

# **SOUTH WAIRARAPA DISTRICT COUNCIL**

**17 MAY 2017**

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## **AGENDA ITEM C3**

### **REVIEW FINANCIAL DELEGATIONS POLICY O200**

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#### **Purpose of Report**

To inform Councillors of the proposed changes to Policy O200 Financial Delegations.

#### **Recommendations**

Officers recommend that the Council:

1. *Receive the information.*
2. *Approve the Financial Delegations Policy 0200.*
3. *Agree the next review date should be May 2019.*

## **1. Executive Summary**

The O200 Financial Delegations was due for review in May 2018, however, recent changes in roles at SWDC prompted an earlier review to incorporate the new structure and clarify financial delegations for all roles.

The revised policy incorporates more detail and summarises delegation levels for different types of transactions as well as which cost centre code each role has financial delegation to approve.

## **2. Background**

The financial delegations policy is a key tool in enhancing financial control within an organisation and the revised policy clearly sets out the accountability and responsibility for financial decisions within South Wairarapa District Council.

Council's authority to delegate to officers comes from Schedule 7 Clause 32 of the Local Government Act 2002. The revised financial delegations policy indicates which matters Council can and cannot delegate as specified in Clause 32.

In order to support administrative efficiency and expediency in day-to-day business Council delegates certain functions, duties, responsibilities and powers to its staff.

The revised policy takes into account the following principals:

- Decisions should be made at the lowest possible competent level.
- Appropriate delegation is essential in achieving timeliness of decisions and actions.
- The level of responsibility must be commensurate with the level of authority that is delegated.
- Staff, councillors and committees must be aware of the delegations within which they operate.

### **3. Summary**

The revised policy covers the levels of delegation for the CEO and group managers in terms of expenditure, contracts and payment authorisation.

It also covers what sub-delegations can be made to managers, team leaders and librarians.

In addition it covers financial delegations for community boards.

Further delegations covered by the revised policy include:

- Staffing matters, Planning documents, Council borrowing, Local Government Official Information and Meetings Act, Civil Defence Emergency Management and Affixing the Common Seal.

Section 5 covers Finance department delegations and the ability to set Fees and Charges, ability to write off debts, rates collection and rating policies.

Appendix One provides a schedule of financial delegations showing the level of expenditure each role can approve in the different categories of:

- Planned operating expenditure within a contract for service
- Other planned operating expenditure
- Planned capital expenditure
- Unplanned expenditure
- Signing authority for payments
- Sale and disposal of assets and stock on hand
- Transfer/Investment of Reserve Funds
- Debtor write offs and credit notes

Appendix Two provides a schedule of which Roles have delegation to authorise purchase orders and invoices for which cost centres within South Wairarapa District Council.

Appendix Three provides a delegation form. Each employee with financial delegation will be required to sign a delegation form and agree to abide by the Financial Delegations Policy and also provide a specimen signature and

specimen initials to enable finance team members and auditors to ensure the correct personnel are signing off expenditure.

#### **4. Financial Considerations**

The revised Financial Delegations Policy provides greater transparency regarding which expenditure can be approved by which personnel and in a format that is easily referred to by all team members. This will make the Policy more easily understood and implemented by SWDC staff.

#### **5. Conclusion**

The revised Financial Delegations Policy has been reviewed by the senior management team and the Audit and Risk Working Party.

It is now submitted to Council for their review and approval before circulating to staff for implementation.

As the new policy is in quite a different format from the current financial delegations policy, not all changes are noted in the attached document.

Since the Audit and Risk review, there have been a small number of changes to this policy which are shown as tracked changes in the attached document.

#### **6. Appendices**

Appendix 1 – Financial Delegations Policy

Contact Officer: Jennie Mitchell, Group Manager Corporate Support  
Reviewed By: Paul Crimp, Chief Executive Officer

# **Appendix 1 – Financial Delegations Policy**

# **Appendix 1 – Financial Delegations Policy 0200**



## Financial Delegations Policy

### 1. Introduction

The South Wairarapa District Council (SWDC) Financial Delegations Policy sets out the delegations to the Chief Executive and staff of SWDC.

### 2. Financial Delegations

2.1 Council's authority to delegate to Officers comes from Schedule 7 Clause 32 of the Local Government Act 2002.

2.2 The matters Council cannot delegate are also listed in Clause 32 as follows:

- a. the power to make a rate; or
- b. the power to make a bylaw; or
- c. the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
- d. the power to adopt a long-term plan, annual plan, or annual report; or
- e. the power to appoint a chief executive; or
- f. the power to adopt policies required to be adopted and consulted on under the Act in association with the long-term plan or developed for the purpose of the local governance statement; or
- g. the power to adopt a remuneration and employment policy.

2.3 Schedule 7 Clause 32(7) also states:

To avoid doubt, no delegation relieves the local authority, member, or officer of the liability or legal responsibility to perform or ensure performance of any function or duty.

The following section outlines financial delegations for the Chief Executive and sub-delegations to staff to approve transactions in a financial capacity.

#### 2.4 Delegation of authority and authority limits

SWDC has specific responsibilities with regard to financial delegations of authority and authority limits.

#### 2.5 Expenditure Delegations

The Chief Executive has a schedule of staff who have expenditure delegations. The schedule can be found in Appendix 1 of this policy.

All delegations are for expenditure that has been budgeted for in the Annual Plan.

Any expenditure above approved Annual Plan amounts must be authorised by the CEO.

All transactions must comply with the Procuring Goods & Services Policy (M500).

- 2.6 The Chief Executive sub-delegates the authority to raise purchase orders and authorise invoices for payment to a maximum of \$50,000 to:

- Group Manager Planning and Environment
- Group Manager Infrastructure and Services and
- Group Manager Corporate Support

- 2.7 The Group Managers may further sub-delegate the authority to raise purchase orders and authorise invoices for payment as per the table in Appendix 1:

- Building Team Leader
- Environmental ~~Health~~ Services Team Leader
- Roading Manager
- Amenities Manager
- Asset & Operations Manager
- Project/Programme Manager
- ~~Finance Team Leader~~
- Senior Planner

- 2.8 The Amenities Manager sub-delegates to the Librarians at Featherston, Greytown and Martinborough Libraries, the authority to purchase books for their Library to the value of \$1,000 per transaction. These purchases are Capital Expenditure.

- 2.9 The Chief Executive delegates to the Featherston, Greytown and Martinborough Community Boards annual budgets for Operational expenditure and Capital expenditure for them to use as appropriate ~~for their town~~. Purchase orders and Invoices for Community Board (CB) expenditure will be approved by the Finance Team Leader (FTL) or Group Manager Corporate Support (GMCS) based on resolutions from CB meetings.

2.10 **Delegation Form and Specimen Signatures**

All new Managers and Team Leaders commencing in roles with Financial Delegation will complete and sign a Delegation form. This form provides a specimen signature for the Finance team and auditors. Originals of these forms will be held by the Accounts Payable Officer.

Temporary delegation forms will be completed where a person has been asked to “Act” in a role for a period of more than one week while the incumbent is on leave. If a delegation form has not been completed then all expenditure will need to be authorised by the Manager one up from the person who is absent. For example, the CEO will sign on behalf of the GM Planning & Environment, the GMPE will sign on behalf of the Building Team Leader etc.

The Delegation form is attached as Appendix 3 of this policy.

### 2.11 **Financial Management**

The Chief Executive has delegated authorisation to manage SWDC finances within the Council approved annual budget. This includes:

- Opening and operating accounts with the Council's selected bankers as necessary for the conduct of Council business
- Reviewing the services provided by the selected banker, open and operate accounts with, and accept banking services from, other registered banks (if and when required)
- Investing Council funds in accordance with investment policies, strategies, limits and security requirements
- Monitoring the circumstances of approved institutions and report back to Council should they be, or appear likely to be required to be, excluded from use for investment purposes

The Chief Executive can sub-delegate any of the authorities to the Group Manager Corporate Support.

### 2.12 **Contracts**

The Chief Executive is delegated authority to enter, sign, go to market, and vary contracts for the supply of goods or services on behalf of the Council to the value of \$500,000 that have been budgeted for in the Annual Plan.

The Mayor and Chief Executive are delegated authority to enter, sign, and go to market programmed infrastructure renewal and maintenance contracts (\$500,000 or more) that have been budgeted for in the Annual Plan.

2.13 The Chief Executive sub-delegates the authority to enter, sign, go to market and vary contracts to a maximum of \$50,000 to:

- Group Manager Planning and Environment
- Group Manager Infrastructure and Services and
- Group Manager Corporate Support

2.14 All delegations in this clause are for expenditure that is budgeted for in the Annual Plan. Any expenditure above approved Annual Plan amounts must be authorised by the CEO. All transactions must comply with the Procuring Goods & Services Policy (M500).

See Appendix 1 for further detail on the financial delegation limits for various transactions.

### 2.15 **Payment Authorisation**

The Chief Executive or Manager responsible for an operational area may authorise payments for goods and services, provided these have been purchased in accordance with Council policy.

Any two of the following signatories must sign together to operate the Council's accounts, endorse cheques or other lodgements for credit or debit:



- Chief Executive
- Group Manager Planning and Environment
- Group Manager Infrastructure and Services and
- Group Manager Corporate Support
- Project/Programme Manager
- Amenities Manager

All electronic funds transfers must be authorised by designated signatories, one of whom must include a Group Manager. The Finance Team Leader may authorise payments if necessary in the absence of another signatory and with written permission from either the CEO or the GMCS.

### 3. **Chief Executive Delegations**

Under section 42 (2) of the Local Government Act 2002, the Chief Executive has delegated authority and responsibility for:

- Implementing the decisions of the local authority;
- Providing advice to members of the local authority;
- Ensuring that all responsibilities, duties, and powers delegated to any person employed by SWDC, or imposed or conferred by an Act, regulation, or bylaw, are properly performed or exercised;
- Ensuring the effective and efficient management of the activities of SWDC;
- Maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the local authority;
- Providing leadership for the staff of SWDC;
- Employing the staff of SWDC; and
- Negotiating the terms or employment of the staff of SWDC.

#### 3.1 **Staffing Matters**

All SWDC staff are employed by the Chief Executive.

#### 3.2 **Planning Documents**

The Chief Executive has delegated authority to implement any proposal or matter included in a Long-Term Plan or Annual Plan that has been adopted by Council.

#### 3.3 **Delegation to facilitate Council borrowing generally**

The Chief Executive has delegated authority to facilitate Council borrowing with recognised banking institutions including the Local Government Funding Authority (LGFA).

#### 3.4 **Delegation to the Chief Executive under Local Government Official Information and Meetings Act 1987**

The Chief Executive has authority under the Local Government Official Information and Meetings Act 1987, to determine:

- Whether a request for information is to be refused; and/or
- Whether a charge is to be imposed
- Whether a request for information should be transferred.

#### 3.5 **Civil Defence Emergency Management**

The Chief Executive has delegated authority for undertaking planning, operational and co-ordination measures to ensure effective and efficient use of resources before and during a state of civil defence emergency, including an overview of the Council's participation in the civil Defence Emergency Management Group.

The GMCS is the Recovery Manager in the event of a declared emergency.

#### 4. **Affixing the Common Seal**

Any two of the following are authorised to execute documents under seal:

- Her Worship the Mayor
- Deputy Mayor
- Chief Executive

#### 5. **Finance Department Delegations**

The Finance function of SWDC is responsible for financial and accounting management, revenue and rates, internal audit, as well as internal IT systems.

##### 5.1 **Fees and Charges**

The Chief Executive sub-delegates to the Group Manager Infrastructure and Services, the Group Manager Planning and Environment and the Group Manager Corporate Services authority to determine fees and charges for any of the Council's facilities and services and vary any of the fees and charges on reasonable grounds. Where fees for services are required to be consulted upon with ratepayers (e.g. Resource Management Act), the relevant Group Manager will make recommendations and approval will be granted by Council once the consultation process has been completed.

##### 5.2 **Debts**

The Chief Executive sub-delegates to the Group Manager Corporate Support (GMCS) authority to write-off bad debts as considered appropriate, subject to all reasonable steps having been taken to obtain recovery. The Chief Executive or GMCS will report to the Audit and Risk Working Party any write-offs of rates debts and sundry debtor accounts over the value of \$5,000 for any one ratepayer or debtor.

##### 5.3 **Rates**

Under Section 132 of the Local Government (Rating) Act (2002) the Council delegates the exercise of functions, powers or duties conferred by this Act, to the Chief Executive, the Group Manager Corporate Support and the Finance Team Leader. This delegation is specific to the administration of rates collection, rates eligibility, rates remissions and relief from paying rates.

The schedule of delegations relating to rating policies are contained in the Long-Term Plan.

## Appendix 1

### South Wairarapa District Council - Delegations Schedule

Financial delegation	Council	CEO	Group Manager	Managers	Other	
<b>Planned operating expenditure within a Contract for Service</b>						
\$0 to \$10,000		√	√		Amenities Manager Finance Team Leader	
\$10,001 to \$20,000		√	√		Roading Manager Assets & Operations Manager Project/Programme Manager	
\$20,001 to \$50,000		√	√			
\$50,001 to \$500,000		√				
Over \$500,000					CEO & Mayor	
<b>Other Planned operating expenditure</b>						
\$0 to \$100		√	√	√	Librarians	
\$101 to <del>\$32</del> ,000		√	√	√	All Managers and Team Leaders <u>Senior Planner</u>	
<del>\$32</del> ,001 to \$10,000		√	√		Finance Team Leader	
\$10,001 to \$50,000		√	√			
Over \$50,000		√				
<b>Planned capital expenditure</b>						
Up to \$1,000		√	√	√	Branch Librarians	
\$1,001 to \$2,000		√	√		Finance Team Leader	
\$2,001 to \$50,000		√	√			
\$50,001 to \$500,000		√				
Over \$500,000	√					
<b>Unplanned expenditure</b>						
Capital expenditure – emergency works up to \$10,000		√				
Unplanned other work over \$10,000	√					
<b>Signing authority</b>						
For payment of expenditure and		√	√		Project/Programme Manager Amenities Manager Finance Team Leader (with	

Financial delegation	Council	CEO	Group Manager	Managers	Other	
payroll by cheque or electronic transfer. Two signatures, one must be a Group Manager or CEO.					special permission)	
<b>Sale/disposal of obsolete, surplus or non-repairable fixed assets</b>						
Land and buildings	√					
Vehicles		√				
Plant and equipment up to \$2,000 net book value		√	√			
Plant and equipment over \$2,000 net book value		√				
Computer equipment		√	√			
<b>Stock</b>						
Sale of surplus/obsolete or damaged stock		√	√			
Write off stock		√	√ In consultation with CE			
<b>Transfer/Investment of Reserve Funds</b>						
Transfer and payments – approved within the Annual Plan		√	Group Manager Corporate Support			
Transfer funds between Council's bank accounts		√	Group Manager Corporate Support		Finance Team Leader	
Invest surplus funds (within Policy)		√	Group Manager Corporate Support		Finance Team Leader	
<b>Debtors</b>						
Write off debts up to \$5,000		√	Group Manager Corporate Support In consultation with CEO			
Write off debts excluding rates \$5,001 to \$10,000		√				
Write off debts	√					

Financial delegation	Council	CEO	Group Manager	Managers	Other	
over \$10,000						
Write off additional water usage accounts up to \$1,000 (in line with water leaks policy)		√	Group Manager Corporate Support		Asset & Operations Manager	
Write off additional water usage accounts over \$1,000 (in line with water leaks policy)		√	Group Manager Corporate Support  Group Manager Infrastructure & Services			
Rates penalty remission within Policy		√	Group Manager Corporate Support			
Rates penalty remission outside Policy		√				

## Appendix 2

### South Wairarapa District Council - Schedule of Delegations by Cost centre

The following schedule indicates which Managers have the ability to authorise expenditure on which cost centres (please see Key on following page for explanation of Roles). The CEO can authorise expenditure for any Cost centre.

Cost centre	Cost centre Name	Roles that can sign for this Cost centre*
001	General	GMCS, FTL
002	Corporate Services	GMCS, FTL
003	Professional Services	GMIS, FTL
105	Elected Members	GMCS, FTL
106	Community Board Featherston	CBF, GMCS, FTL
107	Community Board Greytown	CBG, GMCS, FTL
108	Community Board Martinborough	CBM, GMCS, FTL
211	Public Protection & Health	GMPE, <del>EH</del> STL
212	Building & Construction	GMPE, BTL
213	Animal Control	GMPE, <del>EH</del> STL
215	Emergency Management	GMIS
217	Rural Fire	GMIS
319	Resource Management	GMPE, <del>EH</del> STL, <u>SP</u>
425	Economic, Cultural & Community Development	GMCS, FTL Grants per Annual plan
426	Community Wellbeing	AM, GMIS
530	Parks & Reserves	AM, GMIS
532	Campgrounds	AM, GMIS
536	Swimming Pools	AM, GMIS
540	Library Featherston	LF, AM, GMIS
541	Library Greytown	LG, AM, GMIS
542	Library Martinborough	LM, AM, GMIS
546	Community Buildings	AM, GMIS
547	Greytown Town Centre	AM, GMIS
552	Cemeteries	AM, GMIS
554	Housing	AM, GMIS
557	Rental Properties	AM, GMIS
558	Pain Farm	AM, GMIS
559	Toilets	AM, GMIS
660	Land Transport	GMIS, RM
665	Unsubsidised Land Transport	GMIS, RM
770	Water Supply	GMIS, AOM
876	Solid Waste Management	GMIS, AOM
977	Wastewater	GMIS, AOM
980	Stormwater	GMIS, AOM

* Key to Roles	
AM	Amenities Manager
AOM	Asset & Operations Manager
BTL	Building Team Leader
CBF	Featherston Community Board
CBG	Greytown Community Board
CBM	Martinborough Community Board
CEO	Chief Executive Officer
E <del>H</del> STL	Environmental <del>Health</del> Services Team Leader
FTL	Finance Team Leader
GMCS	Group Manager Corporate Support
GMIS	Group Manager Infrastructure & Services
GMPE	Group Manager Planning & Environment
LF	Librarian - Featherston
LG	Librarian - Greytown
LM	Librarian - Martinborough
RM	Roading Manager
<u>SP</u>	<u>Senior Planner</u>

### Appendix 3

## **South Wairarapa District Council Delegation Form**

To be completed when new Managers appointed at SWDC.

I agree to abide by all South Wairarapa District Council policies with regard to incurring expenditure and to stay within my delegation limit when exercising this delegation. I have read and understood the Financial Delegations Policy and agree to abide by the delegations appropriate to my role as outlined in Appendices 1 and 2 of the Financial Delegations Policy:

Name of employee: \_\_\_\_\_ whilst performing the Role of:

\_\_\_\_\_

Date Delegation commences \_\_\_\_\_

Date Delegation ceases (for temporary delegations) \_\_\_\_\_

### **Signed by the Delegatee:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Initials)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date signed: \_\_\_\_\_

### **Witnessed by:**

\_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date signed: \_\_\_\_\_