

Mandate and Authorisation

The immediate line of reporting and the authorising body for financial transactions by the chief executive officer will be the executive committee of the board of trustees. Where the operational need arises, the chief executive officer will seek authorisation from the executive committee, which will also monitor the financial performance of the Foundation. The chief executive officer will provide the executive committee with quarterly financial reports.

The chief executive officer of the Foundation is responsible for ensuring that financial policies and procedures are adhered to. Any changes to the financial policies and procedures can only be made with the signed approval of the chairperson of the Board.

1. Fundraising

1.1. Funding Proposals

The chief executive officer is responsible for funding proposals.

The Board will be informed of all funding proposals and potential donors to be approached.

1.2. Budgets

Detailed budgets are required for fundraising. A comprehensive annual budget consolidating all programmes should be approved by the Board once a year for each financial year, from which funding proposal budgets may be derived.

1.3. Entering into Grant Agreements

The Board will authorise the chief executive officer to negotiate and sign grant agreements on behalf of the Foundation. The chief executive officer must read the agreement in full and ensure that the Foundation can comply with all restrictive and administrative requirements before signing the agreement.

1.4. Funding Register

A register will be maintained by the chief executive officer which identifies funding applications, grant agreements, and funding cycles for current and potential donors. The funding register should contain the following information:

- Date of application;
- Name of donor;
- Amount requested;
- Date of response;

- Proposal accepted or rejected;
- Expected date of receipt; and
- Grant period.

The chief executive officer will present a funding status report half-yearly to the Board, as applicable. The funding status report will be presented in relation to the budget.

1.5. Receiving Funds

A letter of acknowledgement will be sent to funders for all monies received from them. The letter will state the date and amount of funds received by the Foundation. If the amount received was in foreign currency, the letter will detail the amount and the currency, the rate of exchange applied, the commission deducted by the bank, and the amount in local currency. On receipt of foreign funds, the Foundation will retain a copy of its bank's foreign currency transaction form relating to the receipt of funds and attach it to the corresponding file copy of the acknowledgement letter. A photocopy will also be filed within the bank statement file.

The Foundation will record the Rand equivalent of the funds as a grant. Commission deducted by the bank will be expensed to bank charges.

2. Bank Accounts

The signatories designated by the Board are authorised to open bank accounts on behalf of the Foundation based on a written (minuted) decision by the Board. All bank accounts will have at least three signatories as approved by the Board. Two signatures are required on all cheques or for the release of all electronic payments.

The finance manager/officer will be responsible for preparing and/or capturing the day to day financial transactions of the Foundation, reconciling the books with all bank statements on a monthly basis, and preparing for annual audits. The chief executive officer will review and sign all bank reconciliations monthly.

Requirements of funders regarding the opening and operation of bank accounts specifically for their funds will be strictly adhered to.

The finance manager/officer will be responsible for the day to day operation of the bank accounts, handling all enquiries and correspondence with the bank. This includes preparing requisitions and cheques or electronic payments and making deposits.

Bank statements will be obtained by the finance manager / officer to enable monthly reconciliation of the financial system. The finance manager who will ensure that reports are provided every month after the reconciliations are completed. This will be filed in a monthly-marked file for review and action by the independent auditor. The auditor will visit the Foundation to compile a report of printed reports, for review by the Board of Trustees.

Should call, notice, or other investment accounts be held by the organisation, no payments will be made from them except to transfer funds into the current account.

The chief executive officer shall oversee and review all financial transactions.

3. Budgets

3.1. Annual Budget

The annual budget must be determined by the strategy that is decided by the Board. The chief executive officer is responsible for drawing up the annual budget, as well as a cashflow projections for the year. Both shall be approved by the Board. Any increases to the budget must be approved by the Board. All budgets must be dated and assumptions clearly stated. The initial budget will be prepared using a zero based method and based on concluded funding agreements. This can be reviewed every 3 years.

All Board meetings must have a dedicated item on the agenda for reviewing the finances of the Foundation.

3.2. Revision of Budget

The total of the operating budgets should equal the funds that have been approved, where this is different from the funds requested. The budget should be revised for further approval of funding requests.

3.3. Monitoring the Budget

The budget will be monitored by the chief executive officer on a monthly basis based on a variance report, by funder, and on a consolidated basis. The Board will approve variance reports on a quarterly basis. Variances from budgets on line items (for example, salaries), will be reported on and explained in a report by the chief executive officer.

4. Record Keeping

4.1. Income

All monies received (e.g. donations, membership fees, or any other monies) will be deposited into the Foundation's bank account. These deposits could be via electronic bank transfers, cheque payments, postal orders, or cash.

A deposit book will be obtained from the bank in which all deposits including cheques, postal orders or cash will be written. The deposits will be numbered for accounting purposes, dated and signed. The amount and name of the drawer/debtor/donor will also appear on the slip. The book will be taken to the bank to be stamped and signed. A copy of the deposit slip will remain in the deposit book to be used for reconciliation of the debtors account in the accounting system.

4.2. Expenditure

4.2.1. Payments

The finance manager/officer will gather on a monthly basis all the invoices/bills received from the Foundation's vendors/creditors. A Cheque/Payment Release Form will be prepared for each original invoice. This form will include a description of the item for which payment is requested, the amount, invoice number, cheque number, date of payment and signature of approval by the chief executive officer and any other required signatory. No cheques will be signed or payments released electronically without the necessary documentation.

Only after this form has been completed can a cheque be made out to the specific creditor or an electronic payment released. Blank cheques will never be signed. The designated signatories will then sign the cheque or the payment release form. Signatories are determined as follows:

- All cheques / payment releases < R300,000 requires signed authorisation by the chief executive officer.
- All cheques / payment releases ≥ R300,000 requires signed authorisation by the chief executive officer and one designated trustee.

4.2.2. Petty Cash

Petty Cash monies will be used to cover incidental office expenses, such as buying stamps, posting a few letters/newsletters and other items/articles for which only a small amount of cash is needed. A petty cash amount, determined by the Board will be kept in the office, locked away in a petty cash holder.

The finance manager/officer will log all petty cash transactions on a weekly basis into the electronic accounting system for full reconciliation on a monthly basis.

4.2.3. Payment of Salaries

The Foundation will ensure that it is registered for, and comply with, all statutory taxes/levies including PAYE/SITE, unemployment insurance, regional service levies, worker's compensation and skills development levies.

Salaries will be paid in arrears on the 25th day of every month. Payslips will be provided to all staff members showing gross salary, all deductions, and net salary. The finance manager/officer will be responsible for the administration of salaries and benefits. The finance manager/officer will maintain a copy of payslips and corresponding salary reports on file, and will prepare schedules with required supporting documentation for the chief executive officer with respect to payments for PAYE, UIF, medical aid and pension fund / retirement annuity contributions.

The finance manager/officer will maintain a salaries register for each staff member by tax year (March 1 to February 28), and ensure that IRP5 certificates are issued and reconciled on an annual basis with the salaries register and that PAYE is paid to the Receiver of Revenue by the 7th day of the following month.

The finance manager/officer will prepare journal entries for monthly salary payments. The gross salaries will be debited to the appropriate salary expense accounts and the net salary credited to a salaries control account. The PAYE deductions will be credited to the PAYE control account. The employer's contribution to UIF, medical aid, and pension/provident funds or retirement annuity funds will be debited to the relevant expense accounts, and those amounts together with the employee's contributions will be credited to the relevant control accounts. The salary cheques and payments to the Receiver of Revenue, the Unemployment Insurance Fund, Skills Development levy and the providers of medical insurance and provident/pension funds will subsequently be posted through the cash book directly to the relevant control accounts.

All control accounts will be reconciled on a monthly basis by the finance manager.

4.2.4. Data Capture

The account categories used for recording income and expenditure will be the same as the categories in the budget. The finance manager will open a cash book batch for each bank account on a monthly basis. S/he will enter the data to the batch in deposit number and cheque number order (as applicable). All bank charges, interest, debit orders, and any other entries processed by the bank will also be entered to the cash book batch. Transfers between bank accounts will be posted through a bank clearing account in the general ledger.

The batch will be printed and checked before posting (updating) to the general ledger. Each bank account will be reconciled on a monthly basis and a bank reconciliation printed and filed with the corresponding bank statement. All bank reconciliations will be signed by the finance manager and reviewed by the chief executive officer monthly.

After all data has been captured for the month, and the bank reconciliations completed, the finance manager will print, review, and file a cash book for each bank account, trial balance and a detailed ledger printout for the period.

Errors will be adjusted by journal entry, with the exception of corrections to the bank accounts which must be corrected through a cash book entry. Journal entries will be supported by detailed explanations for the entries written. The chief executive officer will review and sign the general journal batches and supporting documentation monthly as an indication that s/he has reviewed the entries for that month.

5. Financial Reports

All monthly financial reports will be completed by the finance manager by the 7th day of the following month. Financial reports will be reviewed by the chief executive officer monthly, and approved by the Board quarterly.

5.1. Variance Report

The finance manager will prepare a variance report (i.e. a comparison of actual income and expenditure with budgeted income and expenditure) for each funder as well as a consolidated report with figures for the current month and the year to date. This should be submitted to the chief executive officer monthly for review.

5.2. List of Debtors & Creditors

The finance manager/officer will prepare a list of significant debtors and creditors on a monthly basis and submit them to the chief executive officer for review.

5.3. Cash Flow Forecast

The finance manager will prepare a monthly cash flow forecast for review by the chief executive officer, showing the past month and the following months. This will be submitted quarterly to the Board for approval. The report will identify the location of all closing bank balances and the rate of interest being earned. A balance sheet will be attached to the cash flow forecast.

5.4. Annual Financial Statements

Audited annual financial statements will be reviewed and approved by the Board of Trustees.

5.5. Reports for Funders

Requests for other financial reports by funders are to be complied with and are the responsibility of the chief executive officer, with assistance from the finance manager.

6. Personnel Issues

6.1. Salaries

The Board will review and approve salary levels on an annual basis.

6.2. Personnel Files

The office administrator will maintain a personnel file on all staff members. Each file will contain the letter of appointment, job description, and authorisation of all changes in salary. Copies of all documentation such as leave forms, letters, etc. relating to the staff member will also be maintained in the file.

7. Use of motor vehicles

7.1. Use of Private Motor Vehicles

Staff using personal cars for work purposes may structure remuneration packages to include a car allowance as part of the salary package. The Foundation will expect staff receiving a travel allowance to use their car for business travel as required.

In the event of significant travel the Board will agree on an appropriate rate per kilometer for reimbursement by submission of a travel claim. In such circumstances, staff must keep a logbook detailing the date, destination, purpose and kilometres travelled in each instance, excluding kilometres travelled between home and the office. A standard claim form will be submitted for reimbursement. All claims must be approved by the chief executive officer.

7.2. Traffic Fines

No traffic fines will be paid by the Foundation under any circumstances. Traffic fines received for vehicles hired by the organisation will be deducted in full from the salary of the staff member responsible in the month that the fine is received, and remitted on his/her behalf.

7.3. Motor Vehicle Accidents

All hired vehicles used by the Foundation should be fully insured. In the event of an accident where an excess amount must be paid, the Foundation will be responsible where there is no negligence involved. If the driver of the vehicle was negligent, s/he must bear responsibility for the excess. In the case of a dispute, a decision of the executive committee will be final.

7.4. Motor Vehicle Hire

If no other vehicle is available, the chief executive officer will have the authority to hire a vehicle for organisational business provided there are funds available and the amount has been budgeted for. Insurance must be included in the contract and the chief executive officer is responsible for ensuring that anyone driving a hired vehicle has a valid driving license which s/he has had for the required period in accordance with the insurance requirements. A copy of the driving license must be submitted to and kept in the office.

The office administrator is responsible for hiring vehicles for the staff and Board and must ensure that all vehicles are hired in accordance with the Foundation's travel and subsistence policy. All car-hire must be approved by the chief executive officer.

8. Travel for operational purposes

It is recognised that the programme activities of the Foundation will require a fair amount of traveling by Board members, staff, and consultants. This guideline will apply to all travel financed by the Foundation.

The chief executive officer will ensure that all official travel by all categories of staff is for the purpose of promoting the mission and objectives of the Foundation. To the extent possible, all such travel should have been included in the Foundation's approved work programme and budget. In exceptional cases, if there is a compelling justification, staff may undertake un-programmed travel only if resources can be mobilised within the existing budget or where travel is sponsored by a sponsor or under a specific project budget.

8.1. Travel by Consultants

When the Foundation engages a consultant for an assignment that involves traveling outside the consultant's home country, the Foundation will initiate all the necessary travel arrangements. Where this might not be practical or efficient, the chief executive officer shall agree with the consultant on an acceptable arrangement. In such a situation a written authorisation stipulating class of travel, airfare, and an amount for hotel, meals and incidental expenses will be sent to the consultant prior to departure. The traveller shall provide to the Foundation a complete travel plan including destination, stop-overs, airline, flight, expected arrival time at destination, etc. Any changes in the travel plan, for whatever reason, should be communicated to the Foundation in writing as soon as practically possible.

Any additional expenses in respect of the assignment shall be mutually be agreed upon by the consultant and the Foundation, and will be reimbursed upon a claim by the traveler supported by relevant receipts. No reimbursements arising from changes in the original travel plan will be made without a written justification for such changes.

8.2. Class of Travel

All travel arrangements must be authorised beforehand by the chief executive officer. The travel service provider approved by the Foundation should negotiate travel costs, acting exclusively on the instruction of the designated Foundation representative. No unauthorised cost will be incurred by the Board or any member of staff.

The class of travel will be as determined in the Foundation’s travel and subsistence policy. In extraordinary circumstances, the executive director may use his/her discretion to authorize business class travel for flights for high level officials or eminent persons such as Heads of State or former Heads of State being hosted by the Foundation, taking into account value-for-money considerations.

9. Accommodation

Accommodation will be booked for Foundation staff and Board members at venues where preferential rates may be negotiated. The accommodation grading and other guidelines for accommodation and meal expenses will be determined in the travel and subsistence policy of the Foundation.

10. Per diems and allowances

Travel and subsistence allowances will be as determined in the Foundation’s travel and subsistence policy.

11. Other

11.1 Entertainment Expenses

Entertainment expenses such as dinner costs for dinner meetings may be claimed by employees who regularly entertain guests on behalf of the Foundation, through the submission of a reimbursement claim form.

11.2. Gifts

All gifts in excess of ZAR500 in value received by any individual associated with Foundation by virtue of their association with Foundation must be declared in writing to the chief executive officer. The office administrator will keep a register of gifts.

Gifts received that amount to more than ZAR500 in value will, at the discretion of the chief executive officer or the chairperson of the Board in the case of the executive director, become the property of the Foundation.