

	<h1>Finance Policy</h1>	Policy Number <i>WCDHB-PF-0015</i>	Version Nos: 2
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The West Coast District Health Board (WCDHB) will comply with generally accepted accounting practice as required by the Financial Reporting Act (1993) and crown accounting policies to fairly reflect the financial performance and position of the organisation.

In determining generally accepted accounting practice, reference will be made to the Financial Reporting Standards specified by the Institute of Chartered Accountants of New Zealand, international accounting standards and to Inland Revenue Department reporting.

2. Purpose

Measurement Base

The measurement and reporting of financial results and position will be on a historical cost basis, modified by the revaluation of fixed assets.

Leases

Leases of fixed assets, where substantially all the risk and benefit incidental to the ownership of the asset are transferred to the organisation, will be classified as finance leases. The leased assets and corresponding liabilities will be disclosed and the leased assets will be depreciated over the period the entity is expected to benefit from their use. Operating lease payments, where the lessors effectively retain substantially all the risk and benefit of ownership of the leased items will be charged as expenses in the periods in which they are incurred.

Investments

Investments, including investments in subsidiaries and associates, will be stated at the lower of cost or net realisable value.

Goods and Services Tax

The financial statements will be prepared exclusive of goods and services tax (GST) with the exception of receivables and payables, which will be stated with GST included. Where GST is irrecoverable as input tax it will be recognised as part of the related asset or expense.

Employee Benefits

Provision will be made in respect of the WCDHB's liability for annual leave, long service leave and retirement gratuities. Long service leave and gratuities will be calculated on an actuarial basis whilst the other provisions will be calculated on an actual entitlement basis at current rates of pay.

Taxation

In accordance with the New Zealand Public Health and Disability Act (2000), the WCDHB is a public authority and is exempt from income tax under Section CB3 of the Income Tax Act (1994).

Basis of Consolidation

The consolidated financial statements will include the WCDHB and its subsidiaries using the purchase method. Corresponding assets, liabilities, revenues and expenses will be added together on a line-by-line basis. All significant inter-company transactions will be eliminated on consolidation.

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The interest in associate entities will be reflected in the consolidated financial statements on an equity accounting basis, which shows the share of surplus/deficits in the consolidated statement of financial performance and the share of post acquisition increases/decreases in net assets in the consolidated statement of financial position.

Foreign Currency Translations

Transactions denominated in foreign currencies will be translated at the rate of exchange ruling at the transaction date. Short-term transactions covered by forward exchange contracts will be measured and reported at the forward rates specified in the contracts.

At balance date foreign monetary assets and liabilities will be translated at the closing rate and exchange differences arising from the translations will be recognised in the statement of financial performance.

General Ledger Reconciliations

All general ledger balance sheet accounts will be reconciled on a regular basis as specified by the Chief Financial Officer.

Accounts Receivable

WCDHB will maintain an up-to-date debtors system accurately recording invoices, receipts and debtor balances. Accounts receivable will be stated at expected realisable value after providing for doubtful and uncollectible debts.

Accounts Payable

WCDHB will maintain an up-to-date creditors system accurately recording all invoices, payments and creditor balances.

Inventories

Inventories will be valued at the lower of cost, determined on a weighted average cost basis and net realisable value. This valuation includes allowances for slow moving and obsolete inventories.

Fixed Assets

Land and buildings of the WCDHB will be revalued every three years to their fair value, as determined by an independent registered valuer. All other fixed assets will be recorded at historical cost, including properties intended for sale.

Depreciation of Fixed Assets

Depreciation will be provided on a straight-line basis on all tangible fixed assets, other than freehold and leasehold land, at rates which will write off the cost of the assets less their estimated residual values over their useful lives.

Charging Non New Zealand Residents

WCDHB will charge for services provided to overseas patients in accordance with Ministry of Health guidelines.

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3. Application

This Policy applies to all WCDHB Board Members and Staff Members.

4. Responsibilities

For the purpose of this Policy, the

The *West Coast District Health Board* shall:

- ensure that WCDHB has a clear and effective policy for its finances

The *Chief Executive Officer* (CEO) shall:

- designate responsibility for management of the WCDHB's finances
- report to the Board on relevant issues.

The *Chief Financial Officer* shall:

- manage the WCDHB finances in accordance with the requirements of this Policy.

5. Definitions

There are no definitions associated with this Policy:

6. Legislative Requirements

New Zealand Public Health And Disability Act (2000)

Public Finance Act (1989)

Income Tax Act (1994)

7. Related Procedures

WCDHB Delegation Of Authority Policy

8. Reference Documents

Ministry of Health Guidelines

Revision History	Version:	3
	Developed By:	Chief Financial Officer
	Authorised By:	Board
	Date Authorised:	May 2002
	Date Last Reviewed:	May 2006
	Date Of Next Review:	May 2008