



# DRAFT CASH MANAGEMENT AND INVESTMENT POLICY 2024/2025

UMDONI MUNICIPALITY

Adopted by Council on .....

**DATE OF ADOPTION:**

The Council of the Umdoni Local Municipality resolves to adopt the following as the official Cash Management, Investment and Borrowing Policy of the Umdoni Local Municipality.

This Policy has been considered and approved by the Council of the Umdoni Local Municipality as follows:

- Resolution No:
- Approval Date: ..... 2024

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**APPROVED:**

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**Accounting Officer**

.....2024

## **PREAMBLE**

The Municipality requires an accurate, appropriate, prudent and effective cash management and investment programme in compliance with section 13 of the Local Government: Municipal Finance Management Act in order to ensure that an optimal return on investments is obtained, that the cash resources of the Municipality are efficiently, effectively and economically managed in such a way that the Municipality can meet its financial obligations and objectives.

## **PURPOSE**

The purpose of this Policy is to:

- 1 Ensure the preservation and safety of the Municipality's investments as the primary aim.
- 2 Deal with the need for investment diversification.
- 3 Provide guidelines to ensure maximum return on authorised investments with surplus funds not immediately requires for operational purposes in a financially prudent manner with the primary objective of minimising risk.
- 4 Provide guidelines to ensure that the Municipality's funds are managed in an efficient and prudent manner.
- 5 Ensure that such guidelines are in accordance with the Local Government: Municipal Finance Management Act, Municipal Investment Regulations and any other legislation governing the investment of funds.
- 6 To maintain adequate liquidity to meet cash flow demands.
- 7 To ensure transparency in all decisions relating to the investment processes.

## REGULATORY FRAMEWORK

**This Policy is guided by the following legislative framework:**

- 1 The Local Government: Municipal Finance Management Act 56 of 2003 (and applicable Regulations)
  - 1.1 Sections 7, 8, 9, 10, 11, 12, 13, 17, 22, 36, 37, 45, 46, 47, 60, 61, 64, 65.
- 2 The Local Government: Municipal Systems Act 32 of 2000 (and applicable Regulations)
- 3 Municipal Investment Regulations (Government Gazette no: 27431 dated 1 April 2005)
- 4 SALGA and IMFO: Local Government Financial Best Practice Manual
- 5 The Constitution of the Republic of South Africa, 1996
- 6 The Municipality's other policies such as the procurement, indigent and budget policies.

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## 1 **Definitions**

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and:

- 1.1 “**Act**” means the Local Government: Municipal Finance Management Act 56 of 2003;
- 1.2 “**Accounting Officer**” means the Municipal Manager of the Municipality appointed in terms of section 82 of the Municipal Structures Act and the head of administration and accounting in terms of section 55 of the Municipal Structures Act;
- 1.3 “**Auditor-General**” means the person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person as acting as Auditor-General, designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General;
- 1.4 “**Chief Financial Officer or his delegate**” means an officer of the Municipality, designated by the Accounting Officer to be administratively in charge of the financial affairs of the Municipality;
- 1.5 “**Council**” means the Municipal Council of the Municipality;
- 1.6 “**Creditor**” in relation to the Municipality, means a person to whom money is owing by the Municipality;
- 1.7 “**Debt**” means a monetary liability or obligation created by a financing agreement, bond or overdraft, or by the issuance of municipal debt instruments; or a contingent liability such as that created by guaranteeing a monetary liability;
- 1.8 “**Debt Agreement**” means any loan agreement under which the Municipality undertakes to repay a long-term debt over a period of time;
- 1.9 “**Financial year**” means a year ending on 01 July-30 June;
- 1.10 “**Investee**” means an institution with which an investment is placed or its agent;
- 1.11 “**Investment**” in relation to funds of the Municipality, means:
  - (1) the placing on deposit of funds of the Municipality with a financial institution,
  - (2) the acquisition of assets with funds of the Municipality not immediately required, with the primary aim of preserving those funds;
- 1.12 “**Investment manager**” means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act 55 of 1989 and Stock Exchanges Control Act 1 of 1985, contracted by the Municipality to:
  - (1) advise it on investments;
  - (2) manage investments on its behalf; or
  - (3) advise it on investments and manage investments on its behalf.
- 1.13 “**Lender**” in relation to the Municipality, means a person who provides debt finance to the Municipality;
- 1.14 “**Long-term debt**” means debt repayable over a period exceeding one year;
- 1.15 “**Long-term investments**” means any cash or liquid securities owned by the Municipality which have a maturity date, and/or callable date reasonably expected to be exercised, that is greater than one year;
- 1.16 “**Month**” means one of the 12 months of a calendar year;

- 1.17 **“Municipal entity”** has the meaning assigned to it in section 1 of the Municipal Systems Act;
- 1.18 **“Municipality”** means Umdoni Local Municipality;
- 1.19 **“Municipal Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- 1.20 **“Official”** means an employee of the Municipality;
- 1.21 **“Primary bank account”** means the main bank account referred to in section 8(1) of the Act;
- 1.22 **“Provincial treasury”** means KwaZulu-Natal Provincial Treasury (KZNPT);
- 1.23 **“Short-term debt”** means debt repayable over a period not exceeding one year.
- 1.24 **“Short-term investments”** means any cash or liquid securities owned by the Municipality which has a maturity date, and/or callable date reasonably expected to be exercised, that is equal to or less than one year.
- 1.25 **“Trust money”** means money held in trust on behalf of third parties in a trust contemplated in terms of the Act.

## **2 Responsibilities of the Officials**

- 2.1 In addition to the responsibilities laid out in the Act, the Accounting Officer is accountable for all transactions entered into by his designates.
- 2.2 Although it is the Chief Financial Officer's responsibility to establish systems, procedures, training and programmes to ensure successful and effective cash management, this remains one of the key functions of the Accounting Officer.
- 2.3 Although the day to day handling of investments is the responsibility of the Chief Financial Officer or his designate, the overall responsibility of investments lies with the Accounting Officer.
- 2.4 Any and all individuals directly or indirectly involved in the cash management and investment of the Municipality shall, in addition to the other duties and responsibilities set out in this Policy:
- (1) not to accede to any interference in the performance of his or her duties;
  - (2) at all times diligently perform their duties in the best interests of the Municipality;
  - (3) under no circumstances may inducements, of whatsoever nature, to invest be accepted;
  - (4) not disclose interest rates quoted by one institution to another institution;
  - (5) exercise sound judgment and care like a person of reasonable prudence and intelligence would exercise in the management of that person's own affairs under the prevailing circumstances;
  - (6) ensure that investments are genuine and not made for speculation;
  - (7) ensure that investments are made in the first instance with primary regard to the probable safety of the investment and in the second instance to the liquidity of the Municipality and lastly to the probable income derived from the investment;
  - (8) ensure that all reasonable and prudent steps consistent with this Policy is taken and according to the standard of care required by the Act and this Policy, to ensure that the Municipality places its investments with credit-worthy institutions.

## **3 Cash Management**

- 3.1 Every official within the employ of the Municipality shall adopt sound cash management principles, which include the following:
- (1) forecast the Municipality's cash flow requirements as accurately as possible;
  - (2) time and manage the flow of cash in and out of the Municipality;
  - (3) manage the Municipality's cash resources economically, efficiently and effectively;
  - (4) promptly collecting revenue when it is due and banking it in accordance with this Policy and in doing so, pursuing debtors with reasonable sensitivity and consistency to ensure collection of debts;
  - (5) provided that payment is included in the cash flow projection for that particular month, effect early payment in order to receive discounts, if applicable;
  - (6) effecting payment at the appropriate time and not earlier than necessary with due regard to clause 3.2(5) above and the government's normal terms for account payments;
  - (7) unless stipulated in terms of a contractual arrangement with the supplier, avoid payments in advance of the receipt of goods or services;



- (8) any other action required in order to avoid locking up money unnecessarily and inefficiently, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or obsolete assets in terms of the Asset Management Policy.

### 3.2 Management of Cash Flow:-

- (1) The Municipality will prepare an annual cash flow projection during the annual planning process and also maintain a daily cash position summary.
- (2) The annual cash flow projection shall be updated monthly by the Chief Financial Officer with the Municipality's actual cash flow in terms of section 71 of the Act. This annual cash flow projection will determine the Municipality's borrowing requirements and surplus funds for investment in terms of clause 4 of this Policy. The Municipality shall provide detailed comments and explanations for any significant cash flow deviations.
- (3) Within 10 working days after the end of each month, the Accounting Officer must submit to the Mayor of the Municipality, Executive Committee (EXCO) and the KwaZulu- Natal Provincial Treasury an analysis of the cash flow in the prescribed format in terms of section 71 of the Act, which will include:
  - (a) when surplus revenue should be invested;
  - (b) when investments should be liquidated; and
  - (c) when long and short-term debt should be incurred

### 3.3 Bank Accounts:-

- (1) The Municipality shall operate with one primary bank account for its day to day operational requirements.
- (2) The Accounting Officer shall further maintain separate accounting records for each of the following: the administration of government grants & subsidies and monies received from Department of Human Settlements for the administration of various housing projects.
- (3) The Accounting Officer shall be responsible for opening the primary bank account with an authorised banking institution.
- (4) All money due for payment to or by the Municipality shall be paid into and from this primary bank account.
- (5) The Accounting Officer is responsible for the management of the bank account but may delegate this function to the Chief Financial Officer. All withdrawals from the primary or other municipal banks account must be authorised by the two A signatories or one A-signatory and one B signatory.
- (6) The Accounting Officer and Chief Financial Officer are authorised at all times to sign cheques and any other documentation associated with the management of such accounts. The Accounting Officer, in consultation with the Chief Financial Officer, is authorised to delegate two or more additional signatories in respect of such accounts, and to amend such delegations from time to time. The list of current signatories shall be reported to the Council or the Mayor. In terms of section 79 of the Act the Accounting Officer must ensure that all written and signed delegations are in place with clear indications of the power and/or duties delegated.
- (7) The bank statements must be analysed by the Chief Financial Officer on a daily basis and a monthly bank reconciliation shall be prepared by the Chief Financial Officer reflecting the balance as per the bank statement for the primary bank account compared to the balance arrived at in the Municipality's cash book. The Chief Financial Officer shall prepare the monthly bank reconciliation within 7 days after the end of each month and investigate and report any irregularities to the Accounting Officer.

- (8) Payments to third parties from the primary bank account shall be effected via cheques or EFTs.
- (9) As far as reasonably possible, payments via debit and/or stop orders shall be avoided. Only the Accounting Officer shall have the authority to approve a debit and/or stop order against the primary bank account.
- (10) An overdraft facility with the Municipality's primary banker is available only for an unanticipated short-term cash flow shortfall and the credit limit is set at R5 000 000.. The terms of agreement for the bank overdraft facility including the credit limit shall only be changed by the resolution of the Council of the Municipality.
- (11) The Municipality shall avoid as far as reasonably practicable going into overdraft in the approved overdraft facility with its primary banker.
- (12) Any overdrawn bank account at any date shall immediately be reported to the Council of the Municipality together with reasons for it.
- (13) Any short-term debt facility must be approved by the Accounting Officer. Short-term debt is incurred based on expected income and in terms of section 45 of the Act, it must be repaid by the Municipality within the same financial year.

#### 3.4 Revenue Collection:-

- (1) The Accounting Officer or delegated official must ensure that section 64(2) of the Act and section 95 of the Municipal Systems Act are adhered to when revenue is collected.
- (2) The Accounting Officer or delegated official must ensure that all revenue is properly accounted for and if irrecoverable, ensure sufficient provision is made for writing it off in terms of the Credit Control & Debt Collection Policy and Bad Debt Written Off & Debt Impairment Policy.

#### 3.5 Debt Collection:-

- (1) All monies due to the Municipality must be collected by the due dates and banked into the primary bank account daily or the following working day after being collected.
- (2) The Accounting Officer must ensure that the debt collection process is reviewed regularly to determine the efficiency and effectiveness thereof.
- (3) Any debt older than the period determined by the Credit Control Policy must be handed over to the applicable section for recovery.

#### 3.6 Payment to Creditors:-

- (1) The Municipality shall pay its creditors before or on due date as agreed to between the creditor and the Municipality.
- (2) If the creditor offers any settlement discounts then the Municipality will strive to settle the amounts payable to creditors within the settlement period order to achieve the settlement discount.
- (3) Payments may not be split to circumvent the supply chain management regulation and any such non-compliance constitutes financial misconduct.

#### 3.7 Receipt of Money:-

- (1) A numbered official receipt reflecting the name of the Municipality must be issued for the receipt of any money.
- (2) An endorsed cancelled receipt must be attached to the day end cash reconciliation form and be retained for audit purposes.

- (3) Any money, including cheques and postal orders received via mail must be recorded in a designated register that must reflect all necessary details to enable later use and identification of such receipts.
- (4) The register, including all payments received, must be submitted to the cashier for receipting.
- (5) All receipts will be recorded in the designated register, and any documents relative to the payments will be filed for audit purposes.

#### **4 Cash Investment**

4.1 The Council shall pass a resolution in respect of the limits for the investment of its funds, including the term and institutions allowed for investment.

4.2 The Municipality shall invest funds only into the following investment types:

- (1) securities issued by the national government;
- (2) listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;
- (3) deposits with banks registered in terms of the Banks Act 94 of 1990;
- (4) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act 45 of 1984;
- (5) deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act 46 of 1984;
- (6) banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act 94 of 1990;
- (7) guaranteed endowment policies with the intention of establishing a sinking fund;
- (8) repurchase agreements with banks registered in terms of the Banks Act 94 of 1990;
- (9) municipal bonds issued by a municipality; and
- (10) 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.

4.3 All investments:

- (1) must be made in the name of the Municipality;
- (2) must be made with surplus funds of the Municipality only;
- (3) must be made with deposit-taking institutions registered in terms of the Banks Act 94 of 1990;
- (4) must be given the following considerations in order of priority:
  - (a) firstly, primary regard must be had to the probable safety of the investment,
  - (b) secondly, regard must be had to the liquidity demands of the Municipality,
  - (c) lastly, regard must be had to the probable income to be derived from the investment.
- (5) must be made for a term not exceeding the term allowed by resolution passed by the Council of the Municipality;

- (6) must be made only if the investment is dominated in Rand and is not indexed to, or affected by, fluctuations in value of the Rand against a foreign currency; and
  - (7) must be recorded in writing and written proof of the investments must be obtained from the institution where it is invested and must be kept on file at the Municipality.
- 4.4 An investment may only be made in another way to that determined by written resolution, provided a written resolution is obtained from the Council allowing the investment to be made in such way and it complies with the National Treasury regulations.
- 4.5 The Municipality may not:
- (1) invest 35% or more of its investments at any given time with a single institution in order to limit the Municipality's exposure (this excludes investments matched to identify projects, working capital or held in the One Day Call Account);
  - (2) borrow money for the purposes of investment;
  - (3) invest for speculation and may only invest if it's a genuine and good investment;
- 4.6 The Accounting Officer or The Chief Financial Officer or delegated official, shall be responsible for investing the surplus revenues of the Municipality.
- (1) The Accounting Officer or The Chief Financial Officer or delegated official shall 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 i.e. Call, Money Market and Fixed Deposit.
- 4.7 Any and all officials of the Municipality involved in the investment matters of the Municipality, shall:
- (1) manage such investments in compliance with this Policy and any other policy directives and written procedures formulated by Council and any regulations promulgated (in the event of a conflict between this Policy and the Municipal Investment Regulations, then the Municipal Investment Regulations shall apply);
  - (2) at all times have only the best interests on the Municipality;
  - (3) not accede to any influence or interference from other Council officials, Councillors, investment agents or institutions or any other outside parties;
  - (4) make any investment with care, skill, prudence and diligence.
  - (5) act with care, skill, prudence and diligence.
  - (6) adopt an approach which a prudent person acting in a similar capacity and familiar with investment matters would use in the investment of funds of similar character and with similar aims, to safeguard the principal and maintain the liquidity needs of the Municipality.
  - (7) prepare all reports timeously.
  - (8) Exercise strict compliance with all legislation.
- 4.8 No Municipal Official, including but not limited to the Chief Financial Officer, any Executive Member or Councillor, may accept any undue gift or benefit, from any investment agent or institution or any party with which the Municipality has made or may potentially make an investment.
- 4.9 This Policy does not apply to:
- (1) a pension or provident fund registered in terms of the Pension Funds Act 24 of 1956 or any other relevant or subsequent legislation;

- (2) in respect of trust money administered by the Municipality where a trust deed prescribes how the trust money is to be invested.

#### 4.10 Quotations:-

- (1) The Municipality shall follow the Municipality's Supply Chain Management Policy when inviting and selecting quotations from investment institutions.
- (2) Quotations shall be obtained in writing from a minimum of three registered investment institutions prior to making an investment, preferably from the list of accredited prospective providers and if not from the list then such providers must meet the listing criteria in the Supply Chain Management Policy.
- (3) If it is not possible to obtain at least three different quotations then the reasons must be recorded and reported quarterly to the Accounting Officer or another official designated by the Accounting Officer.
- (4) All quotations must be recorded on a schedule by the accountant. This schedule, together with the printed e-mails, must thereafter be given to the Chief Financial Officer for review and final consideration.
- (5) The Municipality may consider the written quotation only if the provider who submitted the quotation has:
  - (a) furnished the Municipality with that provider's -
    - (i) full name and identification number
    - (ii) or if the provider is not a natural person, the company or other registration number; tax reference number and VAT registration number, if any;
  - (b) has authorised the Municipality to obtain a tax clearance from the South African Revenue Services that the institution's tax matters are in order; and
  - (c) has indicated -
    - (i) whether the provider is in the service of the state, or has been in the service of the state in the previous twelve months;
    - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
    - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.
- (6) Written confirmation of the quotation accepted is essential.
- (7) Where an investment is made at an institution at a rate lower than that of other quotations, then reasons must be recorded by the Accounting Officer/delegated official and reported to Council as part of the quarterly report by the Accounting Officer/delegated official.
- (8) Where a competitive bid is required as prescribed by the Supply Chain Management Policy the procedures for invitation and selection of competitive bids or offers set out in the Supply Chain Management Policy shall be followed.

#### 4.11 Investment Managers:-

- (1) The Municipality may as and when necessary appoint an external A-graded investment manager to administer the Municipality's investment portfolio on its behalf, provided that prior such appointment:
  - (a) the Municipality's Council approves the appointment of such external investment manager in written resolution;
  - (b) the Supply Chain Management Policy has properly been complied with by the Municipality; and
  - (c) a service level agreement is concluded with the investment manager requiring the investment manager to *inter alia* comply with this Policy and with the National Treasury's Investment Regulations, which service level agreement will govern the functions and responsibility of the external investment manager.
- (2) All investments made by the internal investment manager shall be in accordance with this Policy.
- (3) If an Investment Manager is ever engaged, the Chief Financial Officer shall ensure that such Manager has the credentials specified for the "Investment Manager" in Regulation 1 of the Act.

#### 4.12 Internal control over investments:-

- (1) The Accounting Officer shall ensure that there are effective and efficient mechanisms in place to manage the investment process in terms of this Policy.
- (2) The Municipality shall prepare and issue written mandates, to be signed by the Accounting Officer, to all institutions with whom the Municipality intends to invest funds, setting out the following:
  - (a) authorised dealers – name and particulars of the Municipality's Officials who are authorised to transact investment deals with the institution on behalf of the Municipality;
  - (b) authorised signatories – name and particulars of the Municipality's Officials who are authorised to sign written confirmations or any other correspondence in respect of investment transactions;
  - (c) a dealing sheet, to be signed by an authorised dealer, shall be prepared in all instances for each individual investment, detailing quotations received and the recommended institution to be invested in. The Manager Expenditure, together with any one of the authorised signatories referred to above, shall be authorised to approve the transaction.
- (3) New investments exceeding R10 million (Ten million rand) shall in addition to the above, require the approval of the Accounting Officer.
- (4) Long-term investments shall in addition to the above, require the approval of the Council by way of written resolution.

#### 4.13 Risk and Return:-

- (1) The offer of best interest rates on an investment must be considered with the degree of risk involved to both the financial institution and the investment instrument concerned.
- (2) 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.

#### 4.14 Investment Procedure:-

- (1) The Accounting Officer shall determine whether there is cash available for investment and fix the maximum term of investment.
- (2) The Accounting Officer must evaluate the term of the investment.
- (3) Short-term investments:
  - (a) The term of a short-term investment shall be 12 months or less.
  - (b) The Municipality must obtain quotations via e-mail communication (as rates change regularly) from at least three registered financial institutions for the term that the funds will be invested.
  - (c) In the event that an institution provides quotation that is better than the other quotations but for a term that is different to the term originally quoted for, then the other institutions that provided quotations must also be asked to provide a quotation for this different term.
  - (d) The municipality must not cause the institutions to compete with each other.
- (4) Long-term investments:
  - (a) The term of a long-term investment shall not be 12 months or less.
  - (b) The Municipality must obtain quotations in writing for long-term investments.
  - (c) A long-term investment shall be advertised in the paper circulating in the area.
- (5) Investment maturity:
  - (a) When an investment reaches maturity the Municipality shall either withdraw the whole amount so invested or re-invest the whole amount plus interest in terms of this Policy, or re-invest part of the amount invested.
- (6) Withdrawal of invested funds prior to maturity:
  - (a) Funds invested may only be withdrawn upon written approval by both the General Manager Financial Services and the Accounting Officer.
  - (b) Early withdrawal will result in the Municipality incurring fruitless and wasteful expenditures in form of penalties and therefore the Chief Financial Officer shall ensure that such funds are not withdrawn earlier than the maturity date agreed upon.
  - (c) The Chief Financial Officer shall approve the withdrawal of funds prior to maturity only if the relevant investment institution waives the levying of any penalties or the Accounting Officer is satisfied that the need for funds far outweighs the penalties being paid for such early withdrawal.

#### 4.15 Payment:-

- (1) When The Accounting Officer or the Chief Financial Officer, or delegated official authorizes the investment, then two authorized signatories must authorize and affect the electronic funds transfer in respect of the investment amount.
- (2) When payment is to be effected by cheques, then the following procedures shall apply:
  - (a) the Accounting Officer, or delegated official must complete a cheque requisition form and submit it to the Chief Financial Officer together with the supporting quotations;

- (b) the Chief Financial Officer must either authorize the requisition or submit it to Council for authorization depending on the value of the investment;
- (c) when the Council or the Chief Financial Officer has authorized the requisition, the Chief Financial Officer or two authorized signatories are required to sign the cheque and submit it to the financial institution.

4.16 Commission:-

- (1) No fee, commissioner other reward may be paid to a councillor or official of the Municipality or to a spouse or close family member of such councillor or official in respect of any investment made or referred by the Municipality.
- (2) If an investee pays any fee, commission or other reward to an investment manager in respect of any investment made by the Municipality, both the investee and the investment manager must declare such payment to the Council by way of a certificate disclosing full details of the payment.

4.17 Commission Certificate:-

- (1) The Auditor General requires the investment institution, where the investment is made, to issue a certificate for each investment made. This certificate must state that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

4.18 Control over investments:-

- (1) The Municipality shall keep proper records in an investment register of all investments made by the Municipality and it is the duty of the Chief Financial Officer to ensure that this is done properly and that investment documents are adequately safeguarded.
- (2) These records shall indicate:
  - (a) the date on which the investment is made;
  - (b) the institution with which the money's are invested;
  - (c) the reason for investment (purpose);
  - (d) the amount of investment;
  - (e) the interest rate applicable; and
  - (f) the maturity date;
- (3) The Chief Financial Officer shall ensure that all interest and capital properly due to the Municipality are timeously received and shall take appropriate steps if interest or capital is not fully or timeously received. The Chief Financial Officer or his or her assignee must check that the interest is calculated correctly, in terms of sound universally accepted financial management practices.
- (4) The following steps need to be taken by the Municipality:
  - (a) The investment register and accounting records must be reconciled on a monthly basis.
  - (b) The investment register must be examined on a fortnightly basis by the senior official under the direction of the Chief Financial Officer as instructed, to identify investments falling due within at least two weeks.



- (c) Where investments are to be undertaken for a period longer than three (3) months, a cash flow analysis is required.

## **5 Reporting**

### **5.1**

<b>Report</b>	<b>Frequency</b>	<b>Prepared by</b>	<b>Recipient</b>
Bank balance (including call account, primary account and outstanding cheque balance)	Daily	Senior Creditors Clerk	Manager: Expenditure
Investments Register	Monthly within 10 days of the end of the month	Manager: Expenditure	Manager: Budget and Compliance, Chief Financial Officer and Municipal Council

- 5.2 The Accounting Officer shall within 10 working days of the end of each month, as part of the section 71 report required by the Act, submit to the Mayor of the municipality the report describing in accordance with generally recognised accounting practice the investment portfolio of that Municipality as at the end of the month.

- 5.3 Monthly reports must set out at least:

- (1) the market value of each investment as at the beginning of the reporting period;
- (2) any changes to the investment portfolio during the reporting period;
- (3) the market value of each investment at the end of the reporting period;
- (4) fully accrued interest and yield for the reporting period.

## **6 General**

- 6.1 The Accounting Officer is responsible for ensuring that this Policy is implemented and enforced.
- 6.2 The Accounting Officer may delegate any authority and duty assigned to him within this Policy by delegating it in writing and in conformance with requirements of the Act.
- 6.3 This Policy shall be implemented once approved by Council. Existing investments that do not comply with this Policy should be properly discontinued and all future investments must be made according to this Policy.
- 6.4 Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken. It will be the responsibility of Chief Financial Officer to enforce compliance with this Policy.