

**SWARTLAND
MUNICIPALITY**

**CASH MANAGEMENT AND
INVESTMENT POLICY**

REVIEWED AND AMENDED

MARCH 2023-2024-2025

The policy to be approved due to designation changes

PREAMBLE

Whereas section 13 of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) determines that a municipality must introduce an appropriate and effective cash management and investment arrangement;

and whereas a bank, in accordance with the provisions of section 13 of the Act, has to disclose details regarding a municipalities' investments;

and whereas councillors and officials, as trustees of public funds have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible;

now therefore the Swartland Municipality adopts the cash and investment management policy set out in this document.

CASH MANAGEMENT AND INVESTMENT POLICY

DEFINITIONS

For the purpose of this policy any word or expression to which a meaning has been assigned in the Act shall bear the same meaning in this policy and, unless the context indicates otherwise, means:–

“Accounting Officer” is a person appointed by the Municipality in terms of Section 82 Of the Local Government: Municipal Structure Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager of the Municipality

“Cashiers” are any municipal official appointed to receive cash or any other form of payment(s) on behalf of Swartland Municipality at any of the receipting points within the Swartland Municipal area.

“Chief financial officer” an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

“Councillor” a member of a municipal council.

“Current assets”

- debtors;
- cash;
- inventories; and
- the short-term portion of long-term debtors.

“Current liabilities”

- creditors;
- bank overdrafts and
- short-term portion of long-term liabilities

“Investments” funds not immediately required for the defraying of expenses and invested at approved financial institutions.

“Municipal Manager” is the Accounting Officer appointed in terms of section 82 of the local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and being the head of administration and Accounting Officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person

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(a) Acting in such position

“Municipality” is the institution that is responsible for the collection of funds and the provision of services to the customers of Swartland; and

“Municipal Official or Official” any employee of the Swartland Municipality;

“Negotiable certificate” a loan certificate that is tradable on the capital market.

“Net current assets” is the difference between current assets and current liabilities.

“Provisions” are estimated credit obligations based on past events. Provisions differ from other liabilities due to the uncertainty of the timing of payment or the amount due.

“Public funds” all monies received by the municipality to perform the functions allocated to them.

“Short-term portion of long-term debtors” refers to the capital installments of long-term debtors due and payable in the next financial year.

“Short-term portion of long-term liabilities” refers to the capital repayment of long-term loans due and payable in the next financial year.

“SMME(s)” refers to Small, Medium and Micro Enterprises as determined by the Department of Trade and Industry. In the Swartland context, SMME’s are identified through the nature of invoices received by such suppliers and their requests to deliver goods or services on a cash-on-hand basis.

OBJECTIVES

2. (1) The objectives of a cash management and investment policy are:-
 - (a) to give effect to the provisions of Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Regulation R308 as published in Government Gazette 27431 of 1 April 2005 read in conjunction with the provisions of the cash management and investment policy of the Swartland Municipality;
 - (b) to manage the net current asset requirement of the municipality in such a manner that it will not tie up the municipality's scarce resources required to improve the quality of life of the citizens;
 - (c) to manage the financial affairs of the municipality in such a manner that sufficient cash resources are available to finance the capital and operating budgets of the municipality; and
 - (d) to gain the highest possible return on investments, without incurring unnecessary risk, during periods when excess funds are not required for capital or operational purposes.

SCOPE OF THE POLICY

3. (1) The policy deals with-
 - (a) responsibility/accountability;
 - (b) management of net current assets;
 - (c) investment instruments;
 - (d) investment ethics and principles;
 - (e) investment procedures;
 - (f) other external deposits;
 - (g) control over investments;
 - (h) short title.

RESPONSIBILITY/ACCOUNTABILITY

4. (1) The municipal manager as the accounting officer of the municipality is

accountable for cash management and investments.

- (2) The Municipal Council is the trustee of the public revenues, which it collects, and therefore has an obligation to the community to ensure that cash resources are managed effectively and efficiently. The Council also has a responsibility to invest these cash resources knowledgeably and judiciously/ sensibly/ wisely, and must be able to account fully to the community in regard to such investments.
- (3) The Municipal Council must establish an appropriate policy with prescribed procedures, processes and systems required to ensure efficient and effective management of cash and investments. The Municipal Manager must review the Cash Management and Investment policy annually and, if amended, submit it to Council for approval.
- (4) Efficient and effective management include:-
 - (a) collecting revenue when it is due;
 - (b) banking and depositing monies on a daily basis;
 - (c) making payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical service delivery and the creditor's normal terms for account payments;
 - (d) avoiding pre-payment for goods or services (i.e. payments in advance of the receipt of goods or services), unless required by the contractual arrangements with the supplier;
 - (e) accepting discounts for early payments when the payments have been included in the monthly cash flow estimates for each department and supplied to the chief financial officer;
 - (f) pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the municipality are collected and banked promptly;
 - (g) accurately forecasting the municipality's cash flow requirements;
 - (h) timing of in- and outflow of cash;
 - (i) recognising the time value of money;
 - (j) taking any other action that avoids 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 under utilised assets; and

- (k) avoiding bank overdrafts.
- (l) ensuring that duties are segregated in such a manner that the risk of error or fraud is mitigated to a level as considered reasonable by management.

MANAGEMENT OF NET CURRENT ASSETS

5. (1) Cash management includes the management of net current assets which entail:-
- (a) debtors;
 - (b) cash;
 - (c) inventory;
 - (d) short-term portion of long-term debtors;
 - (e) creditors;
 - (f) bank overdraft;
 - (g) provisions; and
 - (h) short-term portion of long-term liabilities.

Debtors

- (2) The municipal council must set a target for debt collection based on the performance of the municipal manager during the last financial year.
- (3) The target must be expressed as a percentage of potential income and/or the turnover rate of debtors.
- (4) All monies owing to the council must be correctly reflected in the debtors system.
- (5) All funds due to the council must be collected timeously and banked within 3 working days after receipt.
- (6) Extension for payment of rates and service charges must only be given in

terms of the municipality's credit control and debt collection by-law and in exceptional circumstances.

- (7) Monies collected by other agencies on behalf of the municipality shall be collected and paid over to the municipality or deposited in the bank account of the municipality in a manner prescribed by the Municipal Manager and as agreed upon by way of a written agreement between the municipality and the agency concerned.

Receipt of money over the counter

- (8) Every amount of payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by issuing a numbered official receipt.
- (9) Receipts that are cancelled will be reattached in the correct place in the receipt file. Information on both the original as well as the copy must be visible and a reason for the cancellation stated.
- (10) Where computer generated receipts are used the original must be filed for audit purposes.
- (11) The Cashier must compile a daily balance of all cash collected. Surpluses and shortages must be indicated as such. Shortages must be paid in on completion of the reconciliation (including a recount) by the Controller: Cashiering and Vendor points or as soon as possible afterwards. Cash must be banked according to prescribed/ approved arrangements.

Direct Deposits (Electronic Funds Transfer)

- (12) Direct Deposits: Direct deposits must be dealt with as follow:
 - a) These transactions are handled by the Controller: Cashiering and Vendor points.
 - b) A file must be generated by importing information from the banking system, this information must then be uploaded onto the financial system.
 - c) The financial system creates a receipting batch for updating, this only

contains transactions with valid reference numbers.

- d) Invalid transactions must be dealt with on a manual basis, these sundry transactions must be captured into the receipting system by a Cashier.
- e) Balancing between the Controller: Cashiering and Vendor points summary and the cashier transactions summary must be fulfilled

Third Party (Any third party that entered into a signed agreement with the Municipality):

(13) Third party payments must be dealt with as follow:

- a) All payments must be handled by the Controller: Cashiering and Vendor points by means of an internet download and a transfer to the financial system.
- b) The Controller: Cashiering and Vendor points within the Financial Information Section transfers the payments received from the third parties to the Debtors System on a daily basis.
- c) Balancing of the third party transaction totals to the Bank totals must be completed by the Controller: Cashiering and Vendor points who completes the cashbook reconciliation.
- d) Balancing of the third party transaction totals to the Bank totals must be completed by the Controller: Cashiering and Vendor points who completes the cashbook reconciliation.
- e) Variances must be followed up by the Controller: Cashiering and Vendor points. Variances in banking totals identified by the Controller: Cashiering and Vendor points must be sent to Cashier section for follow up with the service provider.
- f) The serial numbers of receipt transfers from the institutions must be checked on a daily basis by accountant to ensure that all receipts/deposits are transferred to the Municipality on a daily basis. These serial numbers must be recorded by the accountant and any discrepancies must be followed up on a daily basis by the accountant.

ACB Debit order procedure

(14) The following process needs to be followed to institute a debit order against an account:

- a) The application form for payment via the ACB debit order system must be

completed

- b) The completed application needs to be returned by the 15th of a month in order for the deduction to take place in the same month of application.
- c) Applications received after the 15th will only come into effect in the following month
- d) The same deadline (15th of the month) applies to cancelation of ACB requests.
- e) The debit order will always be deducted on the last working day of the month. Therefore, if the last calendar day of the month is a weekend, the ACB will be deducted on the Friday preceding the last calendar day.
- f) The account due in the current month before the application is processed, will have to be settled by the client themselves.
- g) The municipality reserves the right to adjust the authorised ACB limit automatically in the event of a general adjustment of tariffs with a percentage equal to such an adjustment. This includes special tariff adjustments such as drought water tariffs.
- h) If a debit order is returned twice by the Bank as unpaid due to no funds being available or insufficient funds it will be cancelled
- i) If a debit order is returned for any other reason other than the above, it will be cancelled immediately.
- j) An Administration Fee, as stated in Councils' Tariff list for the applicable financial year, will be levied for all unpaid debit orders.
- k) 30 Days' notice is needed for any changes in debit order.
- l) The bank charges pertaining to such transactions are for the customer's own account.

Cash Float

- (15) Cash Float will be set at R1000 for the Malmesbury Main office and also the Moorreesburg Traffic office. All other cash offices will have a cash float of R500. If a cash office has a proven need for more float, such increase in the limit must be authorised by the CFO.
- (16) Cash Float must be periodically reviewed by the Accounting Officer (and delegated as per the delegation of authority) and this will include spot checks. When counting cash on hand – cash float will be excluded before balancing amounts to the financial system.

- (17) Cash float will be retrieved from cashiers at the end of the day and locked in the strong room safe and issued the next day to cashiers.

Management of cash

- (18) All monies due to the municipality must be collected as soon as possible,
- a) either on or immediately after due date, and banked on a daily basis.
 - b) over week-ends and public holidays monies must be banked on the next working day.
 - c) where large sums are collected after monies have been banked on Fridays or on days prior to a public holiday, these monies must also be deposited prior to the closing of the bank.
- (19) The cash holding of the municipality must be kept at the minimum level required to finance the day to day operations of the municipality.
- (20) Procedures must be designed in order to ensure compliance with the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Regulation R308 as published in Government Gazette 27431 of 1 April 2005, regarding all cash.
- (21) Bank account balances must be reconciled to the cashbook. Accounts that are used daily must be reconciled daily while investment accounts may be reconciled on a less frequent basis.

Credit and Debit Cards

- (22) The accounting officer must ensure that no credit card or debit card linked to the municipality's bank account is issued to any official or political office bearer, with the exception of officials responsible for petty cash.
- (23) Where officials or political office bearers incur expenditure in relation to official municipal activities, such officials or political officer bearers must use their personal credit cards or cash or arrangements made by the

municipality, and request reimbursement in accordance with the written approved Travel and Subsistence Policy and processes.

Access to Cashiers Offices/ Workstations/ Booths

Handling and Safeguarding of Cash:

- (28) The cash office must be fitted with a lockable door and lockable money drawer. During business hours, all forms of cash must be stored/ safeguarded in lockable drawers, cash registers and/or cash boxes.
- (29) The cash office must remain locked at all times, irrespective of whether the Cashier is present or not.
- (30) All monies received must be locked in the locker during meal hours and in a safe overnight and over week-ends.
- (31) The cashier should have complete control and responsibility for the cash they collect during business hours.
- (32) Access to areas where cash is collected/paid/stored/safeguarded is restricted and limited to only those employees who need access, and have been designated to have access, which would be the Cashier handling the money and the direct Supervisor/Authorised Official performing reconciliations and checks.
- (33) Any other Officials/ Auditors must request documents from the Supervisor/ Authorised Official who will enter the Cashier's office/ area, to collect the appropriate documents, and hand it over to the officials/ auditors. These documents must be handed over and returned under control to prevent documents being lost.
- (34) Cash Offices must be restricted by means of the biometrics system (where possible) to prevent unauthorised access. The restriction of cash offices is to prevent the continuous movement of staff not handling cash or serving the public. Cashiers need to concentrate to prevent cash shortages which they are held responsible for.
- (35) Cash may only be accepted at Cash Offices of the municipality and registered vendors.

- (36) All keys must remain in the possession of the staff responsible and must not be relinquished for whatever reason.
- (37) Written acknowledgements must be obtained for all keys and monies handed over to the Supervisor or any other authorised staff members.
- (38) The relevant authorised official /Supervisor must supervise the cash activities on a daily basis.
- (39) The cashier must compile a daily cash summary. This cash on hand per the summary must match the actual cash on hand.
- (40) The day end cash balance and money must be safeguarded in the safe until deposited in accordance with approved cash arrangements.

Management of Inventory

- (41) Adequate control must be exercised over all goods received, the storage and issuing of goods kept in inventory in order to improve cash management.
- (42) Minimum and maximum inventory levels, reordering procedures, turnover rate of inventory items must be reviewed quarterly to ensure that funds are not unnecessarily tied up in inventory.
- (43) An inventory register, reflecting the under-mentioned detail must be kept and updated daily:-
 - (a) item description;
 - (b) stores code number;
 - (c) transaction date;
 - (d) goods received –
 - (i) goods delivery note number;
 - (ii) number of items received; and
 - (iii) value of items received.
 - (e) goods issued-
 - (i) requisition number; and
 - (ii) number of items issued.
 - (f) balance of items in inventory.
- (44) Inventory counts must be affected quarterly and an annual report reflecting

inventory shortages and surpluses must be submitted to council on 30 June of each financial year, or as soon as reasonably possible after the aforementioned date.

- (45) All surpluses and shortages must be explained by the relevant head of department.

Short-term portion of debtors

- (46) The periodical payments relating to long-term debtors must be raised and recovered monthly / biannually.

Payment of Creditors

- (47) The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality. Payments should ensure compliance with all relevant laws and regulations. The municipality encourages payments in such a manner that protect our interest bearing bank balances. Protecting our interest bearing balances would require that we make payments at the later end of those timeframes as stipulated by law. Incentives schemes that promote local economic development within the jurisdiction of the municipality may also be considered when negotiating payment terms.

- (48) Payments to creditors must be limited to one payment per creditor, per calendar month and such payment process to take place on/or before the end of each month, with the exception of: -
- a. when a query is applicable;
 - b. creditors failure to supply statements; or
 - c. SMME's payment requests processed earlier.

Any Special payments arrangements to creditors shall only be made with the express approval of the chief financial officer or delegated senior manager, who shall be satisfied that there are compelling reasons for making such payments outside of the normal month-end processing.

- (49) Discounts for early settlement must be considered and utilised.
- (50) Creditors statements must be reconciled monthly.
- (51) All creditors invoices must be sent to the municipal creditors section directly. For purposes of compliance to the MFMA, invoices will only be considered received, once delivered to the creditors section.
- (52) Before invoices are considered due, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted / in terms of a contract is required.
- a. Payment terms / days may be delayed as invoices will only be considered due on certification by the responsible official, confirming goods and services were received or rendered timeously and in accordance with the order and/or the general conditions of contract and/or the specifications where applicable and the price charged as quoted and/or in terms of a contract.
- (53) Payment must only occur on receipt of a statement of which the original company invoices can be linked to official orders that were issued prior to the company's invoice date and certified goods received notes. Copies of invoices must be certified by creditors as a true copy of the original and Payment Clerks must ensure that payment has not yet occurred for these invoices.
- a. In cases where a supplier does not provide a statement, payment will be made within 30 days of receipt of an invoice.

Management of bank overdraft

- (54) All debt shall be raised in strict compliance with the requirements of clause 45 to 47 of the Municipal Finance Management Act 2003, and only with the prior approval of the council.

A bank overdraft may only be obtained in anticipation of a positive income stream or to finance capital projects in anticipation of an approved capital grant or long-term loan.

- (55) The bank overdraft must be repaid at the end of each financial year.
- (56) The council can only approve a bank overdraft on the submission of a cash flow statement indicating the anticipated income stream or a certificate stating the approved grant or long-term loan.
- (57) 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.
- (58) A municipality may incur long-term debt 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.

Commitments

- (59) Commitments for known short-term liabilities must be made for each municipal order issued.
- (60) At year end, all incomplete orders must be reviewed to ensure that only valid orders remain to roll over into the following financial period.
- (61) Sufficient cash must be available when payments are due.

Short-term portion of long-term liabilities

- (62) Loan installments due in the next financial year must be provided for in the financial statements.
- (63) Sufficient cash must be available when payments are due.

INVESTMENT INSTRUMENTS

6. (1) The municipality may invest funds only in any of the following investments types as may be appropriate to the anticipated future need for the funds-
- (a) securities issued by the national government;
 - (b) listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency;
 - (c) deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
 - (d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No.45 of 1984);
 - (e) deposits with the Corporation for Public Deposits as contemplated by the Corporation of Public Deposits Act, 1984 (Act No.46 of 1984);
 - (f) bankers, acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990; (Act No. 94 of 1990)
 - (g) guaranteed endowment policies with the intention of establishing a sinking fund;
 - (h) repurchase agreements with banks registered in terms of the Banks Act, 1990;
 - (i) municipal bonds issued by the municipality; and
 - (j) any other investment type as the minister may identify by regulation in terms of section 168 of Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) in consultation with the Financial Services Board.
- (2) The municipality must comply with the disclosure and reporting requirements of the MFMA and shall not transgress any of its restrictions such as (but not limited to):
- (a) Disclosure of all bank accounts and balances in the annual financial statements.
 - (b) A municipality may not open a bank account (a) abroad, (b) with an institution not registered as a bank in terms of the Banks Act, 1990 or (c) otherwise than in the name of the municipality.
 - (c) The municipality can only have one primary bank account.
 - (d) All allocations, income received on investments, all money collected on behalf of the municipality etc. must be paid into the primary bank account of the municipality.

- (e) Withdrawals can only be made by the Accounting Officer, Chief Financial Officer or relevant Senior Financial Official approved by the Accounting Officer.
- (f) All withdrawals must comply with the requirements of Section 11 of the MFMA.
- (g) The accounting officer must within 30 days after the end of each quarter-
 - (a) table in the municipal council a consolidated report of all withdrawals made in terms of section 4, subsection (l)(b) to (j) of the MFMA during that quarter; and
 - (b) submit a copy of the report to the relevant provincial treasury and the Auditor-General.
- (h) The municipality must, within 30 days after the financial year, notify the Auditor- General in writing regarding the details of the bank account/investment. (type, number, opening and closing balance).

INVESTMENT ETHICS AND PRINCIPLES

- 7. (1) The municipal manager will be responsible for the investment of funds, and he/she, with due regard for the provisions of the Municipal Finance Management Act, 2003, and in compliance with any policy directives formulated by the council, has to steer clear of outside interference, regardless of whether such interference comes from individual councilors, investment agents or institution or any outside parties.
- (2) Under no circumstances may councilors and officials be bribed into making an investment.
- (3) No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her work or was not intended to do so, and can merely be seen as goodwill and in this regard the municipality's standing resolutions have to be observed.
- (4) Particulars of gifts received, as described in the municipality's standing resolutions, have to be recorded in a register held for that purpose.
- (5) The first and foremost objective for investments is the preservation and

safety of the principal amount invested. It is a requirement that investments may only be made with institutions with a good credit rating from an internationally accepted credit ratings bureau (Currently, Moody's, Fitch and Standard & Poor's).

- (6) Any investments made must be liquidated if an institution's credit-worthy rating falls below the level of Good (F1 (Fitch), P1 (Moody's) or A1 (Standard and Poor's)." In the case where the sovereign rating (national credit rating) is graded down, the Accounting Officer may on recommendation of Chief Financial Officer allow a lesser favourable grading aligned to the lowered sovereign rating.
- (7) To minimize the potential risk that banks would pose on council's investments, SM decided to assess banks based on the international rating scales as these ratings agencies are the most influential and is supported by table 2 of the Draft notice as these ratings are applicable to both national and international ratings.
- (8) To limit exposure to a single institution, investment of funds, where this involves large amounts, should be distributed over more than one institution in order to limit Council's risk exposure.

Although the objective of the Chief Financial Officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be mitigated by the degree of potential risk involved.
- (9) The maximum amount invested with a financial institution should not exceed 20% of the municipal net assets (capital and reserves).
- (10) The council may not borrow money to invest.
- (11) Should the municipal manager invest with financial institutions, he/she must ensure that such institutions are registered in terms of the Banks Act No. 94 of 1990 and that they are approved financial institutions - as approved by the Reserve Bank, from time to time.

- (12) When making growth related investments, the municipal manager must guarantee that at least the capital amount invested is safe, and must exercise due diligence in this regard.

INVESTMENT PROCEDURES

8. (1) After determining whether there is cash available for investment and fixing the maximum term of investment, the municipal manager must consider the way in which the investment is to be made.

Short-term investments (i.e for a term up to a maximum of 12 months)

- (2) Quotations should be obtained from a minimum of three financial institutions, for the term of which the funds will be invested.
- (3) Should one of the institutions offer a better rate for a term, other than the term which the municipality had in mind, the other institutions which were approached, should also be asked to quote a rate for the other term.
- (4) Quotations can be obtained by e-mail or facsimile as rates generally change on a regular basis and time is a determining factor when investments are made.
- (5) The person responsible for requesting quotations from institutions must record the following:
- (a) name of institution;
 - (b) name of person quoting rates;
 - (c) period of the investment;
 - (d) relevant terms; and
 - (e) other facts i.e. is interest payable monthly or on maturation date.
- (6) Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested.

- (7) The best offer must under normal circumstances be accepted, with thorough consideration of investment principles.
- (8) The investment capital must only be paid over to the institution with which it is to be invested and not to an agent.
- (9) The financial institution where the investment is made must issue a certificate stating the details of the investment.
- (10) The municipal manager must make sure that the investment document received is a genuine document and issued by the approved institution.
- (11) The financial institution, where the investment is made, must issue a certificate for each investment made stating 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.
- (12) The municipal manager must within 10 working days of the end of each month submit to the mayor of the municipality a report describing, in accordance with generally recognised accounting practice, the investment portfolio of that municipality at the end of the month.
- (13) The report referred to in 8 (12) must set out at least:
 - (a) the market value of each investment as at the beginning of the reporting period;
 - (b) any changes to the investment portfolio during the reporting period;
 - (c) the market value of each investment as at the end of the reporting period;
and
 - (d) fully accrued interest or yield for the reporting period.
- (14) Where money is kept in current accounts, the municipality must bargain for more beneficial rates.
- (15) The municipal manager must ensure that the financial institution where the investment is to be made is creditworthy and the performance of the institution

is to his/her satisfaction, before investing money in the institution.

- (16) The municipal manager must obtain information from which the creditworthiness of financial institutions can be determined. The information obtained must be analysed annually.

Long-term investments (i.e for a term more than 12 months)

- (17) At least three written quotations must be obtained for all investments made for periods longer than twelve months.
- (18) All long-term investments are also subject to the provisions contained in paragraphs 8(3), 8(5), 8(6), 8(7), 8(8), 8(9), 8(10), 8(11), 8(12), 8(13), 8(15) 8(16) and 8(20) of this document.
- (19) The municipal manager must approve all investments made for periods longer than twelve months after considering the cash requirement for the next three years after having considered Section 2(1)(d) .
- (20) No commission may be paid to any municipal official, councillor, spouse or close family member as per paragraph 8 of Regulation 308 for any investment made or loan granted. The exceptions pertaining to gifts do not apply to commission, which is prohibited.

OTHER EXTERNAL DEPOSITS

9. (1) The principles and procedures set out above must apply to other investment possibilities, subject to the applicable legislation, which is available to the council, including debentures and other securities of the state as well as other municipalities or statutory bodies in the republic, instituted under and in terms of any law.

CONTROL OVER INVESTMENTS

10. (1) An investment register should be kept of all investments made. The following facts must be recorded:
 - (a) name of institution;
 - (b) capital invested;
 - (c) date invested;
 - (d) interest rate;
 - (e) maturation date;
 - (f) interest received;
 - (g) capital repaid;
 - (h) balance invested;
 - (i) Opening balance at the beginning of the period; and
 - (j) Closing balance at the end of the period.

- (2) The investment register and accounting records must be reconciled on a monthly basis.

- (3) The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks. It must then be established as what to do with the funds, bearing in mind the cash flow requirements.

- (4) Interest, correctly calculated, must be received timeously, together with any distributable capital.

- (5) The Manager Expenditure must check that the interest is calculated correctly.

- (6) The Chief Financial Officer(or delegee) shall ensure that all investment documents and certificates are properly secured. The following documents must be safeguarded-
 - (a) fixed deposit letter or investment certificate;
 - (b) receipt for capital invested;
 - (c) copy of electronic transfer;
 - (d) excel schedule of comparative investment figures;
 - (e) commission certificate indicating no commission was paid on the investment; and
 - (f) interest rate quotations.

SHORT TITLE

11. The short title of this policy is the investment and cash management policy of the Swartland Municipality