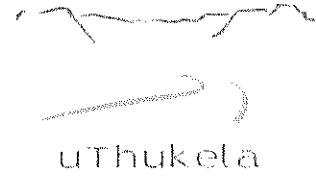




**UTHUKELA ECONOMIC  
DEVELOPMENT AGENCY**

Heron House, 131 Murchison Street,  
Ladysmith, 3370



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**BANK AND CASH MANAGEMENT POLICY  
UTHUKELA ECONOMIC DEVELOPMENT AGENCY  
2023/2024 FINANCIAL YEAR**

<b>POLICY TITLE</b>	<b>BANK AND CASH MANAGEMENT</b>
<b>DATE APPROVED</b>	<b>31 OCTOBER 2018</b>
<b>IMPLEMENTATION DATE</b>	<b>01 NOVEMBER 2018</b>
<b>REVIEW DATE</b>	<b>06 APRIL 2023</b>

## 1. INTRODUCTION

This policy document is drafted to provide guidance with regard to the bank and cash management of UEDA in accordance with treasury regulations and section 86 of the MFMA. This policy aims at ensuring efficient and effective banking and cash management by the entity.

## 2. OBJECTIVES

- To ensure that the entity complies with provisions of Treasury Regulations and MFMA
- Provide the management of the entity with procedures and guidelines in managing the entity's banking and cash flow
- To ensure that UEDA's cash management performance is reported regularly

## 3. ELEMENTS OF SOUND CASH MANAGEMENT

Treasury Regulations in terms of cash management provides components of sound cash management listed below:

- Collecting revenue when it is due and banking it promptly
- Making payments no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the public entity's normal terms of account payments
- Avoiding pre-payments for goods or services unless required by the contractual arrangements with the supplier
- Accepting discounts to effect early settlement when the payment has been included in the monthly cash flow estimates provided to the Manager: Finance
- Pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the public entity are collected and banked promptly
- Accurately forecasting the public entity's cash flow in order to optimise its central cash management responsibilities
- Timing the ins and outflow of cash
- Recognising the time value of money
- Taking any other action that avoids locking up money unnecessarily and inefficiently (e.g. selling surplus or underutilised assets)
- Conducting Bank Reconciliations at least weekly
- Making regular cash forecasts
- Alignment of the approved budget with monthly cash flows

- Variance analysis of actual cash flow with the approved budget
- Sweeping bank accounts to effectively utilise surplus cash

#### **4. BANKING ACCOUNT**

- a) The CEO is accountable to the Board of Directors for UEDA's bank accounts.
- b) The Board of Directors must authorise the opening and closure of all banking accounts at institutions registered as banks in terms of the Banks Act 1990 (Act 94 of 1990).
- c) The Chief Executive Officer must ensure that all banking accounts are opened in the name of Uthukela Economic Development Agency and that all relevant details are accurate and complete.
- d) All cheques and financial instruments shall be signed by any two signatories (the current UEDA signatories are: Chief Executive Officer, Senior Manager/COO and Manager: Finance) as approved by the Chief Executive Officer. Any changes to this must be approved in writing by the Chief Executive Officer.
- e) The account that is currently in operation for UEDA is with FNB (Cheque Account).
- f) The FNB account is the main and the only account through which UEDA will be transacting. The following transactions will be done through the account:
  - Transfer and / or deposit of grants from the shareholder and any other authorised donations to the entity,
  - Transfers and / or debit transactions for the payment of UEDA staff salaries and Board fees and their related statutory deductions,
  - Payment of all authorised staff and board claims,
  - Payment of all UEDA creditors,
  - Clearance of all authorised UEDA's cheque withdrawals and payments
  - Any other authorised payment falling within the scope of UEDA's business
- g) The Investec account is the investment account opened solely to invest funds that are not for day-to-day transactional purposes – i.e. mainly project funds. No transactions will be allowed on this account other than transfers in to and from the account for the purpose of investing the funds.

#### **5. RECEIPTING AND DEPOSITING OF MONIES**

- a) All funds received must be deposited within 24 hours into UEDA's bank account.
- b) Appropriate and adequate records supporting the receipt and banking of funds are to be kept and adequately safeguarded.
- c) All collections should be recorded electronically using the accounting software used by the entity to record its transactions.
- d) Cash received must be accepted and banked and never offset against expenditure.
- e) Private money may not be deposited into the UEDA's official banking accounts.
- f) The safekeeping of private money or personal possessions in a UEDA safe or strong room is prohibited.
- g) Funds that are not deposited promptly should be kept in a safe.
- h) All funds deposited must be accompanied by a bank stamped deposit slip.

- i) The keys to the safe should be kept by the Manager: Finance or his / her delegate with the duplicate key kept by the CEO and to be used only in the case where the Manager: Finance is off.
- j) In the case where one set of keys to the safe is missing, the safe lock must be changed immediately.

## **6. ELECTRONIC FUND TRANSFER (EFT)**

The utilization of technology in the current business environment, not only optimizes the company's operational efficiency and effectiveness; it also provides a secure method of conducting transactions. EFT enables the company to facilitate the payment process electronically and will ensure that the process is done timeously at a decreased cost to the organization.

### **6.1 Purpose**

The purpose of using EFT is to improve security over the handling of cash and achieve cost savings by avoiding the cost associated with the preparation of cheques and delivering cheques to the bank and bank service fees.

### **6.2 Controls over EFT transactions**

Effective controls are required to ensure that authorized users have been properly enabled to use an EFT system.

The following controls are required over EFT transactions:

- a) Access to the EFT should be granted through passwords to those authorized to use the system
- b) None of the authorized users will be allowed to share a password and/or use another's password to authorize any transaction
- c) The Financial Administrator will be the authorized person to load all recipients (creditors, staff, board members, etc.) including payments and transfers
- d) The CEO, Manager: Finance and the Senior Manager/COO authorized to sign cheques will be the three authorizing officials
- e) There must be two levels of authorization for all payments and transfers; whereas only one level of authorization is allowed for the authorization of recipients' and payment details
- f) All payments will be loaded by the Financial Administrator, checked, and authorized by any two signatories.
- g) All recipients and payment details will be loaded by the Financial Administrator, checked by the Manager: Finance, and authorized by the CEO
- h) All payments are to be accompanied by supporting documents for proof of service rendered (signed invoice, payment voucher, etc.)
- i) All authorized payments to be verified by printing of proof of payment for each transaction that must be filed with the supporting documents
- j) The Manager: Finance shall be responsible for the maintenance of clear audit trails of all EFT transactions

### 6.3 Supplier / employee changes

Changes to recipients' payment details should be in writing accompanied by any supporting documents that may be deemed necessary to effect the changes. No changes to the payment details may be made based on verbal or telephonic conversations.

The Manager: Finance should review all changes to the recipients' payment details on the system. All documents for recipients' changes must be filed accordingly

### 6.4 Payment cycles

All invoices must be paid within 30 days from the date of the invoice. Staff and Board claims must be paid every second Friday.

The following maximum payment limits on the online banking system shall apply:

- Once-off payment: **R50,000.00**
- Total of daily payments: **R500,000.00**
- Transfers between accounts: **R1,500,000.00**

Any change to the maximum payment limits must be authorised by the Board

## 7. BANK RECONCILIATION

Bank reconciliation must be performed by the Financial Administrator at least once a week and monthly for the monthly reporting to the Provincial Treasury in terms of MFMA.

At the end of each month the balances in UEDA's bank statements shall be reconciled with UEDA's cashbook. This must be performed by the 15<sup>th</sup> of each month. Electronic Bank Transfer and cashed cheques as well as deposit slips (credits) must be checked against the bank statements.

All reconciliations to be signed off by the Manager: Finance

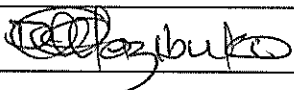
## 8. CHEQUE SIGNATORIES

The authorised signatories for all cheque transactions must be as per approved Board resolution on the opening of the bank account.

## 9. REVIEW

This policy will be reviewed as and when the need arises.

## 10. APPROVAL

NAME	SIGNATURE	DESIGNATION	DATE
MS DCP MAZIBUKO		CHIEF EXECUTIVE OFFICER	11/04/2023