

## POLICY J - FINANCIAL AND GOVERNANCE PRACTICES

Revision Number	Proposal Date	Acceptance Date	Effective Date	Signed-Off Officer	Signature
1.0	6 July 2019	17 July 2019	17 July 2019	P R Hefer	PRH

### OVERVIEW

The governance Non-Profit Organisation (NPO) known as **Dressage SA (DSA)** relies on certain sound financial and governance practices which are as important to institute and maintain at the Provincial council levels as they are at the National council levels. All office bearers are equally responsible for the upholding of these policies and the appointed public auditors of the NPO are entitled to investigate and report on the maintenance of these standards.

### POLICY PRINCIPLES

#### Provincial Annual Budget Preparation

It is essential that when an annual Provincial budget is debated and prepared by the Provincial Council, that the entire council is quite clear and in agreement of how the funds should be spent and also that the underlying events and activities are properly documented and that the appropriate resolutions are passed at council committee meetings. Careful consideration should be given to the provincial constitution objects and although some of these are achievable without financial assistance, others may well need some financing. Once the budget is agreed on, any essential deviation must be managed as follows:

1. Category reallocation must be agreed on by the Provincial and the National councils by way of formal resolutions.
2. Deviation from the original budget plan must be agreed on by the Provincial and the National councils by way of formal resolutions.

#### Rationale:

It is important to outline the original budgetary objectives through a focus and detailed process that will stand the test of time and result in a positive legacy. After the objectives have been agreed on, the implementation and spending should follow, to ensure proper execution. If expenses are incurred and allocated on an add hoc basis and the plans and objectives are continuously changes and modified, then the chances of success are seriously impeded.

#### Provincial Event Budget Preparation

Before a Provincial Council commences or authorises any portion of an event activity including the payment of any costs, a budget for such an event has to be tabled and

approved at a council meeting in order to ensure that there are no unexpected losses or mispending risk. Where a portfolio holder or a sub-committee is tasked with managing an event, then their budget proposal must be approved by the council BEFORE the commencement of the event is authorised.

#### Provincial Event Headcounts

At any activity which is organised, run, advertised or promoted by a member or office bearer of any dressage council in the name of either the Dressage SA or the Provincial Dressage Council, where any exchange of monies or donations takes place either by way of incurring expenses or receiving income or donations, a certificate must be produced, signed by the organiser and the Provincial/National President to certify that the details are correct and sent to the Secretary or Treasurer of Dressage SA within 15 working days after the end of the event.

The following details are required on the certificate:

1. The date/(s) of the event
2. The name of the organiser
3. The number of attendees that attended and if possible, either a list of names or an attendance register
4. Detailed breakdown of all income
5. Detailed breakdown of all donations
6. Detailed breakdown of all expenses
7. Details of all related activities and a declaration if the event forms part of a series or a course.

#### Rationale:

The auditors require this backing document to be able to audit the results of such events and to be able to match the headcounts with the revenue. Failing the production of these certificates, there is a very strong possibility that the financials will be qualified as they have been in the past and this reflect very poorly on the organisation and the office bearers of the organisation.

There is a need for the treasurer to be able to have full transparency into the financial impact (cost recoveries) of all events and to ensure that some portions of income or costs are not offset or allocated to other income or expense categories.

#### Dilution of budgets

All budget categories are to be utilised in a carefully planned and orchestrated way in order to deliver the maximum benefit to all the athletes and officials of the Province. We recognise that the income which funds such budgets is primarily made up of Annual Membership Funds and Show Levies provided by athletes. Remember these are public funds and must be very carefully managed and disclosed to the members. There has in the past been a propensity to utilise certain budget categories to assist in subsidising related but non-essential expenditure such as topping up loss making events or making small and non-impactful contributions to related activities or clubs and then not having sufficient funds in that category to bring about meaningful change in the budget category that it is intended for. Should such a practice continue, then the National Treasurer will either delay the payment to the beneficiaries or relocate the costs to the appropriate category.

#### Rationale:

Each province has certain constitutional obligations to its members and in turn the athletes and officials. Utilising the pre-planned budget categories in a non-



constructive way that does not enable the required advantages to the athletes and officials is not helpful at all and carries with it real risks of neglect.

#### **Bulk spending of budgets**

It is important that every budget category is spent in such a way to benefit the maximum number of athletes either directly or indirectly. Should an expense be incurred, for instance subsidising the costs of one team at one event, and the majority of the annual budget is spent on a few individuals, then that budget category stands exposed to abuse. Very careful consideration must be given to ensure that all members (i.e. club reps) are in agreement when such expenditure is planned and need to consider what alternatives are available. Accurate recording of the voting for such resolutions at council meetings is required.

This argument does not pertain to the smaller provinces where the individual budget category amounts are very low and where it is impossible to have a wider spread of expenditure. It is however still suggested that the annual income is allocated to one or two major expenditures that will make a difference to very many athletes and officials in the province. There is also a need for smaller provinces in particular to collaborate with each other as well as the Portfolio Holders at DSA to ensure more effective spend of marginal budget categories.

#### **Council Meetings and resolutions**

It is vital that all budget spend is authorised by appropriate resolutions taken at Provincial Council meetings. Such resolutions are obviously dependant on correct meeting procedures including appropriate notice, pre-arranged agenda and formal signed and approved minutes and detailed resolutions. The Dressage SA Treasurer, accountant and auditors are entitled to request copies of these meeting minutes at any time in order to provide source documentation to the payment requests.

The practice of "Round Robin", SMS, email or WhatsApp decision making processes must be avoided at all costs as these practices lead to discrepancies in decision making processes and decision recording requirements. Should a round robin decision be unavoidable, then such notice of the intended decision must be circulated in advance with all supporting documents to all council members advising as to the date as well as the exact wording of the intended decision and either the President, Vice President or Treasurer of Dressage SA must be included in the notice in order to ensure that the resultant resolution is not declared as null and void.

#### **Timeous and accurate payment requests**

The Provincial council (normally the Provincial Treasurer) is responsible to submit accurate and timeous payment requests for all expenditure requests. Here are some common issues that will result in either late or non-payment of payment requests:

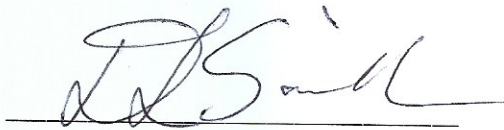
1. Invoices made out to any entity other than Dressage SA and where VAT is charged, that contain our VAT number which is 4710268378. This is vital for any claim and also in order to manage our Input Vat claims.
2. Claims for any expense that are submitted more than 30 days after the cost is incurred as these will be rejected.

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3. Last minute submissions will be delayed as DSA does not employ full time accounting staff and approval and signoff of any expense claim takes 5 working days as well as two banking clearance days.
4. Incorrect Province, Category, banking, description and signatory fields and the payment will not be processed if any of these fields are faint, incomplete, incorrect or not in line with the budget allocated.
5. For any event, the headcount certificate must be submitted before expenses are released.

Adoption of the above best practices will go a very long way to ensure the correct governance and financial safeguards that are required to maintain a high standard of organisational credibility and compliance. Please share this document with all members of your council to ensure urgent implementation

Tabled by the Executive Council of Dressage South Africa on 17 July 2019.



Dianne Smith

16-10-2019

Date

Resolved as being accepted as the official Policy of the Association by the Council on 17 July 2019



Pierre Hefer

17 July 2019

Date