



March 2013 Newsletter

This Issue

New Fees – It had to happen.

Payroll Changes in April – If you're employing people, there's some changes coming into effect..

Fraud – And other avoidable mistakes.

Need Admin Staff? - Our volunteers are looking for a new home

Coming Up

23 April: CCA Workshop: Using Xero for Non-Profit Accounting 9.30-11.00 am.

30 April: CCA Workshop: Management Accounting - eeping tabs on your projects. 9.30-11.30 am.

More info [here](#). To register click [here](#).

Subscribe

Email info@commaccounting.co.nz to be added to the newsletter mailing list.

Annual service subscription: click [here](#).

Web

commaccounting.co.nz



Contact



PO Box 13 625; Ph 669 0542; 901a Ferry Rd

Harald: harald@commaccounting.co.nz; Rhys: rhys@commaccounting.co.nz.

New Fees

CCA is changing their fee structure from 1 April, as our funders have not been as kind to us (and you) as we have hoped. It should still cause little pain.

Nothing will change for organisations with income of under \$20,000 – they will only pay a minimum of \$50 for an audit. For organisations between \$20,000 and \$200,000 we are now asking for an annual subscription, which partly or fully goes towards any audit fees, and they will also pay twice as much for an audit as before. Organisations any larger than that will be charged for everything on our hourly rate of \$50 (this is unchanged) and a minimum of \$800 for an audit. For all the details please see [here](#).

Essentially, though, we are sticking to our guns, which is making sure that accounting is affordable and accessible especially to small organisations. Even our full unsubsidised hourly rate is a fraction of what you would pay at a commercial accounting firm, and still allows us to subsidise services to smaller groups.

About 60 community organisations are now using us for accounting services and/or audits, and this number is steadily growing. Right now is a peak time for us, as organisations with December and March financial years

are finalising their accounts and financial statements, so don't be too upset if things take a little longer at the moment.

Harald

Payroll Changes in April

If you are an employer IRD would have sent you an email or a notice by mail advising of upcoming changes to deductions from your staff's pay.

If you are using payroll software, make sure this is updated according to the manufacturer's instructions before any pay run in April.

If you are doing your payroll manually, recalculate PAYE and other deductions for pay runs after 1 April for every employee. All employees with 'SL' tax codes will be affected as student loan deductions increase from 10% to 12%, but some other tax codes are also affected. The [PAYE calculator](#) on the IRD web site is an excellent tool for this.

Kiwisaver employer contributions also rise to 3% from April (this means you will need to apply this for the first time for the April PAYE return that you file in May).

Fraud

As non-profits we are a fairly trusting lot. By and large that is a good thing, as it maintains a culture of working together, and people who feel trusted generally try to live up to that trust. In small organisations, personal relationships also help prevent fraud.

Every now and then, however, it does occur, and it can cause great damage, both financial and to the organisation's reputation. In the cases that have come to our attention, both fraud and costly errors occurred because of a lack of oversight by the governance body – the committee or Board.

Preventing fraud and errors requires what is called 'internal controls'. Some of the (not fraudulent) errors we have come across recently in different organisations involved an overpayment to a telecommunications company by a factor of 10 ('typo' when scheduling the transaction for payment) and double-payments of reimbursement claims as well as some creditors. In one case, which was possibly fraudulent, a paid manager also held a Board position, which they used to authorise inflated expense claims. DIA has told us about a similar case where the Board failed to pick up significant and unexplained increases in wage and overhead expenditure.

All of these cases could have been avoided if the payment authorisation process had been working. Organisations often use shortcuts here: pre-signed cheques, for example, or Board members providing internet authorisation of payments without having seen the invoices (or other relevant paperwork). A ten-times inflated bill payment, or a double-payment of a bill within a short space of time, for example, simply should not happen. Check [here](#) for a flowchart of a basic payment process.

People make mistakes, and this is unavoidable. This is why another person should look over those transactions. Before authorising a transaction, the Board member concerned at least needs to do some basic checks if they do not have access to the invoice. These are some suggestions:

- Is the transaction for the same or very similar amount as previous transactions of the same nature (such as wage payments, utilities, PAYE, GST).
- If not, is there a logical reason.

- Is the Payee really who it is claimed to be. With internet banking especially it should be checked at least occasionally whether the bank account that is set up in the payee list is really the bank account that is named in the invoice (or employment contract or other relevant document).

Likewise, when financial reports are presented at managing committee or Board meetings, it should always be queried when any figures are substantially higher or lower than for the previous period. This is especially true for the end-of-year financial statements, and it is the main reason why they need to have comparative figures.

There are often warning signals before fraud occurs. Sometimes it is entirely unexpected, but more commonly it occurs when staff are disgruntled, unhappy with their pay rate.

Need Admin Staff?

Our volunteers, Cristian Ionita and Yvette (Yu Zeng), are looking for work. Cristian has completed his New Zealand Diploma in Business for Accounting Technicians last year and has volunteered with us for several months now. Yvette is at present doing an internship with us, and after that will have completed her Graduate Diploma in Accounting. Yvette is looking for part-time work only as she has school-aged children to look after.

As 'foreigners', both find it hard to find a job on the open job market, as most employers prefer native English speakers. They also tend to ask for several years of work experience, which is hard to come by as a new graduate.

Cristian and Yvette have helped us with several audits, both worked with MYOB, Xero and CCA spreadsheets, and probably know more about non-profit accounting now than the average accountant. Cristian also has some experience in payroll administration. Email them, or give them a buzz at our office if you think you might have something.

Yvette: rliujun@hotmail.com

Cristian: 021 0269 4349