



HUISEIENAARSVERENIGING / HOMEOWNERS ASSOCIATION NPC

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Registration Number: 2005/023582/08

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## AMBERFIELD VALLEY HOME OWNERS ASSOCIATION

### POLICY ON FINANCIAL MANAGEMENT

24 April 2016

#### Objectives

The primary objective of this policy is to ensure adequate protection of the cash assets of Amberfield Valley Home Owners Association (AV) through a framework that will ensure proper financial management and internal control.

#### Scope

This policy encompasses all aspects relating to the cash management of AV. It includes the involvement of the Managing Agent where activities are performed on behalf of the Board of Directors. In this regard the Managing Agent has a delegated responsibility while the Board of Directors remains accountable.

#### Procurement

- A listing of approved suppliers for specified expenses must be maintained by the Estate Manager at all times. Other suppliers may not be used, unless properly motivated and approved by the Financial Director.
- Three quotations must be obtained for all expenses and or contracts in excess of R50,000, including residents approval from either an Annual General Meeting (AGM) or Special General Meeting (SGM).
- Three quotations must be obtained for all expenses and or contracts in excess of R20,000 where available.
- Two quotations must be obtained for all expenses and or contracts of value between R1,000 and R20,000 where available.

#### Budget

- The annual budget must be tabled at a budget meeting of the Board of Directors for consideration and approval, including attendance and inputs from the Managing Agent.

#### Delegated Approval Authorities

- Contractual and approved (budgeted) recurring expenditure requires only the approval of the Chairperson or Financial Director (This includes expenditure such as Telkom, Security, Managing Agent, Estate Maintenance, etc.)
- The Board of Directors must approve all contracts (full contract value) and or subscriptions of all unbudgeted expenses in excess of R1,000.
  - *Note: Approval = Sign-off of quotation, minutes of Board meeting and or e-mail confirmation.*



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## Payments

- Other than petty cash payments dealt with elsewhere in this policy, any and all other commitments/expenses are settled electronically by EFT. Amberfield Valley will be managed as a 'cash-less' community.
- The Estate Manager and or any Director has the authority to submit approved payment requests through to the Managing Agent to load the payment on AV's electronic banking payment system.
- The Managing Agent will load payments on AV's electronic payment system for all payment requests received on provision of the following:
  - Make use of clear reference on payment
  - Signed by requesting party
  - Proof of approval attached (i.e. Sign-off of order/quotation, minutes of Board meeting and or e-mail confirmation)
  - Supplier invoice attached

## Petty Cash

All cash receipts at the Estate office:

- All receipts should be directly deposited into the estate account via EFT, and proof of payment submitted to Estate Manager.
- *Account information and reference number to be provided by Managing Agent)*

Petty Cash expenses may only be utilised for the following approved expenses:

- Printing and Stationary
- Office consumables (i.e. office cleaning materials, milk, coffee, tea and sugar)
- Fuel for the estate maintenance equipment, where applicable
- Certain expenses related to the maintenance of the parks and tidiness of the Estate if approved by the Directors.
- In exceptional cases other petty cash expenses will be allowed, if approved by the Directors.

Petty Cash = E-Wallet issues to the Estate Manager by AV's preferred financial institution.

The Managing Agent will replenish the Petty Cash bank account with the value of received and processed valid petty cash supporting documents. (i.e. invoice, cash register slip, receipt)

## Excess Cash

All excess cash not required on a monthly basis to fund operational expenditures of AV should be invested in a Board approved investment where the capital is guaranteed by the financial institution. Only FNB, Standard Bank, Nedbank or BASA may be considered for such investments.

Approved: SGM 99 May 2099

Edition: 1.0