

## **Banking, currency and card policy**

## Table of Contents

Table of Contents	2
Policy statement and principles	5
What	5
Why	5
How	5
Departmental bank account management	6
Bank account may be used for	6
Authorised bank to be used	6
Opening and closing a bank account	6
Approval of signatories	6
Overdraft not allowed	6
Investing is restricted	6
Authorisation of payments from bank account	6
Cash payments schedule	6
Foreign currency bank accounts	7
End of period procedures	7
Loss or theft of cash	7
Crown bank account management	8
This account may be used for	8
Delegation from treasury to operate a Crown account	8
Authorised bank to be used	8
Opening and closing a bank account	8
Approval of signatories	8
Overdraft not allowed	8
Investing not permitted	8
Authorisation of payments from bank account	8
Transfers not allowed	8
Cash payment schedule	9
Account to be reconciled monthly	9
Requirements regarding funds in the Crown account at year end	9
Reimbursement of the PIB for overpaid fines	9
Other	9
Collection of Crown revenue	9
Disbursement of Crown expenditure	9
Loss or theft of cash	10
Trust bank account management	11
No authority to establish trusts	11
Bank account may be used for	11
Must have delegation from treasury to operate a trust account	11
Authorised bank to be used	11
Opening and closing a bank account	11
Approval of signatories	11
Overdraft not allowed	12
Investing is restricted	12
Treatment of interest earned	12
Authority to release trust monies	12
Authorisation of payments from bank account	12
Accounting for trust monies	12
Unclaimed trust monies	12
Payment of trust money to the Crown	13
Reporting requirements	13
Internal control requirements	13
Loss or theft of cash	13

Covert bank account management	14
Foreign currency exchange management	15
Transaction exposure and limits	15
Timing of recognition	15
Foreign exchange covering objectives - risk aversion	15
Organisational responsibilities	15
Delegated authorities	16
Measurement of exposure	16
Covering of exposure	16
Approved instruments	16
Historic-rate rollovers	16
Correlation by term	16
Segregation of duties	16
Performance measurement	16
Counterparties	17
Monitoring of banking operations	17
Counterparty exposure limit	17
Other	17
Cash management	18
Prepaid multiload card account management	19
Approval and register of prepaid accounts	19
Reimbursement and reconciliations of holding accounts	19
Internal controls	19
Loss or theft of a card	19
Safekeeping of cards	20
Credit card management	21
Purpose of credit cards	21
Eligibility	21
Credit limits	21
Job Title/Limit	21
Delegated financial authority	21
Application and approval for a credit card	21
Card security	22
Variation to limits	22
Conditions of use	22
Using credit cards on the Internet	22
Monthly credit limit	23
Transactional data	23
Reconciliation and cost allocation	23
Disputed transactions	23
Cardholder maintenance	23
Lost/stolen cards	23
Leave	23
Inactive cards	24
Resigning from Police and closing cardholder accounts	24
Consequences of non-compliance	24
Program Administrator	24
Gift card management	25
Introduction	25
Eligibility	25
Applications	25
Responsibilities	25
Gift cards	25
Consequences on non-compliance	25
Cardholder liability	25
Bank fees	25
Internal controls	26



## Policy statement and principles

### What

The key drivers for this chapter are the instructions set out in Treasury Instructions, Public Finance Act, OAG Sensitive Expenditure Guidelines and the Guidelines for Management of Crown and Departmental Foreign-Exchange Exposure.

This overarching chapter brings together all the related policies for the management of Crown, trust and departmental bank accounts. Treasury Instructions provide policy instruction regarding the management of bank accounts. The key elements of which have been captured as considered appropriate in the bank policies.

This document should be read in conjunction with the following Police policies:

- [Police Procurement](#)
- [Delegated Financial Authority](#)
- [Internal Controls](#)
- [Covert backstopping policy](#)
- [Retention and disposal of Police Records](#)
- [Sensitive expenditure policy](#)
- [Fraud and corruption](#)
- [Travel policy](#).

### Why

This chapter covers the operational requirement of managing the full range of banking and card services used by Police. This ensures Police safeguards assets by providing control and rules for the:

- operation of bank accounts; and
- management of foreign-exchange exposure
- management of all card transactions.

### How

Police will ensure proper accounting systems are set up and maintained to ensure that public monies are properly accounted for and internal controls maintained.

Each of the policies state the specific requirements to be followed and are designed to ensure all assets and liabilities are safeguarded.

## Departmental bank account management

### Bank account may be used for

The departmental bank account must be used for banking action in relation to departmental expenditure and departmental revenue.

Departmental revenue and expenditure must be paid into and out of, respectively, the Police departmental bank account.

**Departmental expenditure** relates to, or results from, the supply of outputs by Police.

**Departmental revenue** is earned whenever a direct exchange relationship occurs, in other words a good, service, right or money is provided, for which Police receives some form of payment.

### Authorised bank to be used

The Crown has an All of Government banking contract which Police have to comply with. Notwithstanding this, departmental bank accounts are primarily the responsibility of Police which operates the bank accounts under the Public Finance Act 1989.

The Police departmental bank account must be operated at the Westpac Banking Corporation, Government Branch.

### Opening and closing a bank account

The prior approval of Treasury must be obtained before any departmental bank account is opened or closed. Police determines, in consultation with Treasury, its bank account structure in a manner that is most efficient for its operations.

The Commissioner of Police and the Chief Finance Officer (CFO) Corporate Operations are the only Police staff authorised to open any bank account operated by Police. Their authorisation to the bank must be by jointly signing the bank form which opens or closes the bank account. District management or staff do not have authority to open or close any departmental bank account.

### Approval of signatories

Appointment of account signatories (who may be specified officers or classes of officers), and changes thereto, must be managed by Police under a direction (as allowed under the Public Finance Act) by Treasury.

The CFO authorises in writing the account signatories for the departmental bank account. A list of all account signatories is maintained by the Corporate Finance Team, Finance Department.

### Overdraft not allowed

A positive balance must always be maintained in the department bank account although sub-accounts may go into overdraft provided the net position for all sub-accounts remains positive.

### Investing is restricted

Any cash balance held in the departmental bank account is invested by Treasury overnight.

Police is not permitted to invest cash balances.

### Authorisation of payments from bank account

All payments (in any format approved by the bank) out of a departmental bank account must be authorised by two account signatories, unless Treasury approves a specific exemption.

### Cash payments schedule

Police must negotiate a cash payment schedule with Treasury prior to the commencement of each financial year. Only one cash payment profile is required for the departmental bank account.

Any changes to the cash payment schedule to be discussed with the Treasury Vote Analyst. Notice of any changes is required two full working days before the next disbursement. Two days' notice is required for Treasury to approve the changes, for the Audit Office to perform the Controller function, and for the New Zealand Debt Management Office to effect the changes.

## Foreign currency bank accounts

Treasury may allow Police to open foreign currency interest bearing departmental bank accounts. All foreign bank accounts must be opened and closed by the Corporate Finance Team.

Approval to open a foreign currency departmental bank account must not be sought from Treasury unless such an account is essential to the efficient conduct of Police business.

In the case of foreign currency departmental bank accounts Treasury will issue a Direction for Foreign Currency Departmental Bank Account, pursuant to the Public Finance Act 1989, which governs the terms and conditions under which such an account must operate.

Police must hold no more foreign currency than is required for normal business operations.

Foreign currency bank accounts must not be overdrawn.

## End of period procedures

Cut off procedures must be observed to ensure that receipts and payments are included in the appropriate periods, e.g. deposits in transit and outstanding cheques.

The departmental bank account must be reconciled on a monthly basis and the reconciliation is to be reviewed by the Manager Financial Processing.

Reconciling items must be investigated and cleared before the next monthly reconciliation.

## Loss or theft of cash

Any loss or theft of cash from the account must be reported immediately to the CFO. Corrective preventative measures must be put in place immediately to prevent further loss of theft of cash. For more information refer to the '[Fraud and corruption](#)' chapter.

## **Crown bank account management**

### **This account may be used for**

The Crown bank account must be used where Police is managing revenue or expenditures on behalf of the Government. The Public Finance Act 1989 requires all Crown revenue to be paid into a Crown bank account and all Crown expenditure to be paid out of it. These revenues and expenditures can be distinguished from departmental revenue, or expenditure which relates to, or results from, the supply of outputs by Police.

Crown expenditure is expenditure incurred by Police on behalf of the Government. It does not relate to, or result from, the supply of outputs by Police.

Crown revenue is where payment is received without a direct exchange relationship i.e. the payment is imposed (usually by virtue of legislation). Examples are taxes, fines, duties, levies, royalties and infringement fees.

### **Delegation from treasury to operate a Crown account**

Under the Public Finance Act 1989, Treasury is responsible for the operation of all Crown bank accounts. Where appropriate, Treasury have established Crown bank accounts for use by departments. These departments have been issued with delegations to operate the accounts pursuant to the Public Finance Act 1989. Separate accounts have been established for depositing Crown revenue and making payments on behalf of the Crown. Departments, including Police, act as agents of the Crown when they collect revenue received on behalf of the Crown.

Police may operate a Crown bank account only where they have been formally delegated the authority to do so by Treasury.

Foreign currency bank accounts and non-Westpac New Zealand dollar bank accounts may be opened under the terms of a Notice of Delegation Regarding Crown Bank Account issued by Treasury.

Police is required to comply with the terms of any delegation regarding Crown bank accounts.

### **Authorised bank to be used**

The Crown bank account is managed by Police in accordance with the All of Government Banking Contract.

### **Opening and closing a bank account**

Police management and staff do not have authority to open a Crown bank account. Accordingly, Treasury have to be requested to open or close any Crown bank account that is required by Police. Where such a requirement exists it must be actioned jointly in writing by the Commissioner of Police and CFO.

### **Approval of signatories**

Account signatories, or changes thereto, must be approved by Treasury, on the recommendation of the CFO, before they are permitted to operate the Crown bank account. A list of all account signatories is maintained by the Corporate Finance Team.

### **Overdraft not allowed**

A positive balance must always be maintained in a Crown bank account operated by Police, unless the Notice of Delegation Regarding Crown Bank Account permits otherwise.

### **Investing not permitted**

Police is not permitted to invest cash balances.

### **Authorisation of payments from bank account**

All payments out of a Crown bank account are to be authorised by two account signatories.

### **Transfers not allowed**

Police must not undertake transfers between Crown bank accounts. If a transfer is necessary Police must notify Treasury, and Treasury will arrange the necessary transfer.



## Cash payment schedule

A separate cash payment schedule is required for the Crown bank account operated by Police.

Any changes to the cash payment schedule must be agreed with the Treasury Vote Analyst. Notice of any changes (i.e. a new cash payment schedule signed by both Police and the Treasury Vote Analyst) is required two full working days before the next disbursement. Two days' notice is required for Treasury to approve the changes, for the Audit Office to perform the Controller function, and for the New Zealand Debt Management Office to effect the changes.

## Account to be reconciled monthly

The Crown bank account must be reconciled on a monthly basis and reviewed by the Manager Financial Processing.

Reconciling items must be investigated and cleared before the next monthly reconciliation.

## Requirements regarding funds in the Crown account at year end

At the end of the financial year any money remaining in the Crown bank account managed by Police must be returned to the main Crown bank account managed by the New Zealand Debt Management Office. The appropriation to spend this money has lapsed with the completion of the financial year, so it is appropriate to clear these accounts. Sufficient funds must remain in the Crown bank account to cover any unrepresented cheques or other known withdrawals relating to the financial year just completed. Sufficient funds must also remain in the Crown bank account to enable the payment of any outstanding obligations that are to be met from that account.

## Reimbursement of the PIB for overpaid fines

In the latter context the following must be noted:

- traffic infringement fines are Crown revenue rather than departmental revenue
- some offenders overpay their fine amounts when making payment to the Police Infringement Bureau (PIB)
- Police reimburse offenders any amounts that have been overpaid, and where the fine has been waived or cancelled from the departmental bank account
- the Crown bank account is consequently required to reimburse the departmental bank account for payments made to offenders who have overpaid their fines to the Police Infringement Bureau. This must be actioned monthly at month end
- accordingly, sufficient funds must be retained in the Crown bank account at the completion of the financial year to cover such eventualities.

## Other

Treasury Instructions on the collection of Crown revenue and disbursement of Crown expenditure are included in the following paragraphs.

## Collection of Crown revenue

For revenue collected on behalf of the Crown, Police must:

- bank all such revenue into the Crown bank account opened by Treasury for that purpose
- operate that Crown bank account in accordance with this chapter and any "Notice of Delegation Regarding Crown Bank Accounts" issued by Treasury
- maintain an accounting system which will:
  - recognise Crown revenue when it is earned
  - account for all Crown debtors
  - account for all receipts relating to Crown revenue
- provide forecasts to The Treasury of the Crown revenue and its consequent cash flows
- operate an adequate system of internal control in respect of such revenue
- provide such other information in relation to that money or bank account as Treasury may from time to time require.

## Disbursement of Crown expenditure

For payments on behalf of the Crown (including refunds of Crown revenue), Police must:

- make such payments from the Crown bank account opened by Treasury for that purpose
- operate that Crown bank account in accordance with this chapter and any “Notice of Delegation Regarding Crown Bank Accounts” issued by Treasury
- maintain an accounting system which will:
  - recognise the liability when it occurs
  - occurs for all creditors and liabilities that exist
  - account for all payments made on behalf of the Crown
- operate an adequate system of internal control in respect of such payments
- provide forecasts to Treasury of the Crown expenditure and its consequent cash flows
- provide such other information in relation to that money or bank account as Treasury may from time to time require.

## **Loss or theft of cash**

Any loss or theft of cash from the account must be reported immediately to the CFO. Corrective preventative measures must be put in place immediately to prevent further loss or theft of cash. For more information refer to the '[Fraud and corruption](#)' chapter.

## Trust bank account management

### No authority to establish trusts

Police cannot establish or create trusts.

### Bank account may be used for

Trust money must be managed separately from public money. Accordingly, Police is required to account for trust money separately from public money and to ensure that appropriate internal control systems are in place. The trust bank account must be used for banking action in relation to trust revenue and expenditure.

Trust money exists only where there is a trustee/beneficiary relationship. Money set aside by the Crown or Police for a particular purpose will normally not be trust money as there is no directly identifiable beneficiary who has deposited the money.

Trust money is defined in the Public Finance Act 1989 as:

- money that is deposited with the Crown pending the completion of a transaction or dispute and which may become repayable to the depositor or payable to the Crown or any other person
- all money that is paid into Court for possible repayment to the payee or a third party, by virtue of any Act, rule or authority whatsoever
- all money that is paid to the Crown in trust for any purpose
- money that belongs to or is due to any person, and is collected by the Crown pursuant to any agreement between the Crown and that person
- unclaimed money that is due to any person and is collected by the Crown pursuant to any agreement between the Crown and that person.

Trust monies held by Police on behalf of Treasury include:

- bequests, donations and appeals (monies contributed by third parties for projects managed by Police)
- reparations (money received from offenders to be paid to victims). Note: There should be no new additions to this account for reparations (refer '[Adult diversion scheme policy](#)')
- money in custody (monies seized during operations for evidential purposes and money held for suspects in custody)
- found monies (money that has been handed in by members of the public, that Police holds pending the rightful owner coming forward to claim it).

### Must have delegation from treasury to operate a trust account

Police act as agent on behalf of Treasury for the management of certain types of trust money. Police does this pursuant to a written "Notice of Appointment to Manage and Invest Trust Money" specifying the terms of the delegation, issued by Treasury. This may include any authority to invest trust money.

### Authorised bank to be used

All trust bank accounts managed by Police must be operated at the Westpac Banking Corporation, Government Branch.

### Opening and closing a bank account

A trust bank account must be separate from the departmental bank account and the Crown bank account.

Subject to the requirements set out in the "Notice of Appointment" from Treasury, the Commissioner of Police and the CFO are the only Police staff authorised to open a trust bank account operated by Police. Their authorisation to the bank is by jointly signing the bank form to open the bank account. District management or staff do not have authority to open any trust bank accounts.

### Approval of signatories

Subject to the delegations contained in the "Notice of Appointment", the CFO is to approve in writing the bank account cheque signatories for the trust bank account and any changes to the signatories. A list of all account signatories is maintained by the Corporate Finance Team.

## Overdraft not allowed

A trust bank account may not be overdrawn.

## Investing is restricted

Trust money may be invested only in accordance with the “Notice of Appointment” from Treasury.

## Treatment of interest earned

Where it is practical, any interest earned on trust money must be added to the original sum where a beneficiary requests payment of interest. When payments of interest are being made to beneficiaries, the beneficiaries must be advised that withholding tax has been deducted in accordance with Inland Revenue legislation.

Otherwise the interest on the trust money must ultimately be paid to the Crown bank account.

## Authority to release trust monies

The authority to approve the release of trust monies from the trust bank account resides with the Officer in Charge of the station that initially referred the money to the trust account. The approval must be in writing and signed by both signatories.

## Authorisation of payments from bank account

All payments out of the trust bank account must be authorised by two account signatories.

The authority to approve payment of trust monies from the trust bank account resides with the signatories that have been approved in writing by the CFO.

Payments may not be made from a trust bank account until the money representing the payment has been credited to the account and the funds are “cleared”.

## Accounting for trust monies

In accounting for trust money, Police must maintain documentary evidence of receipts and payments. Documentary evidence of contributions, distributions, revenue and expenses for each beneficiary must be also maintained within the PROP database.

Police must maintain records of trust money deposits. The records must include the current (and any preceding) “Notice of Appointment to Manage and Invest Trust Money” and show the following in respect of each category of trust money specified in the “Schedule to the Notice of Appointment”:

- documentation supporting existence of trust relationship (e.g. contracts, letters of agreement/appointment, legislation, trust deed, etc.)
- name of the depositor(s) and beneficiary(ies)
- date of the deposit
- bank where the deposit is held
- amount of the deposit
- interest terms
- treatment of interest payments
- maturity date
- date deposit is to be refunded
- date and amount of any interest refund(s)
- date and authority releasing deposit from trust account.

The trust bank account must be reconciled on a monthly basis and the reconciliation must be reviewed by the Manager Financial Processing. Reconciling items must be investigated and cleared before the next reconciliation.

## Unclaimed trust monies

Unclaimed trust money must be credited to the Crown bank account. Full details for each payment must be provided.

Subsequent claims on unclaimed trust money paid into a Crown bank account must be treated in accordance with the Public Finance Act 1989.

## Payment of trust money to the Crown

Any trust money that is unclaimed for a period of one year, together with any interest that has been added to the trust money, is deemed to be public money (found/seized/custody) and must be paid into the Crown bank account. The Public Finance Act 1989 refers.

## Reporting requirements

Police must provide reports to Treasury, detailing the receipts, payments and balances of trust money managed by them. These reports must be made:

- at half year and year end for inclusion in the Crown Financial Statements
- at such other times as Treasury requests.

## Internal control requirements

Internal controls must be maintained in respect of trust money and include the following:

- keeping detailed records of all outstanding moneys held in trust
- controlling receipting procedures and ensuring proper authorisation of payments
- monthly balancing of the trust bank account and investments to Police accounting records
- adequate security over receipt books
- ensuring the bank account has two authorised signatories.

## Loss or theft of cash

Any loss or theft of cash from the account is to be reported immediately to the CFO. Corrective preventative measures are to be put in place immediately to prevent further loss or theft of cash. For more information refer to the '[Fraud and corruption](#)' chapter.

## Covert bank account management

Covert bank accounts are established and maintained for use on approved covert policing activities such as surveillance, informant payments and technical services.

These accounts are subject to the same financial policies as for the departmental bank account such as:

- management within financial delegations (authorisation and approval)
- bank accounts cannot be overdrawn
- credit cards may not be used to obtain cash advances
- appropriate financial records must be maintained and are subject to control checks and independent audits.

Policy requirements and guidelines applicable to such accounts are detailed in the [‘Covert bank accounts’](#) section of the ‘Covert backstopping’ chapter.

## Foreign currency exchange management

### Transaction exposure and limits

Police policy is to minimise foreign-exchange transactions by covering all material exposures as soon as they arise, and to limit Police transaction exposure to the following:

- overseas bank accounts held to support overseas operations
- revenue and expenditure associated with overseas transactions. This comprises all payment and receipts which will be denominated in a foreign currency and, where possible, those orders placed where New Zealand dollar flows may have an exposure to changes in currency exchange rates either favourable or unfavourable.

The corresponding Police limits are set in accordance with Treasury Guidelines on a material basis as follows:

- the maximum value for an individual currency which may remain uncovered is \$100,000
- there is no maximum amount for aggregated uncovered exposure.

Joint approval by the Secretary to the Treasury and the Commissioner of Police will suffice if any desired amendment is within the guideline's limits. Above the guideline limits Ministerial approval is required.

### Timing of recognition

Cover for purchases in foreign currency over \$100,000 must cover:

- the date of the transaction is determinable, and
- the contract price is subject to changes in a reference exchange rate.

The transaction will be recognised at either the business case approval stage or the contract commitment stage for transactions over \$100,000.

### Foreign exchange covering objectives - risk aversion

Police has an aversion to risk and will act to minimise this risk by entering into transactions to cover all material foreign exchange transaction exposures created in the normal course of business as they arise. This will be achieved by identifying and covering transaction exposures on a timely basis. In addition, Police will limit its exposure to any single financial institution.

The objective is to:

- negotiate contracts for the purchase or supply of goods or services on the most beneficial and appropriate basis to the department
- use the most appropriate and efficient mechanisms to cover exposures and settle transactions relative to direct and indirect costs.

Where Cabinet or a Cabinet Committee adopts a recommendation from the Minister of Finance that certain foreign currency transactions be managed by Treasury, then Police will not cover these transactions nor include them when calculating its exposure.

### Organisational responsibilities

The foreign exchange function forms part of the Police Finance Group.

The CFO is accountable to the Commissioner of Police for ensuring that the activities necessary to achieve the objectives stated above are performed within the boundaries set by this chapter.

<b>Commissioner of Police</b>	The Commissioner of Police is responsible for ensuring that Police adheres to these instructions and the financial results arising from the management of the transaction exposures on departmental flows.
<b>CFO: Corporate Operations</b>	The CFO is responsible for: <ul style="list-style-type: none"><li>- the process for covering and setting of transaction exposures for departmental flows within the bounds of these instructions</li><li>- arranging the provision of funding to (or remitting money to New Zealand dollars) from the foreign currency bank accounts. Foreign currency bank accounts operated by Police must be funded at the times and to the levels necessary to enable the settlement of transactions in the foreign currency</li><li>- ensuring there are appropriate policies, procedures and processes in place for managing the foreign exchange requirements of the department and for complying with this chapter.</li></ul>

## Delegated authorities

The Commissioner of Police:

- is fully responsible for the exchange risk on departmental flows
- has delegated authority for foreign exchange transactions to the CFO, who may sub-delegate as considered necessary to achieve the objectives of the Treasury/Police policy agreement.

## Measurement of exposure

A schedule must be maintained which records all foreign exchange transactions (including any bank account balances) by currency and settlement date. The schedule must be used to monitor exposures and to plan any forward exchange cover requirements.

The New Zealand dollar equivalent exposure is obtained by applying the spot exchange rate between the relevant currency and the New Zealand dollar.

## Covering of exposure

### Approved instruments

Police may use either of these instruments to cover its transaction exposures. Only the CFO or their delegate(s) may enter contracts on behalf of Police for the instruments detailed below.

<b>Spot exchange contracts</b>	These must be entered into in the amounts and at the times necessary to settle invoices as they fall due for payment.
<b>Forward exchange contracts</b>	Police must only enter forward exchange contracts when it is necessary to cover exposures (due for settlement in the future) so that the maximum exposure detailed below is not exceeded.

## Historic-rate rollovers

Police is prohibited under the Public Finance Act 1989 from rolling forward an existing foreign-exchange contract at a historic rate.

## Correlation by term

Police must use its best endeavours to ensure that the term of cover entered matches or is as close as possible to, the terms of the exposure being covered.

## Segregation of duties

Police must ensure that an equivalent standard of controls and segregation of duties maintained over other activities of the department, are also maintained over the foreign exchange function to provide assurance regarding the integrity of the underlying records.

## Performance measurement



As stated above, Police must produce a monthly report for reviewing performance in relation to management of foreign exchange.

## Counterparties

Treasury holds a delegation regarding counterparties. To make a change to the list of counterparties contained in this chapter a written request seeking approval should be submitted to Treasury. Any requests are considered in the light of NZDMO's credit assessment criteria.

Police can use any financial institution which meets these criteria:

- meets or betters Treasury's minimum credit rating requirement for a counterparty of either A3 (from the Moody's rating service) or A - (from Standard and Poor's rating service)
- Treasury has provided approval in writing for the opening of a bank account by Police.

**Note:** Where both credit rating agencies have provided a credit rating for a counterparty, the lowest credit rating must be used to determine whether the counterparty meets the minimum credit rating requirement detailed above.

## Monitoring of banking operations

Police must monitor the operation of its bank accounts and banking relationships in general to ensure their satisfactory operation. In particular, the credit ratings of financial institutions approved for use as counterparties must be monitored. Where monitoring of a counterparty's credit rating falls below the minimum rating; corrective action must be taken following consultation with the New Zealand Debt Management Office (NZDMO).

## Counterparty exposure limit

Treasury guidelines set a limit on the maximum exposure Police should have to an individual counterparty. Currently Treasury guidelines set this maximum at NZ\$5 million. If Police wishes to exceed its selected limit of NZ\$5 million then a written request seeking approval must be submitted to Treasury. Where Police choose to use NZDMO as a counterparty the NZ\$5 million limit does not apply to the NZDMO.

## Other

For any other proposed amendments to this part of the chapter, Police should approach Treasury who must advise of the procedure to be followed and the approval level required.

## Cash management

The policy for cash management in relation to bank accounts, cash accounts and foreign exchange for Police is set out in this and the '[Internal control](#)' chapter.

The key elements of the cash management policy are:

- all receipts received must be banked promptly to the authorised bank accounts operated by Police. Where the total revenue received or held by a station or office exceeds \$750 it must be banked that banking day or, if received after closure of the banking, the next banking day
- once correctly authorised, all payments must be made by the due date such that Police does not incur:
  - a loss of any discounts
  - penalties
  - damage to its commercial reputation
- cash requirements must be forecasted:
  - on an annual basis with Treasury as part of the annual budgeting process and updated thereafter in consultation with Treasury as mutually agreed. The outcome of this process must provide separate annual Cash Payment Schedules for:
    - Departmental revenue and expenditure
    - Crown revenue and expenditure
  - on a short term rolling monthly basis for the future 5 weeks. This forecast must be reviewed by the Director Financial Customer Services or CFO prior to being forwarded to the Reserve Bank
  - on a rolling weekly basis for the next week
  - on a rolling daily basis for the next day
- the weekly cash forecast must be compared against actual balances to ensure that any variances against the forecast are investigated and incorporated, as appropriate, in future cash forecasts
- bank account reconciliations must be completed monthly and reviewed independently, with reconciling items investigated and cleared on a timely basis
- the optimal cash balance must be set having regard to the following factors:
  - the cash balance that needs to be held to provide the liquidity to support working capital requirements
  - the need for flexibility to address temporary timing differences for the capital expenditure programme across financial years
  - the need to ensure that the Police balance sheet ratios (in relation to cash and associated ratios) are financially healthy.

Taking all the above factors into account, the optimal cash balance at any point in time is a cash balance which is between:

- a minimum cash balances as measured by the liquid ratio of 1:1
- a maximum cash balances as measured by the current ratio of 1:1

### Note:

The liquid ratio is measured by:

- liquid current assets (i.e. cash)
- liquid current liabilities (i.e. trade creditors plus GST payable plus accrued salaries and wages).

The current ratio is measured by:

- current assets
- current liabilities.

Where actual performances are outside these minimum and maximum limits for the optimal cash balance, a review is to be carried out to determine whether:

- the limits need to be reviewed; or
- corrective action needs to be taken to return the actual cash balance to within the limits that have been set.

## Prepaid multiload card account management

The prepaid multiload cards are issued for urgent purchases and have an approved holding value for each card.

A multiload plus card may be issued to:

- the districts with high transactions of Koha
- covert operations.

### Approval and register of prepaid accounts

The Manager Financial Processing must approve the establishment, closure (including till float accounts) and the holding values for each account. The Senior Business Manager is responsible for recommending to the Manager Financial Processing a prudent float amount for the account and thereafter that the holding amount continues to be set on an appropriate basis.

The SS Reconciliation team maintains a register of approved accounts, their approved holding amounts and any changes to their approved amounts. Changes to holding amounts must be authorised by the Manager Financial Processing.

Multiload cards types (multi use cards subject to top up)

- multiload card is for the purchase for emergency goods and services under \$200. No multiple transactions are allowed if purchased over \$200. Note all other procurement options must have been considered before using the card - no cash, vouchers or prezzie cards are to be obtained using this card type
- multiload plus card is for exceptional frequent operational requirement for cash (covert/Koha) - no vouchers or prezzie cards are to be obtained using this card type.

### Reimbursement and reconciliations of holding accounts

Business advisors:

- must ensure a statement is received for each holding account monthly to its:
  - holding value amount, and
  - general ledger account balance and
  - submit to SS Reconciliation team monthly
- must provide account holders with the standard spreadsheet for reconciling the holding account available from [Finance forms](#)
- must provide a copy of the account reconciliation monthly and on request to the Manager Financial Processing . Copies for 30 June must be provided in accordance with timetable requirements for the monthly accounts.

The maximum holding value to be held on account (including any till float accounts) must be set after balancing:

- the risk of holding a prepaid card on Police premises; with
- the needs of users to make purchases on a prepaid card.

Adequate accounting records must be kept for all payments from a holding account managed by Police.

### Internal controls

- All prepaid cards - multiload and multiload plus cards must be returned to Shared services on closing the account
- Prepaid cards must be topped up at least every four to six weeks.
- Monthly reimbursement to be signed off by cost centre manager as true business expenditure
- When prepaid cards are topped up, a statement of the card balance must be attached to support the reimbursement inclusive of bank fees. The balance and transaction listing are available to card holders by logging into the Westpac One portal, and must be submitted to the SS Reconciliation Team with each top up request.
- All top-up journals to be completed by the Business Partnering Team.
- Purchases made must be within accepted use of prepaid cards. The card may not be used to purchase vouchers, prezzie cards or pay infringement fines (inc parking).

### Loss or theft of a card

Any loss or theft of cash from an account must be reported immediately to the Manger Financial Processing. Corrective preventative

measures must be put in place immediately to prevent further loss or theft of the card. For more information refer to the '[Fraud and corruption](#)' chapter.

## **Safekeeping of cards**

All cards should be kept in a lockable box and then placed in a secure and locked location. Access should only be to the named owner. Transfer of ownership must only be completed after completion of signed reconciliation by both previous and newly named account holder

# Credit card management

## Purpose of credit cards

Police credit cards provide a means of payment for goods and services validly incurred during Police business, where those goods and services could not otherwise be obtained through an existing supplier arrangement (e.g. operational requirement).

## Eligibility

Police employees likely to incur expenditure of the type noted above may be eligible to be issued with a credit card. In deciding whether a credit card will be issued, the extent and frequency of the need by the applicant to incur this type of expenditure will be considered.

Applications for new credit cards must be submitted by fully completing the ServiceNow form.

All current cardholders will need to download for access to SAPConcur to submit expenditure (with all receipts attached) for approval.

**Note:** All new card holders from 28 September 2022 must complete the credit card training before the card application can be approved.

The Manager Financial Processing will review the application with regards to the appropriate card parameters, transaction limits and credit limits prior to authorising the issue.

## Credit limits

The credit limits allocated are as follows:

### Job Title/Limit

- Commissioner / \$10,000
- Police Executive Members / \$5,000
- Police Liaison Officers (based overseas) / \$10,000
- Diplomatic Protection Squad members / \$7,000
- All Others / \$2,000

Credit card expenditure must not exceed the approved credit card limit.

## Delegated financial authority

When a cardholder is issued with and uses their credit card to acquire business related goods or services, the transaction signifies the cardholder's authority to incur full corporate liability on behalf of Police.

When signing the card application form, cardholders acknowledge that they are receiving delegated financial authority, have read and will adhere to the ['Financial delegations'](#) chapter.

As detailed within the ['Financial delegations'](#) chapter, all expenditure incurred must be valid business expenditure and within an approved budget.

Approved delegates may exist only for the Executive, and they have the ability to only attach receipts to expenditure items. Delegates are not allowed submission or approval rights. In emergencies, please contact the [SS Reconciliation team](#) for advice.

## Application and approval for a credit card

To apply for a new Police credit card, the SAPConcur training module, including agreement to the terms and conditions within the training module, and the ServiceNow form must be completed. The ServiceNow form will go to your line manager and DFA holder for approval.

**Note:** As a result of the Anti-Money Laundering and Countering Finance of Terrorism Act 2009, the bank requires a certified copy of an applicant's personal identification. Suitable items of identification are:

- driver's license

- passport.

**Note:** A Police ID card is **not** acceptable.

The identification can be certified by a Police constable, CAANZ chartered accountant (note, not a bank approver) or a Justice of the Peace. The certification must include at a minimum:

- name
- occupation
- date of certification and signature
- QID
- contact phone number.

When completing the ServiceNow form, all documents must be attached prior to the form being submitted.

## Card security

- On receipt of the credit card the card holder must sign it immediately.
- The card must be kept physically secure.
- The cardholder is responsible and accountable for all expenditure charged on the credit card.
- The PIN must not be given to any other person for any other reason; and
- The cardholder must not give their card to another person to use.

## Variation to limits

The Manager Financial Processing may approve variations to these limits, subject to justification, on a case by case basis. The request must be supported by correct DFA approval. Applications should be made on the 'Credit Card increase application form' form available from ServiceNow.

- Up to \$10,000 cost centre manager approval
- \$10,000 and over Assistant Commissioner approval is required.

The request must be made by the ServiceNow Form - Credit card changes. All limit changes will be for periods of less than three months. Increases of longer duration will be considered but must have a valid and reasonable business requirement.

## Conditions of use

The credit card is provided based on the need to purchase business related goods and services. The card may be revoked at any time based on a change of position or location, or when otherwise deemed appropriate.

The cardholder is responsible for adhering to the credit card parameters, including the individual transaction limit delegated to the position.

The card must be used only for business-related purchases. Personal charges against the card must not be made under any circumstances.

The credit card may not be used to obtain cash, either directly or indirectly, from ATMs, EFTPOS terminals and bank branches.

The credit card may not be used to purchase vouchers or prezzie cards, or to pay infringements (including parking).

The cardholder is responsible for electronic submission of receipts and/or other documentation that supports transactions made with the card.

Improper use of the credit card may result in disciplinary action.

The '[Procurement](#)', '[Sensitive expenditure policy](#)' and '[Travel policy](#)' chapters must be adhered to when making purchases using the credit card.

## Using credit cards on the Internet

Police credit cards may be used for internet transactions, but users must ensure that passwords and usernames are kept completely confidential and all documentation relating to each internet transaction (including tax invoices) is obtained and submitted with the appropriate monthly statement.

## Monthly credit limit

The monthly credit limit is the maximum value of transactions that can be charged against the card during a single month (i.e. statement date to statement date). These limits are detailed above.

## Transactional data

Monthly statements and transactions are accessible via logging in to SAPConcur.

## Reconciliation and cost allocation

A cardholder is accountable and responsible for the validation and reconciliation of their credit card transactions on a monthly basis. This has to be done electronically via Concur.

The reconciliation must be completed and submitted by the last working day of the month following the statement date.

A tax invoice must be attached as supporting documentation to the credit card statement. The reconciliation must contain the full description of all goods or services purchased and the reason for the purchase. If supporting documents are lost for transactions:

- **over \$50** - the cardholder must obtain duplicates from the relevant merchant for all items over \$50
- **under \$50** - the approver must be satisfied that the expenditure was an appropriate business cost.

**Note:** An EFTPOS receipt is not a valid tax invoice.

The cardholder's immediate supervisor must electronically certify the purchases on the monthly statement as being valid business expenditure in SAPConcur before authorised by the appropriate budget holder.

## Disputed transactions

If there is a dispute on any transactions, and the dispute cannot be resolved between the cardholder and the merchant, then the cardholder must immediately contact the bank and complete the appropriate ServiceNow Form.

## Cardholder maintenance

If any changes are made to cardholder details, the cardholder must complete the appropriate ServiceNow form for any changes required and attach all supporting documentation.

These modifications may include, but are not limited to:

- name changes (must be supported by official documentation such as deed poll, marriage certificate, etc.)
- address changes
- change of position and/or cost centre must be supported with new cost centre managers DFA approval.

## Lost/stolen cards

Immediately upon identifying a lost or stolen credit card, the cardholder must advise the bank, after which the card will immediately be cancelled, preventing further use.

The cardholder must complete the ServiceNow form. A new card may then be issued.

## Leave

Cardholders who take a period of leave for more than three months must send their card to the Reconciliation Team, Shared Services before taking leave.

The Cardholder must also complete the SAPConcur documentation and attach all receipts for all transactions up to and including the date of leaving.

## **Inactive cards**

The need for a credit card will be reviewed if the card has been inactive for a period of three months or more.

## **Resigning from Police and closing cardholder accounts**

If a cardholder leaves the employment of Police, the cardholder must hand the card to their line manager who is responsible for cutting the card up and completing the appropriate ServiceNow form.

The cardholder must submit the final concur expenditure statement and ensure it is approved before their New Zealand Police leaving date. Their line manager is responsible for ensuring this is completed before the employee's final day.

The Accounts Assistant will advise the bank in writing of the requirement to close the account.

## **Consequences of non-compliance**

Non-compliance with this chapter will result in the card being cancelled and may lead to disciplinary action.

## **Program Administrator**

The Reconciliation Team, Shares Services is responsible for the administration of the credit cards held by Police.

The Accounts Assistant is responsible for reviewing the SAPConcur cardholder information on a regular basis in order to ensure its accuracy and completeness.

All correspondence relating to cardholder details or changes will be retained on file by the Reconciliation Team for audit scrutiny. The ServiceNow information is sufficient providing audit information as long as it provides the audit evidence and the reason and the authority for the change.



# Gift card management

## Introduction

All cards issued will be registered on the Westpac business prepaid portal. A gift card will be issued for all operational cash requirements up to \$450. This is a single load card and enables cash to be withdrawn directly from and ATM. The cards will expire three months after the date the money is loaded on to the card.

## Eligibility

Examples of when a single use card may be issued:

- Single use gift cards for:
  - attendance at a Police conference by staff from an overseas jurisdiction that requires allowances paid but do not have access to a bank account
  - for allowances on the PPDVP programme
  - use in controlled purchasing operations
  - cash requests up to \$450.

**Note:** This list is not exhaustive and may be added to.

## Applications

All applications should be made via the application form available from the [Finance forms](#). Once completed it should be emailed to Shared Services Reconciliation Team for processing.

## Responsibilities

The Manager Financial Processing must review and approve applications for prepaid cards.

The Reconciliation Team Leader must ensure an accurate record is maintained. The register should include:

All card types

- name and QID of person holding the card or name of requestor - Overseas Jurisdiction
- approved debit card balance
- gift card number
- date of issue.

## Gift cards

All gift cards will be loaded with the agreed allowance in NZ\$. Note a bank fee will be charged to the card for each cash withdrawal. The card should only be used for New Zealand Police approved expenditure, with the single exception of cards issued for Diems per day for non-New Zealand Police staff.

Notes:

- Diems per day for New Zealand Police staff must go through the staff reimbursement process
- Only cards issued due to an operational cash requirement will have the bank withdrawal fee automatically added.

## Consequences on non-compliance

This will result in the card being cancelled and may lead to disciplinary action.

## Cardholder liability

The prepaid card carries a corporate liability therefore the prepaid card does not impact on a cardholder's personal credit rating.

## Bank fees

For details of current charges please email Shared Services Reconciliation Team.

## Internal controls

All gift cards on issue must be supported by full details of expenditure, the full financial expenditure coded to be charged with value of gift card and approved by the appropriate DFA. When gift cards are issued the card must be entered on the Westpac one portal.

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