

Management, policy and operational guidelines

As the Cooperative Financial Institution (CFI) grows so there will be more requirements. This briefing deals with organizations with less than 10 employees.

Importance rating

1. Breaking the law and must be addressed as soon as possible or within the next three months
2. Needs attention and should be rectified within 6 month
3. Needs ongoing attention and should be rectified within a year

Legislative requirements

1	Cooperatives Act 2005:	If you call yourself a Cooperative must register with the Cipro, Registrar of Cooperative
1	Banks Act: Gov. Notice R 887 of 22 August 2008	If you take deposits (savings) you need to be regulated by samaf (FSCs) or SACCOL (SACCOs)
1	National Credit Act 2005:	If you have a loan portfolio of more than R500,000 or 100 loans must register with the National Credit Regulator
1	SARS: VAT	If the cooperative generates more than R 300,000 from service fees p.a (excluding loan interest income), must register to pay Vat.
1	SARS: Corporate Tax	If the Cooperative generates a surplus at the end of its financial year, it must pay tax on that surplus
1	Dept of Labour: : Site, Paye, U.I.F, Workman's compensation	If staff are employed they must be registered with SARS and the various taxes paid monthly.
1	Skills Levy	Levy only needs to be paid once you employ more than 20 employees.
3	BankSeta:	Though not compulsory all FCSs should register with the Bank Seta to benefit from its services (internships / training grants etc)
1	Provincial/Local council/government	These differ from province to province

Financial management

2	Production of monthly financial statements	Requirement of Cooperatives Act
2	Daily, weekly or monthly reconciliation	Requirement of Cooperatives Act
1	Audited financial statements produced within 3 months of close of financial year as per constitution and submitted to samaf and register of Coops	Requirement of Cooperatives Act
3	Annual budget	Highlighting of its income and expenditure for the year, resulting its targeted surplus
3	Operating budget	Detailed breakdown of its operating expenditure of the year
1	Meeting minimum Prudential standards	samaf rules requirement addressing strategies to meet minimum prudential standards over determined periods should be outlined
1	FCS has less than R 20 million in assets SACCO has less than R 30 million in assets	Requirement of the various Notice R 887 of 22 August 2008 notices
1.	Adequate accounting records	Requirement of the Cooperatives Act

Business strategy

3	Mission and vision statement	Clear statement of intent as to the mission, vision of the business
1	Business plan	Should outline how the FSC will achieve its objectives
2	Operational Plan	How the FSC will carry out its objectives
2	Marketing Plan	What products, services and strategies will be used to increase members
1	Annual General meeting held	Compulsory to remain accountable to members – Co-op Act
3	Organisational chart	Typically part and parcel of a business plan

Minimum policy guidelines

1	Constitution	Required to register with CIPRO
2	Loans policy	Required to register with samaf
2	Collection policy	Required to register with samaf
1	Savings policy	Required to register with samaf
2	Investment policy	FSCs not doing loans or very few loans and investing money need an investment policy
3	Risk management policy	Natural disasters, unforeseen risks should be considered and insured or strategized for
2	Personnel Policies	Should at a minimum include: Basic conditions of employment

		Job descriptions Employment contracts
3	Asset/liability policy	More advanced FSCs, affected by interest and investment movements should have a committee to manage such risk through an assets/liability policy

Internal Controls for risk management

2	Rental agreements	To protect the FC
3	MIS system operational	Assist the FC to maintain its records
1	Minute book (bound with previous minutes signed)	Requirement of Cooperatives Act
1	Credit Committee minutes book (bound with previous minutes signed)	Requirement of the Cooperatives Act
1	Membership application form	Requirement of the Cooperatives Act
1	Maintains a membership register	Requirement of the Cooperatives Act
1	Member resignation form	Requirement of the Cooperatives Act
1	Loan quotation form	Requirement of the National Credit Act
1	Acknowledgement of debt form/Loan contract	Requirement of the National Credit Act
1	Loan application form including affordability assessment	Requirement of the National Credit Act

Management Conduct

2	Conflict of Interest policy	Requirement of the Cooperatives Act
3	Ethics and behaviour policy	Requirement of the Cooperatives Act
2	Policy outlining loan treatment for board and staff	Good board behaviours and avoids conflict of interest
3	Trained board members	Samaf requirement and included in the Cooperatives Banks Act
1	Board members elected and rotated as per constitution	Requirement of the Cooperatives Act
3	Job descriptions for board members	Not essential but does assist the board with understanding their roles
1	Nominating committee for AGMs	Requirement of the Cooperatives Act
2	Fit and proper staff and board members	Samaf requirement and included in the Cooperatives Banks Act
1	Board members and staff member loan list updated	Co-op Banks Act and Samaf requirement

Service to members

3	Issuing to members monthly/quarterly statements	Requirement of the NCA
1	Only trades with members/shareholders	Requirement of Government Notice R 887 of 22 August 2008