



FINANCIAL POLICY AND PROCEDURES

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FINANCIAL POLICY

Policy Statement

The **Connect Network** Financial Policy and Procedure Manual provide the policies and procedures for the financial management of the organisation. It provides guidelines which **Connect Network** will use to administer these policies as well as the correct procedures to follow.

Policy Monitoring and Review

Policy review two-yearly. **Connect Network** will keep the financial policies current and relevant. Therefore, from time to time, it will be necessary to modify and amend some sections of the policies and procedures, or to add new procedures. Any suggestions, recommendations or feedback on the policies and procedures specified in this manual are welcome.

Scope

This policy and the related procedures apply to all employees and in certain areas to volunteers and interns (where stated) of **Connect Network**.

Intent

It is in the interest of **Connect Network** to clearly outline the duties, responsibilities and expectations of both **Connect Network**, as the employer, and the employees of **Connect Network**.

Approved By: _____
Designation: _____
Signed: _____
Date of Approval: _____
Review Date: _____

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GENERAL FINANCES

Connect Network commits itself to handle all their finances with integrity and transparency. We will always manage all our funds responsibly and honestly and with the highest standards of financial accountability possible.

For recording and reporting purposes a month shall be recorded as a calendar month and each Financial year shall begin on the first day of March and end on the last day of February.

For designated/restricted funds **Connect Network** will manage the funds responsibly according to the requirements as agreed in the signed Terms of Conditions or Memorandum of Understanding or Contract between Connect Network and the donor or partner.

Connect Network will compile adequate individual financial feedback reports as required and agreed upon with specific donors.

Connect Network uses the Pastel Accounting Software Programme to capture the bookkeeping records of the financial transactions of the organisation. All supporting documentation are filed in a locked cupboard.

The financial statements of **Connect Network** will be audited by an independent consultant on an annual basis.

Audited Financial Statements will be made available on request.

Connect Network's Annual Financial Statements will be reflected in the Annual Report.

Connect Network will limit cash transactions as far as possible and prefers electronic funds transfers (EFTs).

- **Connect Network** will appoint an accountant to capture and co-ordinate day to day finances as well as payroll.
- All expenses will follow the relevant authorisation process.
- **Connect Network** will appoint a Finance Manager/Officer that oversees and authorises all financial aspects and processes.

FINANCIAL PRINCIPLES CONNECT NETWORK ADHERES TO:

- 1. Consistency**

The financial policies and systems of **Connect Network** must be consistent over time. This promotes efficient operations and transparency, especially in financial reporting.
- 2. Accountability**

Connect Network must explain how it has used its resources and what it has achieved as a result to all stakeholders, including beneficiaries. All stakeholders have the right to know how their funds have been used.
- 3. Transparency**

Connect Network will be open about its work, making information about its activities and plans available to relevant stakeholders. This includes preparing accurate, complete and timely financial reports and making them accessible to stakeholders, including beneficiaries.
- 4. Viability**

To be financially viable, **Connect Network's** expenditure must be kept in balance with incoming funds, both at the operational and the strategic levels.
- 5. Integrity**

On a personal level, individuals in **Connect Network** will operate with honesty and propriety. The integrity of financial records and reports is dependent on accuracy and completeness of financial records.
- 6. Stewardship**

Connect Network will take good care of the financial resources with which it is entrusted and make sure that they are used for the purpose intended. The overall responsibility for this lies with the Board of Directors.
- 7. Accounting Standards**

The system for keeping financial records and documentation will adhere to internationally accepted accounting standards and principles.

AUDITORS

Policy

Connect Network's financial records shall be audited on an annual basis by a reputable and registered independent Auditing Firm.

The **Connect Network Board** will propose the appointment of the auditors to the **Connect Network members** for their approval at the Annual General Meeting.

For recording and reporting purposes a month shall be recorded as a calendar month and each Financial year shall begin on the first day of March and end on the last day of February.

The Audited Financial Statements will be completed timeously each year for the **Connect Network** Annual General Meeting.

The Audited Financial Statements will be reviewed and approved by the Directors of **Connect Network's** Board on an annual basis.

FINANCIAL MANAGEMENT

Policy

Financial Management entails planning, organising, controlling and monitoring of the financial resources of the organisation to achieve its objectives. The financial responsibility of the financial management of **Connect Network** will lie with the Board of Directors.

The Financial Management will include:

Managing scarce resources

NPOs operate in a competitive environment where donor funds are increasingly scarce. We will therefore make sure that donated funds and resources are used properly to achieve the organisation's mission, goals and objectives.

Managing risk

All organisations face internal and external risks which can threaten its operations and even its survival (e.g. donated funds being withdrawn, an office fire or a fraud). Risks must be identified and actively managed in an organised way to limit the damage they can cause. A separate Risk Management document will be drawn up.

Managing strategically

Financial management is part of management as a whole. This means that the Director and the Board must keep an eye on the 'bigger picture' – looking at how the whole organisation is financed in the medium and long term, in addition to focusing on projects and programmes.

Managing by objectives

Financial management involves close attention to project/programme and organisational objectives. The financial management process should be reviewed on a continual basis. Every staff member has a responsibility to manage finances according to the organisation's objectives.

BUDGET

Policy

Connect Network will endeavour to respect all approved budgets and strive to manage expenditure according to the budgets as far as possible.

All cost centre managers will endeavour to find creative ways to reduce running costs where possible.

Procedure

- The Finance Manager/Officer will draw up the organisational annual expense and income budget (including goal/ project/programme budgets) with the input of the relevant Programme or cost centre Manager/s.
- These Budgets will be approved by the Board of Directors at a board meeting/finance committee meeting prior to the commencement of the new financial year.
- The Finance Manager/Officer along with the Programme or cost centre Manager/s will track the income and expenditure for individual projects/programmes on a monthly basis so as to ensure the adequate management of funds.
- For all payments (for expenses or refunds) requested by any staff member, a payment requisition must be completed requesting payment and signed by the line manager or staff member responsible for authorising the payment in that programme or department. The Finance Manager/Officer can sign the request made by the Director.
- Staff reimbursements will only be paid once the staff member's monthly submissions have been made to the Network Director. The submission includes the monthly report, timesheet (including business travel as well as recoverable expenditure), the invoice stipulating the amount to be paid over to the staff member (including a separate line for travel and other expenses) as well as supporting documentation for expenses incurred. This submission is to be made by the 7th day of the new month.
- The completed payment requisition form must be handed to the Finance Manager/Officer for payment with the relevant source documentation (receipts, invoices, pro-forma invoices or proof of payment).
- Any payment through a **Connect Network** bank account is to be authorised by the Director in terms of the authorisation limits issued by the **Connect Network board**.
- Payments are made on a Friday. Requests for payments to be made on any other day should be directed to the Finance Manager/Officer.

- Amendments & changes to budgets must be approved by the Director as authorised by the **Connect Network board**.
- Unauthorised expenditures (i.e. those that have not followed this procedure) will be considered as gross misconduct and handled accordingly.

UNBUDGETED EXPENDITURE

Any additional expenses anticipated should be raised with the Director who will ensure:

- The investigation of possibilities for additional funding for the specific expenditure where possible.
- If no funding possibilities exist, the investigation of the possibility of adjusting other budget items so that overall budget remains the same
- Expenditure over and above the approved annual budget and those exceeding R5,000.00 must be presented to the Board of Directors for approval.
- Unauthorised expenditures (i.e. those that have not followed this procedure) will be considered as gross misconduct and handled accordingly.

AUTHORISATION

Policy

In order to safeguard the finances of **Connect Network** and also to protect the staff involved in the finances of **Connect Network**, only signatories authorised by the **Board of Connect Network** will have full access to the banking and investment accounts.

A minimum of two signatories will be required to perform financial transactions such as signing a cheque. The Financial Manager/Officer and the Director both have the pin code to access information (at approved level of authority) on the bank accounts via the internet. The Director is notified via cellphone whenever the bank account is accessed via internet.

Instructions to open or close accounts must be authorised and minuted at a Board meeting.

Procedure

Once the Board has approved the annual budgets, Board authorisation will be assumed for all payments within the budget, as long as the income is secured. However the following authorisation levels will apply to expenditure:

- Payment requisitions must be authorised by the Line Manager or Finance Manager/Officer.
- Payment requisitions in excess of R5,000.00 require authorisation by the designated Board member/s.
- Cheques must be signed by two signatories as authorised by the Board.
- EFT payments are made by the Director as authorised by the Board

CASH

Policy

Connect Network's personnel will endeavour to minimise cash transactions as much as possible. If cash transactions are made, very clear and documented records must be kept.

Procedure

Cash Control

1. Money received

All cash received must be handed to the Finance Manager/Officer or Office Administrator, who will receipt the cash (written in ink).

Receipts will be numbered, and copies kept in a receipt book.

Cash will be placed in a safe place until it is banked.

Cash received will always be banked within a week of receipt thereof.

2. Always obtain receipts for money paid out

Every payment must have a corresponding receipt.

In the case where receipts are not given, for example a taxi or a spaza shop, the staff member must complete a petty cash voucher with a description of the item/s and its cost.

Should a receipt be accidentally lost, the staff member responsible must complete a petty cash voucher with a description of the item/s and its cost and record that the receipt was accidentally lost. Should receipts be lost on a frequent basis, the Financial Manager/Officer should take the matter up with the staff member's line manager to investigate.

3. Restrict access to petty cash and the safe

Keys to the petty cash box and the cabinet should only be given to authorised individuals namely the Finance Manager/Officer and the Officer Administrator.

4. Keep cash transactions to an absolute minimum

Petty cash should only be used to make payments when all other methods are inappropriate or where the amount payable is less than R200. The monthly Petty Cash amount is R500.00. All Petty Cash transactions are recorded on a spreadsheet by the Office Administrator, reconciled to the cash in the Petty Cash box and handed to the Finance Manager/Officer for review and processing along with all the supporting documentation. All Petty Cash information is filed in a locked cupboard with the Financial Manager/Officer.

DEBIT CARDS

Policy

Connect Network has debit cards linked to the bank account for the sole purpose of donations through Givengain on our website.

The debit cards are under no circumstance to be used for any financial transactions.

Misuse of the card will lead to immediate suspension of card usage as well as disciplinary procedures.

BANK ACCOUNT INFORMATION

Policy

Connect Network does banking with a reputable bank in South Africa.

Connect Network has the following bank accounts with Nedbank:

- Connect Operational bank a/c – 1060 191 113 for all operational income & expenditure
- Connect Network Fund bank a/c – 1060 201623 for all designated income & expenditure
- Investment Money Market 24 a/c - to earn interest on income

Details:

	ACCOUNT
NAME OF BANK	Nedbank
NAME OF ACCOUNT	As above
BANK ACCOUNT NUMBER	As above
NAME OF BRANCH	Somerset West
LOCATION OF BRANCH	Lourens Street Somerset West
BRANCH CODE	106012
TYPE OF ACCOUNT	Cheque Account

SALARIES

Policy

Connect Network will comply with all relevant laws and regulations on the payment of salaries and the conditions as set out in the Labour Law and the Basic Conditions of Employment Act.

Connect Network does not include a medical aid or pension contribution as part of staff salary packages.

Connect Network will endeavour to pay an annual cost of living increase and performance increase, subject to funding as per the Personnel Policy under Employee Remuneration and Benefits.

Procedure

- **Connect Network** staff's salaries are paid each month by the Director from a salary schedule prepared by the designated external service provider with all relevant information
- UIF and TAX will be deducted on a monthly basis according to relevant legislation and requirements
 - Salary payments will be made on the 25th of each month except when it falls on a:
 - Saturday, in which case payment will be made on the previous working day
 - Sunday, in which case payment will be made on the following working day
 - Public Holiday, in which case payment will be made on the previous working day
- Each staff member will receive a monthly payslip via e-mail
- The relevant taxes are submitted to the tax authorities via e-filing in accordance with the payroll system calculations which are in line with the tax legislation
- All payroll information is filed in a locked cupboard with the Financial Manager/Officer

TRANSPORT CLAIMS

Policy

Connect Network requires some staff to use their private vehicle for business related travel – this is made clear in the job description.

Staff members who use their private vehicle on behalf of **Connect Network** are required to have a valid driver's license for the specific code of vehicle.

Staff members may claim the mileage covered in this manner as long as it constitutes genuine travel related to the requirements of their job description and is subject to the supervision of their line manager. Staff members can claim kilometres travelled at the rate set by the organisation and stipulated in the Personnel Policy under Travel.

Procedure

- Staff are encouraged to keep an accurate log book of business related travel with the information required by **Connect Network** below.
- Staff must submit their travel claim together with their time sheet to the Financial Manager/Officer and the Director at the end of each month on an invoice with the following information:
 - Vehicle registration number
 - Nature of the trip
 - The starting place
 - The destination
 - Odometer reading from start to finish
 - Number of kilometres travelled x current rate per kilometre
- Staff reimbursements will only be paid once the staff member's monthly submissions have been made to the Network Director. The submission includes the monthly report, timesheet (including business travel as well as recoverable expenditure), the invoice stipulating the amount to be paid over to the staff member (including a separate line for travel and other expenses) as well as supporting documentation for expenses incurred.
- The Financial Manager/Officer will check the claim and give the Director instructions to pay the claim via EFT

APPENDIX 1. PAYMENT REQUISITION FORM

<u>DATE</u>	<u>REQUESTED BY:</u>
<u>PAY TO:</u>	
<u>PAYMENT METHOD (CIRCLE)</u>	EFT CHEQUE CASH
<u>DESCRIPTION</u>	
<u>PROGRAMME /BUDGET LINE ITEM</u>	<u>AMOUNT</u>
<u>TOTAL:</u>	
<u>SIGNED STAFF MEMBER</u>	<u>SIGNED LINE MANAGER</u>
<u>PAY FROM ACCOUNT</u>	
<u>OPS (1060191113)</u> <input type="checkbox"/>	
<u>FUND (1060201623)</u> <input type="checkbox"/>	
<u>REFERENCE /CHEQUE NUMBER</u>	
<u>SIGNED FIN. ADMIN</u>	<u>SIGNED DIRECTOR</u>

APPENDIX 2. STAFF INVOICE

Invoice 01/2013

Name Surname

Telephone #

[Email](#)

Address

[Date](#)

Please Refund Expenses incurred for Connect business:

Date	Description	KM	Rate per KM	TOTAL	BUDGET ALLOCATION
1 Jan 2013	Travel reimbursement (per monthly timesheet)		@ RX.XX	RX.XX	Operational /Goal X/ QIS Budget
1 Jan 2013	Expense reimbursement (per monthly timesheet)		RX.XX	RX.XX	Operational /Goal X/ QIS Budget
TOTAL				R XX.XX	

Account details for reimbursement:

Bank:

Branch code:

Account Type:

Account Number:

APPENDIX 3. ACKNOWLEDGEMENT OF RECEIPT OF POLICY

I acknowledge that I have read a copy of the **CONNECT NETWORK** Financial Policy and Procedures manual.

Topics Discussed in this document include the following:-

- General Finances & Auditors
- Financial Management
- Budget
- Authorisation
- Debit Cards
- Cash
- Bank Accounts
- Salaries
- Transport Claims

I understand that this handbook replaces any and all prior verbal and written communications regarding **Connect Network's** policies and procedures.

I understand that the policies and procedures described in this handbook are confidential and may not be distributed in any way nor discussed with anyone who is not an employee of **Connect Network**.

I have read and understand the contents of this handbook and will act in accordance with these policies and procedures as a condition of my employment with **Connect Network**.

I understand that if I have questions or concerns at any time about these policies and procedures I will discuss it with my line manager.

Please read this Policy Document and these employee Standards of Conduct carefully to understand these conditions of employment before you sign this document.

Employee Signature

_____ Date _____

_____ Employee Name (Please Print)