

# **MBHASHE MUNICIPALITY**

## **BANKING POLICY**



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### 1. OBJECTIVE OF THIS POLICY

The object of this policy is to ensure that the Municipality complies with all statutory and other requirements relating to the establishment, control over and withdrawals from its bank accounts.

## 2. DEFINITIONS

In this policy –

**“Act”** means the Local Government: Municipal Finance Management Act, 2003 [Act No. 56 of 2003];

**“accounting officer”** means the Municipal Manager acting in his or her capacity as accounting officer of the Municipality;

**“delegation”**, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty and, for purposes of this policy, includes any authorization;

**“Chief Financial Officer”** means the person designated as such by the accounting officer in terms of section 80[2][a] of the Act;

**“prescribed”** means prescribed by regulation in terms of section 168 of the Act;

**“primary bank account”** means the bank account referred to in section 5 of this policy.

**“top management”** includes the Chief Financial Officer, all senior managers and those senior officials so designated by the accounting officer to be responsible, in terms of powers delegated to them, for the management of the respective votes of the Municipality.

In this policy, any reference to the male gender includes the feminine.

## 3. GENERAL PRINCIPLES

This policy is subject to the following general principles:

**[a]** The Municipality must open and maintain one primary bank

- [b]** All bank accounts opened by the Municipality must be in its name.
- [c]** All monies received by the Municipality must be paid into its bank account or accounts, promptly and in accordance with any prescribed requirements.
- [d]** The Municipality may not open a bank account otherwise than in its name or abroad or with an institution not registered as a bank in terms of the Banks Act, 1990 [Act No. 94 of 1990];
- [e]** Money may be withdrawn from the Municipality's bank accounts only in accordance with this policy and any prescribed regulatory framework.
- [g]** The accounting officer must administer all the Municipality's bank accounts including an account opened for relief, charitable, trust and other fund purposes, and is accountable to the Municipal Council for these accounts.
- [h]** The Chief Financial Officer of the Municipality must assist the accounting officer in the administration of the Municipality's bank accounts.

#### **4. BANK ACCOUNT DETAILS TO BE SUBMITTED TO THE PROVINCIAL TREASURY AND THE AUDITOR-GENERAL**

- [a]** The accounting officer must advise the National Treasury and the Auditor-General in writing of the name of the bank where the primary bank

account of the Municipality is held and the type and number of such account.

- [b]** If the Municipality intends changing its primary bank account, it may do so only after the accounting officer has, at least 30 days before effecting any change, in writing informed the National Treasury and the Auditor-General of the contemplated change.
- [c]** The accounting officer must also inform the Provincial Treasury and the Auditor-General, in writing, within 90 days after the Municipality has opened a new bank account, of the name of the bank where the account has been opened, and the type and number of such account and, annually, before the start of each financial year, of the name of each bank where the municipality holds a bank account, and the type and number of each such account.

## **5. PRIMARY BANK ACCOUNT**

- [a]** If the Municipality has only one bank account, that account is its primary bank account.
- [b]** If the Municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.
- [c]** The following monies must be paid into the Municipality's primary bank account:

- [i] all allocations to the Municipality including those made to it for transmission to other external mechanism assisting it in the performance of its functions;
  - [ii] all income received by the Municipality on its investments;
  - [iv] all money collected by a municipal entity or other external mechanism on behalf of the Municipality, and
  - [v] any other monies as may be prescribed.
- [d] The Municipality must take all reasonable steps to ensure that the above moneys are paid into its primary bank account.

## **6. WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS**

- [1] Withdrawals from a banking account of the Municipality may be made only to defray expenditure appropriated in terms of an approved budget or, without appropriation in terms of an approved budget:
  - [a] to defray expenditure necessary for the requirements of the Municipality in circumstances where the Municipality has not approved a budget before the commencement of a financial year provided that:
    - [i] such withdrawal must be made with the approval of the MEC for Local Government;
    - [ii] the funds so withdrawn may only be utilized to defray current and capital expenditure in connection with votes for which funds were appropriated in the approved budget for the previous financial year; and

- [iii] such withdrawal may not, during any month, exceed eight per cent [8%] of the total amount appropriated in that approved budget for current expenditure, which percentage must be scaled down proportionately if revenue flows are not at least at the same level as the previous financial year; and
  - [iv] such withdrawal may not exceed the amount actually available.
- [b] to defray unforeseeable and unavoidable expenditure for which no provision was made in an approved budget, provided such expenditure is authorized by the Mayor of the Municipality and only in emergency and other exceptional circumstances and provided further that the requirements of section 29 of the Act are complied with;
- [c] in the case of a bank account opened for relief, charitable, trust and other funds to make payments from such account subject to compliance with section 9 of this policy;
- [d] to 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;
- [e] to refund money incorrectly paid into a bank account;
- [f] to refund guarantees, sureties and security deposits;

- [g]** for cash management and investment purposes in accordance with the cash management and investment policy of the Municipality;
  - [h]** to facilitate the shifting of funds between multi-year appropriations and to defray increased expenditure in accordance with section 31 of the Act;
  - [i]** for such other prescribed purposes.
- [2]** All payments, other than petty cash disbursements, must be made through the Municipality's bank account[s].
- [3]** The accounting officer must cause all cheques to be drawn on the banking accounts of the Municipality, determine the rules and procedures relating to the signing of cheques and, from time to time, decide on appropriate signatories.
- [4]** All requests for payments of whatever nature from the banking accounts of the Municipality must be submitted on payment vouchers, the format of which must be determined by the accounting officer. All such vouchers must be signed by not fewer than two officials authorised by the accounting officer to do so on behalf of the Municipality.
- [5]** The accounting officer must ensure that all payments made by the Municipality are made directly to the persons to whom they are due unless otherwise agreed or for good reason and either electronically or by way of non-transferable cheques, provided that cash payments and payment by way of cash cheques may be made for exceptional reasons only and only up to a prescribed limit.



## **7. ELECTRONIC PAYMENTS**

- [1]** Where electronic payments are made by the Municipality, the accounting officer must ensure that:
- [a]** electronic communication systems comply with the requirements of the banks which hold the primary and other bank accounts of the Municipality and are appropriate to the needs of the Municipality;
  - [b]** electronic devices and mediums required to operate electronic communication systems are adequate and well maintained;
  - [c]** the terms and conditions of electronic banking agreements entered into between the Municipality and banks holding the bank accounts of the Municipality are complied with;
  - [d]** applicable electronic banking registration requirements are complied with;
  - [e]** access codes, identification numbers and passwords are secured;
  - [f]** such access codes, identification numbers and passwords are used only by the authorized officials;
  - [g]** electronic bank payments are duly authorized and comply with applicable audit regulations and directives; and
  - [h]** an adequate, reliable and accurate paper trail is maintained in respect of all electronic payments.

## **8. PAYMENT OF SALARIES AND REMUNERATION BENEFITS**

The accounting officer is responsible for the payment of all salaries and remuneration benefits to employees and Councillors from the primary bank account of the Municipality and, subject to the provisions of the section 32 of Basic Conditions of Employment Act, 1997 [Act No. 75 of 1997], for the determination of the payment system to be used to effect such payment.

## **9. RELIEF, CHARITABLE, TRUST AND OTHER FUNDS**

- [1]** No political structure or office-bearer of a Municipality may set up a relief, charitable, trust or other fund except in the name of the Municipality.
- [2]** The Municipality may open a separate bank account in its name for the purpose of a relief, charitable, trust or other fund.
- [3]** Money received by the Municipality for the purpose of a relief, charitable, trust or other fund must be paid into a bank account of the Municipality, or if a separate bank account has been opened, into that account.
- [4]** Money in a separate account opened aforesaid may be withdrawn from such account without appropriation in terms of an approved budget but only –
  - [a]** by or on the written authority of the accounting officer acting in accordance with decisions of the Municipal Council; and

[b] for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

## **10. BANKING GUIDELINES AND PROCEDURES**

[1] The accounting officer must, from time to time, issue such guidelines and procedures for the banking of cheques and other receipts as he may deem necessary.

[2] Every official who is a member of the top management of the Municipality and who, in pursuance of his normal departmental activities, receives monies due to the Municipality must ensure that such monies are banked promptly with the municipality's banker[s] or at such intervals as may approved by the accounting officer.

## **11. SUBMISSION OF REPORTS ON WITHDRAWALS FROM BANKING ACCOUNTS**

The accounting officer must, within 30 days after the end of each quarter, table in the council a consolidated report of all withdrawals made from the banking accounts of the Municipality in terms of section 6 of this policy and also submit a copy of such report to the Provincial Department responsible for Local Government and the Auditor-General.

## **12. PROCUREMENT OF BANKING SERVICES**

- [1]** A contract for the provision of banking services to a Municipality must be procured through competitive bids solicited in accordance with the supply chain management policy of the Municipality and may not be for a period of more than five years at a time.
- [2]** The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- [3]** The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement calling for such bids is placed in a newspaper.
- [4]** Bids must be restricted to banks registered in terms of the Banks Act, 1990 [Act No. 94 of 1990].

## **13. DELEGATION OF POWER**

- [1]** The accounting officer may, in accordance with the system of delegation developed in compliance with section 79 of the Act and subject to subsection [e], delegate to the Chief Financial Officer, a member of the Municipality's top management or any other official of the Municipality any of the powers or duties assigned to him or her either directly or by necessary implication in terms of the Act and/or this policy;
- [2]** A delegation aforesaid –
  - [a]** must be in writing;

- [b]** may be subject to such limitations and conditions as the accounting officer may impose in a specific case;
  - [c]** may either be to a specific individual or to the holder of a specific post in the Municipality; and
  - [d]** may, in the case of a delegation to a member of the Municipality's top management, authorise that member to sub-delegate the delegated power or duty to an official or the holder of a specific post in that member's area of responsibility.
- [3]** A delegation in terms of this policy does not, however, divest the accounting officer of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.
- [4]** The accounting officer may, subject to the protection of vested rights accruing to any person as a result of a decision taken under a delegated or sub-delegated power, confirm, vary or revoke any such decision.
- [5]** A delegation or sub-delegation in terms of this policy is specifically subject to the following statutory restrictions:
  - [a]** The accounting officer may delegate his or her duties relating to the opening of bank accounts, the designation of an account opened as the primary bank account of the Municipality and the submission of prescribed information to the Provincial Treasury and Auditor-General only to the Municipality's Chief Financial Officer.
  - [b]** The accounting officer may not authorize any official other than the Chief Financial Officer to withdraw money or to authorize the withdrawal of money from the Municipality's primary bank account

if the Municipality has a primary bank account which is separate from its other bank accounts.

**[c]** Only the Chief Financial Officer acting under delegated power or any other senior financial official of the Municipality acting on the written authority of the accounting officer, may withdraw money or authorize the withdrawal of money from any of the Municipality's bank accounts.

**[d]** Any authorization to a senior financial official to withdraw money or to authorize the withdrawal of money from a bank account of the Municipality must be in accordance with and subject to any framework as may be prescribed under the Act, any applicable law and/or resolutions of the Council of the Municipality.

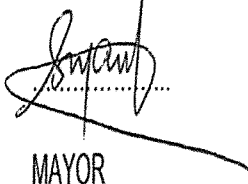
Approved by Council and Signed by:



**Mr NAKO M  
ACTING MUNICIPAL MANAGER**

07/08/17.....  
**DATE**

Cllr. Janda S.N

  
**MAYOR**

07/08/17.....  
**DATE**