

## FINANCIAL MANAGEMENT POLICY AND PROCEDURES

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***(Name of Cooperative)***

***P.O. Box ....***

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***(Physical Address)***

## **1. GENERAL PURPOSE**

The purpose of this policy is to establish guidelines for developing financial goals and objectives, making financial decisions, reporting the financial status of the Cooperative as well as managing the Cooperative's funds.

## **2. FINANCIAL RESPONSIBILITIES**

It is the responsibility of the Cooperative Board to formulate financial policies and review operations and activities on a periodic basis. The Board delegates this oversight responsibility to the Executive Committee. The Board acts as the primary fiscal agent, implementing all financial policies and procedures. The Treasurer, with oversight of Board Members is responsible for the coordination of the following: Annual Budget Presentation, Management of Fund Investments, Selection of the Outside Auditors, and Approving Revenue and Expenditure Objectives in accordance with the Board approved long-term plans. The Treasurer with oversight by the Cooperative personnel has the day-to-day operations responsibility for managing the Cooperative funds, ensuring the accuracy of the accounting records, internal controls, financial objectives and policies, financial statement preparation, and bank reconciliation review and approval. The Manager/Officer in carrying out financial operations is supervised by the Treasurer (Executive) and is responsible for processing loans onto the Cooperative information systems after Credit Committee approval, Accounts Payable/Receivable Processing, Payroll input and Payroll processing, Cash Receipts input, Journal Entries for General Ledger.

## **3. CONFLICT OF INTEREST**

Members of the Board of Directors as well as the Cooperative personnel are prohibited from activities that might present conflicts of interest. The powers of the Board may not be used to personally benefit the Board at the Cooperative's expense. If a Board Member has a financial interest in a corporate transaction, the Member must fully disclose the interest and abstain from voting.

## **4. BUDGETING PROCESS** (*The Board must approve the budget.*)

The Treasurer shall be responsible for presenting to the Board and Cooperative personnel an annual operating budget draft. The Board shall review and support the recommended fiscal year budget revenues, expenditures and cash flow, and submit it for approval to the Members of the Cooperative in a General Meeting. The budget shall contain revenues and expenses forecasted by month.

## **5. FINANCIAL STATEMENTS**

The Cooperative's financial statements shall be prepared on an accrual basis in accordance with Generally Accepted Accounting Principles ("GAAP"). The Treasurer

shall prepare and present Quarterly Financial Statements. The statements shall be presented to the Board.

## **7. AUDIT**

The Cooperative will have an audit of its financial statements annually, within three (3) months of the end of each the fiscal year. The audit shall be completed by a firm of Independent Certified Public Accountants. The Treasurer and the Manager/Officer shall have direct responsibility in overseeing the implementation of the Annual Financial Audit. A representative of the audit firm shall be invited to attend the Cooperative's Annual General Meeting to the Cooperative Members, and shall be required to make a prior presentation to the Board...

## **8. REVENUE AND INCOME PROCEDURES**

The Cooperative's Treasurer in conjunction with Board Members as well as the Manager/Officer, develops and proposes revenue goals and objectives and submits them to the Membership for discussion and approval.

## **9. RECORDING RECEIPTS**

The following procedures for funds received through Cash Remittances as well as Direct Bank Deposits shall be in place: The Cooperative personnel records all funds received by date, and amount to the Members' Cooperative membership number using the remittance schedule received from the Cash Office. Funds received are to be properly classified under liabilities or assets (i.e savings, loan repayments or shares). Direct Bank Deposits should be verified for accuracy by the Manager/Officer. Transactions should be periodically checked by the Supervisory Committee. The Manager/Officer shall make the appropriate entries in the General Ledger books. The Manager/Officer shall reconcile all logs of incoming funds with the Remittance Schedule Received from the Cash Office.

## **10. EXPENDITURES PROCEDURES**

All expenditures shall be approved by the Treasurer as well as the Board in cases of Capital Expenditure. All expenditures shall be coded by account number using the Cooperative's accounting codes. The Manager/Officer maintains standard accounting records containing all aspects of the Cooperative's financial operations. They include but are not limited to: A general ledger and a payroll register. Invoices shall be approved by the Cooperative's bank signatories. Following the review and approval, the invoices shall be prepared and distributed to the Manager/Officer for payment preparation. Upon payment of a bill, a copy of the proof of payment shall be stapled onto the bill. The paid invoices shall be filed alphabetically according to company/individual name and shall be kept on a fiscal year basis on file.

## **11. SIGNATURE POLICY**

The Executive Committee of the Cooperative shall sign for all payments, drafts, or orders for payment of money, contracts, and commitments for services issued in the name of the Cooperative. Authorisations shall be validated by two signatures as the case maybe **(Customise)**.

## **12. COMPENSATION AND PAYROLL**

Payroll is executed periodically. Payment schedule will be submitted to the Treasurer for review against payroll reports and direct deposit reports and reconciled with checking account reports. The compensation of the Cooperative's Board Members shall be determined by the Membership. The salaries of employees shall be determined by the Cooperative Board. Compensation ranges for all staff positions shall be approved by the Board. No employee of the Cooperative may be compensated outside of the approved range, without the approval of the Board.

## **13. LOCAL TRAVEL AND EXPENSE REIMBURSEMENTS**

Travel and expense reports for mileage, meals, supplies, etc., will be completed by each employee as well as a Board Member and then submitted to the Manager/Officer for approval and payment periodically. All expenditure receipts must be attached to the expense voucher as a condition for payment.

## **14. PURCHASING**

Any expenditure shall be done in accordance with the cooperative's procurement policy.

## **15. LEASES AND OTHER CONTRACTUAL AGREEMENTS**

Leases and other contractual agreements are negotiated by the Board and executed with the approval of Members. The Board is authorized to develop and enter into contractual agreements with vendors, bankers, and third parties for the purpose of ensuring the Cooperative's general operations on behalf of members. The Board shall review such agreements and make recommendations when necessary.

## **16. NOTES, LOANS, ETC.**

All notes, loans and other indebtedness to be contracted in the name of the Cooperative (except open accounts and all other routine banking transactions such as deposits), shall require Board signatures.

**17. FINANCIAL ACCOUNTS (BANK, MOMO ETC) AND INVESTMENT ACCOUNTS**

The Treasurer/Manager/Officer shall maintain and oversee Bank and Investment accounts, and ensure the Cooperative’s day-to-day financial operations are sound or healthy. Several accounts may be maintained by the Cooperative.

**18. FINANCIAL ACCOUNTS RECONCILIATIONS**

Reconciliations shall be completed monthly by the Manager/Officer and cross-referenced with the cash, electronic transfers and Cashier/Payroll Remittances.

**19. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include all cash balances and highly liquid investments. The Cooperative places its temporary cash investments with highly rated financial institutions. The Treasurer as well as the Manager/Officer shall closely monitor the balances of the accounts so as to be able to detect fraudulent activities in time.

**20. PETTY CASH**

A petty cash fund provides a systematic method for paying and recording out-of-pocket cash payments too small to be made by transfers. The Cooperative shall maintain a ..... (E.....) petty cash fund that is replenished as needed.

The Manager/Officer shall maintain control of, and responsibility for, payments disbursed from the Petty Cash fund; however, amounts should not exceed an amount determined by the Board for each transaction.

**21. INVESTMENTS REPORTS AND INVESTMENTS POLICY**

Investments shall be reported with the quarterly financial statements at cost or market value. The Manager in consultation with the Treasurer, with oversight of the Board, shall review and determine the general investment strategy for all funds.

**22. INSURANCES** Reasonable and adequate coverage will be maintained to protect the Cooperative’s interests as well as the Cooperative’s employees. Insurance Policies shall be carefully reviewed by the Board before renewal each year.

**23. PROPERTY AND EQUIPMENT**

Property and equipment shall be stated at historical cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. A Depreciation schedule shall be prepared and maintained by the Manager/Officer on an annual basis, taking into consideration the annual equipment inventory. A Property Removal Form

shall be required for the removal of the Cooperative's property, supplies, and/or equipment from the Cooperative's premises.

**24. EQUIPMENT INSTALLATION**

Purchase, installation and maintenance of telephone equipment, telephone lines, office equipment, computer equipment, etc. shall be approved by the Board. The Manager/Officer shall be responsible for receiving and supervising the installation of equipment scheduled for their facility or working area, and for maintaining and protecting the equipment installed in their offices.

**25. CONFIDENTIALITY AND RECORDS SECURITY**

Financial records are restricted materials with limited access. Only Board Members and Manager/Officer (or others so authorized) shall have access to financial records (vendor files, journals, payroll, etc.).

**26. DOCUMENT RETENTION**

Financial documents are retained for a period of time in keeping with State Law and the recommendations of the Internal Revenue Services.

**27. TAX REPORTING**

The Cooperative shall be expected to comply with all Tax Laws applicable in the Kingdom of Eswatini.

**28. REVIEW OF THE POLICY**

The policy shall be reviewed every after three (3) years or should a need arises.

**APPROVAL**

This policy is approved for COOPERATIVE use by: BOARD MEMBERS:

**Signed:**

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Chairperson

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Secretary

.....  
Date

.....  
Date