



KIDDS BEACH RATEPAYERS AND RESIDENTS' ASSOCIATION (the Association)

FINANCE POLICY

Approved by the Executive Committee on: 12 February 2026

Effective: 13 February 2026

1. Introduction

This policy must be read with the Constitution of the Association ("the Constitution") and the Rules of the incorporated Homeowners Association ("the HOA Rules"). Terminology in this policy has the meaning as defined in the Constitution and the HOA Rules as amended from time to time.

2. Purpose and Scope

This Finance Policy sets out the financial management framework for the Association and the incorporated HOA. It ensures responsible, transparent, and sustainable financial practices to support the maintenance of the **common property**, settlement aesthetics, safety, environmental/community well-being, the Association's assets and projects.

This policy is binding on the Executive Committee, the HOA Sub Committee, the appointed Overseer, all Members, and any service providers engaged by the Association. It aligns with the governance responsibilities outlined in the Constitution and the HOA Rules and incorporates best-practice finance management principles.

3. Legal and Regulatory Framework

- Nonprofit Organizations' Subscriptions Act 71 of 1997
- Municipal Systems Act 32 of 2000
- SARS Tax Directives
- Generally Recognized Accounting Practices (GARP)
- King Governance Standards

4. Roles and Responsibilities

4.1 Executive Management Committee (EXCO)

EXCO is responsible for:

- 4.1.1 Exercising financial governance oversight to ensure compliance with legislative, regulatory, generally recognized financial standards, good practice and policy imperatives.
- 4.1.2 Approving the HOA's Annual Workplan and other Project Plans.
- 4.1.3 Adopting the Association's Annual Budget aligned to the approved HOA's Annual Workplan and Project Plans and the alignment thereof as when required.
- 4.1.4 Assessing the financial sustainability of the Association and making proposals to the AGM in respect of membership levies.
- 4.1.5 Monitoring the financial performance of the Association, the HOA Sub Committee and Projects and where required direct corrective action.
- 4.1.6 Overseeing the functions allocated to the Treasurer.
- 4.1.7 Setting procurement and other expenditure thresholds.
- 4.1.8 Considering the annual financial statements audited to be adopted by the Annual General Meeting (the AGM).
- 4.1.9 Developing financial resolutions for consideration and adoption by the AGM.



- 4.1.10 Approving by resolution (including round robin) procurement and expenditure items exceeding approved thresholds.
- 4.1.11 Overseeing the effective, efficient and economic utilization of the Association's assets.
- 4.1.12 Approving contractual and service level agreements with financial implications.

4.2 EXCO Chairperson

The Chairperson is responsible for:

- 4.2.1 Providing overall leadership and ensuring policy compliance.
- 4.2.2 Co-signing payment claims authorisations falling outside the delegation threshold.

4.3 Treasurer

The Treasurer is responsible for:

- 4.3.1 Developing and maintaining the Association's accounting system, procedures, and internal control measures.
- 4.3.2 Consolidating budgetary inputs and facilitate the adoption of the Association's Annual Budget and alignment thereof as and when appropriate.
- 4.3.3 Managing the Association's banking interface.
- 4.3.4 Maintaining the Association's electronic financial and assets document depository.
- 4.3.5 Conducting compliance assurance in respect of expenditure claims and processing payments through the Bank's electronic fund transfer facility only.
- 4.3.6 Issuing creditor invoices and managing the Association's debt register.
- 4.3.7 Analyzing the Association's financial performance, submitting monthly and annual financial reports for adoption by relevant governance structures and providing technical advice to the Executive Committee on the management/investment of funds.
- 4.3.8 Co-signing payment claims confirming policy compliance.
- 4.3.9 Maintaining the Association's Risk Register, developing and implementing risk mitigation measures.
- 4.3.10 Monitoring and reporting on the performance of the Association's investment portfolio.
- 4.3.11 Maintaining the Association's Debt Register and oversee debt collection processes as provided in this policy.
- 4.3.12 Managing the external audit interface.

4.4 HOA Sub-Committee

The Sub-Committee is responsible for:

- 4.4.1 Maintaining the HOA membership register and implementing initiatives to improve membership.
- 4.4.2 Monitoring levy payment compliance by Freehold Property Members and initiate corrective action where required.
- 4.4.3 Defining the HOA's Annual Workplan.
- 4.4.4 Developing and maintaining the HOA's Annual Budget for approval by the Executive Committee.
- 4.4.5 Developing budget deviation proposals to deal with unforeseen and emergency situations for approval by the Executive Committee.
- 4.4.6 Developing revenue enhancement proposals and coordinating the implementation thereof after approval by the Executive Committee.
- 4.4.7 Authorizing expenditure for the maintenance and improvement of the common property in accordance with this policy.
- 4.4.8 Providing claim payment and accounting records to the Association's Treasurer meeting policy standards.
- 4.4.9 Reporting on the operational and financial performance of the HOA to the Executive Committee.
- 4.4.10 Where required, sourcing quotations from service providers and adjudicating the same to ensure fair, transparent procurement and value for money.



- 4.4.11 Reviewing vendor performance and where required facilitate corrective action.
- 4.4.12 Maintaining the HOA's assets register.
- 4.4.13 Appointing, as and when required, casual workers at the prescribed minimum hourly wage rate.
- 4.4.14 Overseeing the performance of the Overseer.

4.5 Overseer

As defined in the HOA Rules and the Job Profile:

- 4.5.1 Acts as the primary interface between Members, the Sub-Committee, and service providers.
- 4.5.2 Manages in conjunction with the BCM Supervisor the day-to-day upkeep of common open spaces.
- 4.5.3 Provides technical support to Sub-Committee in respect of the Annual Work Plan, Monthly Work Plan and the Annual Budget.
- 4.5.4 Reports on maintenance or cost-related issues to the Sub-Committee to approve resource allocations.
- 4.5.5 May not authorize financial expenditure unless explicitly delegated in writing by the Sub-Committee.

4.6 Service Providers

- 4.6.1 Must be appointed through transparent and fair processes.
- 4.6.2 Must provide quotations, invoices, and evidence of work completed.

4.7 Project Teams

Project Teams, appointed by the Executive Committee to address service delivery issues and matters falling outside the scope of the HOA Sub Committee, are responsible for:

- 4.7.1 Developing Project Plans for assigned areas of operations.
- 4.7.2 Developing Project Budgets for approval by the Executive Committee.
- 4.7.3 Where required, sourcing quotations from service providers and adjudicating the same to ensure fair, transparent procurement and value for money.
- 4.7.4 Submitting procurement proposals for approval by the Executive Committee.
- 4.7.5 Reviewing vendor performance and where required facilitate corrective action.
- 4.7.6 Processing claims for approval and payment as provided for in this policy.
- 4.7.7 Reporting on project performance to the Executive Committee.

5. Budgeting and Financial Planning

5.1 Annual Budget

- 5.1.1 The approved Annual Workplan of the HOA Sub Committee and Project Plans must inform the Association's budgetary planning and development processes.
- 5.1.2 The Executive Committee is responsible to develop and adopt a consolidated Annual Budget inclusive of the adjustment thereof to accommodate unforeseen needs.
- 5.1.3 The Executive Committee may approve transfers from projected revenue line items to fund non-related expenditure line items.



5.1.4 The Annual Budget must include provisions for:

- Distinct cost centers (HOA, Property Portfolio, Projects, Administration, etc.)
- Projected revenue (levies, projects, donations, rental and interest).
- Expenditure for the maintenance and upgrade of the common property, inclusive of equipment, consumables and labour.
- Expenditure for the maintenance of the Association's property portfolio inclusive of utility costs, equipment and consumables.
- Expenditure for projects falling outside the scope of the HOA Sub Committee.
- Administration Costs.
- Donations and Social
- Contingency and reserve allocations for capital and infrastructure projects

5.1.3 The Executive Committee is responsible for approving budget requirements to accommodate emergencies and/or unforeseen expenditure.

6. Levies and Collections

6.1 Levy Determination

- 6.1.1 The HOA Sub Committee annually develops, in conjunction with the Treasurer, proposals for the adjustment of the Freehold Property Membership Levy based on projected operational costs and planned reserves (as per Rules Section 4).
- 6.1.2 The Treasurer annually develops proposals for the adjustment of the Associate membership levy.
- 6.1.3 The Executive Committee must consider proposed levy adjustments and make recommendations to the AGM.
- 6.1.4 Adjustment of membership levies must be approved by members at the AGM.

6.3 Levy Administration

- 6.3.1 Levies are payable monthly or annually in advance.
- 6.3.2 The HOA Sub-Committee must analyze the Treasurer's Levy Report, implement measures to resolve arrear Freehold Property Member Levies and report thereon.
- 6.3.3 No cash payment of levies can be accepted, only bank electronic fund transfers, debit order payments.

6.4 Levy Arrears and Debt Management

- 6.4.1 Freehold Property Membership Levies are in arrears if not received by the 7th day of each month.
- 6.4.2 Interest accrues at prime + 2% (HOA Rules 4.3) for duly signed up freehold members.
- 6.4.3 An administration fee may be charged for late payments on Freehold Property Membership Levies, consistent with the penalties schedule attached to the HOA Rules.
- 6.4.4 The Treasurer is responsible for managing the non-HOA debt of the Association.
- 6.4.5 Legal action may be taken by the Executive Committee for arrears exceeding 30 days, in accordance with the Association's right to recover levies in court.



7. Reserve Fund and Capital Planning

7.1 Purpose of Reserve Fund

- 7.1.1 To fund major future repairs, replacement of community assets, and long-term environmental management of the common property.
- 7.1.2 The Association shall aim to maintain at least three months' levy income as a reserve buffer.
- 7.1.3 A designated portion of levies to be determined by the Executive Committee contributes toward the reserve fund.
- 7.1.4 A call for donations may can be made only if the Executive Committee deemed it appropriate to sustain the reserve fund for required major projects (e.g., stormwater control, street/road verge rehabilitation, bulk infrastructure, litigation).

7.2 Use of Reserve Funds

- 7.2.1 Only for major capital projects, essential infrastructure preservation or litigation.
- 7.2.2 Not for routine day-to-day operating expenses.

8. Expenditure Management

8.1 Authorization of Expenditure

8.1.1 Expenditure under R2,000:

- HOA Expenditure: Overseer may recommend, Sub Committee approves and Treasurer concurs.
- Other Expenditure: Project Lead recommends, Exco Member and Treasurer approve,

8.1.2 Expenditure R2,000–R10,000:

- HOA Expenditure: One HOA Sub Committee Member and One Exco Member approves and Treasurer concurs.
- Other Expenditure: Two Exo Members and Treasurer approve

8.1.3 Expenditure Above R10,000:

- Executive Committee to determine, depending on the type of service required, quotation or tender process.
- Executive Committee to approve expenditure by formal or round robin resolution (latter to be confirmed at the next Exco meeting).

Notes:

- 1) For items above R5,000.00 at least two quotations must be obtained.
- 2) Splitting is not allowed to stay within expenditure thresholds.
- 3) Supplier rotation must be maintained as far as possible.

8.2 Payment Authorization

- 8.2.1 Payments must be authorized as per the Claim Form as determined by the Treasurer from time to time.
- 8.2.2 Members may, for prior **approved** expenditure up to R5,000.00, make payments on behalf of the Association and request reimbursement by means of the prescribed claim form.
- 8.2.3 Claims for the payment of wages to casual workers must be accompanied by a Confirmation Certificate. Appendix B
- 8.2.4 In instances where services were procured from a vendor, a valid invoice/receipt must be attached to the Claim Form.
- 8.2.5 A Claim Form must be completed for withdrawals from petty cash.



- 8.2.6 Payments above R500.00 must be made by Bank Electronic Fund Transfer.
- 8.2.7 Duly completed claims must be submitted electronically in PDF format to the Treasurer for quality assurance, payment processing and record keeping.

8.3 HOA Petty Cash

- 8.3.1 Maximum petty-cash float: R1,000.
- 8.3.2 Supports small purchases required for maintenance.
- 8.3.3 Can be used for daily casual labour remuneration.
- 8.3.4 Withdrawals must be done by means of the prescribed Claim Form
- 8.3.5 Petty cash reconciliation must be done monthly and submitted to the Treasurer.

8.4 Reimbursements

- 8.4.1 Expenditure must be pre-approved as per paragraphs 8.1 and 8.2 *supra*.
- 8.4.2 Reimbursement claims must be submitted in the prescribed format.

9. Internal Controls and Risk Management

9.1 Segregation of Duties

- 9.1.1 The person approving expenditure may not be the same person processing the payment.
- 9.1.2 Persons overseeing service providers may only recommend payment and may not approve such payments.

9.2 Fraud Prevention Measures

- 9.1.1 All Claims must be logged.
- 9.1.2 The Treasurer and at least One Exco Member must reconcile the Bank Statement and Claims submitted and report findings at the first EXCO meeting,

10 Financial Reporting and Transparency

10.1 Reporting Periods

- 10.1.1 Treasurer to circulate monthly financial statements to HOA Sub Committee and EXCO members.
- 10.1.2 Exo to consider at each scheduled meeting the Treasurer's Period Financial Report for adoption and where appropriate direct corrective or other action.
- 10.1.3 Audited annual financial statements must be presented at the AGM.
- 10.1.4 Financials must comply with generally recognized accounting standards applicable to small Non-Profit Organizations.
- 10.1.5 The financial year runs from 1 November to 31 October.

10.2 Audit

Assurance on the correctness of the Association's Annual Financial Statements and policy compliance must be conducted by an External Auditor appointed by the AGM.



11. Procurement and Service Provider Management

11.1 Appointment Process

11.1.1 Overseer and Project Leads identify needs and requests quotations as per the delegation framework in paragraph 8.1 supra.

11.1.2 Procurement is approved as per the delegation framework in paragraph 8.1 supra.

11.2 Performance Monitoring

11.2.1 Overseer and Project Lead monitors service delivery quality.

11.2.2 Overseer and Project Lead responsible to initiate corrective action, where appropriate.

11.2.3 Overseer and Project Lead once satisfied with the quality of work, certifies same on claim forms.

11.2.2 Complaints or failures must be reported to the HOA Sub Committee, Project Teams and Exco for action.

11.3 Procurement

11.3.1 Consumables for cleaning and maintenance to be procured by the Overseer or HOA Committee Member or Project Lead.

11.3.2 Purchase of equipment, capital items and major services to be approved in line with the delegation framework in paragraph 8.1 supra

12. Common Property Procurement Responsibilities

Procurement may be made for:

12.1 Vegetation control and clearing.

12.2 Fire-risk management, including undeveloped erven concerns (Rules 5.4–5.7).

12.3 Road and verge maintenance (Rules 8.4).

12.3 Stormwater management concerns (Rules 5.6).

12.4 Clean-up of illegal dumping or littering (Rules 11.6).

12.5 Infrastructure upkeep, including beach front operations, in collaboration with BCM (Rules 6.1).

12.6 Equipment required for the upkeep of the Common Property.

Note: Before procurement is initiated, the inability of BCM to provide such services must be determined and recorded.

13. Preferential Procurement

13.1 Preferential procurement should be given in this sequence to the following:

13.1.1 Local businesses

13.1.2 Small enterprises

13.1.3 Previously disadvantaged groups

14. Penalties, Interest and Financial Enforcement

14.1 The penalties schedule in the Rules applies (Annexure A) and will be applied by Exco and the HOA subcommittee (Rules 12)

14.2 Interest at prime + 2%.



- 14.3 Administrative fees for non-payment.
- 14.4 Fines for waste violations, pet nuisances, damage to common property, etc.
- 14.5 Penalties are recoverable as levies.

15. Amendments to This Policy

- 15.1 May be amended by Exco resolution.
- 15.2 Must be presented to Members at the next AGM for noting.

This policy was approved by the Executive Committee at a meeting held on 12 February 2026

SIGNED:

DATE: 13 February 2026

A handwritten signature in purple ink, consisting of a stylized 'K' followed by a circle and a horizontal line, is positioned below the 'SIGNED:' label.

Chairperson KBRRA