



POLICY

Financial Management Policy

Policies and Constitution

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VERSION	1.0
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APPROVED BY	BDA Board of Directors
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DOCUMENT CONTROL

Version	Date	Author	Description
1.0	[Date]	Ethics & Legal Committee	Initial Policy

1. PURPOSE AND BACKGROUND

The Burgersdorp Development Agency ("BDA" or "the Organisation") is a not-for-profit development agency established to drive socio-economic development in the Burgersdorp area. As a public-benefit organisation, BDA has a duty to manage all financial resources with the highest levels of integrity, accountability, and transparency.

This Financial Management Policy establishes the framework within which all financial activities of the BDA shall be governed. It defines the principles, processes, and controls that must be applied to planning, acquiring, recording, protecting, and reporting on all financial resources entrusted to the Organisation.

This Policy gives effect to BDA's commitment to the principles of sound financial stewardship and supports compliance with applicable South African legislation, including but not limited to the Companies Act 71 of 2008 (as applicable), the Income Tax Act 58 of 1962 (section 18A and PBO provisions), and the Non-Profit Organisations Act 71 of 1997.

2. SCOPE OF APPLICATION

This Policy applies to:

- All members of the Board of Directors of BDA;
- The Executive Director and all employees of BDA;
- Volunteers, contractors, and consultants acting on behalf of BDA;
- All financial transactions, accounts, assets, and liabilities of BDA; and
- All funding received from donors, government, development finance institutions, and any other sources.

No person associated with BDA is exempt from compliance with this Policy.

3. DEFINITIONS

Term	Definition
Accrual Accounting	Recording revenues and expenses when earned/incurred, regardless of cash flow timing.
Approved Budget	The annual financial plan approved by the BDA Board of Directors.
BDA	The Burgersdorp Development Agency.
Board	The Board of Directors of BDA.
ED	Executive Director of BDA, the head of management.
CFO / Finance Manager	The person designated to oversee all financial operations of BDA.
Financial Year	The period from 1 April to 31 March each year, or as otherwise approved.
GAAP	Generally Accepted Accounting Practice applicable in South Africa.

Internal Audit	An independent review function that evaluates internal controls and compliance.
PFMA	Public Finance Management Act (where applicable to funded activities).
Petty Cash	A small cash fund held for minor operational expenditures.
Restricted Funds	Funds designated by a donor or grantor for a specific purpose.
Signatory	A person authorised to approve financial transactions and/or sign banking instruments.
Unrestricted Funds	Funds available for general use at BDA management discretion within Board parameters.

4. GUIDING PRINCIPLES

All financial management activities at BDA shall be guided by the following principles:

4.1 Accountability

Every person who receives, holds, disburses, or manages BDA funds bears personal accountability for the proper use of those funds in accordance with this Policy and any applicable donor agreements.

4.2 Transparency

All financial decisions shall be documented, justified, and made available for scrutiny by authorised parties including the Board, auditors, and funders. Financial information shall be presented fairly and without concealment.

4.3 Prudence

BDA shall exercise caution in financial planning and shall not commit funds that exceed available resources. Conservative assumptions shall be used in financial projections.

4.4 Value for Money

BDA shall seek to maximise the impact achieved per Rand spent, obtaining the best possible combination of economy, efficiency, and effectiveness in all procurement and expenditure decisions.

4.5 Compliance

All financial management activities shall comply with applicable legislation, generally accepted accounting practice, and the requirements of donors and funders.

4.6 Segregation of Duties

Wherever practicable, financial functions shall be separated so that no single individual has sole control over an entire financial transaction from authorisation through to payment and recording.

5. FINANCIAL PLANNING AND BUDGETING

5.1 Annual Budget

BDA shall prepare a comprehensive annual budget for each financial year. The budget shall cover all anticipated revenues and expenditures and shall be aligned with BDA's strategic plan and operational objectives.

5.2 Budget Preparation Process

The budget preparation process shall follow these steps:

1. Step 1 – Strategic Direction: By 1 January of each year, the ED shall issue budget guidelines to all departments, informed by BDA's strategic priorities and available funding projections.
2. Step 2 – Departmental Submissions: By 15 January, each department head shall submit a detailed budget request to the Finance Manager, including justification for each line item.
3. Step 3 – Consolidation: By 31 January, the Finance Manager shall consolidate all departmental submissions into a draft organisational budget.
4. Step 4 – Management Review: The ED and Finance Manager shall review the consolidated draft and balance it against confirmed and projected income.
5. Step 5 – Board Approval: The final budget shall be presented to the Board for approval no later than 28 February, before the start of the new financial year.

5.3 Budget Amendments

Amendments to the approved budget may be necessary during the financial year. The following rules apply:

- Virements (transfers between budget lines within the same department) of up to R20,000 may be approved by the ED, with written notification to the Finance Manager.
- Virements exceeding R20,000 require Finance Committee approval.
- Any amendment that increases total expenditure requires full Board approval.
- All amendments shall be formally documented and recorded.

5.4 Budget Monitoring

The Finance Manager shall produce monthly budget-versus-actual reports. Department heads are responsible for monitoring their budgets and are required to report variances exceeding 10% (or R10,000, whichever is lower) to the ED within five working days of receiving the monthly report.

6. REVENUE AND INCOME MANAGEMENT

6.1 Sources of Income

BDA's income may be derived from grants, donations, government allocations, service fees, investment income, and any other lawful sources. All income shall be recorded in the accounting system on the date of receipt or accrual.

6.2 Donor and Grant Funds

All donor or grant agreements shall be reviewed and signed by the ED and countersigned by the Chairperson of the Board. The Finance Manager shall:

- Open a separate ledger code for each grant or restricted fund;
- Ensure expenditure is within the terms of the grant agreement;
- Prepare donor reports as required by the agreement; and
- Immediately notify the ED of any risk of under- or over-expenditure against grant budgets.

6.3 Invoicing and Debt Collection

Where BDA earns fees for services rendered, invoices shall be issued within five working days of service delivery. The Finance Manager shall maintain a debtors' ledger and prepare a monthly ageing analysis. Debts outstanding for more than 60 days shall be escalated to the ED for intervention.

6.4 Restricted vs Unrestricted Funds

Restricted funds shall not be used for any purpose other than that specified by the donor. In the event of surplus restricted funds at the end of a project, BDA shall consult with the donor regarding the treatment of such surplus.

7. EXPENDITURE MANAGEMENT AND APPROVAL THRESHOLDS

7.1 Principles of Expenditure

All expenditure must be: (a) within the approved budget; (b) approved by a person with the requisite delegated authority; (c) supported by a valid tax invoice or equivalent documentation; and (d) correctly coded in the accounting system.

7.2 Delegation of Financial Authority

The following delegation of financial authority shall apply to all expenditure. Approval at a level includes authority for all amounts below that threshold.

Expenditure Threshold	Approving Authority	Conditions
Up to R5,000	Finance Manager	Within approved budget line
R5,001 – R25,000	ED	Within approved budget; two quotes required
R25,001 – R100,000	ED + Finance Committee	Three quotes required; written motivation
R100,001 – R500,000	Board of Directors	Procurement policy must be followed
Above R500,000	Full Board (special resolution)	Open tender process required; legal review

7.3 Payment Process

The payment process shall proceed as follows:

- A Payment Requisition Form (Appendix B) must be completed for all payments above R500.
- The Requisition must be accompanied by an original tax invoice, purchase order, and delivery note (where applicable).
- The Finance Manager shall verify the documentation, coding, and budget availability before processing payment.
- Payments shall be processed within 30 days of receipt of a valid invoice, unless otherwise agreed with the supplier.
- No payment shall be made to a supplier that is not on the BDA Approved Supplier Register.

7.4 Prohibited Expenditure

The following expenditures are expressly prohibited without prior written Board approval:

- Payments to persons related to a Board member or executive (see Conflict of Interest Policy);
- Loans to staff, board members, or any other party;
- Payments without supporting documentation;
- Retrospective budget allocations;
- Expenditure outside the scope of BDA's objects.

8. BANKING AND CASH MANAGEMENT

8.1 Bank Accounts

BDA shall maintain bank accounts as authorised by the Board. The opening, closing, or change of any bank account requires a Board resolution. All accounts shall be held with a reputable, registered South African banking institution.

8.2 Authorised Signatories

The Board shall formally appoint bank signatories by resolution. The following rules apply:

- All electronic payments and cheques require dual authorisation from two approved signatories.
- No single signatory shall both initiate and authorise a payment.
- Signatory mandates shall be reviewed annually and updated immediately upon resignation or termination of a signatory.
- The list of approved signatories and their limits shall be maintained by the Finance Manager and approved by the Board.

8.3 Electronic Banking

Where online banking is used, the Finance Manager shall administer the platform access. The following controls shall apply:

- Payments shall be captured by a finance staff member and released/authorised by a signatory who is not the capturer.
- Access credentials shall not be shared.

- All online banking transactions shall be reconciled to the accounting system within two working days.

8.4 Bank Reconciliations

The Finance Manager shall prepare monthly bank reconciliations for all accounts within five working days of month-end. Reconciliations shall be reviewed and signed off by the ED. Any unreconciled items outstanding for more than 30 days shall be investigated and reported to the Finance Committee.

9. PETTY CASH MANAGEMENT

BDA may maintain a petty cash fund for minor operational expenses where electronic payment is impractical.

- The petty cash float shall not exceed R2,000 at any time.
- Individual petty cash payments shall not exceed R500.
- All petty cash payments shall be supported by a completed Petty Cash Voucher (Appendix C) signed by both the recipient and the petty cash custodian.
- The petty cash box shall be kept in a locked, secure location and the key held only by the designated custodian.
- Petty cash shall be replenished by formal payment requisition when the float falls below R500, and reconciled at that time.
- Monthly petty cash reconciliations shall be conducted and reviewed by the Finance Manager.
- Cash shortfalls shall be recovered from the custodian if due to negligence or misconduct.

10. PAYROLL MANAGEMENT

BDA's payroll shall be managed in compliance with the Basic Conditions of Employment Act, the Income Tax Act, and all applicable South African labour legislation.

- Payroll shall be processed by the Finance Manager (or an authorised payroll service provider) by the 25th of each month.
- All payroll changes (new employees, terminations, salary amendments) must be authorised in writing by the ED.
- PAYE, UIF, and SDL deductions shall be paid to SARS by the 7th of the following month.
- Pay slips shall be issued to all employees not later than the last working day of each month.
- A payroll register shall be maintained and reconciled monthly. The Finance Manager and ED shall sign off the payroll register before payment.
- No payments shall be made for services of persons not on the approved staff establishment without a Board resolution.

11. FINANCIAL REPORTING

11.1 Management Reporting

The Finance Manager shall prepare and distribute monthly management accounts within 15 working days of month-end. Monthly accounts shall include:

- Income statement (actual vs budget);
- Balance sheet;
- Cash flow statement;
- Budget variance analysis with commentary;
- Debtors ageing report;
- Project/grant expenditure reports.

11.2 Board Reporting

The ED shall present comprehensive financial reports to the Board at each quarterly Board meeting. Annual financial statements (audited) shall be presented at the Annual General Meeting.

11.3 Donor Reporting

Financial reports to donors shall be prepared in the format and frequency specified in each grant agreement. The Finance Manager shall maintain a reporting calendar and ensure all donor reports are submitted on time.

11.4 Annual Financial Statements

Annual financial statements shall be prepared in accordance with the applicable financial reporting framework (IFRS for SMEs or SA GAAP as applicable) and shall be audited by an independent registered auditor appointed by the Board. Audited statements shall be finalised within three months of financial year-end.

12. INTERNAL CONTROLS AND AUDIT

12.1 Internal Controls

BDA shall maintain a system of internal financial controls designed to prevent error, fraud, and misappropriation. Key controls include:

- Segregation of duties in financial processing;
- Dual authorisation for all payments;
- Regular reconciliations of bank accounts, petty cash, and creditor statements;
- Independent review of journal entries;
- Restricted access to the accounting system;
- Surprise cash counts (at least quarterly).

12.2 External Audit

BDA shall appoint an independent external auditor registered with the Independent Regulatory Board for Auditors (IRBA). The auditor shall be appointed by the Board on the recommendation of the Finance Committee and rotated at least every five years. The audit shall be conducted annually and the audit report presented to the Board.

12.3 Fraud Prevention

Any person who suspects fraud, theft, or financial misconduct shall report such suspicion to the ED or the Chairperson of the Board (if the ED is implicated). BDA shall investigate all such reports promptly, and where fraud is confirmed, shall report the matter to the South African Police Service and may pursue civil recovery. Whistleblowers shall be protected from victimisation in accordance with the Protected Disclosures Act.

13. RECORD KEEPING AND DOCUMENT RETENTION

All financial records shall be retained for a minimum of seven (7) years in accordance with the Companies Act and SARS requirements. Records include but are not limited to:

- All invoices, receipts, payment vouchers, and financial transaction source documents;
- Bank statements and reconciliations;
- Contracts, grant agreements, and donor correspondence;
- Payroll records;
- Annual financial statements and audit files;
- Board and committee resolutions relating to financial matters.

Records may be maintained electronically provided appropriate backup and access control systems are in place. Physical records shall be stored in a secure, fireproof location.

14. NON-COMPLIANCE AND SANCTIONS

Any breach of this Policy shall be treated as a serious matter. The following consequences may apply depending on the severity of the breach:

- Written warning or formal disciplinary action in terms of BDA's Disciplinary Policy;
- Recovery of financial loss from the responsible individual;
- Report to law enforcement authorities where criminal conduct is suspected;
- Termination of employment or contract; and/or
- Exclusion from future engagement with BDA.

Ignorance of this Policy shall not be accepted as a defence. All staff shall be required to acknowledge receipt and understanding of this Policy annually.

15. POLICY REVIEW

This Policy shall be reviewed annually by the Finance Committee and updated as necessary. Proposed amendments shall be submitted to the Board for approval. Material changes shall be communicated to all staff within 30 days of approval.

This Policy was approved by the BDA Board of Directors on [Insert Date] and comes into effect on [Insert Effective Date].

Approved By	Designation	Date & Signature
	Chairperson, BDA Board	
	ED, BDA	

APPENDIX A: ANNUAL BUDGET TEMPLATE

BDA ANNUAL BUDGET – FINANCIAL YEAR: _____ **to** _____

Budget Category / Line Item	Q1 (R)	Q2 (R)	Q3 (R)	Annual Total (R)
INCOME				
Government Grants				
Donor Funding				
Service Fees				
Other Income				
TOTAL INCOME				
EXPENDITURE				
Personnel Costs				
Office Rent & Utilities				
Communications & IT				
Programme Expenses				
Travel & Subsistence				
Procurement / Supplies				
Professional Fees				
Contingency (max 5%)				
TOTAL EXPENDITURE				
NET SURPLUS / (DEFICIT)				

Prepared by: _____ *Date:* _____

Approved by (ED): _____ *Date:* _____

Approved by (Board): _____ *Date:* _____

APPENDIX B: PAYMENT REQUISITION FORM

BDA PAYMENT REQUISITION FORM

Form No: _____ Date: _____ Budget Code: _____

Field	Details	Field	Details
Payee Name		Payee Bank	
Account Number		Branch Code	
Payment Amount (R)		Payment Date	
Payment Description		Project / Grant	

Supporting Documents Attached (tick all applicable):

- Original Tax Invoice
- Purchase Order
- Delivery Note / Proof of Service
- Contract / Agreement
- Board / Committee Resolution (if required)

Requested By	Finance Manager	Approving Authority
Name:	Name:	Name:
Date:	Date:	Date:
Signature:	Signature:	Signature:

APPENDIX C: PETTY CASH VOUCHER

PETTY CASH VOUCHER

Voucher No.	Date	Amount (R)	Budget Code

Description of Expense	Receipt Attached?
	Yes / No

Received by (Name & Signature)	Authorised by (Custodian Signature)

APPENDIX D: MONTHLY FINANCIAL REPORT CHECKLIST

BDA Monthly Financial Report – Month: _____ **Financial Year:** _____

#	Report Element	Attached (Y/N)	Reviewed By
1	Income Statement – Actual vs Budget		
2	Balance Sheet		
3	Cash Flow Statement		
4	Budget Variance Analysis (>10% variances explained)		
5	Debtors Ageing Report		
6	Bank Reconciliation – All Accounts		
7	Petty Cash Reconciliation		
8	Project / Grant Expenditure Reports		
9	Creditors / Outstanding Payments Report		

Finance Manager Sign-off: _____ Date: _____

ED Sign-off: _____ Date: _____