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## Financial Management Policy

### List of Glossary of Terms

**Financial Systems and Accounting Advisor** – Independent person appointed by the Management Committee and his/her appointment is approved by the Board, This person shall possess financial accounting skills and experience.

**Management Committee** - The Executive Committee of Heritage Education and Research Project as provided in the constitution and elected at its Annual General Meeting shall be referred to as the Management Committee.

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**1. Objectives**

- 1.1 Heritage Education and Research Project is a Non-Profit Organization, registration number 275 – 695 NPO.
- 1.2 Heritage Education and Research Project shall pursue its objectives, as described within its Constitution and funding agreements.
- 1.3 Books of account, records in relation thereto, and financial and management control shall be established and maintained in such a manner as to provide reasonable assurance that:
  - 1.3.1. Assets are safeguarded, accounted for, and controlled.
  - 1.3.2. The transactions of the Heritage Education and Research Project are in accordance with its constitution, financial policy, and funding agreements.
  - 1.3.3. The financial, human, and physical resources of the Heritage Education and Research Project are managed economically and efficiently and the operations are carried out effectively.
- 1.4. Heritage Education and Research Projects' financial management policy provides the framework within which its financial guidelines and procedures are established.
- 1.5. This policy sets out the parameters within which business transactions are made.

**2. Roles and Responsibilities**

- 2.1 The treasurer as per clause 5.7.4 of Heritage Education and Research Project's constitution, is accountable for all the financial obligations of Heritage Education and Research Project.
  - 2.1.1. The treasurer shall be accountable to the Administration and Governance Strategic Program 1, the Management Committee and the Board on all financial matters to ensure that activities carried out are consistent with the financial and accounting policy, authorities and guidelines as established by the Heritage Education and Research Project.
  - 2.1.2. The treasurer shall carry out the duties as outlined in the constitution.
  - 2.1.3. The treasurer shall appoint the person who will be responsible for day-to-day financial transactions such appointment shall be approved by the Management Committee.
- 2.2. The Management Committee shall appoint the Financial Systems and Accounting Advisor for a period of two years, whose appointment shall be approved by the Board at its first meeting after the Annual General Meeting.
  - 2.2.1. The Financial Systems and Accounting Advisor shall be an ex-officio member of the Management Committee and the Board.
  - 2.2.2. The Financial Systems and Accounting Advisor shall monitor the day-to-day implementation of the Heritage Education and Research Project's Finance Management Policy as the Ex-Officio member of the



- Management Committee and all financial-related committees of the Heritage Education and Research Project and the Board.
- 2.2.3. The Financial Systems and Accounting Advisor shall be responsible and accountable to the Board for ensuring that activities carried out are consistent with the financial and accounting policies, authorities, guidelines, practices, and procedures as established by the Heritage Education and Research Project.
  - 2.2.4. All submissions to the Management Committee that are having financial and budgetary implications shall be reviewed by the Financial Systems and Accounting Advisor, before submission, to ensure that the financial consequences of the proposal are properly displayed.
  - 2.2.5. Shall provide comments and advice in all financial matters and at all Management Committee meetings and the Board Meetings.
- 2.3. Management Committee
- 2.3.1. The Executive Committee of Heritage Education and Research Project as provided in the constitution and elected at its Annual General Meeting shall be referred to as the Management Committee.
  - 2.3.2. The Management Committee shall approve the financial reports as tabled by the treasurer, taking into account the comments and advise of the Financial Systems and Accounting Advisor.
  - 2.3.3. The Management Committee shall approve all expenditures that exceeds R20 000 as per the request of the treasurer and as per clause 13.5 below.
  - 2.3.4. The Management Committee shall table the three year Strategic Plan with budget and the annual strategic plan with budget to the Annual General Meeting for approval.
- 2.4. All financial plans, reports and budgets shall be approved by the Board at the quarterly Board meetings and at the Annual General Meeting as per constitution.

**3. Legal and Financial Framework**

- 3.1. The Legal and Financial Framework shall comprise the financial structure of the Heritage Education and Research Project, its legal authorities as provided by this Policy, regulations governing NPO's, its constitution and financial agreements.
- 3.2. The activities of the Heritage Education and Research Project shall be grouped into four strategic objectives, as in the Strategic Plan Document, including but not limited to economic development, communications, finance, human resources, education, research and other projects as identified in the strategic plan.

**4. Management Authorities**

- 4.1. Management authorities shall comprise this Financial Management Policy, the constitution and the Instrument of Delegation of Financial Signing authorities, banking, document resolutions and Financial Procedures.
- 4.2. This Financial Management Policy provide the framework within which the Heritage Education and Research Project's financial guidelines and processes are established.

- 4.3. The Instrument of Delegation of Financial Signing Authorities shall represent the financial signing authorities as delegated by the Constitutions clauses 9.1; 9.2 and 9.3 to carry out the business operations as set out in the Constitution, and strategic plan document.
  - 4.4. Signings, banking and document resolutions shall represent those authorities delegated to carry out and execute business transactions.
5. **Financial Year**
- 5.1 The Heritage Education and Research Project's fiscal year-end shall be the 12 months ending the last day of February month annually.
6. **Plans and Budgets**
- 6.1. The Heritage Education and Research Project shall prepare plans and budgets in accordance with the framework established and its constitution clause 8.1.
  - 6.2. The Heritage Education and Research Project shall prepare and approve annually at its Annual General Meeting as per clause 8.1 of its constitution the following documents:
    - 6.2.1. Three-year Strategic Plan and Three-year Budget.
    - 6.2.2. Implementation Plan and Annual Budgets.
  - 6.3. All plans and budgets shall display activities in accordance with the constitution, strategic plans and Financial Framework.
  - 6.4. The Heritage Education and Research Project shall establish and maintain a process to ensure that plans and budgets are:
    - 6.4.1. Prepared in accordance with the Heritage Education and Research Project's planning and resource allocation process.
    - 6.4.2. Consistent with the constitution and all legal prescripts governing NPO's.
    - 6.4.3. Prepared on the basis of approved performance standards.
    - 6.4.4. Based on plausible assumptions.
    - 6.4.5. Internally consistent.
7. **Budget Administration**
- 7.1. Heritage Education and Research Project shall maintain records to ensure that approved limits as per clause 13 below are not exceeded.
  - 7.2. The Heritage Education and Research Project shall review actual experience against budget and shall analyse variances and take appropriate remedial action, where required.
8. **Classification of Transactions**
- 8.1. The Heritage Education and Research Project shall identify its transactions so as to be able to display aggregate financial data:
    - 8.1.1. On the basis of the Heritage Education and Research Project's financial responsibility.



8.1.2. According to the Heritage Education and Research Project's accounting structure and classification of accounts.

**9. Investments**

9.1. The Heritage Education and Research Project may invest in accordance with clause 9.6 of its constitution.

9.2. Investments shall be managed in accordance with accepted financial management practices.

**10. Banking and Cash Management**

10.1. The Management Committee through the treasurer, shall determine the specific provisions respecting the Heritage Education and Research Project's banking arrangements.

10.2. The Heritage Education and Research Project shall assess the cost and quality of its banking services relative to other banks, at least every three years.

10.3. The Heritage Education and Research Project shall manage its cash economically and efficiently and shall seek to maximize the returns on its temporary surplus funds, within the approved investment policies.

**11. Signing Authorities**

11.1. The treasurer shall maintain an Instrument of Delegation of Signing Authorities as approved by the Board and as per constitution.

11.2. Signing authorities shall be exercised only as per constitution clause 9.1.

11.3. Financial obligations on behalf of the Heritage Education and Research Project shall not be entered into unless the authority to do so is included in the Instrument of Delegation of Financial Signing Authorities.

11.4. Financial Signing Authorities as per constitution shall be delegated in such a way as to ensure an appropriate division of responsibility in the disbursement process.

**12. Financial Management Control Systems**

12.1. The Heritage Education and Research Project's financial information systems shall support business and financial reporting requirements and will include controls to ensure that the information is complete, accurate, and properly authorized.

**13. Approval of Transactions**

13.1. The office manager or any office bound person will be responsible for day-to-day financial transactions as appointed by the treasurer and approved by the Management Committee. The approval shall be recorded in the Management Committee minutes.

13.2. Such office manager or office-bound person shall have a daily limit on all Heritage Education and Research Project expenses/transactions of not more than R 2 000 (Two thousand Rends) per day, which shall not exceed R10 000 (ten thousand Rends) per calender month.

- 13.3. Any expenditure exceeding the above amounts must be approved in writing by the treasurer.
- 13.4. Any member of the executive with the signing powers/authority may not approve such amounts without the treasurer's written approval. Signing or approving the said amount without the treasurer's written approval the member may be liable for any cost or part thereof that is declared as inappropriate expenditure.
- 13.5. Any cost exceeding the amount of R20 000 (twenty thousand Rends) requires the following for approval by the management committee:
  - 13.5.1. The motivation for purchasing the item.
  - 13.5.2. The proof that the item is in line with the budget and is located under one of the strategic objectives.
  - 13.5.3. The three quotations with the consideration of local economic empowerment.
- 13.6. Any deviation from the Strategic Objectives and the budget shall be referred to the Board for approval.

**14. General Accounting Policies**

- 14.1. For its annual audited financial statements (end February), the Heritage Education and Research Project shall establish significant accounting policies for control of revenues and expenses.
- 14.2. The Heritage Education and Research Project shall follow Generally Accepted Accounting Principles (GAPP) or, in certain cases, accounting policies appropriate to the Heritage Education and Research Project's activities.
- 14.3. The accounting policies shall be confirmed by the Management Committee on the behalf of the Board annually at the time of approval of the audited financial statements. The board and or the Annual General Meeting will provide an adequate venue for dealing with auditing issues as reported through the annual audit exercise.

**15. Accounting and Control of Expenditures**

- 15.1. The Heritage Education and Research Project shall establish and maintain adequate controls to ensure that expenditures are made in the settlement of authorized commitments.
- 15.2. The Heritage Education and Research Project shall establish and maintain a system of recording expenditures in a timely and accurate fashion using the SAGE accounting package.
- 15.3. In accounting for monies spent, the Heritage Education and Research Project shall ensure that rules are established to ensure full disclosure as required.

**16. Accounting and Control of Revenues and Accounts Receivable**

- 16.1. The Heritage Education and Research Project shall establish and maintain adequate controls to ensure that the revenue due to the Heritage Education and



Research Project is recorded, collected, and prepared into a monthly financial report to the Management Committee by the Treasurer.

- 16.2. The Heritage Education and Research Project shall establish and maintain controls to ensure that no amounts receivable are removed from the records without the appropriate authority.

## **17. Asset Administration**

### **17.1 Capitalization**

17.1.1. The Heritage Education and Research Project shall treat as capital assets any assets for which the Heritage Education and Research Project has title with an expected useful life beyond one (1) year; together with any expenditure relating to the alteration, modernization of such asset which appreciably prolongs that item's period of usefulness, increases its value, or improves its utility to the Heritage Education and Research Project. A capital asset, to be classified as such, must meet the following criteria: A useful life in excess of one (1) year and a per item cost in excess R 10 000 (ten thousand Rends)

17.1.2. A total cost per bulk purchase order for furniture and office equipment in excess R 20 000 (Twenty Thousand Rends)

### **17.2 Leases –**

The classification and accounting for leases shall reflect the economic substance of the lease transaction, in accordance with General Accepted Accounting Principles (GAAP):

17.2.1. A lease that transfers substantially all of the benefits and risks of ownership of the leased property to the Heritage Education and Research Project shall be accounted for as a capital lease; and,

17.2.2. A lease where the benefits and risks of ownership of the leased property are substantially retained by the Lessor shall be accounted for as an operating lease.

### **17.3. Amortization of Capital Assets**

The Heritage Education and Research Project shall provide for amortization as follows:

17.3.1. Business premises, office furniture, and equipment shall be recorded on a diminishing balance basis.

### **17.4. Write-Offs**

17.4.1. Where assets become obsolete or worthless or are lost to the Heritage Education and Research Project, they shall be written off in accordance with approved processes and authorities.

### **17.5. Disposal**

17.5.1. The Heritage Education and Research Project shall dispose of assets where an improvement in the rate of return can be achieved without adverse impact on policy objectives.

- 17.5.2. It is directed to do so as a matter of policy.
- 17.5.3. The holdings of such assets involve the Heritage Education and Research Projects in an activity deemed inappropriate by the Board.
- 17.5.4. Such disposals shall be at market value.

**17.6. Accountability**

- 17.6.1. The security and safekeeping of the Heritage Education and Research Project's assets, utilized in carrying out the business operations of the Heritage Education and Research Project's is the responsibility of the Employee/official so charged, for those particular assets. Each Employee/official is fully accountable to secure against risk or damage to those assets under his/her control.

**18. Internal Management Reports**

- 18.2. The Heritage Education and Research Project shall maintain internal management reporting systems that provide Management with the financial reports that are relevant, simple, timely, accurate, current and consistent.
- 18.3. The Heritage Education and Research Project internal reports shall provide the Heritage Education and Research Project management committee with a full range of information to provide a basis for decision making in respect to the Heritage Education and Research Project's financial position to promote business-like operations and productivity.
- 18.4. Internal reports will show results compared to plans in order to provide management with information that will assist in the assessment of performance standards and the attainment of goals.
- 18.5. The report from the treasurer to the Management Committee shall be monthly accompanied by the opinion of the Financial Systems and Accounting Advisor's comments and or approval.
- 18.6. The report from the treasurer to the Board shall be quarterly accompanied by the Financial Systems and Accounting Advisor's comments and or approval and the Management Committee's comments, actions taken, and approvals.

**19. External Financial Reporting**

- 19.2. External financial reporting is prepared by the Heritage Education and Research Project in a format that shall portray its financial activities in a clear and comprehensive manner.
- 19.3. The principal external reports are the financial statements and summaries.
- 19.4. In its annual report, the Heritage Education and Research Project shall acknowledge its responsibility for establishing and maintaining a system of books, records, internal controls and management practices to provide assurance that reliable financial information is produced and that assets are safeguarded and controlled.
- 19.5. The Management Committee shall recommend to the Board, appointment of the external auditor.



- 19.5.1. The treasurer communicate with the external auditor.
- 19.5.2. The treasurer shall review the financial statements and submit a report that will assist the Board in determining whether to approve the financial statements.

**20. External Performance Reporting**

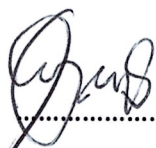
- 20.2. The Heritage Education and Research Project shall select key indicators of performance and shall report these in its Annual Report.

**21. Adoption and review of this policy**

- 21.2. This policy shall be reviewed and adopted at Heritage Education and Research Project Annual General Meetings.
- 21.3. The process of review and adoption shall include the amendments to this policy

Signed by: Chairperson

PM Jacobs



Date: 20/03/2024

Secretary

Timothy Tukwayo



Date: 20/03/2024