

# **ZEVENWACHT COUNTRY ESTATE**

## **FINANCIAL POLICY AND APPROVAL FRAMEWORK**

### **1 INTRODUCTION**

Clause 16 of the Constitution of the Home Owners Association authorizes the Board of Trustees (hereinafter referred to as “Trustees”) to control and manage the affairs of the Association, to set rules and regulations for this purpose and to ensure that they are implemented and adhered to.

The purpose of the Financial Policy is to establish guidelines to be followed by all parties in one way or another involved in dealing with the finances and funds of the Association.

In broad terms the Financial Policy ensures that all such parties are familiar with their responsibilities in terms of all financial matters, authorisation of expenses as well as the handling of funds.

### **2 TRUSTEES**

The Trustees are overall responsible for the financial affairs of the Association and in this have the following responsibilities:

1. Formulate, approve or obtain approval, implement and maintain policies such as, inter alia, financial policy, credit control procedures, handling of and determine interest rates on outstanding charges, penalties for non-compliance with estate rules, etc.
2. Compile the Association’s annual budget and determine the monthly levy payable by Home Owners.
3. Appoint a trustee to oversee the financial affairs of the Association on a continuous basis in collaboration with the Estate Manager and Managing Agent.
4. Overview the status of all aspects of the Association’s finances at each Trustee meeting.
5. Ensure that adequate funds are accumulated and held in a reserve fund to mitigate potential short term cashflow risks.
6. Approve financial commitments and payments in accordance with the provisions of the Approval Framework (Paragraph 6 hereunder).

### **3 ESTATE MANAGER**

As the duly authorised and full time representative of the Trustees the Estate Manager manages day-to-day operational aspects of the Estate and in this has the following financial responsibilities:

1. Manage a petty cash facility to the maximum monthly limit as determined by the Trustees from time to time.
2. Approve financial commitments and payments in accordance with the provisions of the Approval Framework (Paragraph 6 hereunder).
3. Scrutinise and certify for payment invoices received and submit to the Managing Agent for processing and payment.
4. Monitor financial commitments and payments against the budget on a continuous basis in collaboration with the Trustee: Finance and Managing Agent.

#### **4 MANAGING AGENT**

The financial responsibility of the Management Agent towards the Association is determined contractually and broadly encompasses the following:

1. Maintain complete financial records in accordance with generally accepted accounting practices.
2. Open and manage relevant bank accounts and investments in financial institutions as required.
3. Collect levies and other income due to the Association.
4. Verify and process payment of all monies owed by the Association in accordance with guidelines agreed to with the Trustees.
5. Pay salaries, employee tax, unemployment insurance on the date and in the manner as required by legislation or agreed to with the Trustees.
6. Arrange insurance of the Association's common property or any other insurance as required by the Trustees or legislation.
7. Handle insurance claims on behalf of the Association.
8. Prepare and submit monthly reports on levies and other payments in arrears and arrange for the recovery of such debts in accordance with guidelines as approved by the Trustees.
9. Assist with the preparation of the Association's annual budget for submission to the Trustees for approval.
10. Prepare monthly comparative financial statements and submit to the Trustee: Finance and Estate Manager with presentation to the Trustees if required.
11. Prepare and arrange the annual audit and present audited financial statements to the members of the Association at the Annual General Meeting.

#### **5 MEMBERS OF THE HOME OWNERS ASSOCIATION**

Members have the responsibility to determine his/her financial obligations to the Association and to affect such payments on or before the first day of the month in which such relevant amounts are due.

## 6 APPROVAL FRAMEWORK

	1 – Consulted 2 – Initiate/Recommend 3 – Approval X – Informed	HOME OWNERS ASSOCIATION	BOARD OF TRUSTEES	TRUSTEE: FINANCE	RESPONSIBLE TRUSTEE(S)	ESTATE MANAGER	MANAGING AGENT
<b>1</b>	<b>FINANCIAL</b>						
<b>1.1</b>	<b>Budgets</b>						
1.1.1	Annual budget	3	3	2	1	1	1
1.1.2	Monthly levy	x	3	2			1
1.1.3	Special levies	3	2	1		1	1
1.1.4	Capital projects within approved annual capital budget		3	2	1	2	
1.1.5	Capital projects exceeding approved annual capital budget	3	2	2	1	2	
<b>1.2</b>	<b>Expenditure commitments</b>						
	1x quotation for goods/services ≤R7 500 2x quotations for goods/services >R7 500 ≤R30 000 3x quotations for goods/services >R30 000 Deviations from this rule allowed only if dictated by circumstances and supported by appropriate motivation.						
1.2.1	Service contracts within item budget allowance		x	3	1	2	
1.2.2	Service contracts exceeding item budget allowance		3	3	1	2	
1.2.3	Day-to-day expenditures within annual operational budget			x		3	
1.2.4	Capital items within annual capital budget			3	1	2	
1.2.5	Goods and services within approved capital project budgets			3	1	2	
1.2.6	Petty cash			1		3	
<b>1.3</b>	<b>Financial administration</b>						
1.3.1	Approval of invoices for payment by Managing Agent					3	x
1.3.2	Appointment of external auditors	3	2				2
1.3.3	Approval of annual financial statements	3	2	1			2
1.3.4	Changes in financial policy	x	3	2			1
1.3.5	Opening of bank accounts		x	3		1	2
1.3.6	Investments		3	1			2
1.3.7	Legal disputes with financial implications		3	1			2

Approved Trustees 14 March 2017.

Revised quotation levels §1.2 approved Trustees 21 November 2023

	1 – Consulted 2 – Initiate/Recommend 3 – Approval X – Informed	HOME OWNERS ASSOCIATION	BOARD OF TRUSTEES	TRUSTEE: FINANCE	RESPONSIBLE TRUSTEE(S)	ESTATE MANAGER	MANAGING AGENT
<b>2</b>	<b>HUMAN RESOURCES</b>						
2.1	Appointment of Estate Manager		3	1	2		1
2.2	Remuneration of Estate Manager		3	2	2		1
2.3	Appointment of casual workers			1		3	
2.4	Remuneration of casual workers			1		3	
<b>3</b>	<b>ADMINISTRATION</b>						
3.1	Changes to Constitution	3	2		2		1
3.2	Changes to Estate Rules		3		2	2	1