

# EMAKHAZENI LOCAL MUNICIPALITY



# BANKING AND INVESTMENT POLICY

APPROVED BY COUNCIL ON: 23 JUNE 2015

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## **1. Introduction**

### **1.1 Vision and value statement**

It is the vision of Council to “create a secure environmental and sustainable development to promote service excellence and unity”. Council is committed to its mission of creating conducive institutional environment within which communities can thrive economically and socially.

#### **The Values of the Council are:**

Transparency  
High Quality Service Delivery  
Accountability  
Serving Communities with Integrity  
Efficiency  
Professionalism

### **1.2 Vision**

“A secure environment with sustainable development to promote service excellence, unity and community participation resulting in a caring society”.

### **1.3 Mission**

Emakhazeni Local Municipality is a category B municipality and a tourist destination within the Nkangala District, existing to provide sustainable basic municipal services to the local community and the visitors, creating a conducive environment for socio-economic development and promoting democracy, accountability and participation in our affairs.

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## 2. Definitions

### Definitions:

“**Accounting Officer**” means the Municipal Manager appointed in terms of Section 60 of the Municipal Finance Management Act

“**Chief Financial Officer**” means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act

“**Financial year**” means the financial year ending 30 June

“**Mayor**”, in relation to

(a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or

(b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of section 48 of that Act

“**Municipality**” means Emakhazeni Local Municipality

“**the Act**” means the Municipal Finance Management Act, 2003 (Act 56 of 2003)

## 3. Objectives

The objective of this policy is to:

- prescribe the accounting and administrative policies and procedures relating to banking and investments of the Emakhazeni Local Municipality.
- ensure the effective planning and management of banking and investments.

## 4. Scope of Application

This Policy shall apply to all cash management and investments of Emakhazeni Local Municipality and shall be applied by all employees and Council members of the Municipality.

## 5. Legislative Framework

This policy has been formulated as required by section 13(2) of the Municipal Finance Management Act and complies with the requirements of the Municipal Investment Regulations issued by the National Treasury.

## **6. Principles**

### **6.1.1 Bank account**

- a) The municipality must open and maintain at least one bank account in the name of the municipality and all money received by the municipality must promptly be paid into its bank account or accounts. If the municipality has only one bank account, that account is its primary bank account but if the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.
- b) A bank account may not be opened:
  - ◆ abroad;
  - ◆ with an institution not registered as a bank in terms of the Banks Act 1990 (Act No. 94 of 1990); or
  - ◆ otherwise than in the name of the municipality.
- c) The following moneys must be paid into the municipality's primary bank account:
  - ◆ All allocations to the municipality;
  - ◆ all income received by the municipality on its investments;
  - ◆ all income received by the municipality in connection with its interest in any municipal entity, including dividends;
  - ◆ all money collected by a municipal entity or other external mechanism on behalf of the municipality; and
  - ◆ any other moneys as may be prescribed.

### **6.1.2 Investments**

- a) The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- b) The council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.
- c) The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

## **7. Cash management and Banking Policy Guidelines**

### **7.1 Cash Management**

#### **7.1.1 Cash collection**

All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis. A separate Receipts policy exists to guide and manages the receipt procedures.

The unremitant support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

Special deposits should be arranged for larger amounts to make sure that these are banked on the same day they are received.

All monies due to the municipality must be correctly reflected in the Accounting system. A well managed debtor and banking control system (Accounting System) will ensure that funds owed to the municipality are received and banked.

Monies collected by an agency on behalf of the municipality shall be paid over to the municipality or deposited in the bank account of the municipality.

#### **7.1.2 Payments to creditors**

##### **a) General**

The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the Chief Financial Officer before any payment is made.

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the Chief Financial Officer before any payment is made.

Notwithstanding the foregoing policy directives, the Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the Chief Financial Officer determines that there are financial incentives for the municipality to do so.

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The Chief Financial Officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of the month concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques. The Chief Financial Officer and the Accounting Officer shall authorize all payments captured on the system to ensure the segregation of duties. The system will only release payment after the 2<sup>nd</sup> authorization code has been captured.

Special payments to creditors shall only be made with the express approval of the Chief Financial Officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing.

**b) Control register**

A control register shall at all times be kept where all creditors' payment (Invoices) shall be recorded immediately after receipts, before starting with the processing. The register shall have the following headings and shall be completed in full in respect of each and every payment:

<b>Heading</b>	<b>Purpose</b>
Date of receipt	To record the date on which the order or invoice or general payment voucher is received.
Order number	To record the order number, in case where there is no order to write "GP" for general payment voucher.
Payee	To record the name of the Supplier
Particulars	To specify the service rendered or goods delivered
Invoice Number	To record the invoice number
Invoice amount	To record the amount payable
Surname and initials of capturer	To record the name of the Official who will capture the invoice
Signature of capturer	For the capturer to sign
Date received	To record the date on which the order was received by the capturer
Checked by and date	The register to be checked by the Deputy Manager Expenditure at least once a week
Word – Tax Invoice.	If the supplier is charging the municipality VAT, the word TAX INVOICE must be reflecting on the invoice together with the suppliers VAT NR at the prominent place on the invoice. If not, call the supplier for corrections.
Signature of the recipient	The end-user signature must appear on the invoice to acknowledge receipt of the goods and services delivered.

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### c) Capturing

Before capturing a voucher the responsible official shall first make sure that:-

- The order or general payment voucher is supported by an **original** invoice. In case of a copy of invoice, it must have been certified by the Deputy Manager Expenditure as not paid before.
- The order or general payment voucher must have been approved by an Authorised Officer in terms of the financial delegations.
- The order or certificate or general payment voucher must have been certified by the Stores Officer or a person with knowledge of the goods or services as received.
- The amount on the face of the order is equal to the invoice amount.
- The payee on the invoice/certificate is the same as on the order form or general payment voucher.
- The date of the invoice shall not precede the date of the order.

When capturing the official shall make sure that:-

- The invoice number is captured in full and no invoices shall be combined or abbreviated (This will help the system to detect possible double payments).
- There shall be consistency in the capturing process for the computer to detect possible double payments.
- One and the same account shall always be used when processing payments to the same Supplier for the same Institution or ordering office.
- He/She uses official/s own user identity.
- No user identity of a friend or co-worker shall be used.

### d) Reconciliation

On a monthly basis the following reconciliation should be done by the Snr Accountant Creditors and should be checked and signed off by the Deputy Manager Expenditure for correctness.

- **Individual creditors reconciliation**  
This reconciliation should be done to reconcile the financial system according to the statement received from the creditor to ensure the financial system agrees to the creditor's statement and visa versa. Should any difference occur then the difference should be followed up and be resolved.
- **System VS bank creditors reconciliation**  
This reconciliation should be done to reconcile the payments of creditors on the financial system VS the payment of creditors on the bank statement, this reconciliation is to ensure no payments are made on the bank that is not on the system or visa versa. Should any difference occur then the difference should be followed up and be resolved.
- **GL creditors control vote VS creditors age analysis**  
This reconciliation should be done to reconcile the financial system's general ledger control vote for creditors to financials systems creditors' age analysis to ensure it agrees to each other and visa versa. Should any difference occur then the difference should be followed up and be resolved.

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## **7.1.3 Cash management programme**

The Chief Financial Officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a weekly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, timeously and in the format indicated.

The Chief Financial Officer shall report to the Executive Mayor, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate. The cash flow estimates shall be divided into calendar months, and in reporting the Chief Financial Officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

## **7.2 Banking arrangements**

### **7.2.1 Bank accounts**

The Accounting officer is responsible for the management of the municipality's bank accounts, but may delegate this function to the Chief Financial Officer. The accounting officer and Chief Financial Officer are authorised at all times to sign cheques, internet banking access and any other documentation associated with the management of such accounts. The accounting officer, in consultation with the Chief Financial Officer, shall be authorised to appoint two or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the Executive Mayor, on a monthly basis, as part of the report dealing with the municipality's investments.

In compliance with the requirements of good governance, the accounting officer shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following:

- a) The administration of the external finance fund; and

One or more separate accounts shall also be maintained for the following:

- a) Capital receipts in the form of grants, donations or contributions from whatever source;
- b) trust funds; and
- c) the municipality's self-insurance reserve (if legally permissible).

In determining the number of additional accounts to be maintained, the accounting officer, in consultation with the Chief Financial Officer, shall have regard to the likely number of transactions affecting each of the accounts referred to. Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the municipality's bank

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accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality.

The accounting officer shall invite tenders for the placing of the municipality's bank accounts within six months after the election of each new council, such new banking arrangements to take effect from the first day of the ensuing financial year. However, such tenders may be invited at any earlier stage, if the accounting officer, in consultation with the Chief Financial Officer, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and the Executive Mayor or the executive committee, as the case may be, agrees to the invitation of such tenders.

The Chief Financial Officer must establish the following with the Municipality's bankers:

- ◆ Procedures regarding the frequency of printing and receipt of bank statements;
- ◆ access to on-line banking facilities;
- ◆ security of information when transacting with the bank through on-line facilities or otherwise;
- ◆ the basis for calculating bank charges;
- ◆ the extent of bank overdraft facilities;
- ◆ the bank overdraft interest rate; and cash management arrangements to automatically transfer surplus funds to a call account.

### **7.2.2 Withdrawals from bank account**

In terms of the Municipal Finance Management Act, only the accounting officer or the Chief Financial Officer of the municipality or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- ◆ defray expenditure appropriated in terms of an approved budget;
- ◆ defray expenditure authorised in terms of Section 26(4) of the Municipal Finance Management Act;
- ◆ defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1) of the Municipal Finance Management Act;
- ◆ in the case of a bank account opened in terms of Section 12 of the Municipal Finance Management Act, make payments from the account in accordance with Section 12(4) of the said Act;
- ◆ pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- ◆ refund money incorrectly paid into a bank account;
- ◆ refund guarantees, sureties and security deposits;
- ◆ make investments for cash management purposes in accordance with Section 13 of the Municipal Finance Management Act;
- ◆ defray increased expenditure in terms of Section 31 of the Municipal Finance Management Act; or

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- ◆ for such other purposes as may be prescribed.

### 7.2.3 Bank reconciliations

- a) The Chief Financial Officer must establish the following with the Municipality's bankers:
- ◆ Procedures regarding the frequency of printing and receipt of bank statements;
  - ◆ access to on-line banking facilities;
  - ◆ security of information when transacting with the bank through on-line facilities or otherwise;
- b) The Chief Financial Officer should:
- ◆ Allocate the responsibility for the management and accounting for all deposits or credits to the bank statement to his authorised designate, who is normally the designated official;
  - ◆ allocate the responsibility for the management and accounting for all debits to the bank statement cheques, stop orders, transfers and other debits to the designated official;
  - ◆ allocate the responsibility for the preparation of the **monthly bank** reconciliation to an authorised designate ;
  - ◆ allocate the responsibility for the **monthly system** reconciliation to an authorised designate ;
  - ◆ allocate the responsibility for retrieving information from the bank to an authorised designate;
  - ◆ check the accuracy of the bank reconciliation on a regular basis;
- b) The Chief Financial Officer must:
- ◆ establish daily credits to the Council bank account and follow up to ensure that these deposits or credits are accounted for in the books of the Municipality;
  - ◆ identify full details of each credit timeously to avoid having to account for these credits in the suspense account;
  - ◆ process the daily transfers or deposits into the Council's bank account into the accounting system by:
    - i) Processing the credits through the Council's receipting procedures. In this event, it is desirable to keep these transactions separate to the normal transactions. A daily direct deposit control sheet should be completed as a record of what direct deposits have been processed; or
    - ii) Journal vouchers with a supporting control sheet.
  - ◆ record all unidentified credits (receipts) in a suitable register to facilitate future claims against the amount and follow up;

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- ◆ balance the unidentified receipts register to the suspense account in the general ledger on a monthly basis.
- e) The Chief Financial Officer must:
  - ◆ Verify all debits on the Council bank accounts to ensure that these entries are correct and accounted for;
  - ◆ Inspect the bank statements to confirm that the only debits on the account other than Council cheques are:
    - i) Bank charges;
    - ii) Interest on overdraft;
    - iii) Electronic transfers such as transfers to salaries accounts; and
    - iv) Electronic payments or cheques to suppliers;
  - ◆ Check the bank charges and interest amounts for reasonableness, and make out a payment voucher for processing to the ledger. This voucher should reflect the bank statement number and total costs per statement;
  - ◆ In the case of transfers to other Municipal bank accounts, verify the transfers back to the authorised transfer voucher that should have been authorised by the originating official.

## **8. Investment Policy Guidelines**

### **8.1 Ethics**

The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the Executive Mayor and in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance.

In making such investments the Chief Financial Officer, shall at all times have only the best considerations of the municipality in mind, and, except for the outcome of the consultation process with the Executive Mayor shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.

Neither the Chief Financial Officer nor the Executive Mayor may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

The municipality shall not borrow any money for investing purposes as this is tantamount to speculation with public funds.

No employee or councilor of the municipality or their immediate families or through any other person directly or indirectly shall under no circumstances, stipulate, claim or receive any consideration of whatever nature in connection with any investment made by or on behalf of the municipality.

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### **8.2 Investments**

The municipality may invest funds only in any of the following investment types:

- a) Securities issued by the national government;
- b) Listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;
- c) Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- d) Deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984);
- e) Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984);
- f) Banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990;
- g) Guaranteed endowment policies with the intention of establishing a sinking fund;
- h) Repurchase agreements with banks registered in terms of the Banks Act, 1990;
- i) Municipal bonds issued by a municipality; and
- j) Any other investment type as the Minister may identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

The municipality may make an investment only if the investment is denominated in South African Rands and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

Long term investments are investments that mature more than one year after the initial date the investment is made. Only the Council shall approve such long term investments and the institution with which the investment is made must guarantee at least the capital portion of the long term investments.

Investments referred to in paragraphs 8.2 (a), (d) and (g) of this policy shall be considered long term investments for purposes of the above paragraph, irrespective of the investment period.

All conditional grants received shall be invested in a separate banking account or call account.

The internal audit department should at least audit the investment of council every six months and report directly to council whether investments of council are made, managed and controlled in line with this policy.

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### **8.3 Limiting exposure**

Where large sums of money are available for investment the Chief Financial Officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality. The Chief Financial Officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered (that is, call, money market and fixed deposits).

### **8.4 Risk and return**

Although the objective of the Chief Financial Officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions.

### **8.5 Payment of commission**

Every financial institution with which the municipality makes an investment must issue a certificate to the Chief Financial Officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

### **8.6 Call deposits and fixed deposits**

The Chief Financial Officer shall obtain quotations from the contracted service provider or fixed deposits for period exceeding 30 days.

The Chief Financial Officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).

Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

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Where an investment is made at an institution at a rate lower than that of the other quotations, reasons must be recorded by the Chief Financial Officer and reported to Council as part of the quarterly report by the Municipal Manager on investment performance.

### **8.7 Control over investments**

The Chief Financial Officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate:

- a) The date on which the investment is made;
- b) the institution with which the monies are invested;
- c) the amount of the investment
- d) the interest rate applicable; and
- e) the maturity date. (If the investment is liquidated at a date other than the maturity date, such date shall be indicated.
- f) a monthly reconciliation should be done for each investment account

The Chief Financial Officer shall ensure that all interest and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

The Chief Financial Officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers or attorneys for audit purposes.

### **8.8 Interest on investments**

The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally recognised accounting practice (GRAP), be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated.

The Chief Financial Officer should perform interest calculations on each investment to check whether the correct interest was received depending on when interest fell due or was credited.

When preparing the annual financial statements, the Chief Financial Officer must obtain from each institution with which the Municipality holds an investment, a certificate stating the nature of the investment, the value of the investment, interest paid on the investment, and interest outstanding on the investment.

The Chief Financial Officer should raise any differences, as interest accrued or interest received in advance, in the correct period to which it relates.

## **9. Roles and Responsibilities**

### **9.1 Accounting Officer**

The accounting officer of a municipality must submit to the relevant provincial treasury and the Auditor-General:-

- a) in writing within 90 days after the municipality has opened a new bank account the name of the bank where the account has been opened, and the type and number of the account; and
- (b) annually before the start of a financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

The accounting officer of a municipality:-

- a) must administer all the municipality's bank accounts, including a bank account referred to in section 12 or 48(2)(d) of the Municipal Finance Management Act;
- b) is accountable to the municipal council for the municipality's bank accounts; and
- c) must enforce compliance with sections 7, 8 and 11 of the Municipal Finance Management Act.

The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at a daily/weekly and/or monthly basis depending on different transactions.

The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a daily/weekly and/or monthly basis or as prescribed, and that such funds are not used for purposes of the municipality.

The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made **direct to the person to whom they are due**, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.

The accounting officer must also ensure that all money owing by the municipality is **paid within 30 days** of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

### **9.2 Chief Financial Officer**

Adequate and effective cash management is one of the main functions of the Municipal Manager.

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The functioning of ensuring that there is effective cash management by establishing systems, procedures, processes and training is delegated to the Chief Financial Officer at the municipality. Effective cash management include the following:

- a. Collecting revenue when it is due and banking it promptly ;
- b. Making payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the government's normal terms for accounts payment;
- c. Avoiding pre-payments for goods and services (i.e. payments in advance of the receipt of goods or services), unless required by the contractual arrangements with the supplier;
- d. Accepting discounts to effect early payment only when the payment has been included in the monthly cash flow estimates;
- e. Pursuing debtors with appropriate sensitivity and rigor to ensure that amounts receivable by the municipality are collected and banked promptly.
- f. Accurately forecasting the municipality's cash flow requirements;
- g. Recognising the time value of money, that is economically, efficiently and effectively management cash;
- h. Taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the minimum level necessary for efficient and effective programme delivery.

### **10. Monitoring, Evaluation and Reporting**

The accounting officer must within 30 days after the end of each quarter-

- a) table in the municipal council a consolidated report of all withdrawals made in during that quarter; and
- b) submit a copy of the report to the relevant provincial treasury and the Auditor-General.

A bank where a municipality at the end of a financial year holds a bank account, or held a bank account at any time during a financial year, must-

- a) within 30 days after the end of that financial year notify the Auditor-General in writing, of such bank account, including-
  - (i) the type and number of the account; and
  - (ii) the opening and closing balances of that bank account in that financial year
- b) promptly disclose information regarding the account when so requested by the National Treasury or the Auditor-General.

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A bank, insurance company or other financial institution which at the end of a financial year holds, or at any time during a financial year held, an investment for a municipality, must-

- a) within 30 days after the end of that financial year, notify the Auditor-General in writing, of that investment, including the opening and closing balances of that investment in that financial year; and
- b) promptly disclose information regarding the investment when so requested by the National Treasury or the Auditor-General.

The accounting officer must within 10 working days of the end of each month submit to the mayor of the Municipality a report describing in accordance with generally recognized accounting practices the investment portfolio of the Municipality as at the end of the month. The report must set out at least:

- a) the market value of each investment as at the beginning of the reporting period;
- b) any changes to the investment portfolio during the reporting period;
- c) the market value of each investment as at the end of the reporting period; and
- d) fully accrued interest and yield for the reporting period.

### **11. Implementation**

The Banking and Investment Policy will be adopted and implemented at the start of the financial year after Council approval.

**Approved on: 2015/06/23**

**Council Resolution nr: S01/06/2015**