



MAKHUDUTHAMAGA  
LOCAL MUNICIPALITY

# **MAKHUDUTHAMAGA LOCAL MUNICIPALITY**

## **Draft Banking and Investing Policy 2024/25**

## CONTENTS

1.	APPLICATION AND SCOPE .....	3
2.	LEGISLATIVE FRAMEWORK .....	3
3	OBJECTIVE OF POLICY .....	3
4	DEFINITIONS .....	4
5	PURPOSE AND OBJECTIVES OF INVESTMENTS.....	5
6	STANDARDS OF CARE .....	5
7	DELEGATION OF AUTHORITY .....	6
8	RATING OF FINANCIAL INSTITUTIONS .....	6
9	AUTHORISED INVESTMENTS.....	7
10	INVESTMENT LIMITATIONS .....	7
11	INVESTMENT MANAGERS.....	8
12	THE PROCESS OF INVESTMENT OF FUNDS.....	8
13	SAFEKEEPING AND CUSTODY .....	9
14	INVESTMENT ETHICS .....	9
15	INVESTMENT PRINCIPLES.....	10
15.2	Limiting Exposure .....	10
15.3	Risk and Return .....	10
15.4	Payment of Commission.....	10
15.5	Call Deposits and Fixed Deposits.....	10
15.6	Restriction on Tenure of Investments.....	11
16	CONTROL OVER INVESTMENTS .....	11
17	STANDARD OF CARE.....	11
18	OTHER EXTERNAL INVESTMENTS .....	12
19	BANKING ARRANGEMENTS .....	12
20	RAISING OF DEBT.....	13
21	REPORTING AND MONITORING OF DEBT .....	13
22	INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES. 13	
23	INTEREST ON INVESTMENTS .....	14
24	REPORTING AND MONITORING OF INVESTMENTS .....	14
25	TITLE AND COMMENCEMENT .....	14
26	POLICY REVIEW.....	14
27	RISK CONSIDERATIONS WITH THE BANKING AND INVESTMENTPROCESS.....	15
28	APPENDIX A: INVESTMENT AND BANKING PROCEDURES .....	17
1.	EFFECTIVE CASH MANAGEMENT.....	17
1.1	Cash Collection .....	17
1.2	Cash Management Programme .....	17
1.3	Bank and Cash in terms of the local government: municipal finance management Act No. 56 of 2003, Chapter 3 Part 1 .....	17
29	APPROVALS .....	<b>Error! Bookmark not defined.</b>

## 1. APPLICATION AND SCOPE

- (a) The policy is applicable to Makhuduthamaga Local Municipality as well as to all its municipal entities.
- (b) The policy, **as amended**, will be effective from 01 July 2016.

## 2. LEGISLATIVE FRAMEWORK

2.1 The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003, which includes the *Municipal Investment Regulations (Regulation number 308 of the MFMA published under gazette number 27431 of April 2005)*

2.2 The legislative framework governing investment decisions are:

- (a) Local Government Municipal Systems Act 32 of 2000 (as amended).
- (b) Municipal Finance Management Act 56 of 2003.
- (c) Municipal Investment Regulations published under Government Gazette 27431 on 01 April 2005.
- (d) Municipal Supply Chain Management Regulations published under Government Gazette 27636 on 30 May 2005.
- (e) Gazette 27636 on 30 May 2005.

## 3 OBJECTIVE OF POLICY

- (a) The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- (b) The council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.

- (c) The objective of the policy is to ensure that all investments made by the Makhuduthamaga Local Municipality comply with the Investment Regulations issued by National Treasury in terms of the Municipal Finance Management Act. This Policy, as far as practically applicable, must be consistent with the Supply Chain Management Policy.

### **1.1. Permitted Investments**

1. The following are permitted investments in terms of the Government Gazette No. 27431: “ *A municipality or municipal entity may invest funds only in any of the following investment 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 recognised 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 for Public Deposits Act, 1984 (Act No. 46 of 1984).*
- (f) *Banker’s acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 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 a municipality; and*
- (j) *Any other investment type as the Minister may identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.”*

### **1.2. Investments denominated on foreign currencies**

1. The municipality may make an investment only if the investment is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

## **4 DEFINITIONS**

- (a) **Short-term investments** are defined as:

*“Any cash or liquid securities owned by the municipality which have a maturity date, and/or callable date reasonably expected to be exercised, that is equal to or less than one year.”*

(b) **Long-term investments** are defined as:

*“Any cash or liquid securities owned by the municipality which have a maturity date, and/or callable date reasonably expected to be exercised, that is greater than one year.”*

## **5 PURPOSE AND OBJECTIVES OF INVESTMENTS**

### **5.1 Preservation and safety of investments**

The probable safety of the investment must in the first instance be considered when making investments. Preservation of capital is accomplished through placement of funds with creditworthy institutions and through portfolio diversification.

### **5.2 Investment Diversification**

Diversification is required to minimize potential losses on individual securities and to maximize the yield from a blend of financial products.

### **5.3 Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements.

### **5.4 Return on investments**

The investment portfolio shall be designed with the objective of attaining a maximum rate of return subject to the investment risk constraints and liquidity requirements of the municipality.

## **6 STANDARDS OF CARE**

### **6.1 Prudence**

The Municipal Manager, in accordance with this policy, must exercise due diligence in carrying out the investment function. Makhuduthamaga local municipality has a responsibility to invest public funds with great care and is accountable to the community in this regard. Investments must be made with such judgement and care, under the

prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs. Investments may not be for speculation but must be genuine investments.

## **6.2 Ethics and Conflicts of Interest**

Officials responsible for the investment of funds must steer clear of outside interference, regardless of whether such interference comes from individual Councillors, agents or any other institution. The ethical standards as contained in the Municipal Supply Chain Management Policy are “**mutatis mutandis**” applicable to investment activities. Interest rates offered should never be divulged to another institution.

## **6.3 Payment of Commission**

- (a) No commission or other award may be paid to an official or councillor of the municipality or to a spouse or close family in respect of any investment made or referred by the municipality.
- (b) If an investee pays any commission or other reward to an external investment manager appointed by the municipality in respect of any investment made by the municipality, both the investee and the investment manager must declare such payment to the council by way of a certificate disclosing full details of the payment.

## **7 DELEGATION OF AUTHORITY**

Authority to manage the municipality's investment portfolio is delegated as follows:

- (a) The Municipal Manager to invest any amount (after taking due cognisance of the liquidity requirements of the municipality) of the short-term funds in terms of the provisions of the investment policy.
- (b) The municipal manager is hereby given powers to invest excess money on a regular basis in terms of this policy without seeking approval from council every time an investment is made.
- (c) The municipal manager must on a quarterly basis write a report to council informing them of all investments made within the quarter and the interest accrued to such investments.
- (d) The Bid Adjudication Committee to approve the investment of long-term funds in terms of the provisions of the Investment Policy and Municipal Supply Chain Management Regulations in accordance with the process as stipulated in the Supply Chain Management Policy.

## **8 RATING OF FINANCIAL INSTITUTIONS**

The municipality shall rely on the credit analysis of the financial institutions as obtained from external Credit Rating Agencies as appointed by Council from time to time. The Municipal Manager shall be made aware of real or potential problems related to credit or

credit rating issues and their impact on the investment portfolio by the Credit Rating Agency, as this information becomes available.

## **9 AUTHORISED INVESTMENTS**

All investments must be in the name of the municipality or one of the municipal entities.

## **10 INVESTMENT LIMITATIONS**

### **10.1 General Investment Practice**

#### **Short-term investments**

- 1) In order to obtain the greatest security for EMM's funds, short-term investments are not to be made with financial institutions with ratings lower than A1 /F1 as defined in the National Rating Definitions. The municipality's exposure to any one financial institution, for short-term investments, is limited as follows:
  - (a) A1+ / F1+ Short Term Rating: 5% of institution's total equity as published from time to time in the Fitch Banking Sector Report;
  - (b) A1 / F1 Short Term Rating: 4% of institution's total equity as published from time to time in the Fitch Banking Sector Report;

### **Long term investments:**

- 2) Long term investments shall only be made with financial institutions with a minimum long term rating of A. The municipality's exposure to any financial institution for long term investments is limited to 2% of the institutions total equity as published from time to time.
- 3) Long term investments are regarded as "competitive bids" and must be treated in accordance with the Supply Chain Management Policy, in as far as allowing fair competition among the investing institutions / fund managers that meet the predefined criteria. Investing in permitted investments, in terms of the municipal investment regulation 6; represents prudent financial management that ensures fund preservation and building cash reserves in the name of the municipality / entity to yield better return while ensuring that there will be sufficient cash liquidity for the municipality to meet its commitments when due and service delivery objectives as a primary premise. Therefore funds investment should be viewed as creating cash diversification for the municipality and not as creating expenditure or obligation as such. In conclusion; the MFMA section 33 or section 46 is not applicable in the investments process.

### **10.2 Total exposure**

The municipality's total exposure for short and long-term investments to any financial institution must be limited to 7% of the institution's total equity as published from time to time in the Fitch Banking Sector Report.

## **11 INVESTMENT MANAGERS**

1. Investment or Asset Fund Managers may be appointed to assist with the placing of investments, or to manage a portion of the investment portfolio in order to maximize interest earned without jeopardizing liquidity. The appointment of these service providers must be done in accordance with the Supply Chain Management Policy.
2. The conditions for their use including their liability in the event of non-compliance with this policy must be included in the bidding documentation specifying mandates that minimize risk and place the institutions on equal footing.

## **12 THE PROCESS OF INVESTMENT OF FUNDS**

- 1) The process of investment of funds must in the first instance be made with the primary regard being to the probable safety of the investment in the second instance to the liquidity needs of the municipality and lastly to the probable income derived from the investment.
- 2) The investment of funds must be dealt with in accordance with the procedure for the calling of quotations and competitive bids as detailed in the Supply Chain Management Policy.



### **13 SAFEKEEPING AND CUSTODY**

1. The Chief Financial Officer shall establish and maintain an internal control structure designed to ensure the assets of the municipality are protected from loss, theft, or misuse. The controls will be to prevent losses of public funds from fraud, employee errors, misrepresentation by third parties, or imprudent actions by employees and officers of the municipality.
2. The controls will include, among others:
  - a) Control of collusion
  - b) Separation of functions
  - c) Separation of transaction authority from accounting and record-keeping
  - d) Custodial safekeeping
  - e) Clear delegation of authority to subordinate staff members
  - f) Specific limitations regarding security losses and remedial action
  - g) Supervisory control of employee actions
  - h) Minimising the number of authorised investment officials
  - i) Effective data management and reporting system for investment activities
  - j) Documentation of transactions and strategies.

### **14 INVESTMENT ETHICS**

1. According to the delegations approved by Makhuduthamaga Local Municipality and with reference to section 11(h) of the MFMA dealing with cash management, the responsibility to make short term investments lies with the Municipal Manager and is delegated to the Chief Financial Officer.
2. The authority to make long-term investments is vested with Council in terms of Section 48 of the MFMA that deals with the provision of security.
3. The chief financial officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the Municipal Manager and in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance.
4. In making such investments the chief financial officer, shall at all times have only the best considerations of the municipality in mind.
5. Neither the chief financial officer, the Municipal Manager nor any other officials involved in the investment process may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

## **15 INVESTMENT PRINCIPLES**

### **15.2 *Limiting Exposure***

Where large sums of money are available for investment the chief financial officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality.

The chief financial officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered (that is, call, money market and fixed deposits).

### **15.3 *Risk and Return***

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 tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions (see 15.4 below).

### **15.4 *Payment of Commission***

Every financial institution with which the municipality makes an investment must issue a certificate to the chief financial officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

### **15.5 *Call Deposits and Fixed Deposits***

- a) Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least three financial institutions.
- b) Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).
- c) Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).
- d) Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 7 below) shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the chief financial officer shall ensure that the

municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

### **15.6 Restriction on Tenure of Investments**

No investment with a tenure exceeding twelve months shall be made without the prior approval of the Municipal Council.

## **16 CONTROL OVER INVESTMENTS**

1. The chief financial officer shall ensure that proper records are kept of all investments made by the municipality.
2. Such records shall indicate:
  - a) the date on which the investment is made,
  - b) the institution with which the monies are invested,
  - c) the amount of the investment,
  - d) the interest rate applicable, and ;
  - e) the maturity date.
3. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.
4. The chief financial officer shall ensure that all interest and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.
5. The chief financial officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers or attorneys.

## **17 STANDARD OF CARE**

1. Investments by the municipality or by an investment manager on behalf of the municipality : -
  - a) Must be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs;
  - b) May not be made for speculation but for investment; and
  - c) Must in the first instance be made with primary regard being to the safety of the investment, in the second instance to the liquidity needs of the municipality and lastly to the probable income derived from the investment.
  - d) When appropriate, any investments previously made, that no longer has the minimum acceptable credit rating as specified in this policy, must be liquidated.

## **18 OTHER EXTERNAL INVESTMENTS**

1. From time to time it may be in the best interests of the municipality to make longer-term investments in secure stock issued by the national government, Eskom or any other reputable parastatal or institution, or by another reputable municipality. In such cases the chief financial officer, must be guided by the best rates of interest pertaining to the specific type of investment, which the municipality requires, and to the best and most secure instrument available at the time.
2. No investment with a tenure exceeding twelve months shall be made without the prior approval of the Municipal Council, and without guidance having been sought from the municipality's bankers or other credible investment advisers on the security and financial implications of the investment concerned.

## **19 BANKING ARRANGEMENTS**

1. The municipal manager is responsible for the management of the municipality's bank accounts, but may delegate this function to the chief financial officer. The municipal manager and chief financial officer are authorised at all times to sign cheques and any other documentation associated with the management of such accounts. The municipal manager, in consultation with the chief financial officer, is authorised to appoint two or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the executive committee on a monthly basis, as part of the report dealing with the municipality's investments.
2. In compliance with the requirements of good governance, the municipal manager shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following: the administration of the external finance fund and of the asset financing reserve. One or more separate accounts shall also be maintained for the following: capital receipts in the form of grants, trust funds; and the municipality's self-insurance reserve. In determining the number of additional accounts to be maintained, the municipal manager, in consultation with the chief financial officer, shall have regard to the likely number of transactions affecting each of the accounts referred to. Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality.
3. If the MM, in consultation with the CFO, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and Council agrees, the Municipal Manager shall invite tenders for the placing of the municipality's bank accounts.
4. The Municipal Manager shall, in compliance with the Municipal Finance Management Act No 56 of 2003 Sec 9, submit details of any new bank account to the Provincial Treasury and Auditor General.

5. The accounting officer of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

## **20 RAISING OF DEBT**

1. The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council.
2. Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.
3. Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the chief financial officer. Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.

## **21 REPORTING AND MONITORING OF DEBT**

1. The CFO shall within 10 working days of the end of each month submit to the Mayor a report describing in accordance with generally recognized accounting practice the loan portfolio of that municipality as at the end of the month.
2. The report must set out the following:
  - (a) The capital value of each loan as at the beginning of the reporting period;
  - (b) Any changes to the loan portfolio during the reporting period;
  - (c) The capital value of each loan as at the end of the reporting period;
  - (d) Fully accrued interest for the reporting period.

## **22 INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES**

1. In managing the municipality's investments, the chief financial officer shall ensure that, whenever a long-term (non-annuity) loan is raised by the municipality, an amount is invested at least annually equal to the principal sum divided by the period of the loan. Such investment shall be made against the bank account maintained for the external finance fund, and shall be accumulated and used only for the redemption of such loan on due date. The making of such investment shall be approved by the council at the time that the loan itself is approved.

2. If the loan raised is not a fixed term loan, but an annuity loan, the chief financial officer shall ensure that sufficient resources are available in the account maintained for the external finance fund to repay the principal amounts due in respect of such loan on the respective due dates.

### **23 INTEREST ON INVESTMENTS**

1. The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally accepted municipal accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month, to the fund or account in respect of which such investment was made.
2. In the case of the external finance fund, the chief financial officer may reduce the amount which must be annually invested to redeem any particular loan by the amount of interest so accrued.
3. If the accrual of interest to the external finance fund, unutilised capital receipts and trust funds results in a surplus standing to the account of any such funds, that is, an amount surplus to the resources required in respect of such funds or accounts, such surplus amount shall be credited by the chief financial officer to the appropriation account and reappropriated to the asset financing reserve.

### **24 REPORTING AND MONITORING OF INVESTMENTS**

1. The CFO shall within 10 working days of the end of each month submit to the Mayor a report describing in accordance with generally recognized accounting practice the investment portfolio of that municipality as at the end of the month.
2. The report must set out the following:
  - (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;
  - (d) Fully accrued interest or yield for the reporting period.

### **25 TITLE AND COMMENCEMENT**

1. This policy shall be known as the Banking and Investment policy and shall come into effect on 01 March 2012 or on the date that it is adopted by Council if the date of adoption is later than 01 March 2012.

### **26 POLICY REVIEW**

2. This policy will be reviewed annually by the Chief Financial Officer to ensure congruence with changing needs, technology, evolving regulatory standards with the MFMA, Investment regulations, and private sector best practices. The

process to be followed for the annual revision of the policy will be via the committee system of Council as part of the annual Budget Process.

## 27 RISK CONSIDERATIONS WITH THE BANKING AND INVESTMENT PROCESS

Safeguarding of cash and cash equivalents is critical in the municipality day to day operations.

<u>Factor</u>	<u>Risk</u>
Unauthorised investments	It may be difficult to predict some activities, thus leading to incorrect investment decision making, and this may result in the entity.
Misappropriation of funds	Organizational culture often dictates whether cash and cash equivalent is safeguarded, it becomes virtually impossible to implement an ongoing cash management process if there are absence of controls surrounding cash. Performance target setting processes are adversely impacted and accountability is unclear. Treating the budget process as a finance exercise also results in key organization interdependencies and risks being overlooked.
Accountability	Ideally should be accountable on its funds. Finance has a role to play in bringing potential risks and issues to the attention of senior management on misappropriation of funds and incorrect investment decision making environment.
Clients may rely on	A good investment advisor should be able to provide real

<p>“bad” investment advice and become victims of fraud.</p>	<p>proof and track records of generating profits. Thus, all investors need to be vigilant in terms of checking the paperwork that accompanies any proposal. If a scheme is based on pure word of mouth and no one is willing to provide documentary evidence of the scheme then a potential investor should stay away from the scheme.</p>
---	--



## **28 APPENDIX A: INVESTMENT AND BANKING PROCEDURES**

### **1. EFFECTIVE CASH MANAGEMENT**

#### ***1.1 Cash Collection***

- (a) All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis.
- (b) The respective responsibilities of the chief financial officer and other heads of departments in this regard is defined in a code of financial practice approved by the municipal manager and the chief financial officer.
- (c) The unequivocal support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

#### ***1.2 Cash Management Programme***

1. The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a weekly basis.
2. The estimate shall indicate
  - (a) when and for what periods and amounts surplus revenues may be invested,
  - (b) when and for what amounts investments will have to be liquidated, and
  - (c) when – if applicable – either long-term or short-term debt must be incurred.
3. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, timeously and in the format indicated.
4. The chief financial officer shall report to the executive committee, as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate. The cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

#### ***1.3 Bank and Cash in terms of the local government: municipal finance management Act No. 56 of 2003, Chapter 3 Part 1***

Every municipality must open and maintain at least one bank account in the name of the municipality and all money received by a municipality must be paid

into its bank account in the name of the municipality as per the abovementioned legislative framework.