

C 3217/11/2023
MC A/6208/11/2023

9.A.12 [FS]: ELECTRONIC FUNDS TRANSFER POLICY AMENDMENTS

6/2/2/P

COMPETENCY: COUNCIL

IT WAS UNANIMOUSLY RESOLVED:

1. That the amendments that have been effected to the Council's Electronic Funds Transfer Policy, be approved
2. That these amendments be effective retrospectively from 1 July 2023.

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9.A.12 [FS]: ELECTRONIC FUNDS TRANSFER POLICY AMENDMENTS

6/2/2/P

COMPETENCY: COUNCIL

PURPOSE

To submit amendments to the Electronic Funds Transfer Policy (2023/2024 EFT Policy).

RECOMMENDATIONS

1. That the amendments that have been effected to the Council's Electronic Funds Transfer Policy, be approved
2. That these amendments be effective retrospectively from 1 July 2023.

REPORT

1) EFT Policy

- EFT Policy in paragraph 1 states that all expenditures of the municipality shall be incurred in terms of Section 11 of the MFMA, and Section 11 of the MFMA deals with withdrawals from municipal bank account and not expenditure.
- Recommendation
 - a) Amend this paragraph and it must refer to section 15 of the MFMA.

2) EFT Policy

- Paragraph 2 sub-paragraph 4 of the EFT Policy lists the following officials to which delegation of authority has been delegated:
 - Assistant Director Expenditure
 - Chief Financial Officer
 - Director Expenditure
 - Director Financial Control
 - Assistant Director Financial Control
- Proposed changes:
 - Chief Financial Officer
 - Director Expenditure
 - Director Financial Control
 - Director Supply Chain Management

- Discussion
 - a) Assistant Director Expenditure is being removed from the list as this position is responsible for capturing payments onto the bank, and in terms of internal controls and segregation of duties it is not advisable that an individual is able to capture and authorise a payment both on the Financial System and onto the online banking system, this is a risk to Council.
 - b) Director Supply Chain Management is added to the list as a senior official with the Financial Services Department, and this will allow, segregation of duties, and will ensure that there is smooth continuity in terms of approval processes for payments.
 - c) Assistant Director Financial Control is being removed as this position does not exist with the employee structure of the Financial Services Department.

COMMENTS:

EXECUTIVE DIRECTOR: FINANCIAL SERVICES

The proposed changes are deemed necessary, and the approval by Council is sought.

CORPORATE SERVICES

Item noted.

DEVELOPMENT AND PLANNING

Supported.

ENGINEERING SERVICES

None received.

COMMUNITY SERVICES

Proposed changes are Supported.

PUBLIC SAFETY AND ROADS

None received.

**COMMENTS: MEETING OF THE MUNICIPAL MANAGER AND HEADS OF
DEPARTMENT: 14 NOVEMBER 2023**

Resolved To Recommend

That the Item be referred to the Section 80 Finance Services Portfolio Committees.

**COMMENTS: SECTION 80 FINANCE SERVICES PORTFOLIO COMMITTEE: 20
NOVEMBER 2023**

The recommendations are supported.



**EFT POLICY
2023/2024 FINANCIAL YEAR**



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 15 of the MFMA.

2. Electronic Fund Transfer

- 1) 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.
- 2) 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.
- 3) 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.

- 4) Officials delegated in terms of Section 79 of the MFMA:
 - Chief Financial Officer
 - Director Supply Chain Management
 - Director Expenditure
 - Director: Financial Control

- 5) 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 and approval.

3. Banking details

- 1) 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

- 1) 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.

- 2) 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

- 1) 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