# FINANCIAL POLICIES AND PROCEDURES

## SECTION 5: OPERATING EXPENDITURE & PAYABLES

## POLICY 6: LEASING

### Policy Rationale

[organisation] may from time to time decide to lease assets, as opposed to purchasing them outright. [organisation]’s decision to lease should only be made where it can be demonstrated that the benefits / costs of leasing outweigh the benefits / costs of outright ownership of those assets.

### Policy Statement(s)

[organisation]’s Audit, Finance & Risk Committee will determine the criteria for evaluating the cost / benefit of leasing assets, and also those categories of assets which [organisation] may lease, as opposed to purchasing outright.

As at the time of this policy being reviewed, [organisation] may lease the following categories of assets:

* [Office Premises]
* [Vehicles]
* [IT Equipment]
* [Office Equipment & Photocopiers]

[organisation] should only enter in to leases when:

1. A cost benefit analysis (including tax implications, if applicable) has been performed and it can be demonstrated that the leasing is of greater benefit to [organisation] than purchasing
2. The insurance obligations of the lease have been quantified and cover has been obtained
3. The lease terms and conditions are acceptable to [organisation], as per criteria determined by [organisation]’s Audit, Finance & Risk Committee (e.g. duration of leases, hire purchases etc.)

[organisation] should only enter in to leases after having considered and fulfilled the requirements within [organisation]’s associated policies, as follows:

1. Delegated Authorities
2. Capital Expenditure
3. Fixed Assets
4. Purchasing & Payments
5. Procurement
6. Borrowing
7. Insurance

Any amendments, extensions or cancellations to lease agreements shall only be completed within [organisation]’s Delegated Authorities, and after fulfilling the above policy statements.

### Policy Implementation and Related Procedure Documents

The implementation and review of these Leasing policies are the responsibility of [organisation]’s Audit, Finance & Risk Committee.

[organisation]’s CEO is responsible for all leasing decisions. Where a lease is outside of their delegated authority, the CEO will prepare a paper for [organisation]’s Board to approve. This Board paper will be reviewed by [organisation]’s Audit, Finance & Risk Committee prior to presentation to the Board.

[organisation]’s CFO / Finance Manager is responsible for implementing best practice procedures for the evaluation of leasing decisions and the on-going management and administration of leases and lease conditions once leases are entered into.

In addition to those policies mentioned in the above policy statements, the following [organisation] policies and frameworks should also be referred to in this regard:

* Finance Manual
* Budgeting & Forecasting Policy
* Accountability, Internal Controls & Audit Policy
* Financial Systems & Procedures
* Tax & Charitable Status Policy
* Tax (Non-Charitable Entity) Policy
* PBE IPSAS 13 – Leases – NZ IFRS 16 - Leases

### Legislative Compliance Considerations

* Income Tax Act 2007
* Goods and Services Tax Act 1985
* Personal Property Securities Act 1999

### Review Protocol

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| --- | --- |
| Policy Reviewed By: | Audit, Finance & Risk Committee |
| Date Reviewed: | [Date] |
| Next Review Date: | [Date] |
| Revokes Policy Reviewed: | [Date] |