

GREATER LETABA MUNICIPALITY



BANK AND CASH POLICY

TABLE OF CONTENTS

SECTION	DESCRIPTION
A	PURPOSE
B	DELEGATION OF AUTHORITY AND APPROVAL OF PAYMENTS
C	SECURITY AND ACCESS CONTROL
D	PHYSICAL CONTROL OVER CASH
E	RECORDING OF TRANSACTIONS
F	CASH SHORTAGES AND SURPLUSES
G	BANK RECONCILIATIONS
H	IMPLEMENTATION AND REVIEW OF THE POLICY

A. PURPOSE

- 1 The purpose of this policy is to set clear guidelines over the effective management and control over cash resources at the main and satellite offices and the depositing of such resources. The control over cash resources is of utmost importance due to the nature of the resource's susceptibility to theft and possible fraudulent transactions.

For the purpose of this policy, cash is defined as:

- Actual cash;
- Postal orders;
- Cheques;
- Electronic fund or payments/transfers;
- Direct deposits.

- 2 The Municipality must adhere to the relevant stipulations of the Municipal Finance Management Act (Sections 8, 9, 10, 11, 13, 65 and 81) and any other relevant legislation governing cash and cash resources.

B. DELEGATION OF AUTHORITY AND APPROVAL OF PAYMENTS

- 1 The management of the cash resources of the Municipality is the responsibility of the Municipal Manager in the capacity as Accounting Officer, who must, for the proper application of this policy, develop and implement an appropriate system of delegations that will both maximise administrative and operational efficiency and provide adequate checks and balances in the management of cash resources.
- 2 The Chief Financial Officer, as designated in writing by the Municipal Manager, must advise the Municipal Manager on the exercise of the powers and duties with regards to this policy and must assist the Municipal Manager in the administration of the cash resources and the bank accounts.
- 3 The Chief Financial Officer may not sub-delegate the duty to assist the Municipal Manager in the administration of the Municipality's cash resources and bank accounts.
- 4 The authority to withdraw money from the Municipality's bank accounts may only be given to the Chief Financial officer or any other delegated senior official as determined, in writing, by the Municipal Manager. A copy of the signed delegation letter must be kept by the delegated official.
- 5 No cash cheques may be issued by the Municipality;
- 6 The incumbents of the following posts are authorised to sign cheque and electronic transfer payments of the Municipality:
 - Municipal Manager;
 - Chief Financial Officer;
 - Delegated Assistant Director (Only when the Chief Financial Officer is not available)
- 7 Dual signatures are required for the approval of all cheque and electronic transfer payments;
- 8 Cheques and electric transfer payments must be issued in the name of the third party.
- 9 All cheques must be clearly marked "Not Transferable".
- 10 Each incumbent of a post responsible for the payment and authorisation of electronic transfer payments must have the required user IDs and passwords as required by the financial institution. These user IDs and passwords must not be familiar with third parties.
- 11 When a cheque is lost, stolen or damaged, an instruction to stop payment must immediately be issued to the financial institution. Once confirmation has been received that the payment was stopped, the transaction must be reversed and a new cheque issued and authorised.
- 12 Only Council may approve an overdraft facility with the Municipality's approved financial institution and such overdraft facility may not be for periods longer than 30 days.

C. SECURITY, ACCESS CONTROL AND DUE CARE

1. The Council should be properly insured against theft and fraudulent transactions regarding the cash funds kept on the premises of the Municipality.
2. Fidelity guarantee insurance should be taken out in respect of employees handling Municipal funds.
3. Cash on hand must be kept in a fireproof and lockable safe inside the cashier's area during periods that it is not under physical control of the cashier. Access to this safe must be limited to the cashier. The keys to the small safe inside the cashier's area should be controlled as follows:
 - Original key – Cashier;
 - Duplicate key – Accountant: Revenue.
4. In order to prevent unauthorised entry to the cashiers' area, all entrances leading to the area should at all times be locked and only the cash credit controller should be allowed access to this area to count and reconcile cash at the end of each working day. Keys for the doors giving access to the cashier's area must be controlled as follows:
 - Original key – Cashier;
 - Duplicate key – Assistant Director: Revenue.
5. Surplus funds not yet deposited, should be locked inside a money box and this money box should then be locked inside a small safe, situated inside the Municipality's big fireproof walk-in safe at the Traffic Department. In order to ensure effective segregations key control for this section are as follows:
 - Original money box key – Cash Credit Controller;
 - Duplicate money box key – Accountant: Revenue;
 - Original key for small safe inside big safe – Cash Credit Controller.
 - Duplicate key for the small safe inside the big safe – Assistant Director: Revenue;
 - Original key to the big safe – Director: Traffic Services;
 - Duplicate key to the big safe – Senior Cashier: Traffic Services.
6. Keys to the money box, small safe and big walk-in safe should be controlled via a key register. The responsibility for the maintaining and updating of the key register lies with the Assistant Director – Finance. Detail to be captured into the key register should inter alia include:
 - Area to which keys is giving access to;
 - Name of person responsible for the key;
 - Date that key was issues or returned;
 - Signature of person to whom key was issued;
 - Signature of the Director: Finance.
7. If the responsible person cannot be present, the keys that give access to the relevant area should be handed over in the presence of a witness and recorded accordingly on the handing over document and key register. The key register must be signed by all parties as well as Director: Finance.

- 8 Each functionary in the cash management process must do so with such judgement and care, under the prevailing circumstances, as a person of prudence, direction and intelligence would exercise in the management of his or her own affairs.
- 9 The Municipal Council is responsible for the total process of risk management over cash, as well as forming its own opinion on the effectiveness of the process.

- 11 The Assistant Director: Revenue must scrutinise bank statements on a daily basis. Where unknown deposits are identified on the bank statements they should be allocated to and unknown deposit general ledger control account and followed up by the Credit control and Accountant: Revenue with 5 days from the date that the deposit appeared on the bank statements.

F CASH SHORTAGES AND SURPLUSES

- 1 The cashier's float should be checked and set aside from the other cash before commencing the balancing of the receipts for the day.
- 2 Cash shortages should be recovered from the cashiers on the day that the shortages are detected. Only in exceptional instances and on approval by the Director; Finance may shortages be recovered from the cashiers next salary. In such instances a sundry debtor account should be opened for the value of the shortage and the cashier must allow deduction of the shortage from his / her salary in writing.
- 3 All shortages in excess of R 500 must be investigated and disciplinary actions instituted where negligence or theft is identified.
- 4 Receipts should be issued in respect of unknown cash surpluses, if and when such surpluses are detected. Such surpluses should be separately disclosed in the general ledger.

H IMPLEMENTATION AND REVIEW OF THE POLICY

- 1 The policy must be submitted to Council for approval and affective date will be the date when approved by Council.
- 2 It is the responsibility of the Municipal Manager and various Directors to bring the content of this policy to the attention of all parties concerned.
- 3 This policy must be reviewed on an annual basis and the revised and updated policy must be submitted to Council for approval.



Municipal Manager
Dr MB Letsoalo

.....