actively discouraged. See [10.1.7](#) Overseas Transactions.

7.4.4 Actual travel expenses within New Zealand can have GST claimed if GST invoices are available when a cheque is drawn for reimbursement.

7.4.5 The treatment of cash refunds to customers or ratepayers depends on which system is involved. Below is a list of systems under each possible option:

GST Not Included in Refund

- Debtors
- Parking
- Rates
- Rents
- Water Billing

The general principle is that no GST is involved if we are merely refunding an overpayment. However, if we are cancelling or reducing the actual charge for a service, then this includes GST. Questions should be directed to the Senior Financial Accountant.

GST documentation or invoices must be attached to the vehicle of payment (ie voucher AP6 form).

7.4.6 Grants Funded by the Council

Grants which are funded by the Council are, in effect, gifts. As such they are not subject to GST.

These are to be distinguished from grants funded by a Central Government Body which are subject to GST (see [7.4.7](#) Concerning Buyer Created Invoices).

Officers responsible for paying grants must be alert to the possibility that in the occasional instance the Council may receive a benefit in return. These are to be referred to the Senior Financial Accountant.

7.4.7 Buyer Created Invoices (BCIs)

Buyer created invoices are "supplier invoices" which may be created by the buyer (ie DCC) under certain circumstances to meet GST requirements.

Approval to create BCI's is given under Section 24 (2) of the Goods and Services Act 1985 by Inland Revenue and relates to specific situations only.

The creation of a Buyer Created Invoice for the Council is the sole responsibility of the Finance Department. No other Department (or Consultant) may issue BCI's on behalf of the Council.

The conditions for creating BCI's for which approval has been obtained (refer to the Inland Revenue letter, 14 April 2003) are as follows:

- a) Grants distributed as Agent for Government.
- b) Visitor Centre payments of Services from tourist operators.

The detailed provisions are set out in Appendix [11](#).

7.4.8 Dunedin City Council Acting as an Agent

Receiving monies as an agent and paying them over to the principal does not involve GST. In these transactions, the gross amounts, inclusive of GST, is received or paid.

Where commission is collected, the Council must produce a GST invoice for this service.

7.4.9 Property Transactions

Refer Appendix [10](#) for details of the GST treatment of Property purchases and sales.

7.5 APPROVAL OF INVOICES (APPROVAL PLUS)

7.5.1 All invoices submitted for payment will be processed via the Approval Plus Accounts Payable and Purchase Order System.

7.5.2 It is Council policy that all purchases made for goods and services will be authorised by the issue of a purchase order number. Invoices submitted for payment should quote the purchase order number given as proof that the expenditure has been authorised by an appropriate Council Officer.

- 7.5.3 Upon receipt of an invoice for payment, a Finance Support Officer – Accounts Payable (known as the Originator) will enter the following data into Approval Plus – creditor number and name, invoice number, invoice date, order number, invoice total, GST amount and the nett amount of invoice.
- 7.5.4 Where no order number is quoted the Originator will scan the invoice into the system, and select a Preparer and submit the invoice for coding and approval.
- 7.5.5 The Preparer is a Department Administration Officer, being the point of contact to receive invoices for processing. The Preparer is required to complete the following:
- Coding the invoice using an account general ledger code to which the expense is to be charged. (A preparer may only use those codes allocated to them as part of their Approval Plus profile).
 - Enter of work order where and if required. This is not a purchase order. It is a type of sub-ledger used to gather operational project costs. Work orders are set up by a Financial Analyst only.
 - Choose a Pre-Approver (with their Department). This person is someone who should “pre approve” an invoice prior to the actual approval for payment. A Pre-Approver does not necessarily have any financial delegation.
 - A narration. This will appear in the General Ledger.
 - Choose an Approver (within their Department) and submit the invoice for approval.
- 7.5.6 Where an invoice is submitted for payment quoting a purchase order (this should be the majority of invoices) then the Finance Support Officer – Accounts Payable will enter the invoice details into Approval Plus as outlined in 7.5.3.
- 7.5.7 The Officer will then “match” the invoice against the purchase order number quoted and ensure the receipt of goods/services process has been completed by the originating Department. Assuming this is completed correctly and the invoice amount is within the value of the purchase order raised, the invoice will be processed for payment.
- 7.5.8 The purchase order Originator is responsible for formally receiving the goods/services in Approval Plus. No invoice can be approved for payment unless the receipt process has been completed correctly.

INTERNAL CONTROL

7.5.8	The Preparer - Codes The Expenditure Manager will review those codes allocated to Preparers to ensure that they remain current.	Expenditure Manager	6 Monthly
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- 7.5.9 The Approver is a Council Officer with the appropriate financial delegations (refer to the Staff Financial Delegations Manual) to approve invoices for payment and purchase orders up to the value (excl GST) of their financial delegations. Approval Plus enforces these delegation levels.

INTERNAL CONTROL

7.5.9	The Approver - Delegation The Expenditure Officer – Admin Support will review all delegations allocated within Approval Plus to ensure they comply with the Staff Financial Delegations Manual.	Expenditure Officer – Admin Support	Quarterly
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- 7.5.10 The Approver will only be authorised to approve invoices and purchase orders where the account general ledger code has been allocated as part of their Approval Plus profile.

INTERNAL CONTROL

7.5.10	The Approver - Codes The Expenditure Manager will review those codes allocated to Approvers to ensure that they remain	Expenditure Manager	6 Monthly
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	current.		
7.5.11	Where no purchase order is supplied, all Approvers in approving an invoice for payment are also certifying that the goods/services being paid for have been received and that the expenditure is a legitimate Council expense.		
7.5.12	Goods and services charged on one invoice for which several Departments are required to meet the cost should be paid for by the major recipient (ie the Department raising the order number). Other Department costs should then be recovered via the internal charges procedure (refer to Section 3.4).		
7.5.13	All approved invoices will be assigned a batch number with Approval Plus and imported on a daily basis to the Council's Financial System JDE. This will be the responsibility of the Systems Supervisor in Finance.		
7.5.14	All payments will be processed by the Expenditure Officer – Admin Support (in Finance) using the JDE Financial System in accordance with the payment cycles provided for.		
7.5.15	When users of Approval Plus are on leave he/she will be required to “delegate” their respective duties to a chosen officer within their Department. Delegation of Approver duties must be to an officer with the appropriate financial delegate authority to act on their behalf (refer to Section 7.5.9).		

7.6 COMPLETION OF VOUCHER/PROMPT PAYMENT FORM (AP6 FORM)

- 7.6.1 The officer preparing the voucher must sign the front of the AP6 Form.
- 7.6.2 The officer with the delegated authority must sign the front of the AP6 form.
- 7.6.3 The fields on the reverse of the voucher form AP6 must be filled in as follows. The asterisks (*) indicates that these fields must be filled in and by whom:

Section	Originator Department	Accounts Payable
Name	*	
Supplier Number		*
Business Unit (if applicable)		*
Invoice Number		*
Invoice Date		*
Approver Code		*
Order Number (if applicable)		*
Account Code	*	
Work Order	*	
Narration	*	
Amount (ex GST)	*	
GST Amount	*	
Total of Voucher	*	

Failure to complete the General Ledger Code and failure to ensure the costings are totalled correctly will result in the document being returned to the originator.

- 7.6.4 All voucher/prompt payment forms should be supported by relevant documentation, eg tax invoice.

INTERNAL CONTROL

7.6.1 to 7.6.4	Completion of Voucher Prompt Payment Form All vouchers received will be checked to ensure that they comply with the above requirements and it has	Expenditure Officer – Admin Support	Daily
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	been authorised in accordance with staff delegations.	
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7.6.5 Completion of the GST Details

GST is entered in the "Enter GST Amount" box, at the bottom, on the reverse of the AP6 form. This amount is included in the total amount of the voucher payment.

If no GST is payable enter ZERO or NIL in this box.

7.6.6 The full name of the payee and address details are required on the voucher. It is the originators responsibility to ensure these details are provided.

INTERNAL CONTROL

7.6.6	Completion of the GST Details All vouchers will be checked to ensure that GST has been accounted for correctly and that the appropriate documentation is attached.	Expenditure Officer - Admin Support	Daily
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7.7 APPROVAL OF CONTRACT PAYMENTS

7.7.1 Where a payment is for a contract that is within an officer's delegated authority, the usual procedures apply except that a purchase order is not required when a Payment Certificate has been received.

INTERNAL CONTROL

7.7.1	Approval of Contract Payments The voucher will be checked to confirm that it has been authorised in accordance with staff delegations.	Expenditure Officer - Admin Support	Daily
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7.7.2 Where a payment is for a contract that has been approved by the Tenders Board, the following procedure applies:

- i) The authorising officer will use a voucher form, on which is noted "as per contract no approved by the Tenders Board on (date)".
- ii) Where a contract has been approved by the Tenders Board, the authorising officer may exceed their normal authority for progress and final payments as stated in the staff delegations.

INTERNAL CONTROL

7.7.2	Approval of Contract Payments The voucher will be checked to ensure that the payment is endorsed in accordance with the Tenders Board.	Expenditure Officer - Admin Support	Daily
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7.7.3 A copy of the appropriate documentation supporting the payment is to be attached to the voucher.

INTERNAL CONTROL

7.7.3	Approval of Contract Payments The voucher will be checked to ensure that appropriate documentation is attached.	Expenditure Officer - Admin Support	Daily
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7.8 REQUESTING INVOICE COPIES

From time to time it may be necessary to request a copy of an invoice when the original has been lost or not received. This presents obvious dangers for accounts to be paid twice. Finance Support Officers (A/P) will be responsible for ensuring duplicate invoices are not processed through Approval Plus.

INTERNAL CONTROL

7.8	Requesting Invoice Copies Finance Support Officers (A/P) will confirm that all the usual checks have been performed to confirm that the invoice has not been paid previously.	Finance Support Officer (A/P)	Daily
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7.9 CONTROL ACCOUNTS

INTERNAL CONTROL

7.9	Control Accounts The Systems Accountants will check monthly that the balance in the Accounts Payable module equals the balance in the General Ledger. If there are errors in Accounts Payable batches during the month, integrity reports will be run after fixing them.	Systems Accountants	Monthly
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7.10 CHEQUE SIGNATORIES

Only authorised officers who are members of the Institute of Chartered Accountants of New Zealand may be authorised to sign cheques.

The Senior Financial Accountant is responsible for ensuring that the appropriate documentation and specimen signatures are obtained to satisfy the banks requirements.

INTERNAL CONTROL

7.10	Cheque Signatories The Senior Financial Accountant will ensure that copies of these documents (originals are held by the bank) are retained for audit purposes.	Senior Financial Accountant	As required
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In general cases where an officer has authorised a voucher or trade payment that officer should not sign the cheque also. It is recognised that this is not always practical; however, every effort should be made to follow this practice. The only exception is in the case of the officer whose signature is pre-printed on the cheques.

7.11 ELECTRONIC FUNDS TRANSFER (EFT)

EFT payments are undertaken via the Deskbank module. Methods available include manual voucher, direct debit or automatic payment and direct credit.

- a) Overall security is arranged by the Systems Accountants.
- b) An Accounting Officer arranges day to day operations.
- c) Deskbank cheque signatories are those officers authorised as per the Financial Delegations Manual.

7.11.1 Payments By Manual Voucher

This method of payment should only be used for dire emergencies only, eg when the Council is facing some form of financial penalty.

The deadline for these payments is 10.00 am each morning, ie authorised voucher to be with the Accounting Officer by this time for action the same day. This allows for transactions to be processed and the Council wide cash flow requirements to be determined by 11.00 am.

The procedure is as follows:

- a standard voucher is prepared clearly marked Deskbank payment.
- a manual cheque number is allocated to the transaction (physical cheque is cancelled).
- the Accounting Officer enters the details into the Deskbank module.
- two authorising officers approve the transaction.
- the authorising officers sign the print out of the transaction. This is filed with the voucher.
- the audit trail report is held by the Accounting Officer.

INTERNAL CONTROL

7.11.1	Payments by Manual Voucher All authorised manual vouchers are signed and dated by two authorised Deskbank signatories.	Authorised Deskbank Signatories	Daily
7.11.1	Payments by Manual Voucher Supporting transaction data is held electronically within the Deskbank module.	Accounting Officer	As required

7.11.2 Payments By Direct Debit And/Or Automatic Payment

There are major risks control issues involved in making payments by either direct debit or automatic payment which support the Finance Department's view that neither method should be used to pay the Council creditors.

These include:

- officers generally agreeing to such payments frequently exceed their financial delegated authority for the duration of the contract.
- departments do not undertake in depth expenditure monitoring for such payments which tend to continue without proper authorisation.

It is recognised, however, that there are times for where such payments are the only way to pay a creditor. In such circumstances the following procedure is to be followed:

- approval to set up a direct debit or an automatic payment must be obtained from the Financial Controller.
- details must be given to the Expenditure Manager for inclusion in the Council's electronic payment database.
- in all instances a tax invoice is required before payments are initiated.

INTERNAL CONTROL

7.11.2	Payments by Direct Debit and/or Automatic Payment An Expenditure Officer – Admin Support will on a six monthly basis forward details of all direct debit and automatic payments to Activity Managers for their confirmation/approval.	Expenditure Officer – Admin Support	Six monthly basis
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7.11.3 Payments By Direct Credit

Payments by direct credit are the Councils preferred method of paying creditors. Staff are encouraged to obtain a bank account number from creditors when preparing documentation for payment.

The process is similar to the payment by cheque method and includes the following:

- the receipt of a tax invoice from the creditor.
- creditor bank details.
- approval of invoice via Approval Plus in the normal manner.

7.12 PETTY CASH

The Financial Controller may authorise departments to hold petty cash to be used as follows:

- a) The maximum amount payable ex petty cash is \$25.
- b) Receipts or appropriate documentation is required for all petty cash payments.
- c) A petty cash book is to be kept by an authorised person.
- d) Receipts, documentation, etc are to be attached to the voucher when reimbursement is sought.

The Senior Financial Accountant will hold a schedule of locations where petty cash or cash floats are held.

INTERNAL CONTROL

7.12	Petty Cash An Expenditure Officer will ensure that receipts and documentation are attached before petty cash payments are reimbursed.	Expenditure Officer - Admin Support	Monthly
7.12	Petty Cash The Senior Financial Accountant will check petty cash imprests at least once per year.	Senior Financial Accountant	At least once per year

7.13 REIMBURSEMENTS TO STAFF

From time to time, staff incur expenses on the Council's behalf which need to be reimbursed. The procedures for this are as follows:

7.13.1 Minor payments of less than \$25 may be reimbursed ex petty cash subject to the normal documentation requirements.

7.13.2 Other reimbursements will be made via the Payroll module. The procedure is:

- a) A reimbursement claim form will be completed by the claimant. This sets out the reason for the expenditure, the General Ledger code to which the amount is to be charged and the amount.
- b) Where GST is to be claimed this must be supported by tax invoices.
- c) In any event, it must be supported by invoices or evidence of the amount, details of the goods or services, etc. Should the expense be one for which no invoice can be obtained, a note explaining this can be attached in lieu of an invoice.
- d) All amounts claimed are to be in New Zealand currency. Where foreign currency, is involved, each invoice must have written on it the NZD amount which is being claimed, together with the exchange rate used.

Note: that the exchange rate to be used is what applied to the actual transaction.
- e) The reimbursement claim form is to be approved by the person to whom the claimant reports subject to that person having the appropriate delegated financial authority.
- f) The form is then to be forwarded to Payroll separately from the timesheet. The amount will be included in the next fortnightly payroll run.

7.13.3 All reimbursement claim forms will be held in one file in the Payroll Section.

INTERNAL CONTROL

7.13	Reimbursements to Staff A Payroll Officer will check all reimbursement claim forms prior to initiating refund.	Payroll Officer Systems	As Required
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7.14 REIMBURSEMENTS TO ELECTED MEMBERS

7.14.1 From time to time, elected members incur expenses on the Council's behalf, which need to be reimbursed. Any expenses to be reimbursed must be on an actual and responsible basis and in line with Council policy. The procedures for reimbursement are as follows:

- a) A reimbursement claim form is to be completed by the claimant. (These are available from Payroll, the Manager Governance, or the Corporate Administration Assistant.) The claim form is to set out the reason for the expenditure, and the amount.
- b) Where GST is to be claimed this must be supported by tax invoices.
- c) In any event, the claim form must be supported by invoices or evidence of the amount, details of the goods or services, etc. Should the expenses be one for which no invoice can be obtained, a note explaining this can be attached in lieu of an invoice.
- d) All amounts claimed are to be in New Zealand currency. Where foreign currency is involved, each invoice must have written on it the NZD amount, which is being claimed, together with the exchange rate used.

Note: the amount which applied to the actual transaction.

- e) The reimbursement claim form is to be completed and approved by Team Leader – Governance, who will provide the details of the General Ledger code to which the amount is to be charged.
- f) The Manager Governance will forward the claim form to payroll and the reimbursement will be included in the next payment to the elected member.

7.14.2 All reimbursement claim forms will be held in one file in the Payroll Section.

7.14.3 Elected members will be directed to handle expenses such as mileage, vehicle usage and use of own residence through their tax returns and not by making claims to the Council. **However extraordinary, one-off mileage expenses (such as mileage travelled to out of town conferences) will be reimbursed via the payroll system, as detailed under (7.14.1) above.**

INTERNAL CONTROL

7.14	Reimbursements to Staff A Payroll Officer will check all reimbursement claim forms prior to initiating refund.	Payroll Officer Systems	As Required
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7.15 CASH ADVANCES

7.15.1 A cash advance may be provided to staff travelling on Council business. Staff travelling must give finance a minimum of 5 days notice of their requirements to enable the banks to order the cash

All arrangements will be made by the Finance Department – Expenditure Officer - Admin Support upon receipt of the necessary approval from the **appropriate Activity Manager** required.

Cash advances are to cover those incidental expenses incurred whilst travelling where it is not feasible to charge the expense to a Council credit card or by invoice, eg bus fares. Use of the Council credit card is however encouraged rather than a reliance on cash.

All staff receiving a cash advance for travel expenses will be required to sign a letter (refer Appendix 24) agreeing to the conditions and their obligations to Council in receiving such payments.

All receipts must be retained and a reconciliation produced upon return from travel within 10 working days. Any monies not expended will be returned to the Expenditure Officer who will rebank any excess to the appropriate expense code.

Staff travelling overseas should endeavour to minimise the amount of coinage to be rebanked. It is not always possible to exchange this back to NZ currency.

INTERNAL CONTROL

7.15	Cash Advances/Travellers Cheques Expenditure Officers will ensure that the appropriate approvals are given to issue cash advances, reconciliation is completed, documentation received and excess monies rebank.	Senior Expenditure Officer	When required
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7.16 CREDIT CARD USE

The Council will operate one credit card system only that being the BNZ Visa Purchasing Card System.

A credit card is issued on the basis that it is necessary for a staff member to carry out their job efficiently. Status or position is not a consideration.

Purchasing Cards will only be issued by the Finance Department and only upon receipt of a written request from the appropriate Activity Manager or General Manager. All staff receiving a Purchasing Card must have approved financial delegations as per the Staff Delegation process.

It is mandatory that all cardholders be familiar with the Council's policies and procedures relating to the use of a Council credit card. Refer to the Purchasing Card Policy and Procedure Manual.

INTERNAL CONTROL

7.16	Credit Card Use Full training including familiarisation of the Council's policies and procedures will be undertaken by an officer from Finance Department.	Expenditure Officer – Admin Support	Prior to the issue of a card
7.16	Credit Card Internal Check All monthly Transaction By User Reports must have the appropriate documentation attached and authorisations. Finance Support Officers will check these reports to ensure that the standards and requirements in the Purchasing Card Manual are being conformed to.	Finance Support Officer	Monthly

7.17 STALE CHEQUES

The Council will consider all cheques exceeding four months from date of issue to be stale and will initiate the following action.

1. A stop payment notice will be issued for every stale cheque.
2. The Expenditure Manager will initiate the cancelled cheque procedure within the Accounts Payable System.
3. The Expenditure Manager will ensure a reversal transaction is raised against the creditor and the expenditure code from where the expense originated from.
4. In the event that No 3 is unworkable all moneys will be reimbursed to the Council's Unclaimed Moneys account. A journal will be processed to transfer the reimbursement to the correct expenditure code by the Expenditure Manager.
5. The Council will not notify the payee that the cheque has been made stale.

Notification of stale cheques will be supplied by the Accounting Officer upon completion of the monthly bank reconciliation to the Expenditure Manager.

Any claim for the reissue of a stale cheque must be made in writing to the Expenditure Manager who will initiate a new payment to the payee.

7.18 CASH CHEQUES

The general rule is that the Dunedin City Council will **not** 'open' cheques paid to suppliers and/or individuals in order that they can be negotiated to obtain cash.

It is accepted however, that there may be exceptional circumstances where it is appropriate that a cheque be 'opened' to enable the recipient to obtain cash. These may include:

- A person who does not have a NZ bank account eg overseas visitor
- Dunedin City Council petty cash reimbursements
- Task Force Green reimbursements
- Travel advances for Dunedin City Council staff travelling overseas

Staff requesting an open cheque must have approval from their Activity Manager or above. In giving their approval the Manager must have familiarised themselves with policies and requirements outlined in this manual.

Any decision to 'open' a cheque will require a judgement call as the above list may not cover all circumstances where it is appropriate to initiate such action. Before any action is taken however, every effort should be made to obtain a bank account number from the recipient, as the payment can by the use of electronic banking be direct credited into this account over night.

Any cheque that is 'opened' will require the recipient to provide suitable identification and sign the invoice/voucher to the effect that they have received the 'opened' cheque.

In the event that these arrangements are inadequate the Financial Controller has the discretion to make whatever arrangements considered appropriate.

8 PAYROLL

8.1 MAINTENANCE

Payroll Officers carry out payroll maintenance. The Payroll Officers are authorised to enter information derived from the following sources:

a) **From Human Resources Department**

New Employees

- Name and address
- Rates
- Position/agreement details
- Grades and steps on a pay scale
- IRD number
- Information re bank account
- Commencing date

Existing Employees

- Changes to Rates of Pay, grades or steps
- Changes of job position

Terminations

- Termination date
- Termination details

b) **From Employee**

- Changes of name or address
- Changes of IRD codes
- Changes of bank account
- Changes of voluntary deductions

c) **From External Sources**

- Statutory deductions (court order, tax arrears, etc)
- Change of amount of deductions where appropriately authorised by employee

INTERNAL CONTROL

8.1	Maintenance An authorised Officer of Human Resources will review all maintenance reports.	Authorised Officer of Human Resources	Fortnightly
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8.2 PAYROLL REGULAR PAYMENTS

- 8.2.1 All payments made via the Payroll module must be supported by a properly completed timesheet, auto pay exception spreadsheet or via the HR21 Kiosk.
- 8.2.2 Timesheets and auto pay exception spreadsheets must be signed by an officer with the appropriate delegated authority as recorded in the Staff Delegation and General Procedures Manual (incl Financial Practice). Approval of HR21 Kiosk transactions are also in accordance with delegations outlined in this Manual but are signed electronically via a workflow process incorporated within the system. A schedule of names and specimen signatures of officers with this delegated authority is maintained in this Manual. Delegations allow some Officers to authorise and certify their own timesheet. Payroll will accept emails or electronic signatures for authorisation purposes.
- 8.2.3 Payroll Officers will scan timesheets to ensure that names, hours, allowances, etc are within the agreement and that the timesheets have been properly authorised. Queries regarding the interpretation of the employment agreement may be referred to the Human Resources Department.
- 8.2.4 Where an employee is entitled to an ACC payment, this will be calculated and entered by the Payroll Officer and the amount recovered subsequently from the Accident Compensation Corporation.
- 8.2.5 There will be occasions where a timesheet arrives with a Payroll Officer without the correct authorisations and there is not sufficient time to obtain authorisation. In these cases, the Payroll Officer will, following the pay run process refer the timesheet back to the authorising officer for his/her authorisation. A photocopy will be retained as supporting documentation pending the return of the original signed timesheet. The photocopy will be destroyed upon receipt of the original timesheet. Any problems in obtaining retrospective authorisation are to be reported to the Financial Controller.

INTERNAL CONTROL

8.2.5	Payroll Regular Payments The Expenditure Officer – Admin will conduct a random check of timesheets each month to ensure that authorisations are correct. The officer will report to the Financial Controller.	Expenditure Officer – Admin Support Financial Controller	Random check each month
8.2.5	Payroll Regular Payments The Payroll Officer will make corrections highlighted by the Payroll Exception Report. All such reports are to be signed and filed. The Payroll Officers will hold the audit trail report.	Payroll Officer Systems	Fortnightly
8.2.5	Payroll Regular Payments The Systems Supervisor will balance and sign the General Ledger payroll suspense accounts monthly.	Systems Supervisor	Monthly
8.2.5	Payroll Regular Payments A Human Resources Advisor will check the ADC Report (Allowances Deductions Superannuation Charges) to ensure changes made to the Payroll System are correct.	Human Resources Advisor	Fortnightly

8.3 RETIRING GRATUITY

The procedure for payment is as follows:

- a) The Activity Manager is to make appropriate enquiry as to whether the retiring gratuity criteria have been met. On the basis of this, a recommendation will be made to the Chief Executive, via the Human Resources Office.
- b) The Human Resources Officer confirms that the recommendation complies with the Council criteria and policy.
- c) The recommendation goes to the Chief Executive for approval.
- d) The approved recommendations goes to the Payroll Officer for action.

INTERNAL CONTROL

8.3	Retiring Gratuity The Payroll Officers will hold a copy of the approved recommendation for retiring gratuities. Original to be kept on the HR Personal file.	Payroll Officers	As required
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8.4 CHRIS PAYROLL MODULE – SECURITY POLICY, ACCESS AND PROCESS

Policy

- 8.4.1 The custodian of the CHRIS module is the Human Resources Department. As the main user of the Payroll module of the CHRIS module the Finance Department has responsibility for maintaining the security access to ensure data integrity, internal controls and privacy. Appropriate levels of access to the system will be based on position and job task.

Access

- 8.4.2 The Systems Accountants are responsible for the security access within the Payroll module and the HR21 Kiosk. This includes setting up new access, amending or deleting current security access for the payroll team. System access is controlled by the BIS Department and will only be provided upon completion of the System Access Request Form which is approved by the Human Resources Manager. This form is found in the Word/New/More/BIS folder. Upon confirmation from the BIS Department that access has been provided the Systems Accountants will action the necessary system log on for the user.
- 8.4.3 Changes to the existing security access for the Payroll Officers Systems will be requested by them but only given at the discretion of the Expenditure Manager on reasonable evidence that the change is merited.
- 8.4.4 The classification of Security Access is based on the position and tasks, which are carried out to support the payroll function:

Systems Accountants – Security Access.

Systems Supervisor – End of Month Reports and Payroll Extract to JDE.

Payroll Officer Systems – Complete payroll function except security access.

Data Entry – Timesheet entry only.

Process

8.10.4.5 The steps in setting up a new user with security access would be as follows:

- o Prior approval from the Human Resources Manager.
- o Set up the menu option on server – Business Information Services.
- o CHRIS logon and password – Systems Accountants.
- o Access to certain screens based on position – Systems Accountants.
- o Level of access to those screens based on position – Systems Accountants.
- o Access to organisational areas of employee data – Systems Accountants.

	BIS Dept	HR Dept	Systems Accountants	Systems Supervisor	Payroll Officer Systems	Data Entry Staff	Expenditure Manager	Expenditure Officer Admin Support
System Management								
Investigation of New Functionality	✓				✓		✓	
Integration of new products into DCC environment	✓							
Review of Upgrade Release Notes	✓				✓		✓	
Implementation of testing system	✓							
Upgrade Testing	✓				✓			
Integration of new upgrades to LIVE environment	✓							
Security Management								
Security Access to CHRIS			✓					
Security Access to HR21			✓					
Table Set Up	✓			✓	✓			

	BIS Dept	HR Dept	Systems Accountants	Systems Supervisor	Payroll Officer Systems	Data Entry Staff	Expenditure Manager	Expenditure Officer Admin Support
Day to Day Management								
New position set up		✓						
New staff set up					✓		✓	
Staff transfers					✓		✓	
Final pays					✓		✓	
Leave management					✓		✓	
Employee Maintenance					✓		✓	✓
Pay run cycles					✓		✓	
Timesheet entry				✓		✓		
Auto pay spreadsheets					✓		✓	
HR21 timesheet entry download					✓		✓	
HR21 Training					✓		✓	✓
HR21 Secretary/Admin for Finance								✓
ACC processing and reconciliation					✓			
Update Training Records					✓		✓	✓
Monthly/Annual Processes								
End of month processing and reconciliation's				✓	✓			

End of tax year processing					✓			
End of financial year processing				✓				

Notes:

- (1) The Expenditure Manager backs up the Payroll Officer Systems. This position has the same security access to carry out back up duties.
- (2) The Expenditure Officer – Admin Support is able to enter via HR21 leave requests on behalf of Finance Department users. (Refer HR21 Secretary/Admin).

8.5 HR21 KIOSK

- 8.5.1 HR21 is the Council's self service kiosk that enables staff interaction with the CHRIS Payroll and Human Resource System.
- 8.5.2 Staff are able to apply for leave, initiate timesheet entries (including overtime and allowance/shift payments), obtain information relating to their payroll records and to access information on HR policies.
- 8.5.3 Managers will be able to enquire on their employee records, approve and manage leave, and approve timesheet entries. They will also be able to apply for leave, etc similar to staff.
- 8.5.4 When Managers are on leave themselves he/she will be required to activate "Absent Manager" which delegates their leave and timesheet approvals to a chosen officer within their Department. This officer will have the necessary signing authority as per the Council's financial delegations.
- 8.5.5 An application for leave or a timesheet entry may be actioned by a staff member designated the "Secretary/Admin" person. This person shall be able to complete both leave and timesheet entries on behalf of another staff member in the event they are not available. All such entries are forwarded for approval to the appropriate Manager as per the workflow processes contained within HR21.
- 8.5.6 The Systems Accountants will be responsible for the security within the HR21 Kiosk module.
- 8.5.7 The Expenditure Manager in conjunction with the Payroll Officer Systems will be responsible for the setting up of new access to users, ensuring the reporting/workflow processes are correct and that the integrity of the payroll system is not compromised. Either the Payroll Officer Systems or the Expenditure Officer - Admin Support will undertake the training of new staff.
- 8.5.8 The Expenditure Manager will provide back up for HR Training in the event that other officers are unable to undertake training.

9 INVENTORIES

9.1 POLICY

- 9.1.1 In general, the Council prefers to hold no inventories or as little as possible. Wherever a local purchase contract can be used instead, this should be done.
- 9.1.2 For the inventories that must be held, good management practices are to be followed and stock taken regularly.
- 9.1.3 The responsibility for managing inventories rests with the Activity Manager concerned. Finance has an overall role to ensure that appropriate standards of internal control are maintained.
- 9.1.4 Because of the widely different types of inventories held, the following sections detail procedures for the various activities.

9.2 WATER INVENTORY

- 9.2.1 Operational stores are held in the store and yard at Midland Street. They are managed by the Store Supervisor who reports to the Network Maintenance Contact Manager. There are fewer than 1,000 lines of stock and the inventory is managed with the assistance of a computer based system.
- 9.2.2 Given the need to provide an efficient service seven days per week, service vehicles hold a small stock of the most often needed fittings. These are in the nature of an imprest stock which are replenished as required and in view of their relatively small value are not included in the annual stocktake.

9.2.3 Purchase of Store Items

It is the responsibility of the Store Supervisor to:

- Monitor inventory levels, using the store system and taking into account lead times, average usage, safety level of inventory and the degree of importance to the business.
- Re-order inventory as required, in accordance with the Purchasing Manual.
- Check incoming stores against purchase order and supplier's invoice.
- Approve suppliers' invoices in accordance with delegated authority.
- Record the inventory from the supplier's delivery slips into the JDE Inventory system against the appropriate stock number in an accurate manner.

9.2.4 Issue of Store Items

It is the responsibility of the store manager to:

- Issue stores against requisitions.
- Monitor "self issued" items from subsidiary stores.
- Enter issues into inventory system, ensuring General Ledger codes and work order numbers are valid for current use.

9.2.5 Stock Take

Stock is counted on the Saturday nearest 30 June in each year. The procedure is as follows:

Function	Responsibility
Count stock	Store Supervisor
Compile stock book	Store Supervisor
Compare actual to "book stock" as per system	Store Supervisor
Authorise and write-off differences	Network Maintenance Contract Manager
Make random checks of process	Finance Department

9.3 BUS TICKETS – CIVIC CENTRE PLAZA

9.3.1 Bus tickets are held at the Plaza for sale.

9.3.2 Purchase

The Customer Services Administrative Officer is responsible to monitor the inventory and recommend purchases to the Customer Services Agency Manager.

The Administrative Assistant will check incoming tickets against the order.

9.3.3 Storage and Issue

The bulk stock of complete books is held by the Administrative Officer, who issues them as required. A register is kept of complete books received and issued.

9.3.4 Stock Take

The Administrative Officer will arrange a stocktake at the end of each month.

9.3.5 Monthly Financial Reconciliation

The Administrative Officer will reconcile the values of stock, purchases and sales each month.

INTERNAL CONTROL

9.3.5	Monthly Financial Reconciliation The Financial Analyst will review the monthly results.	Financial Analyst	Monthly
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9.4 PROPERTY INVENTORY

9.4.1 Property inventory consists of fittings etc taken from buildings during the course of renovation and appliances held for use in residential properties. Inventory is held in stores nominated by the Property Manager.

9.4.2 Valuation of Inventory

Used inventory and appliances valued at zero on the basis that the value is (a) not material and (b) difficult to establish.

New appliances if any, are valued at cost.

9.5 AQUATIC INVENTORY

9.5.1 Aquatic inventory uses the Plus 2 inventory system, and consists of swimwear and swim accessories. Inventory is held in a store nominated by the Pool Supervisor.

9.5.2 Purchase of Store Items

It is the responsibility of the Aquatic Services Administrator to:

- Monitor inventory levels, using the inventory system and taking into account lead times, average usage, safety level of inventory and the degree of importance to the business.
- Re-order inventory as required, in accordance with the Purchasing Manual.
- Check incoming stores against purchase order and supplier's invoice.
- Approve suppliers' invoices in accordance with delegated authority.
- Record the inventory from the supplier's delivery slips into the Inventory system against the appropriate stock number in an accurate manner.

9.5.3 Issue of Store Items

It is the responsibility of the Aquatic Services Administrator to:

- Record issues from stores not processed through the Cashier's shop till, which is not automatically updating the inventory system. Such items would include for example stock removed for promotions as authorised by the Aquatic Services Manager.

9.5.3 Stock Take

Stock is counted quarterly and reconciled to the inventory system. A copy of this reconciliation is sent to the Aquatic Services Manager and the Financial Analyst for Aquatic.

The procedure is as follows:

Function	Responsibility
Count stock	Aquatic Services Administrator
Compile stock book	Aquatic Services Administrator
Compare actual to "book stock" as per system	Aquatic Services Administrator
Authorise and write-off differences	Aquatic Services Manager
Make random checks of process	Finance Department

Time Frame: Quarterly

10 TAX

10.1 GOODS AND SERVICES TAX (GST)

10.1.1 GST - An Introduction

Policy

GST is a complex subject. It is the responsibility of the Financial Controller and Finance staff to ensure that GST is handled correctly. The Council's policy is to comply 100% with GST legislation. Given the draconian tax penalty regime, the policies and procedures for accounting for GST and any tax are quite inflexible. Under no circumstances, and for no reason, is the Council to be exposed to tax penalties.

The Council pays GST on the basis of invoices rather than cash, completing monthly returns

10.1.2 Monthly GST Payment

Procedure

The Senior Financial Accountant is responsible for ensuring that preparation of the GST return is completed on time and correctly. They will ensure that the spreadsheet used for the GST calculation is correct and that there is appropriate and adequate documentation.

The Accounting Officer will have the GST calculation ready for review by the Senior Financial Accountant by not later than five working days before the end of the month.

10.1.3 Output Tax

This refers to GST derived from the Council revenue or outputs which is paid to the Inland Revenue Department.

GST is automatically "stripped off" revenue transactions by the core computer system and credited to a GST Input Tax Account. This occurs when an invoice or rate assessment is raised in the system. GST on cash sales, such as parking revenue or bus ticket sales, is automatically "stripped off" when the cash is receipted by the core computer system. Some revenue, such as residential rents or parking infringement offence fines, is not subject to GST.

The system treatment of GST is primarily controlled by "flags" on General Ledger accounts and/or transaction types (see section [10.1.8](#)).

10.1.4 Input Tax

Input tax refers to GST on the Council expenditure or inputs which is claimed back from the Inland Revenue Department (refer section [7.4](#)).

The system treatment of GST is primarily controlled by "flags" on General Ledger accounts and/or Creditor Masters in the Accounts Payable module and/or transaction types (see section [10.1.8](#)).

10.1.5 GST on End of Month Accruals

The monthly reporting requires accruals for goods or services received but for which invoices have not been received. In order to meet the GST requirements, end of month accruals will follow these standards:

- a) Accruals are nett of GST.
- b) GST will be recognised and claimed, only when the Supplier's invoice is received, dated in the correct month and entered into the system.

10.1.6 Property

Property purchases and sales are a particularly complex area for GST. A set of procedures and checklists are included as Appendix 9.

10.1.7 Overseas Transactions

These comprise the following types of transaction:

- a) Routine purchases of goods such as books and other materials not subject to GST at time of purchase.
- b) Overseas travel. Not subject to GST. See 7.4.3 section on GST.
- c) Major overseas payments or receipts for special projects. These will be individually monitored by the Senior Financial Accountant.

The Expenditure Manager receives the invoice from NZ Customs for GST levied on the landed value of goods imported. They will check this against the relevant import entry forms and arrange payment. The Officer preparing the return will include this in the input tax.

10.1.8 Core Computer System Set Up

Responsibility for setting up GST status flags is as follows:

- a) Accounts Payable Suppliers: Expenditure Manager.
- b) General Ledger Accounts: Financial Analyst responsible for that account.
- c) General Ledger code elements: Systems Accountants.
- d) Accounts Receivable Customers: These are all set to "yes".

10.1.9 GST Training

The Financial Controller is responsible to arrange training for staff who are involved in the GST process. They will prepare a programme for each financial year.

INTERNAL CONTROL

10.1.9	GST Training The Officer preparing the GST return will sign the spreadsheet. The Senior Financial Accountant will countersign it to indicate that it has been checked and found correct.	Senior Financial Accountant Accounting Officer preparing GST return	Each GST Period
10.1.9	GST Training Property purchases and sales will be signed by the Senior Financial Accountant and Financial Analyst to confirm GST compliance.	Senior Financial Accountant Financial Analyst	As required
10.1.9	GST Training Core computer system set up: The Systems Accounts will produce reports of set up each year. This will be scanned by the Systems Accountants.	Systems Accountants	Each year

10.2 FRINGE BENEFIT TAX (FBT)

10.2.1 FBT - An Introduction

FBT is required to be paid on all fringe benefits paid by the Council to staff. The current rate is 49% of the value of the benefit.

10.2.2 Quarterly FBT Return

The Senior Financial Accountant is responsible for ensuring that the preparation of the FBT return is completed on time and correctly.

10.2.3 The Human Resources Manager is to keep the Senior Financial Accountant advised in writing of all payments which may come with the range of FBT.

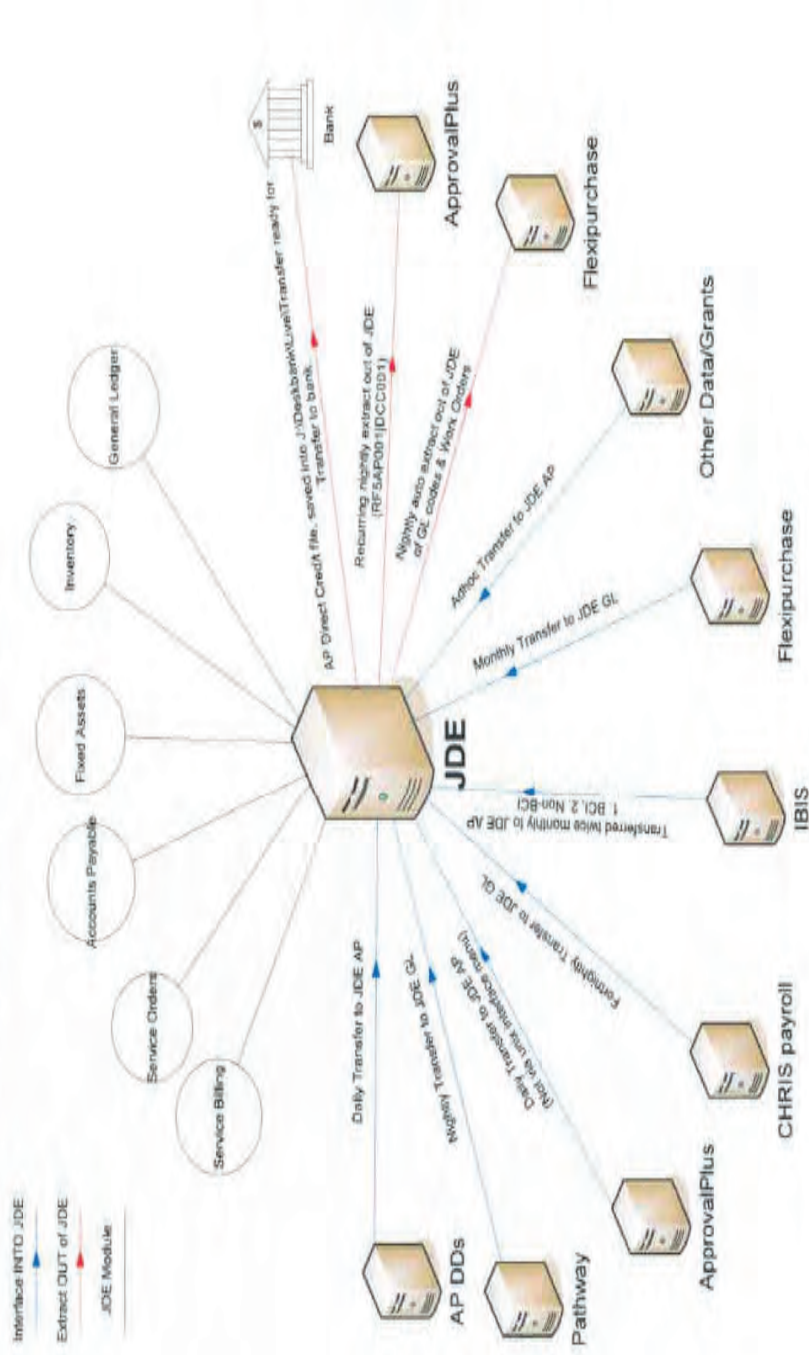
INTERNAL CONTROL

10.2.3	Quarterly FBT Return The Officer preparing the FBT return will sign the spreadsheet. The Senior Financial Accountant will countersign it to indicate that it has been checked and found correct.	Senior Financial Accountant Accounting Officer	Quarterly
10.2.3	Quarterly FBT Return The Senior Financial Accountant will keep a file of all reported fringe benefits. This will be reviewed annually by the Human Resources Manager to confirm that it is correct.	Senior Financial Accountant Human Resources Manager	Annually

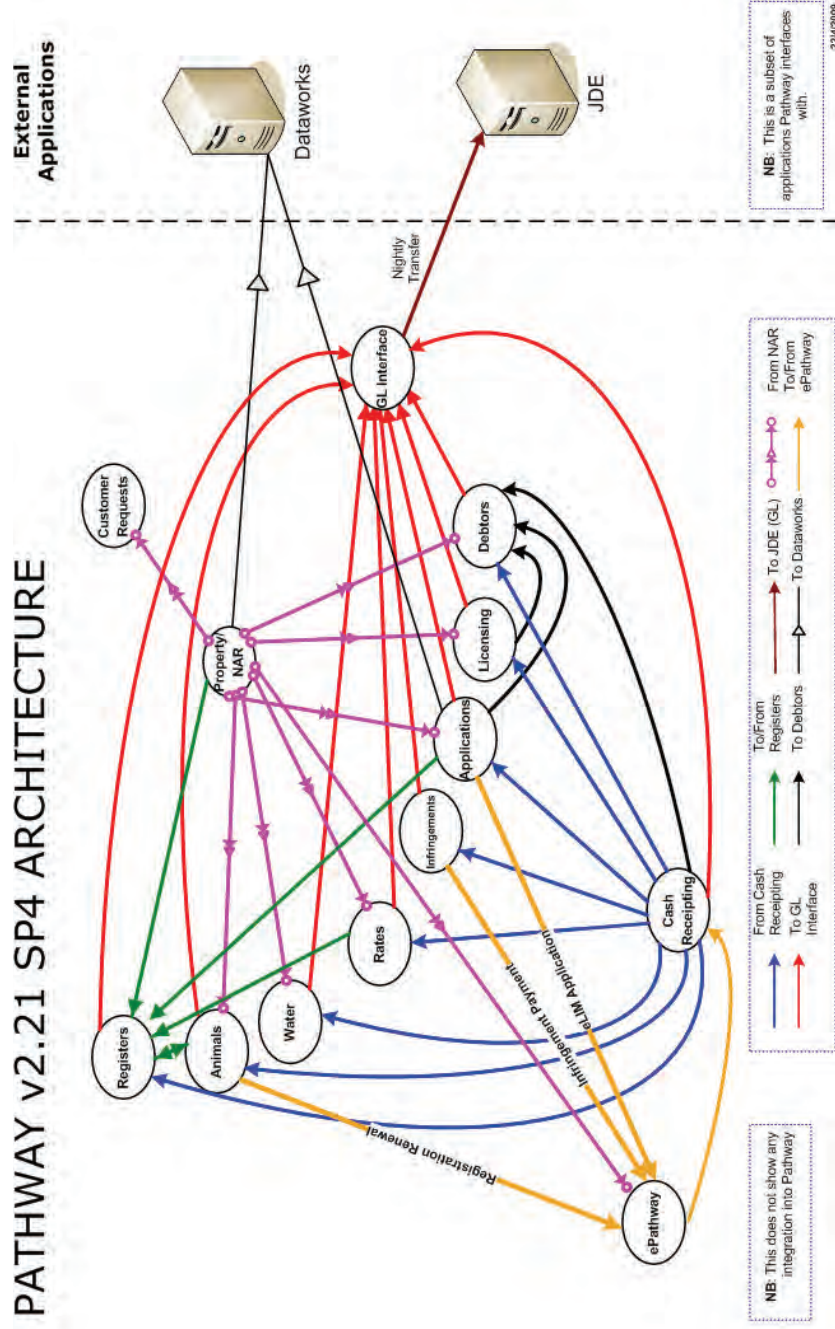
APPENDIX 1
SYSTEM ARCHITECTURE

See next 3 pages for diagrams.

JDE ARCHITECTURE



PATHWAY v2.21 SP4 ARCHITECTURE



SYSTEM ARCHITECTURE MODULE GROUPS

Financial Modules		Non Core Computer System Modules	
1	General Ledger	JDE	1 Rectrac
2	Accounts Receivable	Pathway	2 CHRIS – Payroll
3	Accounts Payable	JDE	
4	Cash Receipting	Pathway	
5	Fixed Assets	JDE	Non Financial Modules
6	Infringements	Pathway	1 Arrears Management
7	Licensing	Pathway	2 Dog Licensing
8	Rates Processing	Pathway	3 Property
9	Applications	Pathway	4 Customer Request
10	Water Billing	Pathway	5 Name and Address Register
11	Inventory	JDE	Various Access Databases
12	Service Billing	JDE	
13	Work Orders	JDE	

APPENDIX 2

STRUCTURE OF GENERAL LEDGER

As at June 2009

110	Municipal Balance Sheet	
130	Investment	
150	Olveston	
200	Corporate Management	
201	Public Relations	
202	Human Resources	
210	Administration Services	
250	Finance	
270	Information Solutions from 1 July 2009 (formerly Knowledge Centre)	
271	Business Solutions (From 1 July 2009)	
272	Network Services (From 1 July 2009)	
280	Business Improvement	
300	Civic	
350	Economic Development	
351	Civil Defence/Rural Fire	
352	Planning	
353	Arch and Urban Design	
355	Events	
357	Marketing and Communications	
358	Stadium	
360	Community Development	
361	Parks	
362	Rec Policy	
365	Otago Museum	
490	Transportation Operations (formerly Roading)	
491	Transportation Planning	
550	Libraries	
570	Botanic Garden	
580	Dunedin Centre	
590	Development Services	Building Control, Building Consents, Animals, Environmental Health, Citifleet/Parking
600	Cemeteries and Crematorium	
610	Dunedin Public Art Gallery from 1 July 2009 (formerly Museums)	
611	Otago Settlers Museum (From 1 July 2009)	
620	Chinese Garden	
630	Customer Services	
631	Visitor Centre	
780	Water and Waste Services	
800	Aquatic	
810	Citifleet/Citipark	
840	Information Systems (from 1 July 2009 becomes Business Solutions (271) and Network Services (272))	
860	Printing Services	
870	Property	
950	Waipori Fund	

APPENDIX 3

STANDARD OBJECTS Model Chart of Accounts

1st Four Characters	Description
ASSETS	
101---	Cash and Bank
1011--	Cash
1012--	Bank
1013--	Short Term Investments
103---	Interdepartmental Balances
1031--	Interdepartmental Balances
105---	Accounts Receivable
1051--	Accounts Receivable
1052--	Accrued Income
1053--	NZIAS Accrual Income
107---	Prepayments and Deferred Charges
1071--	Prepayments
1073--	Deferred Charges
108---	Derivative Financial Instruments
1083--	Interest Rate Swap-Assets
109--	Inventory
110--	Held for Sale Assets
1101--	Properties Held for Sale
1091--	Inventory
120---	Term Loans
1201--	Term Loans
125---	Investments
1251--	Equity Investments
1252--	Realisation Investment
1253--	Sinking Funds
1254--	Associated Equity Balances
1255--	Other Investments
1256--	Subsidiary Balance
1257--	Other NC Financial Assets
135---	Intangible Assets
1351--	Intangible Assets
150---	Fixed Assets
Capital Project Codes (See Appendix 5)	
1501--	Fixed Asset Balance
1502--	Provision for Depreciation
1503--	Gain/Loss on Sale of Assets
155---	Work in Progress
1551--	WIP Staff
1552--	WIP Plant
1553--	WIP Buildings and Structures
1554--	WIP Land
1555--	WIP Office Equipment
1556--	WIP Vehicles
1557--	WIP Collections
1558--	WIP Contracted Services
1559--	WIP Other
1599--	Asset Purchase Clearing Account
LIABILITIES	
201---	Provisions
2011--	
203---	Revenue in Advance
2031--	Revenue in Advance
2033--	NZIAS Revenue in Advance
205---	Accounts Payable
2051--	Accounts Payable
2052--	Goods and Services Tax
2053--	Current Portion
207---	Accrued Expenditure
2071--	Employee Benefits
2072--	System Accounts
2073--	Accrual Expenditure

1st Four Characters	Description
208---	Derivative Financial Instruments
2081--	Forward Exchange Contracts
2083--	Interest Rate Swaps
210---	Retentions and Deposits (See App 5)
220---	Term Liabilities
2201--	Term Liabilities
2202--	Other Provisions
EQUITY	
301---	Appropriation
3011--	Appropriation
302--	NZIAS Reserves
3021--	Hedge Reserves
3022--	Available for sale Rural Reserve
3023--	Interest Derivatives closed out
3025--	Transition Reserve
303---	Reserves –
3031--	Funded Reserves
3032--	General Reserves
3033--	Revaluation Reserves
3034--	Sinking Funds Reserves
3035--	Rates Reserves
3036--	Rates Control
3037--	Capital Reserves
305---	Public Equity
3051--	Public Equity
REVENUE	
401---	Rates Revenue
4011--	General Rates
4013--	Drainage Rates
4015--	Water Rates
4018--	Rates Instalment Control
405---	External Revenue
4051--	Admission Charges
4052--	Use Charges
4053--	Fees, Licences and Permits
4054--	Rental Revenue
4055--	Sales and Commission
4056--	Investment Income
407---	Grants and Subsidies
4071--	Operating Grants - Central Government
4072--	Operating Grants - Other
4073--	Capital Grants - Central Government
4074--	Capital Grants - Other
408---	Contributions
4081--	Vested Assets
4082--	Reserves Contributions
4083--	Development Contributions
415---	Internal Revenue
4151--	Contract Payments
4153--	Interdepartmental Recoveries

APPENDIX 3 (continued)

1st Four Characters	Description
EXPENSES	
501---	Personnel Costs
5011--	Salaries and Wages
5012--	Benefits
5013--	Employment Costs
5014--	Elected Members
502---	Asset Operations and Maintenance
5021--	Reticulation Networks
5022--	Roads
5023--	Plant and Machinery
5024--	Buildings and Structures
5025--	Environmental Maintenance
5026--	Office and IT Equipment
5027--	Vehicles
5028--	Collections
EXPENSES (continued)	
503---	Materials, Supplies and Services
5031--	Materials
5033--	Supplies
5035--	Contracted Services
505---	Energy Costs
5051--	Energy Costs
507---	Premises Costs
5071--	Rent
5072--	Operating Costs
509---	Cost of Sales
5091--	Cost of Goods Sold
515---	Insurance
5151--	Insurance Premiums
518---	Fees and Levies
5181--	Legal Fees
5182--	Directors' Fees
5183--	Consultancy Fees
5184--	Audit Fees
5185--	Software Fees
5186--	Association Fees and Subscriptions
522---	General Administration Expenses
5221--	Communications
5222--	Printing, Copying
5223--	Travel
5224--	Promotional Activities
5225--	Bank and Treasury Charges
5226--	Provisions
5227--	Sundry Expenses
525---	Grants and Subsidies
5251--	Grants and Subsidies
531---	Other (Income) Expense
5311--	Other (Income) Expense
551---	Internal Charges
5511--	Internal Charges
5512--	Contract Payments
555---	Intradepartmental Charges (Recoveries)
5551--	Intradepartmental Charges
5552--	Intradepartmental (Recoveries)
557---	Depreciation
5571--	Depreciation
5572--	Amortisation
560---	Interest
5601--	Interest on Term Debt

APPENDIX 4

GLOSSARY

Business Units

Under J D Edwards Financials this term refers to the initial six digits. The Dunedin City Council has, in most cases, used the three digit approval code and the traditional cost centres. Each Business Unit is a unique combination of six digits.

Object Codes

The Object Code is the second set of six digits and will be combined with a unique business unit number. The Object Code is divided into the following broad groups.

Assets	100000-199999
Liabilities	200000-299999
Equity	300000-399999
Income	400000-499999
Expenditure	500000-599999
Appropriations	600000-699999
System Control	700000-799999
Non Financial (Units)	800000-899999

Work Orders

Work Orders and Service Orders provide a further sub classification after Business Units and Object Code. Work/Service Orders can be used to identify projects, activities within a specific code.

APPENDIX 5

NUMBER ALLOCATIONS – CAPITAL, RETENTIONS AND DEPOSITS

Department	Capital	Ret/Dep
	5 digit job number	6 digit object code
Administration Services	13001-13999	211802-211899
Aquatic	70001-70999	210550-210599
City Development	22001-22999	210502-210549
Botanic Gardens	51001-51999	210602-210699
Business Improvement		
Cemeteries and Crematorium	54001-54999	210702-210799
Citifleet	71001-71999	210802-210899
City Development/Planning		210402-210499
Civil Defence	23001-23999	
Community and Recreation		213002-213999
Corporate/Human Resources/Public Relations	10001-10999	210102-210199
Customer Services	56001-56999	211602-211699
Development Services	53001-53999	210902-210999
Dunedin Centre	52001-52999	211002-211099
Economic Development	24001-24999	
Stadium	24100-24101	212102-212999
Finance	14001-14999	210202-210299
Business Solutions/Network Services from 1 July 2009 (formerly Information Services)	72001-72999	211202-211299
Information Solutions from 1 July 2009 (formerly Knowledge Centre)	15001-15999	211702-211799
Library	50001-50999	211102-211199
Municipal		210002-210099
Museums (Art Gallery and Otago Settlers Museum)	55001-55999	211302-211399
Parks	30001-30999	
Marketing and Communication Agency	73001-73999	211402-211499
Property	80001-80999	211502-211599
Transportation Operations/Planning	40001-40999	214002-214999
Spare		217002-219999
Spare		212002-212999
Visitor Centre	57001-57999	210302-210399
Water and Waste Services	60001-61999	215002-216999
Chinese Garden	12001-12999	211902-211999

APPENDIX 6

STRUCTURE OF ACCOUNTS RECEIVABLE MODULES

As at June 2009

MODULE	LEDGER		REVENUE LINKED TO GENERAL LEDGER
Module Linked Ledgers			
RATE	RATE	Rate	110
Application and Licensing	BC	Building Control	590
	BWOF	Building Warrant of Fitness	590
	DLA(cash basis Pathway)	Dunedin Liquor Licensing	590
	DG	Dangerous Goods	590 (not used now)
	EHO	Environmental Health	590
	RC	Resource Consents (city Planning)	110
INFRINGEMENTS (Not directly linked to AR)	PKG	Parking Enforcement	810
	INF	Animal, Health, RMA	110 and 590
WATER	WATR	Water Billing	780
Direct Entry Ledgers			
ACCOUNTS RECEIVABLE (SUNDRY DEBTORS)	CF	Citifleet	810
	LTDT	Long Term Debt	110 and others
	MU	Municipal *	110 and others
	OV	Olveston	150
	PR	Property	870

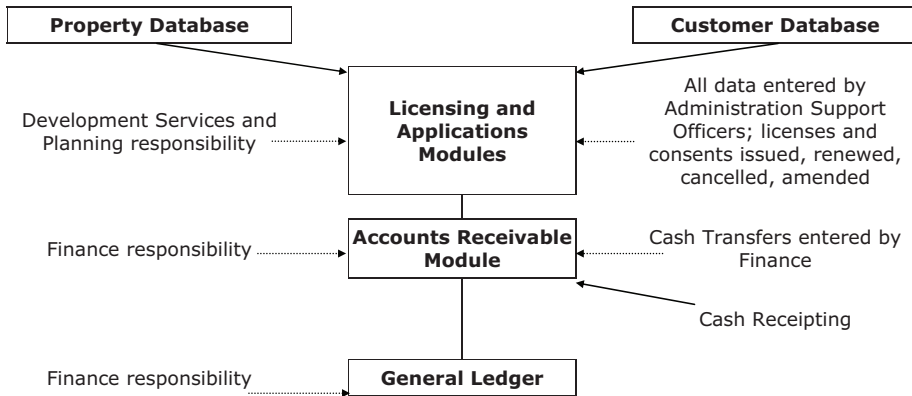
* Municipal Accounts Receivable ledger covers all General Ledgers that do not have a specific Accounts Receivable ledger.

APPENDIX 7

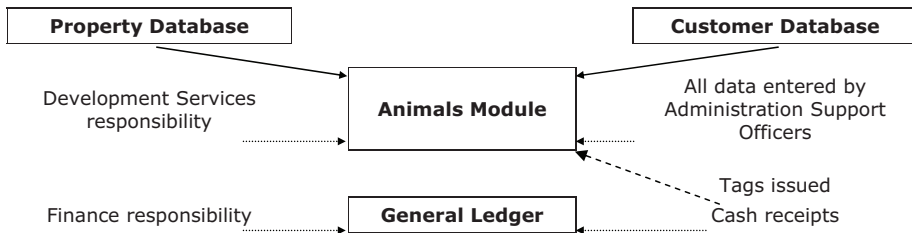
LICENSING AND APPLICATIONS MODULES

General Structure for:

◆ Building Control, Environmental Health and Resource Consents, Building Warrant of Fitness



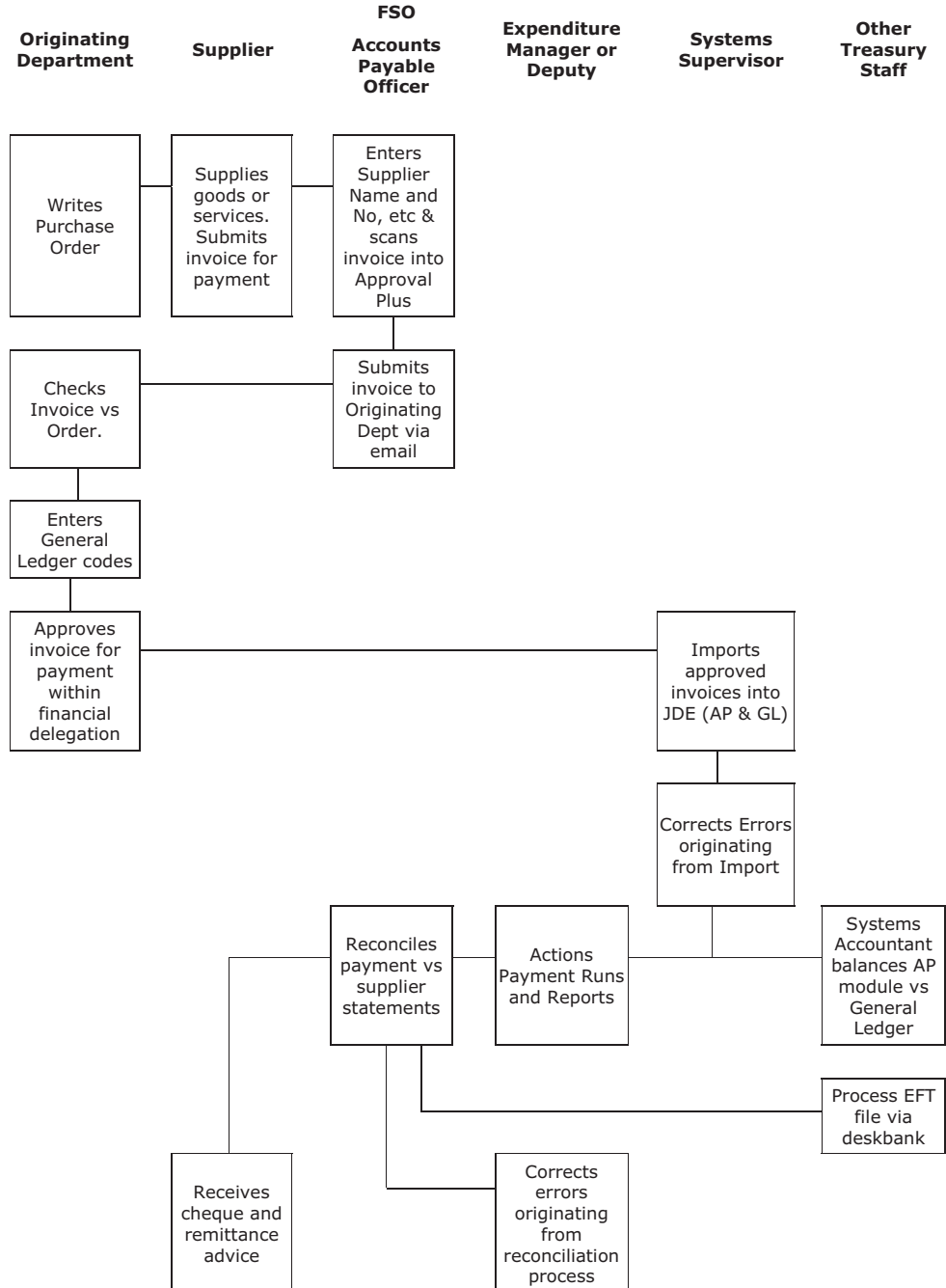
◆ Structure for Animals



Note: Animals Module is not linked to Accounts Receivable.

APPENDIX 8

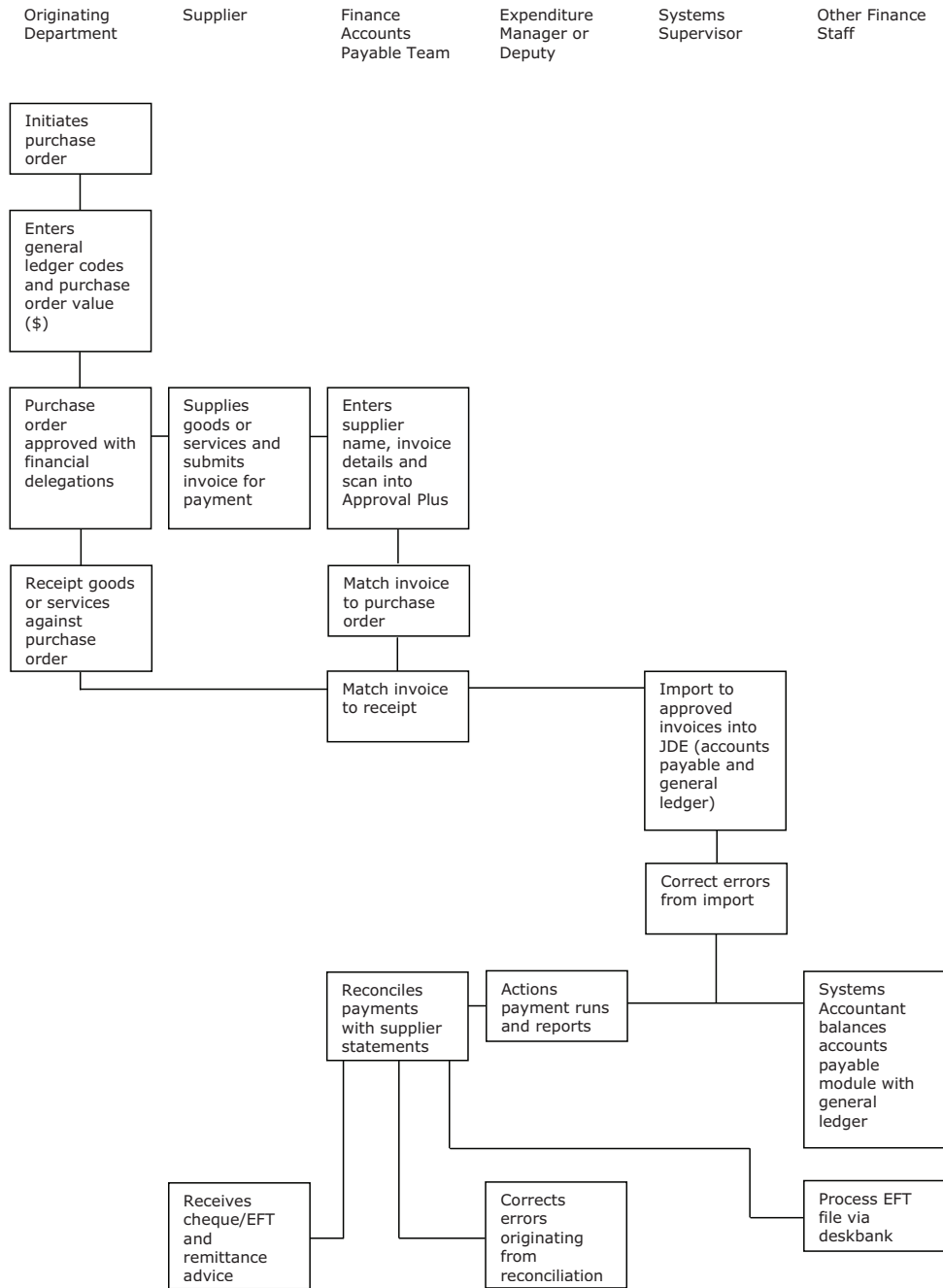
ACCOUNTS PAYABLE PROCESS FLOWCHART - SUPPLIERS' INVOICES



Note: Approval Plus sends reminders if invoice NOT PREPARED (6 days) and or NOT APPROVED (2 days)

**APPENDIX 8
(continued)**

**ACCOUNTS PAYABLE PROCESS FLOWCHART - SUPPLIERS' INVOICES MATCHING TO
PURCHASE ORDER**



Note: Approval Plus sends reminders if invoice NOT PREPARED (6 days) and or NOT APPROVED (2 days)

APPENDIX 9

PROPERTY DISPOSAL OR PURCHASE CHECKLIST

1 Transaction Details

Description and Address of Property:
.....
Vendor:
Client Department:
Consideration: \$
Purpose for Which Property Used Prior to Sale:
.....
Vendors GST Number (if applicable):

2 GST Treatment

The GST Treatment flowchart is annexed for property sales (Appendix 9A) and Property Purchases (Appendix 9B). This will assist in determining the GST treatment.

3 Time of Supply

The time of supply dictates the GST period in which the output tax is declared. The time of supply will be the earliest of the following dates:
(Note: list all applicable dates)

The signing of an unconditional contract: ____/____/____
The issue by the Council of an invoice: ____/____/____
The receipt of any monies by the Council: ____/____/____

Note: That the fulfilment of conditions on a conditional contract will not result in the conditional contract constituting an invoice.

4 Value of Supply

The value of the supply is the total of the following:

The consideration in money \$ _____

The open market value of the non-monetary consideration is \$ _____

The total value of the supply is therefore \$ _____

The basis on which the open market value of the non-monetary consideration has been determined is as follows:.....
.....

5 GST

Has a statement been received or given by purchaser as to comply with obligations in the GST Act 1985 Section II (I) (b).

6 Other

Outline any special terms or conditions of sale.

APPENDIX 9A

SALES

- 1 **Has a Valid Tax Invoice been Issued?** Yes ☐ No ☐

Attach a copy to this checklist.

- 2 **Conclusion**

- a) GST Treatment (Refer Section 2)

GST returnable at standard rate ☐

GST zero rated ☐

No GST chargeable ☐

- b) Time of Supply (Section 3) _____/_____/_____

- c) Value of Supply (Section 4) \$ _____

- 3 **Sign-Off**

Management Project Co-Ordinator

I confirm that the information contained in this checklist is correct and that I am in agreement with the conclusions reached.

Signed: _____ Date: _____

Manager – City Property

I confirm that the information contained in this checklist is correct and that I am in agreement with the conclusions reached.

Signed: _____ Date: _____

Financial Analyst Responsible for City Property

I am in agreement with the conclusions reached in this checklist.

or

I recommend that this checklist be referred to the Council's External Tax Adviser for review and approval.

Signed: _____ Date: _____

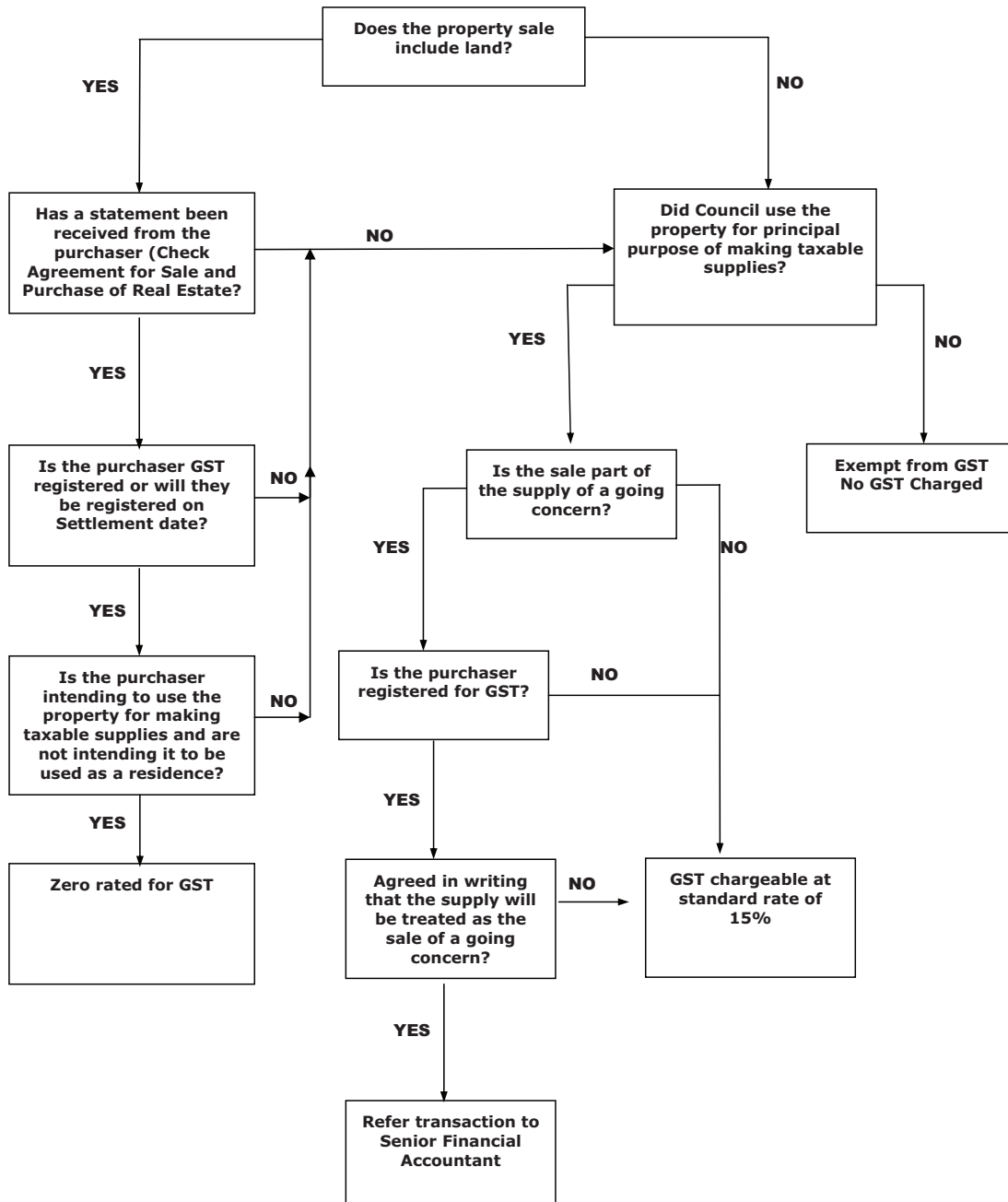
External Tax Adviser (if necessary)

I am in agreement with the conclusions reached in this checklist.

Signed: _____ Date: _____

APPENDIX 9A

GST TREATMENT OF PROPERTY SALES



APPENDIX 9B

PURCHASES

- 1 **Is a Valid Tax Invoice Held?** Yes ☐ No ☐

Attach a copy to this checklist.

2 **Conclusion**

- a) GST Treatment (Refer Section 2)
b) GST claimable at standard rate ☐
GST not claimable ☐
GST zero rated ☐
No GST charged or claimable ☐
GST second-hand goods claim ☐
b) Time of Supply (Section 3) ____/____/____
c) Value of Supply (Section 4) \$ ____
d) Valid Tax Invoice Held (Section 5) Yes / No / Not Applicable
e) Stamp Duty Payable (Section 6) \$ ____

3 **Sign-Off**

Management Project Co-Ordinator

I confirm that the information contained in this checklist is correct and that I am in agreement with the conclusions reached.

Signed: _____ Date: _____

Manager – City Property

I confirm that the information contained in this checklist is correct and that I am in agreement with the conclusions reached.

Signed: _____ Date: _____

Financial Analyst Responsible for City Property

I am in agreement with the conclusions reached in this checklist.

or

I recommend that this checklist be referred to the Council's External Tax Adviser for review and approval.

Signed: _____ Date: _____

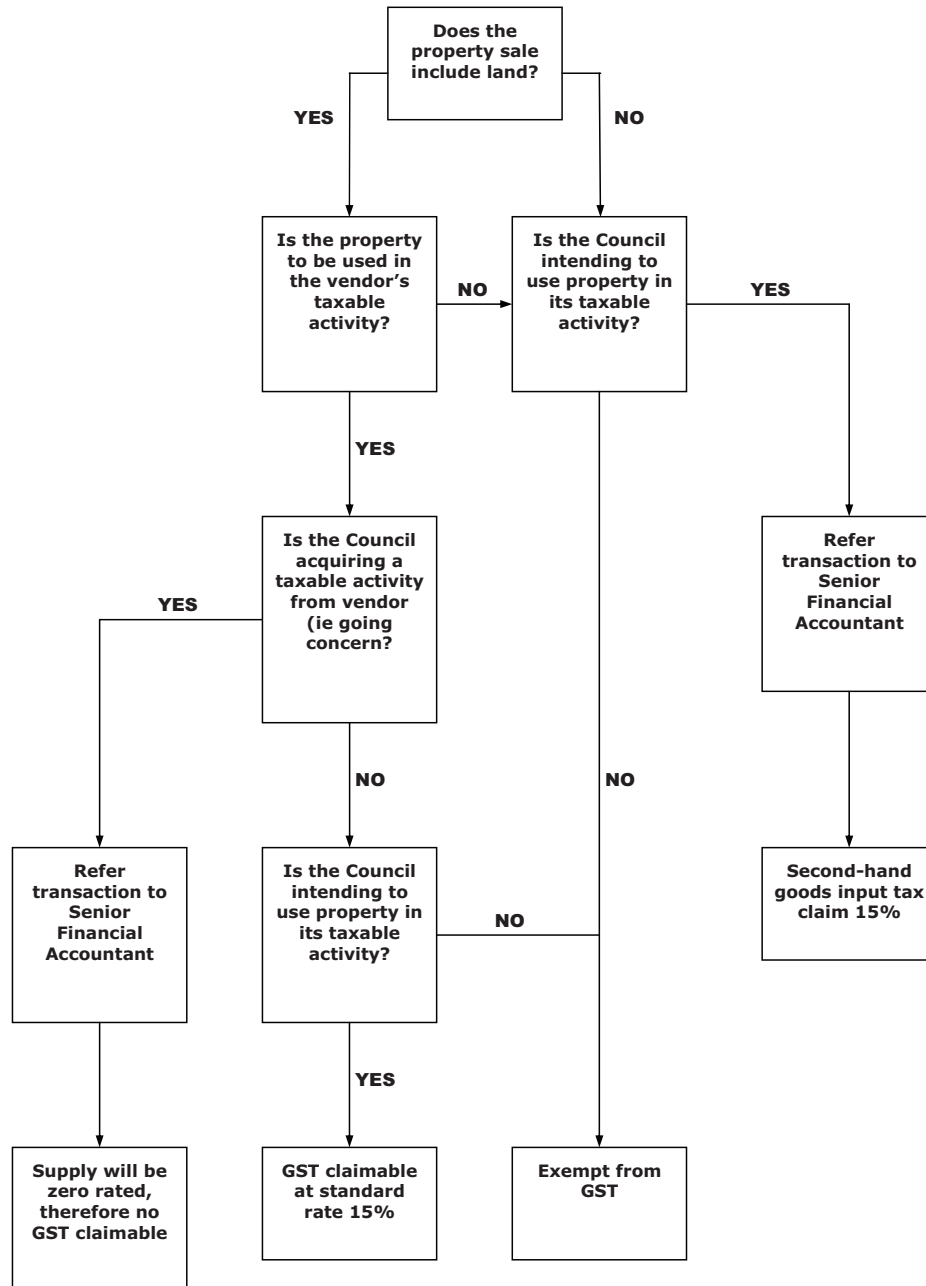
External Tax Adviser (if necessary)

I am in agreement with the conclusions reached in this checklist.

Signed: _____ Date: _____

APPENDIX 9B

GST TREATMENT OF PROPERTY PURCHASES



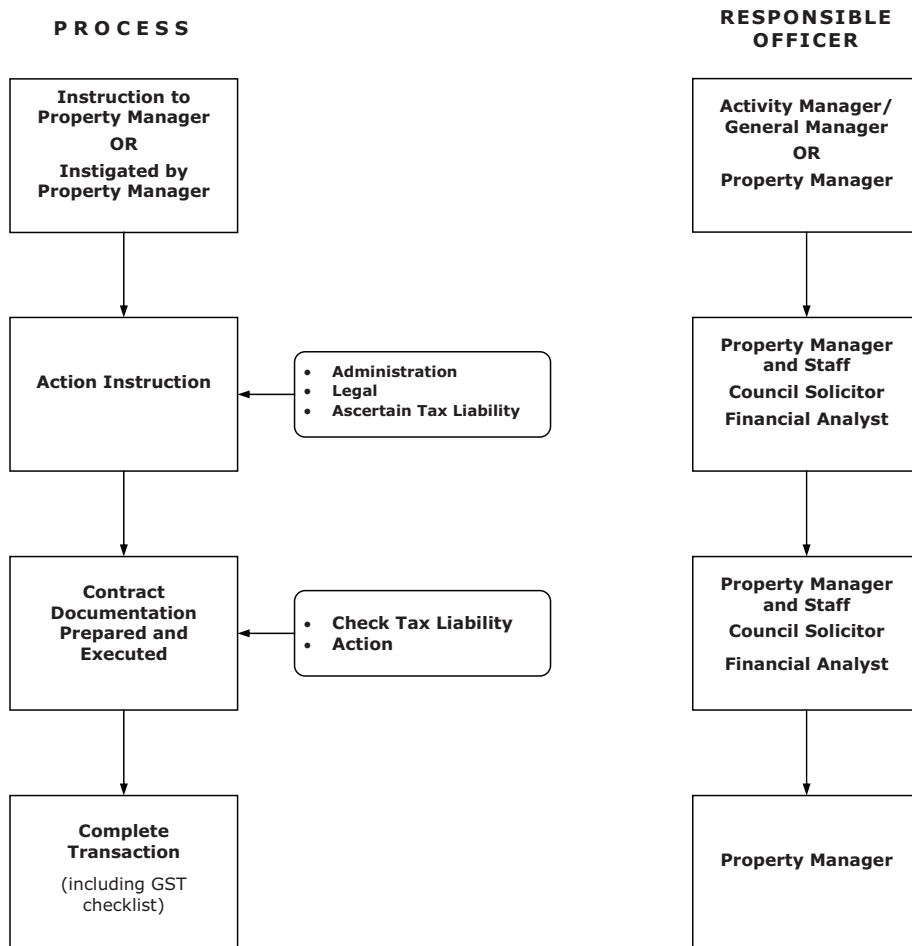
APPENDIX 10

PROCEDURES FOR GST ON PROPERTY TRANSACTIONS

The procedure flowchart set out below shows the major actions and responsibilities in regard to dealing with GST on Property transactions.

The two checklists and attachments are to be used in all Property sales and purchases. The originals of these checklists will be held by the Property Manager in the relevant file.

PROPERTY TRANSACTION PROCEDURE



APPENDIX 11

BUYER CREATED INVOICES (BCIs)

SUBJECT TO APPROVAL BY THE INLAND REVENUE DEPARTMENT

Approval to issue Buyer Created Invoices is given by the Inland Revenue Department pursuant to their letter dated 14 April 2003. This approval is given for a five year period and is subject to renewal on 16 April 2008. The renewal was provided in June 2009.

Procedures for the creation of buyer created invoices as required by paragraph 7.4.7 are as follows:

1 CONTRACT PAYMENTS

1.1 Eligible Payments

Those contracts that meet these conditions:

- a) The contract is one where the amount of the individual payments are decided by the Council (or its Consultant), ie the Contractor does not have the information necessary to generate a tax invoice, and
- b) It is a condition of the contract that the Council will create a BCI and that the Contractor will create no tax invoices.

1.2 Procedure

- a) The officer in the relevant department will arrange for a prompt payment voucher to be drawn (using form AP6) with the appropriate authorisation and accompanying documentation. (This will usually be in the form of a certificate from a consultant defining the amount of a progress payment).
- b) The prompt payment voucher form is to be endorsed.
*"BUYER CREATED INVOICE REQUIRED
Authorised by Contract No: XXXX, paragraph XX.XX"*
- c) The Expenditure Manager in Finance will arrange for a BCI to be created and signed by an authorised officer. The original goes to the contractor, the copy is held with the voucher.

APPENDIX 11 (continued)

2 GRANTS PAID ON BEHALF OF CENTRAL GOVERNMENT

2.1 Eligible Payments

Grants which meet these two conditions:

- a) They are paid on behalf of Central Government Agencies such as the Hillary Commission, Creative NZ, etc, and
- b) The applicant has provided its GST number and agreed in writing that the Council will issue a BCI.

2.2 Procedure

- a) Grant application forms will include agreement to the issue by the Council of a BCI and provide the GST number where the applicant is GST registered.
- b) The department will provide the Finance Department with Excel spreadsheets of the grants to be paid respectively by cheque and Deskbank. Appropriate authorisation will accompany requests for payment.
- c) In principle grants are computed in terms of the amount excluding GST. Thus GST registered organisation receive the nett grant plus GST. Organisations which are not registered receive the nett grant.
- d) The department spreadsheet will contain the following information:
 - Name of organisation
 - Postal address
 - Registered/not registered for GST
 - Where registered, the IRD number
 - Name of department authorising payment
 - Details of grant
 - Amount nett of GST
 - Amount of GST
 - Amount of payment
 - Where payment is by Deskbank, the bank account number.
- e) The Expenditure Manager will arrange for BCIs to be produced and signed by an authorised officer for all grants that include GST. The originals will be mailed to the grantees and the duplicates filed with the voucher.

APPENDIX 11 (continued)

3 VISITOR CENTRE PAYMENTS TO TOURIST AND TRAVEL COMPANIES

The Visitor Centre sells tickets for tourist activities and travel. It is not an agent for the tourist and travel companies.

3.1 Eligible Transactions

Payments by the Visitor Centre where it has been agreed in writing between the Council and the supplier that the Council will issue a BCI and the supplier will not issue a tax invoice.

3.2 Procedure

- a) The Visitor Centre Sales module will produce a buyer created invoice when the supplier has met the requirements above.
- b) The BCI will be forwarded to the supplier along with the payment and copy will be retained in the Finance Department.

APPENDIX 12

PATHWAY REQUEST FOR CREDIT NOTE

Department _____ **Date** _____

Customer Number _____

Customer Details

Name _____

Address _____

Value (Including GST) _____ \$. _____

Customer Reference

(Where required) _____

Narration

(This will appear in the _____

body of the credit note) _____

Invoice No for matching _____ **Gross Amount \$** . _____ .

Invoice No for matching _____ **Gross Amount \$** . _____ .

Invoice No for matching _____ **Gross Amount \$** . _____ .

(Normally the same
as the original invoice)

Has the invoice been paid Y/N

Reason for Credit Note _____

Documentation attached _____

Credit Note Requested by _____ **Phone** _____

Credit Note Authorised by _____ **Phone** _____

Print Credit Note Y/N

Send Credit Note to Customer/Initiator

APPENDIX 13



REVISED BUDGET FORM

Department: _____

Annual Plan: (Year) _____

Transfer From:	<u>Operational</u>	<u>Capital</u>
Annual Plan Budget: (BA)	\$ _____ (BUD)	\$ _____ (BUD)
Ledger Account:	_____	_____
Amount to Transfer: (UR)	\$ _____	\$ _____
Transfer To:	<u>Operational</u>	<u>Capital</u>
Ledger Account:	_____	_____
Amount to Transfer: (UR)	\$ _____ (RBUD)	\$ _____ (RBUD)

Budget Spread:

J	A	S	O	N	D
J	F	M	A	M	J

Reason for revising budget: (refer to Section 3.6 of the DCC Accounting Manual)

Recommended by: _____	Activity Manager
_____	Financial Analyst
Approved by: _____	General Manager
Checked by: _____	Financial Analyst Team Leader
Date: _____	

APPENDIX 14

STANDARD LETTER FOR CASH RECEIVED

Enquiries To: Jeremiah Bloggs
Direct Phone: 474-3000

24 April 2003

Jaime Whistlebritches
17 Timbuck Two Road
Random Suburb
Neverland 007

Dear Sir/Madam

CASH RECEIVED

Thank you for your payment of \$_____ received on ____/____/_____, being payment
for _____*.

For security reasons we request that cash payments are not sent through the mail. Our
Customer Services Agency has EFTPOS, cash and cheque payment facilities and is open from 8.30 am –
5.00 pm, Monday to Friday to receive payments.

Payments of your _____* may also be made at any NZ Post Shop
located in your area.

Yours faithfully

Jeremiah Bloggs
Payment Officer

* = Rate, Dog Registrations, etc.

APPENDIX 15

ASSET COMPLETION/ADDITION CERTIFICATE

Use this form for all purchases of Fixed Assets.

Does this replace an existing asset?

Yes

7

No

1

If Yes, Asset Disposal Certificate is to be completed (see reverse)

Department

See: Certificate is to be completed (see references)

Project name

--	--

Location of asset

--	--

Department Choice of Asset Description

1.

(30 Spaces)

2.

(30 Spaces)

3.

(28 Spaces)

Contract number

5.	
----	--

JDE Project Number

--	--

Date use commenced

--	--

Total asset cost (agrees to Total Cost below) \$

--	--

[illegible]

Depreciation Code(s)

**Total
Cost**

Reminder: Have you completed and Asset Disposal Certificate?

(1a)	Entered in Departmental Asset Management Plan	Consultant
		Firm
		Client
		Department
		Date
(1b)	Entered into Departmental Assets management System	By
		Date

Remarks

This section to be completed by Finance

(2a)	Reconciled to SFL A/c	Fin Analyst Date
(2b)	Description expense code	Fin Analyst Date
(2c)	Responsible Business Unit (BU)	Fin Analyst Date
(3)	Entered into Fixed Asset Register	FA Acc't Date
(4)	Added to Insurance Schedule	Yes / No / N.A Bv:

APPENDIX 16

ASSET DISPOSAL CERTIFICATE

Use this certificate for assets that are sold, decommissioned, become obsolete or irreparable or cease use for any reason.

This certificate must also be completed whenever new assets replace existing assets.

Department	
Asset	
Location of asset	
Date use ceased	

[illegible]

(1a)	Entered in Departmental Asset Management Plan	Consultant
		Firm
		Client
		Department
		Date
(1b)	Removed from Departmental Fund Asset System	By
		Date

This section to be completed by Finance

(2)	Removed from Fixed Asset Register	FA Acc't Date
(3)	Deleted from Insurance Schedule	Yes / No / N.A Client Date

Note: Please ensure that the details above agree with your department's asset management plan. This will facilitate the reconciliation between the Finance Department's fixed asset register and your asset management system.

APPENDIX 17

ASSET COMPLETION/ADDITION CERTIFICATE – LAND AND BUILDINGS

Use this form for all purchases of Fixed Assets.

Does this replace an existing asset?

Yes

☐

No

☐

If Yes, Asset Disposal Certificate is to be completed (see reverse)

Department

Project name

Location of asset

Department Choice of Asset Description

1.

(30 Spaces)

2.

(30 Spaces)

3.

(28 Spaces)

Contract number

JDE Project Number

Date use commenced

Total asset cost (agrees to Total Cost below) \$

Asset Components (Include make, model, serial no, year, manufacturer, pipe length, road length and other relevant details. Attach if necessary)	Asset No (Fin Acct to enter)	Dept Asset no	Useful Life	Cost \$
Land				
Improvements				

Depreciation Code(s)

Total Cost

Reminder: Have you completed and Asset Disposal Certificate?

(1)	Entered in Departmental Asset Management Plan	Consultant
		Firm
		Client
		Department
		Date

This section to be completed by Finance

Remarks

(2a)	Reconciled to SFL A/c	Fin Analyst
		Date
(2b)	Description expense code	Fin Analyst
		Date
(2c)	Responsible Business Unit (BU)	Fin Analyst
		Date
(3)	Entered into Fixed Asset Register	FA Acc't
		Date
(4)	Added to Insurance Schedule	Yes / No / N.A
		By:

APPENDIX 18

ASSET DISPOSAL CERTIFICATE – LAND AND BUILDINGS

Use this certificate for assets that are sold, decommissioned, become obsolete or irreparable or cease use for any reason.

This certificate must also be completed whenever new assets replace existing assets.

Department		
Asset		
Location of asset		
Department Choice of Asset Description	1.	(30 Spaces)
	2.	(30 Spaces)
	3.	(28 Spaces)
Date use ceased		

Asset Components	Disposal (sold traded in, junked, etc)	Asset No (Fin Acct to enter)	Dept Asset no	Proceeds
(Include make, model, serial no, year, manufacturer, pipe length, road length and other relevant details. Attach if necessary)				
Land				
Improvements				
			Total	

(1)	Entered in Departmental Asset Management Plan	Consultant
		Firm
		Client
		Department
		Date
(1b)	Removed from Departmental Fund Asset System	By
		Date

This section to be completed by Finance

(2)	Entered into Fixed Asset Register	FA Acc't
		Date
(3)	Deleted from Insurance Schedule	Yes / No / N.A
		Client
		Date

Note: Please ensure that the details above agree with your department's asset management plan. This will facilitate the reconciliation between the Finance Department's fixed asset register and your asset management system.

APPENDIX 19

ASSET COMPLETION / ADDITION CERTIFICATE – WATER & WASTE SERVICES

Use this form for all purchases of Fixed Assets.

Does this asset replace an existing asset? Yes ☐ No ☐

If Yes, Asset Disposal Certificate is to be completed (see reverse)

Department			
Project name			
Project Stage			
Location of asset			
Department Choice of Asset Description	1.		(30 Spaces)
	2.		(30 Spaces)
	3.		(28 Spaces)
Contract number			
JDE Project Number			
Date use commenced			
Total asset cost (agrees to Total Cost below) \$			

Project Description
(Include Plan No., File Reference and any other appropriate info)

Assets entered into MP2	Date:		By:	
Assets entered into Hansen	Date:		By:	

Reminder: Have you completed an Asset Disposal Certificate?

(1)	Entered in Departmental Asset Management Plan	Consultant
		Firm
		Client
		Department
		Date

Document sign off:	Date:		By:	
---------------------------	-------	--	-----	--

This section to be completed by Finance

Remarks	(2)	Reconciled to SFL A/c	Fin Analyst
			Date
	(3)	Entered into Fixed Asset register	FA Acc't
			Date
	(4)	Added to Insurance Schedule	Yes / No / N.A
		By:	
		Date:	
(5)	Depreciation Code		

Note:

APPENDIX 20

ASSET DISPOSAL CERTIFICATE – WATER & WASTE SERVICES

Use this certificate for assets that are sold, decommissioned, become obsolete or irreparable or cease use for any reason.

This certificate must also be completed whenever new assets replace existing assets.

Department	
Asset	
Location of asset	
Date use ceased	

Project Description (Include Plan No., File Reference and any other appropriate info)	Disposal : sold, traded in, junked, etc.

(1)	Entered in Departmental Asset Management Plan	Consultant
		Firm
		Client
		Department
		Date

This section to be completed by Finance

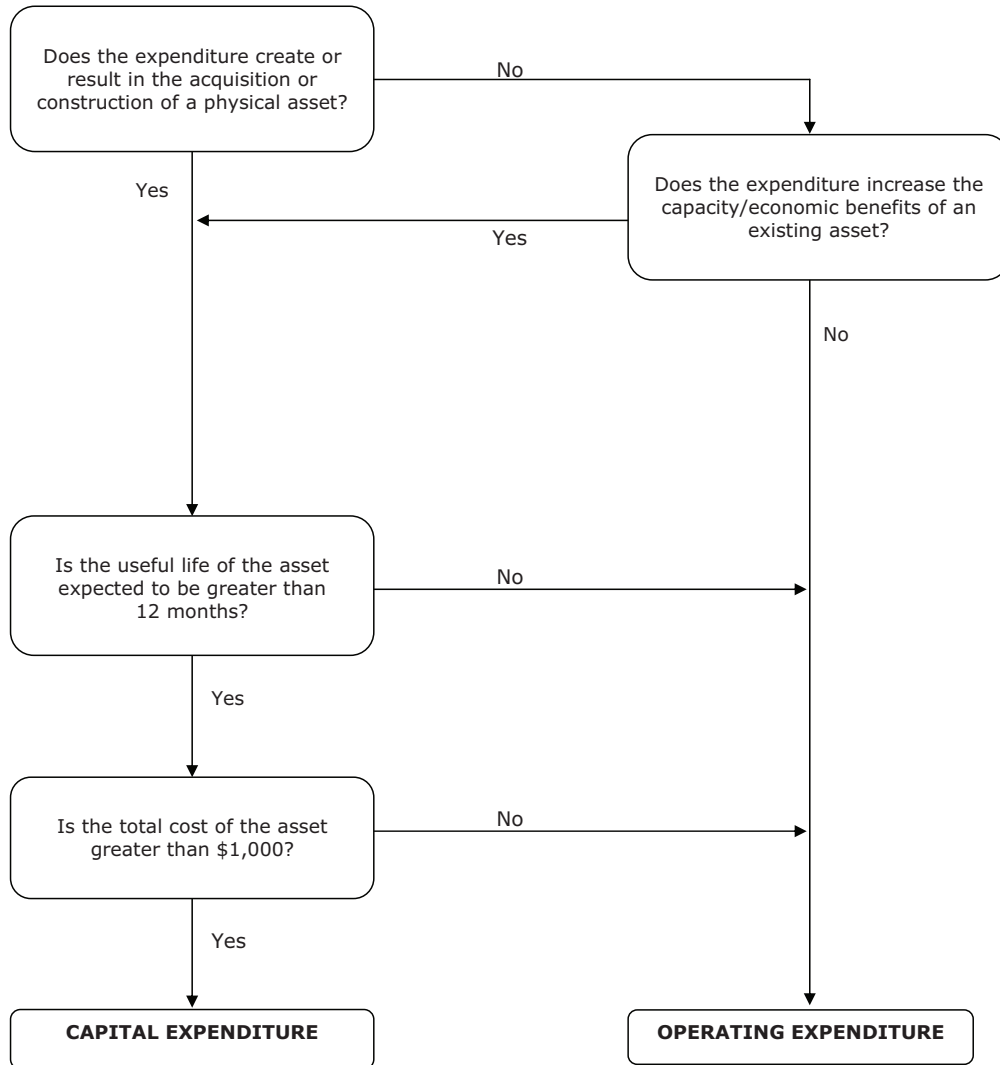
(2)	Entered into Fixed Asset Register	F A Acc't
		Date

(3)	Deleted from Insurance Schedule	Yes / No / N.A.
		Client
		Date

Note: Please ensure that the details above agree with your department's asset management plan. This will facilitate the reconciliation between the Finance Department's fixed asset register and your asset management system.

APPENDIX 21

CAPITAL VS OPERATING DECISION FLOWCHART



APPENDIX 22

EFTPOS REFUND FORM

Date:	_____	Assessment No: _____
		Debtor No: _____
		Ticket No: _____
Customer Name:	_____	
Amount \$	_____	
Reason:	_____ _____ _____ _____ _____ _____	
Authorised By:	_____	
Signature:	_____	

APPENDIX 23

MANAGEMENT PROCESSES FOR THE CORPORATE FURNITURE FUND

The following details the process followed in relation to the management and replacement of the Council's furniture refer to Section 3.9.10 of this Manual.

What Is Corporate Furniture?

Corporate furniture is deemed to be that furniture that can easily be transferred between the Council departments for use by staff and in some instances members of the public. It includes:

- Workstations/Desks for Council staff
- Corporate Meeting Room Tables and Chairs
- Chairs both staff and public
- Screens/partitions
- Lockers

Exclusions

All furniture that is specific in nature to the business activity to a particular department eg plan cabinets and drawing boards.

All furniture used by the City Property business unit.

Funding

Funding is by way of an annual levy charged to departments based on the permanent staff figures (excluding City Property) as per the staff statistical figures from Human Resources.

Financial Controller is responsible for the calculations and submissions of this levy via the Internal Charge process.

Policy For Replacement of Furniture

The Council approved accounting policy for furniture and fittings as outlined in the Annual Plan/Report. Depreciation is calculated on a straight-line basis over the estimated expected useful life of an asset. Corporate furniture is split into two categories for the purposes of depreciation. Office chairs (ie: chairs staff sit on daily) have an expected useful life of 10 years. All other Corporate Furniture has an expected useful life of 15 years.

Criteria For Replacing Furniture

To discourage Departments from making frivolous and unnecessary demands on the Corporate Furniture Fund for the replacement of furniture, the following criteria will form the basis for consideration for replacing furniture.

(a) Expected Useful Life Has Expired

Departments must consider the costs involved when requesting major changes to their furniture requirements. Write off costs will be charged to Departments requiring major changes to furniture that has not completed the expected useful life period. This will be based on the purchase cost less the number of depreciation. Full details of this cost will be maintained by the Expenditure Manager.

(b) Health and Safety Issue

A health and safety issue will only be considered following an assessment and recommendation from the Council's Health and Safety Consultant. This can involve a request for a medical certificate.

APPENDIX 23 (continued)

(c) Damaged or Broken Furniture

Damaged or broken furniture will in the first instance be repaired. Replacement will only be considered if it is found that the cost of repair proves to be uneconomical.

Process For Replacement Of Furniture

The Expenditure Manager will each year (in June) request from Activity Managers their requirements for corporate furniture replacement for the forth coming financial year.

Details received are prioritised on the following basis:

- 1) Staff needs with special reference to ergonomic/health and safety requirements
- 2) Public areas
- 3) Other miscellaneous requests

Recording The Asset

Corporate Furniture is recorded in the Council's asset register. To allow for varying rates of depreciation based on the expected useful life distinction is made between Office Chairs and all other Corporate Furniture. This means Corporate Furniture will be recorded as two line items in the Council's asset register and not as individual furniture items.

Full details are available via the Finance Activity Management Plan – Appendix X - Corporate Furniture Plan.

APPENDIX 24

LETTER FOR CASH PAYMENT FOR OVERSEAS TRAVEL

Date: _____

Name: _____

Department: _____

Cash Payment for Overseas Travel

Approval has been given for you to receive cash for your pending travel overseas on Council business.

This cash is supplied on the following basis:

- That all monies spent will be for Council business only
- In the event that any monies are used for personal expenditure that this is identified upon your return and that full reimbursement be made to the Council
- That receipts will be obtained and retained for audit purposes
- All unspent currency will be returned to the Finance Department (Dave Roberts) for rebanking. Please note coins cannot be rebanked.
- A full reconciliation be produced within 10 working days from returning to New Zealand

Dave Roberts
Expenditure Officer – Admin Support

Signature of Recipient

Date

APPENDIX 25

TRANSFERRING DEBT TO LONG TERM DEBT LEDGER

Debtor name:

Debtor number:

Address:

.....

Amount: \$.....

Details of Invoice:

.....

Reason for transferring to Long Term Debt ledger:

.....

.....

.....

Prepared by:

Arrears Officer

Reviewed by:

Rates & Revenue Team Leader

Approved by:

Financial Controller

Date:

APPENDIX 26

DUNEDIN CITY COUNCIL'S GENERAL CONTRACTUAL PROVISIONS FOR BUYING GOODS/SERVICES

These are the only contractual provisions that apply between the DUNEDIN CITY COUNCIL and the Contractor. If any other provision is to apply or prevail it must be agreed to in writing by the DUNEDIN CITY COUNCIL in each case.

1. **Delivery/price:** The Contractor will deliver each good/service ordered by the DUNEDIN CITY COUNCIL how, by when, where and for the prices specified to satisfy the DUNEDIN CITY COUNCIL'S requirements. Prices are all GST inclusive unless specified otherwise in each case. The Contractor will keep the DUNEDIN CITY COUNCIL informed about delivery progress so that there are no adverse surprises for the DUNEDIN CITY COUNCIL.
2. **Variations:** The DUNEDIN CITY COUNCIL may vary or cancel any of its requirements for any good or service prior to completion of delivery. The Contractor will accommodate variations by the DUNEDIN CITY COUNCIL. Fair adjustments will be made to prices and delivery requirements due to variations by the DUNEDIN CITY COUNCIL, except if the Contractor does not give the DUNEDIN CITY COUNCIL a written request for an adjustment within three (3) working days after notice of each variation, no increase adjustment will be made. The DUNEDIN CITY COUNCIL will not be liable for any cancellation.
3. **Compliance:** The Contractor will ensure that each good/service is:
 - (a) designed, manufactured, delivered and operates in compliance with applicable user requirements, specifications and standards; and
 - (b) compatible with each system that it will be used with.
4. **Standards/quality assurance:** The Contractor must itself, and ensure that its representatives:
 - (a) perform using due diligence, care and skill, using sufficient appropriately trained, qualified, experienced and supervised persons; and
 - (b) have and comply with standards and a quality assurance system approved by the DUNEDIN CITY COUNCIL. If a standard is not specified, then it will be the best standard in the applicable profession/industry.

The DUNEDIN CITY COUNCIL may observe and review anything being done by anyone. The Contractor will end the involvement with DUNEDIN CITY COUNCIL business of any of its representatives to the extent reasonably required by the DUNEDIN CITY COUNCIL (eg due to security or misconduct reasons).
5. **Access:** Subject to the DUNEDIN CITY COUNCIL'S security, operational and documentation requirements, the DUNEDIN CITY COUNCIL will allow the Contractor's representatives access at reasonable times to relevant property as necessary for the delivery of each good/service. The Contractor will ensure that its representatives co-operate with other persons, and do not restrict any other person's activities during access and generally when performing this contract. The Contractor will minimise disruption, and promptly tidy up and make good any damage or problems it causes.
6. **Operational requirements:** The Contractor will:
 - (a) itself, and ensure each of its representatives and visitors, comply with the DUNEDIN CITY COUNCIL'S security, operational and documentation requirements and with applicable law;
 - (b) have and comply with its own appropriate health and safety plan, and promptly notify the DUNEDIN CITY COUNCIL:
 - (i) if any hazard exists at relevant properties of the DUNEDIN CITY COUNCIL due to the Contractor's representatives or visitors; and
 - (ii) of any accident or serious harm that occurs to, or is caused by, the Contractor's representatives or visitors at relevant properties of the DUNEDIN CITY COUNCIL;
 - (c) not allow any unauthorised activity, discharge of any contaminant, or making of excessive noise, by any of its property, representatives or visitors at relevant properties of the DUNEDIN CITY COUNCIL;

- (d) not supply any ozone depleting or hazardous substance to the DUNEDIN CITY COUNCIL without having the necessary exemption; and
 - (e) properly label and package every dangerous good and other hazardous substance it delivers to the DUNEDIN CITY COUNCIL, and mark the good with a prominent warning and provide a Material Safety Data Sheet.
7. **Insurance:** The Contractor will have insurance cover to the extent reasonably required or approved by the DUNEDIN CITY COUNCIL.
 8. **New intellectual property:** If any new intellectual property is developed during, or as the purpose of, any delivery of a good/service to the DUNEDIN CITY COUNCIL, it will belong to the DUNEDIN CITY COUNCIL only.
 9. **Documentation/training:** The Contractor will supply, with the goods/services, appropriate documentation in English and a reasonable amount of training to enable the DUNEDIN CITY COUNCIL to independently install, operate and maintain each good/service. The Customer will promptly and freely provide the DUNEDIN CITY COUNCIL with updates of that information as it becomes available. The DUNEDIN CITY COUNCIL may freely copy any relevant information for use by the DUNEDIN CITY COUNCIL.
 10. **Acceptance:** The DUNEDIN CITY COUNCIL may carry out any reasonable or agreed acceptance test of any good/service, component and related system. The Contractor will assist and promptly remedy any acceptance test failure at its cost. Warranty identification labels are to be attached by the Contractor and dated on completion of each servicing or supply.
 11. **Payment:** Payment will be made by the DUNEDIN CITY COUNCIL to the Contractor by the 20th day of the month following the month in which the later of:
 - (a) an acceptance certificate for the relevant good/service was given by the DUNEDIN CITY COUNCIL to the Contractor; and
 - (b) the DUNEDIN CITY COUNCIL received a correct itemised tax invoice for the relevant good/service.

The DUNEDIN CITY COUNCIL may set off any amount that is or may become payable by it to the Contractor against any amount that is or may become payable by the Contractor to the DUNEDIN CITY COUNCIL.
 12. **Title:** Where the DUNEDIN CITY COUNCIL is buying a good or output of a service, clear title passes to the DUNEDIN CITY COUNCIL at the earlier of delivery and any payment by the DUNEDIN CITY COUNCIL for it.
 13. **Risk:** Every risk to each good/service remains with the Contractor until completion of delivery and acceptance, except when within the DUNEDIN CITY COUNCIL'S possession and control. The Contractor's representatives and anything involved in delivery are provided at the Contractor's every risk and cost.
 14. **Support:** The Contractor will ensure that the DUNEDIN CITY COUNCIL has access to the prompt supply of appropriate support (eg spares, maintenance services) on a reasonable basis throughout the expected life of each good/service.
 15. **General warranties:** The Contractor assures the DUNEDIN CITY COUNCIL that:
 - (a) each good (and its components) supplied by the Contractor will be new and unused on delivery, and if a shelf life or calendar life (by time, not utilisation) or a utilisation life is applicable, at least 95% of each of those lives remain on delivery;
 - (b) each good/service supplied by the Contractor will conform as to design, quality, quantity, configuration, functionality, the samples (if any) and specifications provided to the DUNEDIN CITY COUNCIL;
 - (c) each good supplied by the Contractor will be appropriately packaged, packed and securely stored until completion of delivery and installation by the Contractor (if applicable) to minimise damage, deterioration and theft;
 - (d) where applicable, each good will be properly installed and integrated into, and will be compatible with and will not damage, the DUNEDIN CITY COUNCIL'S relevant systems and

other property;

- (e) despite anything said or done by the DUNEDIN CITY COUNCIL, each good/service supplied by the Contractor will for the specified warranty periods, or to the extent not specified, for at least 12 months from the later of the date of acceptance and the date of commencement of being in:
 - (i) be fit for the expected use and purpose; and
 - (ii) be free from any defect (including any latent defect) in design, materials, workmanship and title;
- (f) ownership, possession, modification, use or resale of any good/service supplied by the Contractor will not infringe any third party rights and the Contractor will protect the DUNEDIN CITY COUNCIL from any infringement claim or proceeding;
- (g) no form of inducement or reward has been or will be directly or indirectly provided to any of the DUNEDIN CITY COUNCIL'S representatives.

These are additional to any other assurances given by the Contractor or implied by custom or law. The Contractor will, to the extent possible, pass on to the DUNEDIN CITY COUNCIL the benefit of any warranty or other assurance from any other person in respect of each good/service supplied to the intent that the DUNEDIN CITY COUNCIL may have recourse against those persons through the Contractor.

16. **Warranty claims:** The Contractor will promptly remedy each warranty claim to the DUNEDIN CITY COUNCIL'S satisfaction. The DUNEDIN CITY COUNCIL may require repair or replacement solutions and a temporary solution while the claim is being remedied. Components replaced or upgraded within a warranty claim will not be charged to the DUNEDIN CITY COUNCIL. If a hard drive is not repairable at DUNEDIN CITY COUNCIL property, the DUNEDIN CITY COUNCIL may retain or destroy it without charge for security reasons. Warranty periods are suspended while each claim is being remedied, and then start again for the remaining warranty period on completion of remedying each defect.

17. **Compliance with laws/authorisations:** The Contractor:

- (a) will ensure it, and each good/service prior to acceptance, complies with all New Zealand, and each relevant jurisdiction's, laws, codes and standards; and
- (b) is responsible for ensuring that every necessary and prudent authorisation is obtained to ensure that it can perform this contract and the DUNEDIN CITY COUNCIL can at all times own (where intended) and freely possess, modify, use and resell unrestricted, each good and output of each service supplied by the Contractor.

18. **Failure by Contractor:** If the Contractor:

- (a) breaches, or fails to properly or promptly perform, any of its obligations and fails to remedy the situation to the DUNEDIN CITY COUNCIL'S satisfaction within two (2) working days after notice from the DUNEDIN CITY COUNCIL of the breach or failure;
- (b) is or becomes insolvent or bankrupt, or is in or goes into receivership or liquidation; or
- (c) has a change of control or ownership, or a conflict of interest with the DUNEDIN CITY COUNCIL'S interests, which the DUNEDIN CITY COUNCIL considers sufficiently inappropriate;

the DUNEDIN CITY COUNCIL may:

- (d) suspend or cancel this contract (in whole or in part) by written notice to the Contractor; and/or
- (e) have the requirement performed by its own personnel or anyone else and recover damages from the Contractor.

19. **Indemnity:** The Contractor will promptly make good, and protect the DUNEDIN CITY COUNCIL and its representatives from, any damage, problem, claim or proceedings the Contractor causes in relation to this contract.

20. **DUNEDIN CITY COUNCIL liability limited:** To the extent allowed by law, the DUNEDIN CITY COUNCIL will not be liable (in contract or tort, including negligence, or otherwise) to the Contractor for any indirect damage, loss (including loss of profits or business) or cost caused or contributed to

- by the DUNEDIN CITY COUNCIL, any of its representatives or visitors in relation to this contract. Each of the DUNEDIN CITY COUNCIL'S representatives is also to enjoy the benefit of this provision.
21. **Confidentiality:** The Contractor will keep confidential and secure, and not misuse, any information of the DUNEDIN CITY COUNCIL which would reasonably be expected to be proprietary, or commercially or militarily sensitive or confidential. Disclosure and use of information to the extent required by law is allowed.
 22. **No assignment/subcontracting:** The Contractor may not assign or subcontract any of its benefits or burdens in respect of this contract without the DUNEDIN CITY COUNCIL'S written consent. The Contractor will keep the DUNEDIN CITY COUNCIL informed about the involvement of subcontractors on a fully transparent basis and ensure each subcontract has passed through provisions allowing the DUNEDIN CITY COUNCIL to directly benefit from and enforce it.
 23. **Relationships:** Nothing in this document creates or evidences any legal partnership, joint venture, agency or employer/employee relationship between the parties.
 24. **Waiver:** No delay or failure to act is a waiver. No waiver is effective unless it is in writing. A waiver of a breach is not a waiver of any other breach.
 25. **Disputes:** If a party believes there is a dispute, it will promptly notify and give written details to the other party. If the dispute is not resolved within 10 working days by senior representatives of the parties, it will be promptly submitted to arbitration if requested in writing by the DUNEDIN CITY COUNCIL.
 26. **Governing law:** New Zealand law governs. New Zealand courts have non-exclusive jurisdiction.
 27. **Interpretation:** Unless the context otherwise requires or it is specifically otherwise stated:
 - (a) "good" and "service" include any form of deliverable;
 - (b) if the Contractor comprises more than one person, each of those person's liability to the DUNEDIN CITY COUNCIL is joint and several;
 - (c) references to a party or a person includes any form of entity and their respective successors, assigns and representatives;
 - (d) amounts are in New Zealand dollars; and
 - (e) time is of the essence.