MANDENI MUNICIPALITY

BANKING AND INVESTMENT POLICY 2025-26

S.G.K

INDEX

		Page
PART 1:	LEGAL COMPLIANCE	3
PART 2:	OBJECTIVE OF INVESTMENT POLICY	3
PART 3:	EFFECTIVE CASH MANAGEMENT	4
3.1	Cash Collection	4
3.2	Payments to Creditors	4
3.3	Management of Inventory	5
3.4	Cash Management Programme	6
PART 4:	INVESTMENT ETHICS	7
PART 5:	INVESMENT PRINCIPLES	7
5.1	Limiting Exposure	7
5.2	Risk and Return	8
5.3	Types of Investments	8
5.4	Acceptable Investing Institutions	8
5.5	Payment of Commission	8
5.6	Call Deposits and Fixed Deposits	9
PART 6:	CONTROL OVER INVESTMENTS	9
PART 7:	OTHER EXTERNAL INVESTMENTS	10
PART 8:	BANKING ARRANGEMENTS	11
PART 9:	RAISING OF DEBT	12

S.G.K

		Page
PART 10:	INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES	13
PART 11:	INTEREST ON INVESTMENTS	13
PART 12:	REPORTING OBLIGATIONS	14
PART 13:	REVIEW OF POLICY	15
PART 14:	ANNEXURE I: PARAPHRASE OF REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003	16
PART 15:	ANNEXURE II: PARAPHRASE OF MUNICIPAL INVESTMENT REGULATIONS	27
PART 16:	ANNEXURE III: PARAPHRASE OF MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS	34
PART 17:	ANNEXURE IV: CODE OF PRACTICE	36

SG·k

PART 1. LEGAL COMPLIANCE

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003 and the regulations issued in terms of that Act.

A paraphrase of the provisions of this Act is attached as Annexure I to this policy, and a paraphrase of the draft regulations as Annexure II.

PART 2. OBJECTIVE OF INVESTMENT POLICY

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.

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.

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.

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PART 3. EFFECTIVE CASH MANAGEMENT

3.1 Cash Collection

The Municipal Manager shall take all reasonable steps to ensure that all monies due the Municipality are collected either on or as soon as possible after the due date.

Monies collected and receipted must be banked intact not later than the following working day

3.2 Payments to Creditors

The Accounting officer must endeavor to pay all commitments within 30 days of receipt of the invoice.

The Accounting officer must ensure that all benefits available for early payments are received.

The Accounting officer must ensure that all payments comply with the relevant policies of council (e.g. SCM, entertainment, staff policies).

3.3 Cash Management Programme

The Accounting officer shall endeavor to control expenditure in accordance with the SDBIP as regulated by the MFMA.

The Accounting officer must report material differences in the SDBIP to the mayor.

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Should the Accounting Officer consider the difference to materially affect the budget, the Accounting officer shall table a report to EXCO.

PART 4. INVESTMENT ETHICS

The Accounting officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in compliance with any prescriptions made by the Minister of Finance.

The accounting officer shall appoint an investment committee of not more than three members, one of which shall be the chief financial officer to assist him/her in the investment of surplus funds.

In making such investments the members of the investment committee shall at all times have only the best considerations of the municipality in mind, and shall not accede to any influence or interference

The members of the investment committee may not 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.

PART 5. INVESTMENT PRINCIPLES

5.1 Limiting Exposure

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Where large sums of money are available for investment the Accounting officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality.

5.2 Risk and Return

Although the objective of the Accounting 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 (see 5.6 below).

5.3 Types of Investments

In making investments the accounting officer shall ensure that only one or more of the investment types set out in Regulation 6 to the Act are selected.

5.4 Acceptable Investing Institutions

In making investments the Accounting officer shall further ensure that such investments are made only with one or more of the investing institutions set out in Regulation 6 to the Act.

5.5 Payment of Commission

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Every financial institution with which the municipality makes an investment must issue a certificate (at the end of each financial year) to the Accounting 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.

5.6 Call Deposits and Fixed Deposits

Before making any call or fixed deposits, the Accounting officer, shall obtain quotations from at least three financial institutions.

Given the volatility of the money market, the Accounting 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 (other than monies paid over in terms of part 7 below) 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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PART 6. CONTROL OVER INVESTMENTS

The Accounting officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

The Accounting 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 Accounting 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.

PART 7. OTHER EXTERNAL INVESTMENTS

From time to time it may be in the best interests of the municipality to make longer-term investments in secure stock issued by the national government, Eskom or any other reputable parastatal or institution, or by another reputable municipality. In such cases the Accounting officer must be guided by the best rates of interest pertaining to the specific type of investment which the municipality requires, and to the best and most secure instrument available at the time.

No investment with a tenure exceeding twelve months shall be made without the prior approval of the council, and without guidance having been sought from the

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municipality's bankers or other credible investment advisers on the security and financial implications of the investment concerned. If an investment adviser is engaged for this purpose, the Accounting officer shall ensure that such adviser has the credentials specified for the "investment manager" in Regulation I to the Act.

PART 8. BANKING ARRANGEMENTS

The accounting officer must ensure that the awarding and management of the municipality's banking account shall be in accordance with the relevant council policies and legislation.

PART 9. RAISING OF DEBT

All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003

PART 10. INTEREST ON INVESTMENTS

The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally accepted municipal accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues and thereafter be accounted for in terms of the stipulations of MFMA, Gamap and GRAP.

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14. ANNEXURE I: PARAPHRASE OF REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003

Note: In terms of Section 60(2) of the Municipal Systems Act No. 32 of 2000 the council may delegate the authority to take decisions on making investments on behalf of the municipality only to the executive mayor, executive committee or chief financial officer. The foregoing policy is based on the assumption that such authority has been delegated to the chief financial officer.

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SECTION 7: OPENING OF BANK ACCOUNTS

Every municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

A municipality may not open a bank account:

- otherwise than in the name of the municipality;
- abroad; or
- with an institution not registered as a bank in terms of the Banks Act 1990.

Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

SECTION 8: PRIMARY BANK ACCOUNT

Every municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.

The following must be paid into the municipality's primary 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;

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- all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
- any other monies as may be prescribed.

The accounting officer of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL

The accounting officer of the municipality must submit to the provincial treasury and to the Auditor-General, 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 annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS

The accounting officer of the municipality must administer all the municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.

The accounting officer may delegate the duties referred to above only to the municipality's chief financial officer.

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SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

Only the accounting officer or the chief financial officer of the municipality (presumably where this power has been appropriately delegated), 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) (this Section deals with situations in which the budget was not timeously approved, and the province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- 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;
- defray increased expenditure in terms of Section 31; or
- for such other purposes as may be prescribed.

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(Note that Section 11(1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits).

Any authorisation to a senior financial official to withdraw money or to authorise the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorise any official other than the chief financial officer to withdraw money or to authorise 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.

The accounting officer must, within 30 days after the end of each quarter, table in the council a consolidated report of all withdrawals made other than withdrawals to defray expenditure appropriated in terms of the approved budget, and submit a copy of the report to the relevant provincial treasury and the Auditor-General.

SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS

No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.

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Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the accounting officer, acting in accordance with decisions of the council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

SECTION 13: CASH MANAGEMENT AND INVESTMENTS

The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required.

A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be so prescribed.

A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.

A bank, insurance company or other financial institution which at the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, 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. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

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SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS

The following documents must accompany each tabled draft annual budget (inter alia):

- a projection of cash flows for the budget year by revenue source, divided into calendar months
- particulars of the municipality's investments.

SECTION 22: PUBLICATION OF ANNUAL BUDGETS

The accounting officer must make public, immediately after a draft annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connexion with such budget (and documents).

SECTION 36: NATIONAL AND PROVINCIAL ALLOCATIONS TO MUNICIPALITIES

In order to provide predictability and certainty about the sources and levels of intergovernmental funding for municipalities, the accounting officer of a national or provincial department and the accounting authority of a national or provincial public entity responsible for the transfer of any proposed allocations to a municipality, must by no later than 20 January of each year notify the national treasury or the relevant provincial treasury as may be appropriate, of all proposed allocations and the projected amounts of those allocations to be transferred to each municipality during each of the next 3 financial years.

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The Minister or the MEC responsible for finance in the province must, when tabling the national annual budget in the national assembly or the provincial annual budget in the provincial legislature, make public particulars of any allocations due to each municipality in terms of that budget, including the amount to be transferred to the municipality during each of the next 3 financial years.

SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES

In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

SECTION 45: SHORT-TERM DEBT

The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that the credit limit must be specified in the resolution of the council; the terms of the agreement, including the credit limit, may be changed only by a resolution of

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the council; and if the council approves a credit facility limited to emergency use, the accounting officer must notify the council in writing as soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.

The municipality must pay off short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

SECTION 46: LONG-TERM DEBT

A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

SECTION 64: REVENUE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the revenue of the municipality.

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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 least a weekly basis.

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 weekly basis, and that such funds are not used for purposes of the municipality.

SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the expenditure 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.

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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.

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15: ANNEXURE II:

PARAPHRASE OF MUNICIPAL INVESTMENT REGULATIONS

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REGULATION 1: DEFINITIONS

An investment manager shall mean a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act 1989 and Stock Exchanges Control Act 1985, contracted by a municipality or municipal entity to advise it on investments, and/or manage investments on its behalf.

REGULATION 2: APPLICATION OF REGULATIONS

The regulations apply to all municipalities and municipal entities, as well as to all investment managers acting on behalf of or assisting a municipality or municipal entity in making or managing its investments.

The regulations do not apply to any municipal pension or provident fund registered in terms of the Pensions Fund Act 1956 or any subsequent legislation, or in respect of trust monies received and administered by the municipality or municipal entity where a trust deed prescribes how such trust money is to be invested.

REGULATION 3: ADOPTION OF INVESTMENT POLICY

The municipality must draft an investment policy which must be adopted by the council of the municipality, and which must be consistent with the present regulations. Similarly, the board of directors of a municipal entity must adopt such an investment policy.

All investments made by the municipality or municipal entity, or by an investment manager on behalf of such municipality or entity, must be made in accordance with the investment policy and the present regulations.

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REGULATION 4: CORE ELEMENTS OF INVESTMENT POLICY

The investment policy must be in writing, give effect to the present regulations, and set out:

- the scope of the policy;
- the objectives of the policy, with due regard to the provisions of the present regulations relating to the preservation and safety of investments as the primary aim, the need for investment diversification, and the liquidity needs of the municipality or municipal entity; and
- a minimum acceptable rating for investments, including a list of approved investment types and a list of approved institutions where or through which investments may be made.

In addition, such policy must specify the procedures for the invitation and selection of competitive bids or offers (presumably in regard to investments), and measures for ensuring the implementation of the policy and internal control over investments made.

The policy must further provide for procedures for reporting on and monitoring of all investments made, procedures for benchmarking and performance evaluation, the assignment of roles and functions, including any delegation of decision making powers, and, if investment managers are to be used, conditions for their use, including their liability in the event of non-compliance with the policy or present regulations.

Finally the policy must specify the procedures for the annual review of the policy.

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REGULATION 5: STANDARD OF CARE TO BE EXERCISED WHEN MAKING INVESTMENTS

Investments by a municipality or municipal entity, or by an investment manager on behalf of such municipality or entity, must be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of such person's own affairs, may not be made for speculation but for genuine investment purposes only, and must in the first instance be made with primary regard being to the probable safety of the investment, in the second instance to the liquidity needs of the municipality or municipal entity, and lastly to the probable income derived from the investment.

REGULATION 6: PERMITTED INVESTMENTS

A municipality or municipal entity may invest funds only in one or more of the following investment types, whichever is the most appropriate to the expected future need for the resources concerned:

- securities issued by the National Government;
- list of corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;
- deposits with banks registered in terms of the Banks Act 1990;
- deposits with the public investment commissioners as contemplated by the Public Investment Commissioners Act 1984;
- deposits with the corporation for public deposits as contemplated by the Corporation for Public Deposits Act 1984;
- bankers acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act 1990;

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- guaranteed endowment policies with the intention of establishing a sinking fund;
- repurchase agreements with banks registered in terms of the Banks Act 1990;
- municipal bonds issued by a municipality; and
- any other investment types that the Minister of Finance, acting in consultation with the financial services board, may identify by regulation in terms of Section 168 of the Municipal Finance Management Act 2003.

REGULATION 7: INVESTMENTS DENOMINATED IN FOREIGN CURRENCIES PROHIBITED

A municipality or municipal entity may make an investment only if the investment is denominated in rand and is not indexed to or affected by fluctuations in the value of the rand against any foreign currency.

REGULATION 8: PAYMENT OF COMMISSION

No fee, commission or other award may be paid to an official or councillors of a municipality or to a director or official of a municipal entity or to a spouse or close family member (of such official, councillor or director) in respect of any investment made or referred by a municipality or municipal entity.

If a investee pays any fee, commission or other reward to an investment manager in respect of any investment made by a municipality or municipal entity, both such investee and investment manager must declare such payment to the council of the municipality or the board of directors of the entity, as the case may be, by way of a certificate disclosing full details of the payment.

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REGULATION 9: REPORTING STRUCTURE

The accounting officer of a municipality or a municipal entity, as the case may be, must within ten working days of the end of each month submit to the mayor of the municipality or the board of directors of the entity a report describing in accordance with Generally Recognised Accounting Practice the investment portfolio of such municipality or entity as at the end of such month.

Such report must set out at least:

- the market value of each investment as at the beginning of the reporting period;
- any changes in the investment portfolio during the reporting period;
- the market value of each investment as at the end of the reporting period; and
- fully accrued interest or yield for the reporting period.

REGULATION 10: CREDIT REQUIREMENTS

A municipality or municipal entity must take all reasonable and prudent steps consistent with its investment policy and in accordance with the standard of care set out in Regulation 5 to ensure that it places its investments with creditworthy institutions.

The municipality or municipal entity must regularly monitor its investment portfolio, and – when appropriate – liquidate any investment which no longer has the minimum acceptable rating as specified in its investment policy.

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REGULATION 11: PORTFOLIO DIVERSIFICATION

A municipality or municipal entity must take all reasonable and prudent steps consistent with its investment policy and in accordance with the standard of care prescribed in Regulation 5 to diversify its investment portfolio across institutions, types of investment and investment maturities.

REGULATION 12: MISCELLANEOUS PROVISIONS

The responsibility and risk arising from any investment transaction vests in the municipality or municipal entity.

All investments must be in the name of the municipality or municipal entity, as the case may be.

A municipality or municipal entity may not borrow money for the purpose of making an investment.

REGULATION 13: EXISTING INVESTMENTS

Nothing in the present regulations shall compel a municipality or municipal entity to liquidate any investment which it had made prior to the date on which the present regulations took effect, merely because such investment does not comply with a provision of the present regulations.

REGULATION 14: COMMENCEMENT

These regulations take effect on 1 April 2005.

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16. ANNEXURE III: PARAPHRASE OF MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS

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Regulation 15: Petty Cash Purchases

The supply chain management policy must stipulate the conditions for the procurement of goods by means of petty cash purchases, and such conditions must include:

- determining the terms on which a manager may delegate responsibility for petty cash to an official reporting to such manager;
- limiting the number of petty cash purchases or the maximum amounts per month for each manager;
- excluding any types of expenditure from petty cash purchases, if this is considered necessary; and
- requiring monthly reconciliation reports from each manager to the chief financial officer, including the total amount of petty cash purchases for such month, and receipts and appropriate documents for each purchase.

Regulation 30: Procurement of Banking Services

A contract for the provision of banking services to the municipality must be procured through competitive bids, must be consistent with Section 7 of the MFMA, and may not be for a period of more than 5 years at a time.

The process for procuring a contract for banking services must commence at least 9 months before the end of the existing contract.

The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in terms of Regulation 22(1).

Bids must be restricted to banks registered in terms of the Banks Act No. 94 of 1990.

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17. ANNEXURE IV: CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES

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1. STORES ADMINISTRATION

The chief financial officer shall be responsible for the proper administration of all stores. If sub-stores are established under the control of any head of department, such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the stock level policies as determined from time to time by the chief financial officer, acting in consultation with the head of department concerned. No sub-store may be established without the prior written consent of the chief financial officer.

2. CONTRACTS: MANAGEMENT OF

Within such general buying and related procedures as the chief financial officer shall from time to time determine, and further within the confines of any relevant legislation and of such rules and procedures as may be determined by the council:

- all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorised by the chief financial officer; and

- all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorised by such head of department in accordance with the provisions of Section 3 below. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects - before being submitted to the chief financial officer for payment.

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3. PAYMENTS

3.1 All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).

3.2 The chief financial officer shall draw all cheques on this account, and shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.

3.3 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.

3.4 The maximum amount and nature of petty disbursements, where not covered by the general buying procedures referred to in Section 2, shall be generally determined from time to time by the chief financial officer. No cash float shall be operated without the authority of the chief financial officer, who shall prescribe such procedures relevant to the management of such float as are considered necessary, including the documentation required to support acceptable claims for petty cash reimbursements. All claims for reimbursements shall be signed by the head of department concerned, or by the official responsible for financial administration in such department, or if there is no such official by an official reporting to the head of department, and who has been delegated this authority by the head.

SGK

Purchases from petty cash shall additionally comply with the municipality's supply chain management policy and Regulation 15 of the Municipal Supply Chain Management Regulations.

3.5 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.

4. REVENUE AND CASH COLLECTION

4.1 Every head of department shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.

4.2 The chief financial officer shall ensure that all revenues are properly accounted for.

4.3 The collection of all arrear revenues and the control of arrear accounts shall be co-ordinated by the chief financial officer in terms of any policies determined by the council. If it is clear that any revenues are not recovered or likely to be recovered after the necessary steps have been taken, the chief financial officer shall report the matter adequately and timeously to the council.

4.4 The chief financial officer shall ensure that adequate provision is maintained to cover the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

SGK

5. BANKING OF RECEIPTS

5.1 Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the chief financial officer.

5.2 Where applicable, every head of department shall ensure that all revenues are banked daily with the municipality's banker(s), or less frequently if so approved by the chief financial officer.

PREPARED BY: NZ GUZANA

DATE OF ADOPTION BY COUNCIL: 29 MAY 2025

COUNCIL RESOLUTION NO: C122

MUNICIPAL MANAGER **DATE** 09/06/2025

S.G KHUZWAYO