

Good governance can help SMEs access Covid-19 relief speedily

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4 Jun 2020

Various public and private sector entities have released wide-scale relief measures to help South African small to medium enterprises (SMEs) survive the Covid-19 business slowdown.



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In the focused drive to start and grow a business, entrepreneurs may have unintentionally developed some gaps in their governance and admin toolkit, that are now needed to access Covid-19 relief efforts. Perhaps this is a good time to reflect on some of the common features that keep popping up in relief eligibility criteria and the lessons learnt.

Company structure and registration

Besides ensuring company registration is updated, SMEs need to check that the list of shareholders and directors is kept up to date. Some relief measures prioritise companies that are owned by women or persons with disabilities, shining a spotlight on the need to keep IDs, passports and medical confirmation (where fitting) of key individuals updated and on file.

Where applicable, it is crucial to maintain evidence of authorised signatories (individuals who are authorised to sign agreements that are binding – such as a Covid-19 relief loan agreement) and their specimen signatures; so that one is not delayed from getting help because of signatories who may no longer be involved in the business.

Tax considerations

Most available relief efforts cite the need for tax compliance, meaning the business' income tax affairs are in order. In

addition, employers who have not kept solid PAYE and UIF registration and payment records may find it more challenging to access certain types of relief measures that are specifically aimed at supporting staff salaries and employment.

Financial information

Apart from financial statements (which surface a business' liquidity management, operational efficiency, solvency and profitability pre-Covid), bank statements are typically called upon to show a more real-time verification of income and expenses. Historic frequency of returned debit orders, excesses and arrears may weaken the view of the business' good standing prior to Covid-19.

Commercial documents

Signed and confirmed contracts, purchase orders or invoices can provide much-needed visibility on future cash flows – which can help unlock short term finance. Rent (for business premises) can be one of the largest monthly expense items, it's important to keep updated lease agreements to evidence support needed. Also, crucial to read insurance contracts thoroughly, understand what your business could be covered for under different circumstances, and maintain payments.

Embrace digital payment channels

Those businesses that pay employees into a bank account (or via mobile payment channels such as eWallet) will find it easier to evidence staff salary support requirements, as opposed to those who typically pay in cash. Some relief measures go further to require evidence that your company has been paying at least the national minimum wage.

In conclusion: Whilst available relief efforts are substantial, they are understandably finite. SMEs should use this opportunity to strengthen their governance and admin toolkit (not forgetting to leverage technology) as this can make the timing difference for your business to get the help it needs quickly.

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