EFT POLICY

2022/2023 FINANCIAL YEAR

MIDVAAL
LOCAL MUNICIPALITY

Midvaal Local Municipality recognises that the use of electronic funds transfer as a faster, easier and more efficient method of payment to creditors.

Internal controls such as written policies and procedures, authorisations, segregation of duties and monitoring are still important in the new technological world.

Electronic banking will be used for, but not limited to, the following:

- Online banking services (reviewing account balances, retrieving bank statements
- Paying of creditors
- Paying of salaries
- Refund of billing payments
- Investment of funds in accordance with Council investment policy.

1. Municipal Expenditure

All expenditure of Midvaal Local Municipality shall be incurred in terms of section 11 of the MFMA.

2. Electronic Fund Transfer

The Chief Financial Officer shall delegate officials in writing for authority to process electronic payments. EFT payments processed on behalf of the Municipality shall be completed by different officials at different levels in line with delegations' policy to ensure segregation of duties. This will minimize fraud

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Delegation shall be made in terms of Section 79 of the MFMA.

Only the Accounting Officer or the Chief Financial Officer of Midvaal Local Municipality or any other delegated senior financial officer of the municipality acting on written authority of the Accounting Officer, may authorise the withdrawal of money from Midvaal Local Municipality's bank account through the appropriate EFT process.

Such withdrawals shall be accompanied by official expenditure documents which are duly authorised for purposes as prescribed in section 11(a)-(j) of the MFMA.

Officials delegated in terms of Section 79 of the MFMA:

- Assistant Director Expenditure
- Chief Financial Officer
- Director Expenditure
- Director: Financial Control
- Assistant Director: Financial Control

Once an EFT transaction has been completed, the payment list with banking details, together with the supporting documentation, is submitted to the 2nd approver for final verification.

3. Banking details

Suppliers banking details are captured onto the system once the bank details have been verified on CSD (Central Supplier Database) or upon receipt of the bank stamped bank confirmation letter. Once captured, the bank details are then verified and authorised on the system. Banking details cannot be captured and authorised by the same official, thereby ensuring segregation of duties.

4. Controls for EFT users

Access to the banking system is restricted to authorised officials. These officials are authorised by completing a request for user form which is then signed by the authorised signatories at the bank.

Two different users are required to effect an EFT transaction, as two approvals are required before a payment is made. Both approvals have to be made the same day, otherwise the transaction is aborted.

5. Additional Precautions

The following precautions should be taken when entering user codes and passwords on the internet:

- Check to make sure that the URL begins with "https" rather than "http".
- Ensure that the website has a security certificate
- Always ensure the secrecy of your password