

ESWATINI COUNCIL OF ARTS AND CULTURE

FINANCE POLICY

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DEFINITIONS

1. Internal Controls

- 1.1 The Board shall provide governance, guidance, and oversight to the operations and shall be ultimately responsible for internal controls.
- 1.2 The following are key elements of a sound system of internal control that should be implemented at ENCAC:
 2. **Delegation of Authority**-the Council delegates' authority through the CEO for the day to day running of the organization. The CEO in turn delegates to the Finance Manager the implementation of the internal controls. Senior management and staff are expected to comply with the dictates of this policy
 3. **Segregation of Duties**-The adequacy, effectiveness and efficiency of any internal control system require that there should be clear segregation of duties and responsibilities. To protect those operating the procedures and to prevent any temptation to misuse funds, the organization should apply separation of the various duties. Duties involving authorization, physical control, and recording should be separated. This strengthens financial control within the organization and lessens the load on one individual.
 4. **Arithmetic and Accounting Controls**-Transactions shall be properly recorded so that the organization can account for its assets and liabilities and shall prepare accurate and comprehensive financial statements. Accounts shall be maintained according to International Financial Reporting Standards (IFRS) and Swaziland's Accounting and Financial Reporting Standards as defined by the Swaziland Institute of Accountant's Act, 1985 as amended.
 5. **Personnel**-The organization shall employ qualified, experienced, competent, motivated and capable people. These employees must be reliable and responsible to enhance efficiency in the organization. The organization will regard these employees as assets.
 6. **Supervision**- Supervisors at all levels must be vigilant in their duties and ensure that members of staff under their supervision perform duties by following organizational policies. Heads of Departments entrusted with the supervision must be vigilant. This supervision must be done in a human way to promote morale among the employees and avoid apathy or frustration among those under supervision.
 7. **Accountability and Independent Check**- Accountability should be clear within the organization in order to identify who is responsible for certain tasks. In order to ensure that policies and procedures are being followed, surprise checks can be carried out and should be accompanied by a signature, especially for items such as petty cash, stock count, cash at hand and wages payment.
 8. **Control of documents**-This process involves the control of the organization's sensitive documents e.g., receipts, cheques, credit notes, purchase orders, etc. These documents must be handled by a responsible officer and should be pre-numbered to ensure control and minimize misuse. They must be kept under lock.
 9. **Management Review**-Management review controls exercised by management outside the day-to- day routine of the system include overall supervisory controls, the review of management accounts and comparison thereof with budgets and other special review procedures.

PART I

1. INTRODUCTION

The Finance Policy is designed to regulate the financial processes within Eswatini National Council of Arts and Culture (hereafter referred to as ENCAC and to guide management and staff in their pursuit of the Council's objectives, ensuring fairness, transparency, integrity and good accounting practices in their sphere of operation.

The policy also informs the Board of Directors on the processes that govern the utilization and accounting for funds assigned to management, by the Board, to expend.

This policy is a guideline, and does not replace management's responsibility to make reasonable, prudent and sound business decisions.

The policy also informs ENCAC of the processes that govern the utilization and accounting for funds assigned to management for operational purposes.

2. POLICY OBJECTIVE

- 2.1 To outline detailed policies and procedures to be followed by the Finance and Accounting Department personnel at ENCAC in accounting for their activities, thus ensuring good governance, transparency, value for money, and accountability;
- 2.2 To provide guidance to ENCAC's Finance and Accounting Department on the required processes in the recognition of income and expenditure, as well as tracking and reporting of all financial resources managed by the Council.
- 2.3 To provide guidance on internal controls and processing procedures to ensure integrity of the financial information produced by the Finance and Accounting Department;
- 2.4 To ensure accounting processes conform and comply to the PEU Act, Public Finance Management Act, ESPPR Act and the international accounting standards and any other legislation which may be relevant and or applicable in the performance of ENCAC duties.
- 2.5 To inform and guide the board, CEO, Management and Staff at ENCAC of the processes that govern the utilization and accounting for funds assigned to management, by the Council for operational purposes;

PART II

3. RESPONSIBILITY OF THE DIFFERENT POSITIONS WITHIN THE FINANCE DEPARTMENT

3.1 *The Board shall be responsible for the following duties*

- i. provide governance, guidance, and oversight to the operations and shall be ultimately responsible for internal controls.
- ii. recommend the appointment of external auditors;
- iii. Review and approve Annual Financial Statements including reports of the external auditors, quarterly financial and management reports and annual budgets;
- iv. Ensure the adequacy, effectiveness and efficiency of the internal control functions and systems.
- v. Meet with the CEO to discuss progress of financial plans and any management review matters;
- vi. The Board may delegate some of its functions to the Finance Sub-Committee from time to time;
- vii. Ensure compliance with the Public Enterprise Unit Act, as amended.

3.2 *The CEO*

Responsible for the overall strategic management and responsibility of ENCAC including the day to day operations of the organization in accordance with the Act including providing guidance to senior management and staff;

Functions

- i) Supervise the financial management processes which include monthly, quarterly and annual financial reporting;
- ii) Report to the Board on the financial performance of the organization including the submission of annual budgets and accurate monthly, quarterly and annual financial reports;
- iii) Review and recommendation of the annual budget for approval by the Board;
- iv) Ensure implementation and monitoring of accounting and other policies adopted by the Board;
- v) Ensure the effectiveness of the internal control function and systems;
- vi) Supervision of all office staff;
- vii) Meet with the Board and Senior Management from time to time to discuss the progress of financial plans and operations;
- viii) Undertake any other duties that may be requested by the board from time to time;
- ix) Ensure compliance with the Public Enterprise Unit Act, as amended.

3.3 *The Finance Manager*

- i) To be responsible to the CEO;
- ii) To manage all accounting and financial activities including financial reporting of the organization;

- iii) To account for all monies, investments and property belonging to the organization;
- iv) Ensure that reports are submitted every month to the CEO and other managers for control monitoring purposes;
- v) Monitor cash flow, and ensure that sufficient funds are always available in the bank;
- vi) Provide any other financial information, as requested by the CEO and responding to any other financial queries;
- vii) Prepare and consolidate departmental budgets for submission to the CEO for approval by the Board.
- viii) Ensure that monthly, quarterly and annual reports are prepared accurately and are submitted timely to the relevant stakeholders;
- ix) Ensure that appropriate finance management systems are maintained, and that all procedures and controls are implemented;
- x) Review all work performed by subordinates and confirming such reviews by signing all reviewed documents;
- xi) Coordinate all audits as well as undertaking any other duties that may be assigned by the CEO;
- xii) Ensure compliance with the Public Enterprise Unit Act, as amended and be accountable to the CEO.
- xiii) Risk issues.... subcommittee function missing
- xiv) Risk management policy; Take steps to Manage, Attend or resolve all risk mitigation issues as identified

4. TERMS OF REFERENCE ON FINANCIAL MATTERS

4.1 *Committee Responsible for Finances*

There shall be a sub-committee established by the Board to oversee and advise on all Council Finance matters. The functions the committee for Finance are specified in the board charter.

4.2 *Management.....functions*

The management shall in collaboration with the committee responsible for finance plan and implement finance programs and maintain financial accounting records.

5. FUNDS OF COUNCIL

The funds of the Council shall consist of the allocations in accordance with the PEU Act.

PART III

6. FINANCIAL YEAR

The financial year of Council shall start from 1st April to 31st March of the following year.

7. THE BUDGETING PROCESS

7.1 Management shall:

- 7.1.1 Management shall prepare the proposed budgets and present to the Board.
- 7.1.2 The annual budgets must be approved by the board by the second quarter (1st October) of each year.
- 7.1.3 Scrutinize the budgets and recommend to the finance and audit committee for the ensuing year.
- 7.1.4 Once approved by the board, the budget shall be submitted to the Ministry by the end of September each year.

8. CONTROL OF EXPENDITURE

8.1 In committing expenditure, the following authorization limits shall be adhered to:

- 8.1.1 Management may approve up to E10, 000.00
- 8.1.2 Finance Committee may approve up to E30, 000.00
- 8.1.3 The Board shall approve all other expenditure above E30, 000.00

8.2 The authorized signatories shall be:

- 8.2.1 The Chairman
- 8.2.2 The CEO
- 8.2.3 The Finance Manager

8.2.4 All bank transactions shall require the signature of any two of the authorized signatories in the Council's bank account provided that payment above E30, 000.00 shall be made on signature of three of the authorized signatories.

9. RECURRENT EXPENDITURE

The financial resources of the Council shall be allocated to:

- 9.1.1 The management and administration of Council office;
- 9.1.2 Expenditure for the development and promotion of Arts and Culture in the country.

10. INSURANCE POLICY

- 10.1 Council shall take up appropriate insurance policies for its funds, assets, securities, liabilities, personnel, the Board and its Sub-Committee members.
- 10.2 The CFO shall ensure all council insurable assets and liabilities are covered

11. BANK ACCOUNTS

Council shall, at the discretion of the Board, open one or several accounts with one or several banks where the offices of the Council are located.

12. COUNCIL INVESTMENTS

The board may invest council funds with funds managers as approved by the board – through the investment policy.

13. ASSETS

- 13.1 The CFO shall maintain a register of all fixed assets of the Council and an asset register.
- 13.2 Any tangible purchase less than E200.00 shall be treated as a consumable item as petty cash.
- 13.3 The maintenance of assets shall be the responsibility of management
- 13.4 All procurement of assets shall be approved by the Board inline the ESPPRA guidelines.

14. AUDITING

- 14.1 The board shall recommend the appointment of auditors in terms of the PEU Act.
- 14.2 Management shall ensure that auditing of the books of accounts of Council is done on a yearly basis and shall submit the books of accounts to the appointed auditors not later than thirty days after the financial year-end.
- 14.3 Auditors of Council shall be required to present the audited statements at a meeting of the board.

15. FINANCIAL REPORTS

- 15.1 At the close of each quarter, a financial report, including an income statement, balance sheet and cash movement, shall be drawn up by Management and presented to the finance committee and then to the main Board.
- 15.2 Management shall submit the signed audited accounts and activity report to the board then Ministry of Home Affairs not later than the last day of July each year.

16. PAYROLL PROCEDURES

16.1 PAYROLL OBJECTIVES

- i. To remunerate staff in accordance with their contracts of employment.
- ii. To ensure staff are remunerated timeously.
- iii. To comply with all legislation related to the employment and remuneration of staff, such as the Employment Act 1980, Income Tax Order 1975 and SNPF.
- iv. To ensure that statutory deductions are remitted timeously.

16.2 *Budgeting*

- i. Remuneration of employees is effected in accordance with an approved budget.
- ii. No individuals will be remunerated outside the approved budget, except through a specific Board of Director's approval.

16.3 *Payroll Processing*

- i. On or around the 15th day of each month, the Financial Accountant effect a payroll run for that month, calculating staff remuneration for all staff engaged by the Council. The payment date falls on the ____ of every month, where this date falls on a weekend or public holiday salaries will be paid on the last working day.

17. ALLOWANCES

- 17.1 Council shall as far as practical adhere to the Government Policy for payment of allowances.
- 17.2 Council shall pay, for officials and other persons carrying out Council's duties, traveling, boarding and lodging and any other applicable expenses as may be approved by the Board from time to time as guided by PEU / government circular.

PAYROLL.....

17.3 Per Diem/Personal Allowances

- 17.3.1 Council shall, subject to availability of finances, release funds for funding per diem for both artists, athletes and officials for multi-codes representing the country.
- 17.3.2 Individual Arts and Cultures codes shall be entirely responsible for paying per diem for the artists and officials selected for national team purposes.

18. GRANTS AFFILIATES TO MEMBERSHIP

Definition of council affiliates/ associations budgets and grants—in line with the arts and culture policy---preamble

- 18.1 A member shall be expected to meet the following condition before a grant may be allocated to it:
- 18.2 administration costs are offered at signing of recognition agreements
 - 18.2.1 Must be registered with Council in accordance with the recognition agreement provision of the constitution;
 - 18.2.2 Must have submitted all its plans as may be required by the Management;
 - 18.2.3 Must have submitted its association approved financial expenditure report for projects/ affiliates am/ statement of audited accounts for the preceding year;
 - 18.2.4 Must have submitted all development and finance reports on its activities.
- 18.3 Annual allocations, as approved by the board, shall be granted to membership of Council
- 18.4 All grants shall be subject to availability of funds
- 18.5 The Board shall at its discretion release a grant to other institutions/ organizations that promote Arts and Culture and recreation.

19. AREAS TO BE FUNDED BY COUNCIL AS GRANTS

- 19.1 Subject subsection 16 above the Council shall release grants to membership for the following areas:
 - 19.1.1 Administration
 - 19.1.2 Development
 - 19.1.3 International Participation (If necessary)
- 19.2 The Board in consultation with CEO shall have the discretion to allocate percentages within which expenditure in each of the above areas may be approved.
- 19.3 It shall be the duty of each member to raise shortfalls where Council is not able to fund an area as requested by the member.

20. CRITERIA USED IN ALLOCATING FUNDS

The management, in allocating funds to members, shall prepare and present a budget depending on the available funds for approval annually by the board .

Percentage Used from Previous Year's Allocation	Effect on Pursuing Year's Allocation Based on Previous Years Allocation
0-10%	-60%
10-20%	-50%
20-30%	-40%
30-40%	-30%
40-50%	-20%
50-60%	-10%
60-70%	-5%
70-90%	+0

90-100%	+5%
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21. USE OF FUNDS ON SPECIFIED PROJECT

- 21.1 A member shall use funds allocated for a specific project strictly on the approved project
- 21.2 Where a member seeks to divert funds from a funded project, the member shall seek for prior approval of the Board/ management . Where a member has diverted funds without such approval, the Board/ management shall have the discretion to suspend further funding for the concerned member until the members shows cause why the Board must not take punitive measures.
- 21.3 A member who is suspended shall lose all benefits applicable within the period of suspension and may not claim such benefits in the event that the suspension is lifted.

22. OBLIGATIONS OF MEMBERS TO ACCOUNT FOR FINANCES

- 22.1 Members shall have the obligation to account for all finances available to them, including funds from received from other sources/ Council. Such reports shall be made available to the Management not later than twenty-one (21) days after the end of each quarter (i.e. June, October and December)’
- 22.2 No funds shall be released to a member if such reports are not submitted.

23. SURPLUS FUNDS FROM PROJECTS

- 21.1 A member that holds unutilized funds accumulates a surplus from funds allocated by Council for a project shall deposit such funds in its account and such surplus shall be credited as an accrual to the member in the allocation for the next project to be approved.
- 21.2 The member shall not use these accumulated funds for any other purpose unless prior approval has been sought and obtained from the management/ Board.

24. RELEASING OF FINACE TO MEMBERS

- 24.1 Members shall submit, in the prescribed manner (year plan), a request for the release of funds for a specific project not less than sixty (60) days before the first day of the project.
- 24.2 Management shall release funds as per the approval stated in Clause 8 of this policy.

25. FUNDING FOR INTERNATIONAL CONFERENCES/FOR MEMBERS

- 25.1 The Board may have the discretion on the funding of members that intend to attend recognized / reputable international conference or any other event that may be outside the areas funded by Council which promotes our Kingdom or country.
- 25.2 An application for such funding shall be submitted to the management/ Board at least sixty (60) days before the intended date of departure.

26. POST FINANCE CLAIMS

Members shall not spend finances and make post claims to Council. The Board may in special circumstances consider post finance claims and use its discretion on whether or not it shall re-imburse the member, provided that a member shall have alerted management of the urgency of such expenditure.

27. FUNDING FOR INVITATIONAL GROUPS

Where Council/ Ministry/ government receives an invitation, the Board shall have the discretion to approve or not approve a finance request for an invitational group that intends to participate in an international competition.

28. FUNDING FOR ACTIVITIES OTHER THAN THOSE OF MEMBERS

The Board may approve funding for activities that aim to promote Art and Culture and recreation in the country in line with the strategic goals of the council/ National Arts and Culture Policy and with the aims and objectives of Council.

29. FUNDING FOR MULTI DISCIPLINE INTERNATIONAL EVENTS

Council shall, to the extent permitted by financial resources, fund multi discipline national teams. The authority responsible for the preparation and presenting of such a team shall submit a request to the Board in the prescribed manner. The Board shall consider such a request taking into consideration plans and budgets presented, together with other applicable factors. On satisfying itself of the suitability of the request, the Board may give approval. The Board shall have the discretion to approve part of a finance request and management shall inform the applicant in writing of the outcome.

30. AMMENDMENTS

- 30.1 The management will be responsible for review of this policy every after 2 years/ or may be necessary and make recommendations to the board for approval through the Finance committee.

Signature: CEO.....

Signature: Board Chairperson.....