

FINANCIAL MANAGEMENT POLICY

OF

CANAL EAST HOMEOWNERS ASSOCIATION

1. OVERVIEW OF THE FINANCIAL POLICY

1.1 Purpose

The purpose of this document (“**Financial Policy**”) is to guide the Canal East Homeowners Association (“**Association**”), through its elected Committee Members (“**Committee**”), to ensuring sound, transparent, and accountable financial management and control of all funds and property (movable, immovable and/or incorporeal) belonging to the Association.

1.2 Objectives

1.2.1 The objectives of this Financial Policy are to:

- 1.2.1.1 enable the Association to deliver on its mandate prescribed in the Association’s constitution;
- 1.2.1.2 safeguard the Association’s financial integrity;
- 1.2.1.3 promote transparency and accountability in financial decision-making;
- 1.2.1.4 ensure compliance with applicable laws and regulations of the country;
- 1.2.1.5 provide a clear framework for budgeting, expenditure control and reporting;
and
- 1.2.1.6 regulate the delegation of the financial management of the Association.

1.2.2 Scope and Application

1.2.2.1 This Financial Policy applies to:

1.2.2.1.1 the Committee; and

1.2.2.1.2 the Members; and

1.2.2.1.3 any employee (if employed), agent or service provider responsible for the financial activities for and on behalf of the Association.

1.2.2.2 This Financial Policy governs the financial activities of the Association including, but not limited to, budgeting, expenditure, investments, accounting, income collection and reporting.

1.3 **Financial Principles**

1.3.1 The Association operates as a non-profit organization. Except as specifically prescribed in this Financial Policy, all income and property must be applied towards the Association's constitutional mandate.

1.3.2 Financial management by the Association must adhere to the principles of:

1.3.2.1 Integrity-All transactions must be honest and accurate;

1.3.2.2 Accountability- The Committee are accountable to the Members;

1.3.2.3 Transparency- Financial statements are available to Members and to the lawful authorities;

1.3.2.4 Prudence- The Association's funds and property must be employed carefully, efficiently and effectively.

1.4 Governance and Responsibilities

1.4.1 The Committee

1.4.1.1 The Committee are responsible for:

1.4.1.1.1 the financial management of the funds and property of the Association;

1.4.1.1.2 ensuring compliance with this Financial Policy and with all applicable laws and regulations;

1.4.1.1.3 approving the financial statements;

1.4.1.1.4 developing budgets supporting the constitutional aims and objectives of the Association;

1.4.1.1.5 preparing annual financial statements (“**AFS**”);

1.4.1.1.6 presenting the budgets to Members and, on approval, the implementation thereof;

1.4.1.1.7 presenting the AFS to the Members at the Association’s annual general meeting (“**AGM**”)

1.4.1.1.8 determining financial delegation and authorization controls and limits;

1.4.1.1.9 ensuring internal controls are maintained and reviewed regularly.

1.4.1.2 The Treasurer

1.4.1.2.1 The Treasurer must be a Trustee of the Association and failing any Trustee appointed in the role of Treasurer or in the event that the role of Treasurer

becomes vacant, for whatsoever reason, the role of Treasurer will be held by the Chairperson of the Committee in addition to such role of chairperson.

1.4.1.2.2 The Treasure is responsible for:

1.4.1.2.2.1 overseeing the financial administration and reporting of the financial affairs of the Association;

1.4.1.2.2.2 liaising with the Managing Agent ("**MA**") (if appointed) on those matters prescribed in this Financial Policy and over which the MA has delegated authority to manage the financial affairs of the Association;

1.4.1.2.2.3 ensuring financial reports are tabled and presented at all Committee meetings;

1.4.1.2.2.4 tabling and presenting the AFS, budget and financial reports (if applicable) at the AGM; and

1.4.1.2.2.5 reporting any financial irregularities to the Committee.

2 DELEGATION OF FINANCIAL MANAGEMENT

2.1 The Committee may delegate, in writing, the day-to-day financial administration (or part thereof) of the Association to a suitably qualified and experienced professional service provider, if appointed (or for so long as such party is appointed), which may include a property management agent, accountant, accounting officer, financial administrator or any other person or entity possessing demonstrable expertise in the financial management of a Members association, sectional titles body corporate or similar community schemes ("**MA**")

2.2 Delegation of Financial Management

2.2.1 The Committee may delegate the financial administration of the Association to the MA, including, but not limited to:

2.2.1.1 billing and collection of levies and other income;

2.2.1.2 payment of approved expenses;

2.2.1.3 maintenance of accounting records;

2.2.1.4 custodianship of all financial records (physical and digital) of the Association;

2.2.1.5 assist in preparation of financial reports for Committee meetings;

2.2.1.6 Assist in preparation of the budget; and

2.2.1.7 Assist in preparation of the AFS;

2.2.2 Notwithstanding the delegation in this clause 2.2.1, the Committee are and remain ultimately responsible for the financial affairs of the Association

3 FINANCIAL YEAR

3.1 The financial year of the Association will commence on the first day of March and end on the last day of February of each year.

3.2 All financial reporting, budgeting, and auditing activities will be aligned with this financial year.

3.3 The Committee (or the MA if appointed) will ensure that:

- 3.3.1 the draft budget for the next financial year is finalised and circulated in accordance with clause 4; and
- 3.3.2 all statutory returns and financial submissions (including to CIPC and SARS, where applicable) are completed within the prescribed time frames following the financial year-end.
- 3.4 The Committee may, for sound administrative or legal reasons, propose a change to the Association's financial year-end, provided that such change is:
 - 3.4.1 supported by a written unanimous resolution of the Committee;
 - 3.4.2 approved by the Members in a general meeting; and
 - 3.4.3 duly recorded with all relevant statutory bodies (to the extent necessary).

4 BUDGETING AND FINANCIAL PLANNING

- 4.1 The Treasurer or any financial sub-committee chaired by the Treasurer will be responsible for the preparation of the annual budget detailing expected income and expenditure for the following financial year ("**draft budget**"). The treasurer may, in the exercise of this responsibility, engage a professional service provider to assist herein.
- 4.2 The draft budget must be presented to the Committee by the Treasurer for consideration and conditional approval (with or without amendments) not later than 60 (sixty) calendar days before the Association's AGM.

- 4.3 Once a draft budget has been conditionally approved by the Committee, it must be circulated and/or presented not less than 14 (fourteen) calendar days before the AGM to the Members at a budget meeting (the “**budget meeting**”)
- 4.4 The purpose of the budget meeting is to:
 - 4.4.1 provide Members with an opportunity to review and understand the draft budget, including anticipated levy increases and major cost items;
 - 4.4.2 allow Members to make representations, comments, or suggestions in respect of the draft budget; and
 - 4.4.3 promote transparency and participatory governance in the Association’s financial planning.
- 4.5 Following the budget meeting, the Committee must consider all Members’ comments and representations made at or following that meeting and may, in their discretion but with due regard to such comments as well taking into account the Association’s constitutional deliverables, make any amendments or adjustments to the draft budget the Committee deems appropriate.
- 4.6 The resulting budget (the “**Budget for Approval**”) will thereafter be tabled for formal approval at the AGM.
- 4.7 No expenditure in excess of, or outside the scope of, the approved budget will be incurred unless specifically authorised by a subsequent unanimous resolution of the Committee or by resolution of the Members in a general meeting.

5 BANK ACCOUNTS AND BANKING ARRANGEMENTS

5.1 The Association must at all times operate one or more banking accounts in its own name, held with a reputable and established financial institution registered in the Republic of South Africa.

5.2 The Association's banking structure must, as a minimum, comprise the following accounts ("**accounts**"):

5.2.1 Main Operating Account

Used for the receipt of all income (including levies (annual and special) and ordinary revenues) and for the payment of all operational expenses, supplier accounts, and other costs incurred in the normal course of managing the Association's affairs.

5.2.2 Investment Account

Used for the deposit and management of surplus funds, reserve funds, or investment income in accordance with Clause 8.2 of this Financial Policy. Interest earned on this account will accrue to the Association.

5.2.3 Trust or Holding Account

Used exclusively for monies held on behalf of third parties or for specific purposes, such as building deposits, security retentions, or advance payments, pending compliance with prescribed conditions or the conclusion of the relevant transactions.

5.3 The accounts referred to in Clause 5.2 may be held with the same financial institution or, by resolution of the Committee, with different reputable financial

institutions, provided that such arrangement is in the best financial and administrative interests of the Association.

- 5.4 All accounts must be operated under the control of the Committee, with proper segregation of funds and internal checks to ensure that monies from one account are not improperly transferred to another except by authorised resolution.
- 5.5 Each account will be subject to appropriate signing and authorisation controls as prescribed by the Committee from time to time, and dual authorisation will be required for all electronic or manual transactions.
- 5.6 The details of all accounts (including account names, numbers, and authorised signatories) must be disclosed annually in the AFS and made available to Members upon reasonable request.

6 INCOME MANAGEMENT

- 6.1 The primary source of income of the Association will be the annual levies and any special levies raised in terms of resolutions adopted by the Committee or by the Members in general meeting.

6.2 Payment of Annual Levies

- 6.2.1 Members will pay their annual levy by one of the following two approved payment methods:

- 6.2.1.1 Option 1 – Once-off Payment: Payment of the full annual levy in a single amount into the Association's designated bank account by no later than the due date specified in the levy invoice; or

- 6.2.1.2 Option 2 – Monthly : Payment of the annual levy in equal monthly instalments.

6.2.2 The Committee must actively encourage all Members to make payment by debit order or by stop order, in order to promote efficient, consistent, and predictable cash flow management.

6.3 Special Levies and Other Amounts Payable

6.3.1 Any other amount due to the Association, including but not limited to special levies, penalties, administrative fees, or costs recoverable under the Association's constitution or resolutions or any other applicable policy or guidelines (as the case may be), will not be payable by debit order or stop order.

6.3.2 Such amounts are payable by EFT or any other method approved by the Committee, upon invoice or written demand issued by the Association.

6.4 Late Payment and Interest Charges

6.4.1 Any levy, special levy, or other amount due to the Association that is not paid on or before the due date will attract an interest charge thereon at a rate of one percent (1%) above the prevailing prime lending rate charged by the Association's principal banker.

6.4.2 Interest will accrue on a reducing balance basis from the day following the due date of the payment of the due amount until the date of full and final payment.

6.4.3 The imposition of interest will be without prejudice to any other rights or remedies the Association may have for recovery of the outstanding amount.

6.4.4 All income received must be deposited directly into the Association's main operating account and accounted for in the books of account, with corresponding receipts and reconciliation performed monthly.

6.5 **Continuity of levy charging and collection pending budget approval**

6.5.1 The levies imposed on Members for the current financial year in terms of the last duly approved budget and levy resolution will remain in full force and effect until such time as a new annual budget and corresponding levy resolution are formally approved by the Members at an AGM. The mere expiry of the Association's financial year will not suspend, terminate, or otherwise affect the Association's entitlement to continue levying and collecting such levies.

6.5.2 The Association will continue issuing annual or monthly levy invoices or statements and collecting levies from Members without interruption, notwithstanding that the annual budget for the ensuing financial year has not yet been approved at the forthcoming AGM or any adjourned meeting.

6.5.3 Once the new annual budget is approved, the revised levies will take effect on the date stipulated in the levy resolution. The levy adjustment may be applied:

6.5.3.1 prospectively, from the first billing cycle following the approval of the new budget; or

6.5.3.2 retrospectively, to the commencement of the Association's new financial year, if considered necessary to ensure adequate funding of the Association's operational and maintenance obligations. Any retrospective adjustment will be communicated to Members together with an explanation and a reasonable payment arrangement where appropriate.

6.5.4 Should the Association experience an actual or anticipated shortfall before the approval of the new budget, the Committee will be entitled to raise and recover an interim or supplementary levy, based on reasonable estimated expenditure, to maintain the financial stability and operational effectiveness of the

Association. Such interim levies will remain payable by all Members as if they formed part of the annual budget.

- 6.5.5 Members remain obligated to pay levies validly imposed, and no Member will be entitled to withhold, suspend, or reduce any levy payment on the grounds that the new annual budget has not yet been approved or that the AGM has been delayed.

7 EXPENDITURE CONTROL

- 7.1 All payments due by the Association must be properly authorised and supported upon the receipt of a valid invoice and supporting documentation.

- 7.2 The following authorisation limits apply unless otherwise resolved by the Committee:

7.2.1 Up to R2,000.00 per transaction: MA or Treasurer may authorise.

7.2.2 From R2001.00 to R12,000.00 per transaction: Requires co-approval of Treasurer and one other Committee Member.

7.2.3 Above R12,000.00 per transaction: Requires prior approval by the Committee.

7.2.4 Where any invoice presented for payment arises from a written agreement concluded between the Association and a service provider or payee, and where the amount payable under such invoice exceeds the maximum authority limit prescribed in this Financial Policy but not exceeding R25,000.00, then such payment may nonetheless be made without requiring a full Committee resolution as provided for in clause 7.2.3, provided that:

- 7.2.4.1 at least 2 (two) Committee Members jointly approve the payment, one of whom should ideally be the Treasurer, unless unavailable;
- 7.2.4.2 the co-approval of the Committee Members must be recorded in writing, whether by signed approval, email confirmation, or via the Association's approved electronic approval workflow system (if applicable);
- 7.2.4.3 the Committee or MA (if appointed) may only release the payment once written co-approval has been obtained; and
- 7.2.4.4 the approval contemplated in this clause 7.2.4 and proof of payment must be tabled and ratified at the next Committee meeting and filed with the Association's financial records.

7.2.5 EFT's must be made from the Association's main operating account.

7.3 No payments will be made in advance for goods or services unless contractually required and approved by the Committee.

7.4 Unless otherwise resolved by the Committee, the Association must make payment of all authorised transactions within 30 (thirty) calendar days of the receipt of an invoice prescribed in clause 7.1 above.

8 RESERVES AND INVESTMENTS

8.1 The Association will establish and maintain reserve and investment funds for the purpose of ensuring the Association's long-term financial stability, sustainability, and ability to meet future obligations.

8.2 The reserve fund will specifically be held for the purpose of:

- 8.2.1 Future unforeseen maintenance, repair, and replacement of the Association's common property, infrastructure, and assets; and
- 8.2.2 contingencies, including unforeseen expenses, emergency repairs, or other exceptional circumstances not provided for in the annual operating budget.
- 8.3 The Committee must, in consultation with the MA (if appointed) or professional accountant, determine annually the appropriate level of reserves required to adequately fund the future maintenance and contingency needs of the Association, having regard to the condition of the property, expected maintenance cycles, and inflationary factors.

8.4 **Use of Reserves**

- 8.4.1 The Reserve Fund will only be utilised by way of formal resolution of the Committee, duly recorded in the minutes of a Committee' meeting.
- 8.4.2 Any expenditure from the Reserve Fund must be for the benefit of the Association as a whole and in accordance with the purposes described in Clause 8.2 above.

8.5 **Restoration of Reserves**

- 8.5.1 In the event that the Reserve Fund is used or depleted in whole or in part, the Committee must ensure that the fund is replenished or "topped up" to its required level as soon as reasonably possible.
- 8.5.2 Such replenishment will be achieved using available surplus funds from operations, or investment income, or if necessary, through a planned allocation in the subsequent budget cycle.

8.5.3 If the Reserve Fund cannot be restored in the ordinary course within a reasonable period or in any of the ways described above in Clause 8.5.2, the Committee must report the deficit to the Members at the next AGM, together with a proposed recovery plan.

8.6 Permitted Uses of the Reserve Fund

8.6.1 Without limiting the generality of the foregoing, reserve funds may be used for, but are not limited to, the following purposes:

8.6.1.1 major repairs or replacement of shared infrastructure such as roads, boundary walls, gates, perimeter fencing, and communal lighting;

8.6.1.2 installation, replacement or upgrading of security systems and infrastructure;

8.6.1.3 refurbishment, repairs or maintenance of shared recreational or landscaping areas;

8.6.1.4 emergency response works (e.g. ,but not limited to, storm damage, water pipe bursts, or electrical faults); and

8.6.1.5 any other capital or maintenance project approved by the Committee in the interest of preserving or enhancing the Association's property assets.

9 ACCOUNTING AND RECORD KEEPING

9.1 The Association will maintain accurate and up-to-date accounting records and supporting documentation in accordance with generally accepted accounting principles ("**GAAP**"), if applicable, the Companies Act 71 of 2008 (as amended), and any other applicable legislation or regulations.

- 9.2 All financial and administrative records will be maintained using reliable, industry-standard accounting and document management software approved by the Committee, which must:
 - 9.2.1 be capable of maintaining accurate, auditable financial records;
 - 9.2.2 provide appropriate user authentication, encryption, and access controls to protect Members and their financial information from unauthorised access, alteration, or loss; and
 - 9.2.3 generate reports and financial statements in a format suitable for audit, review, and regulatory submission.
- 9.3 All records and digital information must be securely stored and backed up to multiple independent backup servers, including at least one approved cloud-based backup system, to ensure redundancy and data recovery in the event of system failure, data corruption, or security breach.
- 9.4 The data management system and storage practices must enable the efficient retrieval, export, and transfer of all or part of the Association's financial and administrative information from time to time. This includes the ability to:
 - 9.4.1 export complete datasets, ledgers, and supporting documentation in standard electronic formats (e.g., CSV, PDF, or XML or any other reliable format); and
 - 9.4.2 facilitate a full and accurate electronic transfer of records to another service provider, accountant, or managing agent if the Committee so resolve, ensuring continuity of financial management and compliance.
- 9.5 The Committee must ensure that suitable data protection and confidentiality protocols are in place, consistent with the requirements of the Protection of

Personal Information Act (“**POPIA**”) and any other applicable data-protection legislation.

- 9.6 All original financial records, whether in physical or electronic format, must be retained for a minimum of seven (7) years, unless a longer period is required by law or regulation.

10 FINANCIAL REPORTING

- 10.1 The Treasurer or the MA (if appointed) will be responsible for the preparation and presentation of periodic financial reports to the Committee.
- 10.2 The Treasurer must ensure that at each meeting of the Committee, a comprehensive report on the financial position of the Association is tabled and presented. The financial report must, at a minimum, include the following:
- 10.3 An unaudited balance sheet reflecting the Association’s current assets, liabilities, and reserves;
- 10.4 A statement of income and expenditure for the reporting period;
- 10.5 An overdue debtors report, showing Members with outstanding levies or other debts and the age analysis thereof;
- 10.6 A budget-to-actual report, comparing current financial performance against the approved budget and explaining any material variances;
- 10.7 A cash flow report, showing cash inflows, outflows, and projected cash availability for the upcoming period;
- 10.8 Bank account balances for all Association accounts, including operating, reserve, and trust accounts; and

- 10.9 A narrative report identifying any financial irregularities, transactions, or matters that the Treasurer reasonably believes are not in accordance with this Financial Policy or that warrant the Committee's attention or concern.
- 10.10 The Treasurer must deliver or cause to be delivered the full set of reports to all Committee Members no later than two (2) calendar days prior to the scheduled date of the Committee' meeting. Such reports may be transmitted by email or other approved digital means to enable the Committee to properly review such reports.
- 10.11 The Treasurer will be afforded a specific agenda item and adequate time at each Committee' meeting to present and discuss the financial report, raise questions of clarification, and provide recommendations or observations arising from the report.
- 10.12 The Committee will record in the minutes of each meeting that the financial reports were presented, discussed, and either accepted or noted, together with any resolutions or follow-up actions required.
- 10.13 The Treasurer must retain or cause to be retained copies of all financial reports presented to the Committee and ensure they form part of the Association's permanent accounting records as required under Clause 9 of this Financial Policy.

11 AUDIT OR INDEPENDENT REVIEW

- 11.1 The Committee will ensure, or cause to be ensured, that within no more than 4 (four) calendar months following immediately on the end of each financial year, the Association's appointed auditors or accountants have completed the AFS for that financial year.

- 11.2 The auditors or accountants must prepare the AFS in accordance with the applicable financial reporting framework, the Association's constitution, this Financial Policy and any statutory or regulatory requirements governing homeowners and/or community associations.
- 11.3 Upon completion, the auditors or accountants must present the AFS to the Committee for their consideration and circulation to the Members.
- 11.4 The AFS must be circulated (physically or electronically) to the Members not less than 30 (thirty) days before the AGM.

12 PROCUREMENT OF GOODS AND SERVICES

- 12.1 The Association may from time to time be required to procure goods or engage services reasonably necessary for the proper management, maintenance, repair, security, or administration of the common property or for the furtherance of the Association's constitutional objectives.
- 12.2 All such purchases and engagements will be made strictly in accordance with the provisions of this Clause 12, which is designed to ensure that all financial transactions are conducted in a transparent, cost-effective, and accountable manner.

12.3 Procurement Principles

- 12.3.1 The following guiding principles will apply to all procurement activities of the Association:
 - 12.3.1.1 Value for Money: All goods and services will be procured on the basis of obtaining the best overall value to the Association, considering quality, reliability, service, and total cost.

12.3.1.2 Transparency and Fairness: Procurement decisions must be made in a transparent, impartial, and competitive manner, free from any conflict of interest.

12.3.1.3 Accountability: All procurement actions will be properly documented, authorised, and capable of audit or review by the Committee and Members.

12.3.1.4 Compliance: All procurement will comply with this Financial Policy, the Association's Constitution, and any applicable laws and regulations.

12.4 Procurement Framework

12.4.1 The following framework will govern the procurement of goods and services by or on behalf of the Association:

12.4.1.1 Routine Purchases

12.4.1.2 Day-to-day operational expenses and purchases below an amount determined from time to time by the Committee (the "**Routine Purchase Threshold**") may be made directly by the Committee or the MA (if appointed); or authorised representative, provided that such purchase is:

12.4.1.2.1 within the approved budget; and

12.4.1.2.2 made using an approved purchase order ("**PO**") or equivalent documented authorisation.

12.4.2 Standard Procurement

12.4.2.1 For goods or services exceeding the Routine Purchase Threshold but below a higher limit set by the Committee (the "**Competitive Procurement**

Threshold”), at least two (2) written quotations must be obtained and presented to the Committee for approval before commitment.

12.4.3 Major Procurement

12.4.3.1 For all procurements exceeding the Competitive Procurement Threshold, the Committee must ensure that a minimum of three (3) competitive written quotations or tenders are invited from reputable suppliers or service providers. The Committee must evaluate such quotations having regard to quality, capability, and cost, and will approve the appointment by formal resolution.

12.4.4 All approved purchases and engagements will be recorded using a PO or equivalent documentation containing at least:

12.4.4.1 a description of the goods or services;

12.4.4.2 the supplier's details;

12.4.4.3 the agreed price or contract value;

12.4.4.4 the authorising Trustee(s) or MA representative; and

12.4.4.5 the budget line item or cost allocation.

12.5 Neither the Committee or MA will incur or authorise any expenditure or enter into any contract on behalf of the Association unless duly approved in terms of this Financial Policy.

12.6 Any expenditure incurred without proper authorisation, or outside the approved procurement framework of this Clause 12, will be regarded as unauthorised

expenditure and must be disclosed to the Committee immediately, together with a report explaining the circumstances and proposed corrective measures.

- 12.7 The Committee may from time to time adopt or amend a detailed procurement procedure manual or standard operating procedure consistent with this Financial Policy, setting out thresholds, documentation standards, and approval limits in more detail.

13 COMPLIANCE, REVIEW AND FINANCIAL POLICY CONTROL

13.1 Periodic Review

- 13.1.1 This Financial Policy must be reviewed at least every two (2) years from the date of its adoption ("**Adoption Date**"), or more frequently if reasonably necessary due to changes in legislation, governance requirements, operational needs, or other relevant circumstances.

13.2 Financial Policy Document Identifier

- 13.2.1 This Financial Policy will be allocated a unique Financial Policy Document Identifier ("**PDI**") upon adoption to ensure proper identification and record control.

- 13.2.2 The PDI must appear on the last page of this Financial Policy.

- 13.2.3 The PDI will be comprised of both letters and numerals. For example: FMP-001-2025 which identifier is interpreted as follows:

- 13.2.4 "FMP" denotes this Financial Policy;

- 13.2.5 "001" denotes the Financial Policy version issued;

13.2.6 “2025” denotes the year of adoption.

13.3 Any amendments or revisions to this Financial Policy will be allocated a numerically sequential identifier reflecting its status as a subsequent version (e.g., FMP-001-2026 for the first amendment after adoption of the inaugural (first) Financial Policy in 2025).

13.4 **Clause-Specific Amendments**

13.4.1 Where amendments affect specific clauses, each amended clause will carry its own unique identifier recording the date of adoption and approval, for example: Clause 7.2 – FMP-001-2025-A1, which identifier is interpreted as follows:

13.4.1.1.1 “FMP” denotes this Financial Policy;

13.4.1.1.2 “001” denotes the Financial Policy version;

13.4.1.1.3 “2025” denotes the year of adoption;

13.4.1.2 “A1” denotes the revision version of the specific clause.

13.5 **Document Retention**

13.5.1 All previous versions of this Financial Policy must be retained for the full document retention period of this Financial Policy, as defined in Clause 9 or the Association’s recordkeeping framework, to ensure historical reference, auditability, and compliance verification.

13.6 Compliance with Financial Policy

13.6.1 The Committee, MA (if appointed), and any person or entity responsible for the financial management of the Association will comply fully with the provisions of this Financial Policy.

13.7 Any non-compliance, or failure to review and update this Financial Policy within the prescribed periods, will be reported to the Committee and addressed promptly.

14 BREACH AND REPORTING

14.1 Mismanagement, falsification, or misuse of funds will result, as the circumstances prescribe, disciplinary action and/or breach of contract and possible legal action.

14.2 Any suspected fraud or criminal conduct must be reported immediately to the relevant authorities.

15 ADOPTION AND HIERARCHY OF FINANCIAL POLICY

15.1 Adoption and Effective Date

15.1.1 This Financial Policy was duly considered and adopted by resolution of the Committee and resolved that it will come into force and effect on the adoption date referred to below (see box below)

15.2 Relationship to the Constitution

15.2.1 In the event that any provision of this Financial Policy is in conflict with any clause of the Association's constitution relating to the management or regulation of the Association's financial affairs, then and in such event:

15.2.1.1 the provisions of the Association’s constitution will prevail, but only to the extent of such conflict; and

15.2.1.2 such prevalence will only apply if and to the extent that it does not unduly or unreasonably impede or prevent the proper, fair, and continued financial management of the Association.

15.2.2 Where any such conflict may jeopardise or impair the proper financial management of the Association, the Committee must take immediate steps to resolve such conflict, whether by way of constitutional amendment, Financial Policy revision, or other corrective measures as may be appropriate.

15.3 Relationship To Other HOA Policies

15.3.1 In the event that any other policy, procedure, or rule of the Association is inconsistent or in conflict with this Financial Policy, then this Financial Policy will be regarded as the authoritative and prevailing policy, but only to the extent of such inconsistency.

15.3.2 The Committee are required to take immediate steps to amend or align any such conflicting policy or procedure with the provisions of this Financial Policy to ensure uniformity, clarity, and effective governance.

15.3.3 The adoption of this Financial Policy, and any subsequent amendments, will be recorded by resolution of the Committee, indicating the date of approval, version identifier (as provided in Clause 13), and the names and signatures of the Committee present at adoption.

PDI: FMP-000-2025 Adoption date: 22/04/26
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