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Cash Management Policy

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Policy Owner: Finance

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DOCUMENT VERSION

Version	Revision Date	Prepared/Revised by	Business Unit	Status
Draft	2020/08/01	Myself Khoza	Corporate Services	1 st Draft
Final	2023/12/07	Anele Mntonga	Finance	Approved

DOCUMENT REFERENCE LIBRARY

Document Reference Library

DOCUMENT FILE NAME	CONTEXT AND RELEVANCE
Government Employees Pension Law, 1996	Deals with the Government Employees Pension Law

BUSINESS AREAS IMPACTED BY THIS POLICY

Name Business Unit/Area	Context and Relevance
Finance: Government Employees Pension Fund	Impacts on all employees at GEPPF

GLOSSARY OF TERMINOLOGY

Abbreviation/Terminology	Description
GEPPF	Government Employees Pension Fund
Board	Board of Trustees
AFR-C	Audit Finance and Risk Committee
EFT	Electronic Funds Transfer
GPAA or Agency	Government Pensions Administration Agency
SLA	Service Level Agreement between Government Employees Pension Fund and Government Pensions Administration Agency.

1. Policy Purpose

The document has been developed to outline the cash flow management policy within the Government Employees Pension Fund (GEPF) for operational expenditure.

The purpose of the cash flow management policy is to support the GEPF by:

- 1.1. Ensuring the availability of adequate levels of cash at all times to meet the GEPF's daily expenditure demands;
- 1.2. Providing accurate cash forecasts;
- 1.3. Ensuring all cash transactions are adequately authorized and accurately recorded;
- 1.4. Providing cash flow management reports including the cash flow statement for annual financial statements purposes; and
- 1.5. Complying with GEP Law and Rules of the fund.

2. Legislative Reference

- 2.1. Rule 4.2.8 of GEP Law states that GEPF shall pay from the Fund the expenditure connected with the management of the Fund's business.
- 2.2. Rule 4.4 of GEP Law states that the board shall open an account or accounts in the name of the Fund at any registered bank.

Any changes to the policy shall be communicated immediately to all Trustees.

3. Policy Statement

The Board is responsible to approve the policy and updates thereof. The AFR-C is responsible to review and present the policy to the Board for approval.

GEPF management will:

- i. Submit the policy to the AFR-C and the Board for approval and
- ii. Ensure that cash management is carried out in line with the policy

4. Control Environment

The control environment extends beyond the specific management of cash flow.

This includes the following:

- i. There are clearly defined roles and responsibilities that are communicated to all staff
- ii. Cash flow is monitored and reported regularly.

- iii. There are strict controls over authorization limits.
- iv. There is segregation of duties between cash flow management, those who initiate payments and those who account for transactions.
- v. All cash transactions are recorded within the general ledger and are supported by instructions
- vi. All payment instructions require two or more authorized signatories in accordance with bank mandates.
- vii. Bank mandates detailing authorisation limits are to be signed off by the PEO.
- viii. Bank mandates will be reviewed regularly by management and updated where necessary.
- ix. The bank reconciliations will be prepared by the Financial Accountant on a monthly basis and will be reviewed by the Financial Manager.

5. Bank Accounts (Opening and Closing of Bank Accounts)

The Board shall open or close a bank account at any registered bank. The Board can delegate any management official to do this function. This account will be used for GEPF for operational expenditure.

5.1. Opening of bank accounts

The opening of a new bank account will be approved by the Board.

5.2. Closing of bank accounts

The closing of a bank account will be approved by the Board.

6. Cash Forecasting

At the beginning of every month, the GEPF finance unit shall estimate the expenditure for the month based on the payment runs detailed below. Cash forecasting will be based on the monthly projections. This forecasting shall be submitted to GPAA to request funds.

6.1. Expenditure

Operational expenditure comprise of:

- i. Compensation of Employees
- ii. Goods and Services
- iii. Capital Expenditure

6.1.1. These expenses include, but not limited to, personnel costs, audit fees, advertising and promotions, board of trustee's fees, computer services fees,

consulting and professional fees, leases, legal fees, travel and subsistence and office consumables.

6.2. Cash surplus and cash deficit

Surplus cash after paying all the invoices will be retained at the GEPF operating expense bank account. The GEPF has discretion to transfer surplus funds to the bank account that resides with the GPAA. This account should not run into a deficit.

7. Reporting

A report showing actual and budgeted expenditure will be prepared monthly, quarterly, half yearly and annually.

8. Payment Limits and Procedures

Operational bank account payment limits and procedures are as follows:

- 8.1. All Value Added Tax (VAT) compliant invoices to be paid will be loaded in the banking system by the Financial Accountant.
- 8.2. The Financial Accountant will submit the initiated payment file with supporting documentation to the Finance Manager for first approval.
- 8.3. The Financial Manager will submit the approved payment file with supporting documentation to the Head: Finance for second approval.
- 8.4. The Financial Accountant will process journal entries on the financial system.
- 8.5. The Financial Accountant will prepare bank reconciliations on a monthly basis and investigate all reconciling items.
- 8.6. The Financial Manager will then approve and sign off the bank reconciliation.
- 8.7. The Head of Finance will review the bank reconciliations on a quarterly basis.
- 8.8. No deposits shall be made into this account for the purposes of investing except for the cash flow requested amount from GPAA;
- 8.9. Non pension benefit related recoveries (operational in nature) from employees and any other person that need to pay back some monies to GEPF shall be paid into the GEPF operational expenses bank account; and
- 8.10. The maximum amount allocated to the Petty Cash float will be as per the Petty Cash Policy.

9. Related Policies

The policies and guidelines related to the Cash Management Policy are:

- Petty Cash Management Policy; and
- Credit Card Usage Guidelines

10. Non-compliance with the Policy

Non-compliance with this Policy by any employee will subject such person to appropriate disciplinary action in line with the GEPPF's disciplinary processes.

11. Interpretation

In the event of any inconsistency between this policy and the Rules of the Fund, the Rules shall prevail.

12. Policy Review and Evaluation

This policy identifies the approach that the GEPPF follows in the management of operational expenses cash flows.

This policy also identifies the procedures to be followed in the day-to-day management of cash flow. This policy will be reviewed every three-years or as and when necessary.

13. Policy Approval

The GEPF Policy document is applicable to all sections of the GEPF and must be adhered to by each cost centre.

RECOMMENDED/ ~~NOT RECOMMENDED~~



MR NTSOARENG MAROTHOLI

CHAIRPERSON: AUDIT FINANCE AND RISK COMMITTEE

GOVERNMENT EMPLOYEES PENSION FUND

DATE: 07/12/2023

APPROVED/~~NOT APPROVED~~



MR DONDO MOGAJANE

CHAIRPERSON: BOARD OF TRUSTEES

GOVERNMENT EMPLOYEES PENSION FUND

DATE: 07/12/2023
