

# TABLE OF CONTENTS

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	Page No.
1. INTRODUCTION	2
2. PURPOSE	2
3. MEDIUM TERM INCOME AND EXPENDITURE FRAMEWORK	2
4. INCOME	2
5. SUPPLY CHAIN MANAGEMENT	4
6. GOODS AND MATERIALS	5
7. OPERATING EXPENDITURE	7
8. CAPITAL EXPENDITURE	8
9. CREDITORS AND PAYMENTS	9
10. SALARIES, WAGES AND ALLOWANCE	12
11. PETTY CASH PURCHASES	13
12. ASSET MANAGEMENT	13
13. DISPOSAL MANAGEMENT	14
14. CREDIT RATING	15
15. INVESTMENTS	15
16. RISK MANAGEMENT AND INSURANCE	15
17. LOANS	18
18. ACCOUNTING	19
19. AUDIT MATTERS	20
20. INFORMATION SYSTEMS	23
21. REPORTS AFFECTING FINANCES	24
22. SHORT TITLE	25
23. IMPLEMENTATION	25

## **1 INTRODUCTION**

Budget and Treasury Office must implement effective, efficient and transparent financial management and internal control systems to safeguard municipal assets against fraud, theft and financial mismanagement, this include an implementation of strict financial management controls measure.

This policy does not supersede the existing legislative requirements, such as Municipal Finance Management Act No. 56 of 2003 and other municipal governing legislations.

## **2 PURPOSE**

This policy is developed to ensure that the municipality has and maintain an effective and sound financial management control system.

## **3 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)**

The Chief Financial Officer shall prepare a MTREF model covering a seven years timeframe. This shall enable the Council to assess the level of resources that are likely to be available, the service and corporate demands on those resources and the strategies available to manage the financial scenario facing the Council.

This must be in line with the Budget Related Policy.

## **4 INCOME**

### **4.1 LEVYING OF TARIFFS, FEES AND CHARGES**

4.1.1 Head of Departments, in consultation with the Chief Financial Officer, are responsible for the development of a Tariff Policy in respect of the relevant municipal services for which they are responsible.

4.1.2 Tariffs, Fees and Charges for all municipal services shall be determined in accordance with the approved Tariff Policy for the relevant service. These fees and charges shall be reviewed annually by the respective Directorates during the budget process, in consultation with the Chief Financial Officer.

All fees and charges for the subsequent financial year shall be finalised and submitted to their respective Directorate Committees by the end of January and Tariffs by the end of March, of each year and be approved by Council together with the Budget by 31 May of each year. Upon approval of the Budget, all approved Tariffs, Fees and Charges shall be recorded in Council's Tariff Book.

4.1.3 The result of this revision of Tariffs, Fees and Charges shall be reported to the Budget and Treasury Committee, even if no changes are proposed, after consideration by the relevant Directorate Committee.

## **4.2 COLLECTION AND CONTROL OF INCOME**

4.2.1 The Chief Financial Officer is responsible for the management and control of all income received and due to Council. For this purpose, the Chief Financial Officer shall ensure the implementation of an effective revenue collection system.

4.2.2 The Chief Financial Officer is responsible for the collection of all monies due to Council and all monies due to Council must be paid into the Council's primary bank account opened in accordance with the requirements of the MFMAM or at the Cashiers point.

4.2.6 All amounts raised for municipal services rendered and legally owed to the Municipality shall be recorded in the Council's debtors system as implemented.

4.2.7 No amount due to the Municipality shall be written off as irrecoverable unless the requirements of Council's Bad Debts Write-off Policy have been complied with. A report for consideration of the write-off of irrecoverable debts shall be prepared by the Chief Financial Officer when required and submitted to the Budget and Treasury Committee in the first instance, before submission to the Executive Mayor and Council for final approval.

## **5 SUPPLY CHAIN MANAGEMENT (SCM)**

- 5.1 All Procurement of goods and services for Council business shall be in accordance with the Supply Chain Management Policy of Council, adopted in terms of the Municipal Finance Management Act.
- 5.2 The Municipal Manager shall appoint the relevant Specification, Evaluation and Adjudication Committees in terms of the Supply Chain Management Policy and shall delegate powers in terms of the delegation of authority of Council to the Committees, this will enable the Committees to execute the Supply Chain Management functions.
- 5.3 Official contracts shall be entered into when appointing contractors or any external service provider. Supply Chain Management Office shall ensure that service providers are given clear written instructions regarding the deliverables and performance expected. The desired performance shall be measurable, quantifiable and capable of being certified during or on completion of the task or rendering the service. Contracts shall be signed by the Municipal Manager who may delegate such function to the relevant Directorate.
- 5.4 Official Orders shall be issued to successful suppliers/service providers and it is the responsibility of the relevant Directorate to ensure that the appropriate documentation is submitted to the Budget and Treasury Office to ensure payment to the supplier/service provider upon delivery / completion of work.

5.5 The relevant Directorate shall certify that goods delivered or services rendered are in accordance with the expected quality, quantity or agreed performance. Variations shall be reported and, where necessary, the required authority for such variation shall be obtained by the Directorate. Under no circumstances shall goods or services be certified for payment, ***if, they have not been received or rendered.***

## **6 GOODS AND MATERIALS**

6.1 All goods and materials belonging to the Council and held for future consumption shall be retained in the Stores Division of Budget and Treasury Office. Certain goods and materials may be held by the Directorate in a sub-store, provided that all items not required immediately shall be recorded and accounted for by such departments.

6.2 A stores record reflecting full particulars of purchases and issues of goods and materials and the balances of stock on hand in the Store Division shall be maintained by the Chief Financial Officer. Similar stores records shall be maintained by Directorate in respect of sub-stores under their control.

6.3 An annual stock-take must be undertaken at 30 June each year and regular stock-takes shall be conducted on all stores and sub-stores (a minimum of one per financial year) and the results forwarded to the Budget and Treasury Office.

6.4 Internal Requisitions for goods and materials shall be authorised by the relevant Directorate or their delegates, provided written notification of such delegation and the extent of their authority is submitted to the Budget and Treasury Office within the following categories:-

- (a) not exceeding R2 000 per requisition;
- (b) not exceeding R10 000 per requisition;
- (c) not exceeding R30 000 per requisition;
- (d) not exceeding R200 000 per requisition;

Specimen signatures of all persons authorised to sign requisitions shall be supplied to the Budget and Treasury Office and updated coinciding with any alterations or changes. When such persons leave the services of the Municipality, the Budget and Treasury office shall be advised immediately.

- 6.5 The Budget and Treasury Office shall only accept internal requisitions and place orders, if, sufficient budgetary provision exists to cover the obligation raised. The Budget and Treasury Office shall immediately inform the Directorate concerned if the budgetary provision is insufficient and the Directorate shall be required to apply for a virement by finding savings on their budget. In cases of emergency or other exceptional circumstances, The Executive Mayor may authorise unforeseen and unavoidable expenditure where insufficient budget provision may exist. Under such circumstances, the provisions of Section 29 of the MFMA must be adhered to.
- 6.6 Requisitions for uniforms or protective clothing shall only be executed if they are in accordance with the Council's approved schedule of issue.
- 6.7 In the event of the Budget and Treasury office authorising a Directorate to return goods or materials direct to the supplier, the Directorate concern shall ensure that the necessary goods returned note is forwarded to the Stores Division. Under no circumstances may goods be returned to a supplier without the supplier immediately issuing the goods returned note.

## **7 OPERATING EXPENDITURE**

- 7.1 No expenditure shall be incurred unless provision therefore has been made in the Operating Budget and any expenditure incurred shall be in accordance with the stipulations of the Supply Chain Management Policy.
- 7.2 In the case of an emergency, any unforeseen and unavoidable expenditure not provided for in the Budget shall be authorised by the Directorate and the Municipal Manager and Executive Mayor. In respect of expenditure thus incurred, the Directorate concern in consultation with the Budget and Treasury Office shall:-
- (a) in the case of operating expenditure, report as soon as possible to the Directorate Committee concerned and nominate equivalent reductions; or
  - (b) in the case of capital expenditure, report as soon as possible to the Directorate Committee concerned, and recommends a reallocation of expenditure, having regard to priority ratings, full costs including operating expenditure, funding sources and the limit of the total approved Capital Budget.
- Any such expenditure must be appropriated in an adjustments budget.
- 7.3 No person shall commit the Municipality to any authorized expenditure without completion of an official internal requisition of goods / services, which must be submitted to the Budget and Treasury Office immediately upon completion. Budget and Treasury Office shall determine or develop the Internal Requisite template to be used and information to be supplied on such requisition.
- 7.4 Should person become aware of or be advised of any unforeseen increase in the price or fees for any service or supply rendered or to be rendered to the Municipality, such person shall report the anticipated increase to the relevant Directorate who shall report the increase to the Budget and Treasury Office.

## **8 CAPITAL EXPENDITURE**

8.1 No capital expenditure shall be incurred nor committed to any project unless:-

- (a) provision therefore has been made in the approved Capital Budget;
- (b) any necessary legislative requirements have been met or Provincial or National Government approvals to incur the expenditure or raise external loans or internal advances have been obtained.
- (c) clearance has been obtained from the Budget and Treasury Office for accounting purposes prior to incurring any expenditure.
- (d) the relevant project has been approved by Council in the Integrated Development Plan (IDP) for the commencement of incurring expenditure.

8.2 When funds for a capital project are appropriated for more than one financial year, expenditure for that project during a financial year may exceed the amount of that year's appropriation for that project provided that –

- a) the increase does not exceed 20 per cent of that year's appropriation for that project;
- b) the increase is funded within the following year's appropriation for that project;
- c) the municipal manager certifies that actual revenue for the financial year is expected to exceed budgeted revenue and that sufficient funds are available for the increase without incurring further borrowing;



d) prior written approval from the Executive Mayor is obtained for the increase, and

e) the documents referred to in paragraphs (c) and (d) are submitted to Internal Audit, Provincial Treasury and the Auditor General.

## **9 CREDITORS AND PAYMENTS**

9.1 The Budget and Treasury Office shall be responsible for the payment of all duly certified accounts due by the Council within 30 days of receiving the relevant tax invoice, unless prescribed otherwise for certain categories of suppliers. Maximisation of settlement discounts shall guide the actual date of payment.

9.2 The Budget and Treasury Office is responsible for ensuring that there is an overall effective creditor payment system in operation and other Directorate are responsible for making sure that such an effective system operates within their respective business units.

9.3 Prior to a payment request for goods or services being issued, appropriate checks must be made by the relevant Directorate and Budget and Treasury Office officials, to ensure that:

- ✓ The supplier is registered on the creditor's database;
- ✓ The work, goods or services have been received, carried out and checked according to the original order and to the required quantity and quality;
- ✓ The prices, calculations, discounts, other allowances, credits and VAT are correct;
- ✓ Where necessary the goods or services have been recorded in inventories, Stores records or stock books;
- ✓ The tax invoice has not already been paid, and it is the Council's responsibility to pay it;

- ✓ Sufficient budgetary provision exists in the affected Directorate Budget;
- ✓ Correct authority for payment exists and is indicated on the voucher;
- ✓ In the case of an SMME or BEE business, there is an indication to that effect on the voucher;
- ✓ The supplier number and vote number are clearly indicated.
- ✓ Municipal VAT details appear on supplier invoices.

9.4 Tax invoices should be original documents that comply with VAT regulations. Photocopied tax invoices shall not be accepted. Where a copy of an invoice is accepted, such tax invoice must be certified as not having been previously paid.

9.5 In the event of an original tax invoices and payment voucher being lost, a duplicate may be submitted for payment. Such duplicate tax invoice must be clearly marked 'duplicate', clearly endorsed by the supplier and attached to a voucher indicating the reasons for submitting the duplicate.

9.6 The Budget and Treasury Office shall maintain a register (known as the "Authorised Signatory List") of those Municipal Officials who are delegated to authorise payments documentation and other face value documents for payment. The Authorised Signatory List will be subject to periodical review.

Directorate must provide details of names, signatures and authorised limits of officials delegated to sign or authorise payment request vouchers and claims, to enable the Budget and Treasury Office to maintain the List. Any amendments must be notified to the Budget and Treasury Office in writing.

9.7 An authorised payment request voucher submitted for processing a payment, shall contain the following:

- a) Properly completed details,
- b) a "Tax Invoice" reflecting municipal VAT details and

c) a “Goods Received Note (GRN)” which is attached to the payment request voucher

9.8 Sundry Payment Vouchers submitted for processing a payment shall contain the following:

- a) Properly completed details, and
- b) An Original Tax Invoice,
- c) Goods Received Note which is attached to the sundry payment voucher, and
- d) Copy of relevant approval, i.e. Council, Executive Mayor, Municipal Manager, etc.

9.9 Trade Creditors Payment Vouchers submitted for processing a payment shall contain the following:

- a) Properly completed details
- b) Goods Received Note (Delivery note)
- c) Original tax invoice
- d) Copy of internal requisite,
- e) Copy of an internal order, and
- f) Copy of quotations received.

9.10 Sundry Payment vouchers must be authorised for payment by completion of the appropriate sections and certified by a Delegated Official on the Authorised Signatory List. Authorisation of a payment voucher for payment( including an order) shall mean that the delegated official is satisfied that the conditions set out in this policy have been met, that the expenditure is legal and within the budget and that all relevant Policies, Financial Regulations, etc have been complied with. The officials approving the vouchers for payments (including orders) will be accountable in terms of the MFMA for the payments made by the Budget and Treasury Office.

- 9.11 An Official who has been responsible for creating a contractual commitment (i.e. placing an order) shall not also authorise the payment voucher for that same commitment. Wherever possible, the functions of receiving and checking of goods/services should be separated from the task of checking and authorisation of payment vouchers. The appropriate signatures and names must be entered on the requisition/payment voucher. These officials will be accountable in terms of the MFMA for all payments made by the Budget and Treasury Office.
- 9.12 The Requisition / Payment will require details of the cost centre to which the expenditure is to be charged. The official certifying a payment request voucher for payment must ensure that the voucher has the correct vote number and that the expenditure is being charged to a budget under his/her control.
- 9.13 All Directorate must make suitable arrangements within their departmental units for the authorisation of payment request vouchers when they are absent for whatever reason. The Budget and Treasury Office must be notified of such arrangements in order to record such arrangements on the Authorised Signatory List.
- 9.14 The Municipal Council is responsible for authorising designated cheque signatories including Electronic Payment password within the municipality, which shall be communicated to the bankers of the Municipality.

## **10. SALARIES, WAGES AND ALLOWANCES**

- 10.1 The Budget and Treasury Office shall be responsible for the calculation and payment of salaries, wages and allowances in accordance with Council's approved Salary Scales.

- 10.2 Payment of salaries shall be made on the 25<sup>th</sup> of every month as approved by Council, should that day fall within public holiday or weekend payment will be done at the earliest day prior to public holiday or weekend, accordance with pay sheets approved by the Chief Financial Officer to a nominated bank account of the employee or Councillor.
- 10.3 The Budget and Treasury Office shall be informed by the Corporate Services Directorate: Human Resources or relevant Directorate or the Municipal Manager of all appointments, promotions, dismissals, resignations, transfers, absences for any reasons, and all matters affecting the emoluments of employees of the Council. The submission of such information to the Budget and Treasury Office shall be in such form and at such dates and times reasonably to be implemented.
- 10.4 The Budget and Treasury Office shall maintain all records essential for the accurate determination of emoluments of employees of the Council. These records shall be in such form as may determine from time to time and in compliance with audit requirements.

## **11. PETTY CASH PURCHASES**

- 11.1 Purchases by petty cash may only be done in accordance with the prescriptions of the Petty Cash Policy as approved by Council.
- 11.2 Petty Cash Purchases shall be subject to a transaction limit as determined and approved by Council from time to time.

## **12. ASSET MANAGEMENT**

- 12.1 All Assets Management of Council shall be in accordance with the Fixed Assets Management Policy of Council, adopted in terms of the Municipal Finance Management Act.

- 12.2 Each Directorate shall be responsible for the management, maintenance, security and control of all assets, either fixed or movable, allocated to, or obtained for the execution of their departmental functions.
- 12.3 In consultation with the Budget and Treasury Office, every Directorate shall maintain an adequate asset management system to account for all assets under the control of the departmental function and shall undertake regular asset verification exercises to ensure the existence and condition of such assets.
- 12.4 Overall accounting control of all assets shall be exercised by the Budget and Treasury Office which will determine the appropriate records, charges for the use of such assets and other incidental matters in consultation with the Directorate concerned.
- 12.5 Each Directorate shall be responsible for all inventories of furniture, equipment and other movable property with a life expectancy of more than one year under the departmental unit's control showing quantities and values.
- 12.6 Each Directorate shall inform the Budget and Treasury Office of all new assets procured and annually, upon request from the Chief Financial Officer, updates such records with relevant values for insurance purposes

### **13. DISPOSAL OF ASSETS**

- 13.1 The disposal or letting of assets, including unserviceable, redundant or obsolete assets shall be dealt with in terms of the conditions of the Supply Chain Management Policy and Fixed Assets Management Policy / Asset Disposal Policy.

## **14. CREDIT RATING**

- 14.1 All Directorate shall at all times apply sound administration within their departmental units and observe budget parameters and target levels to ensure that the credit rating status of the Council is not adversely affected.
- 14.2 The Chief Financial Officer shall be responsible to engage a reputable credit rating agency to perform a credit rating on an annual basis

## **15. INVESTMENTS**

- 15.1 All funds of Council shall be dealt with in accordance with Council's Cash Management and Investment Policy.
- 15.2 The Chief Financial Officer shall determine the cashflow requirements of the Municipality on a regular basis. Each Directorate shall supply such information with regard to capital expenditure as may be required to the Chief Financial Officer in order to determine the cash flow needs.
- 15.3 The Municipal Manager and Chief Financial Officer shall be responsible for the investment of Council's funds in accordance with the conditions of the Cash Management and Investment Policy

## **16. RISK MANGEMENT AND INSURANCE**

### **16.1 RISK ADVISORY COMMITTEE**

- 16.1.1 Each Directorate shall regularly assess the risks associated with that departmental unit and shall develop a suitable strategy and action plan to address and mitigate such risks. Such Strategies and action plans shall be discussed and monitored by a Risk Advisory Committee / Audit Committee.

16.1.2 The Municipal Manager shall appoint the chairperson of the Risk Advisory Committee

16.1.3 The appointed chairperson shall be responsible to convene meetings of the Risk Advisory Committee at least on a quarterly basis. The minutes of these meetings shall be presented by the chairperson as an agenda item to the Management Meeting forums.

16.1.4 All Business Unit Managers are responsible to appoint a suitable representative to represent him / her on the Risk Advisory Committee

## **16.2 INSURANCE**

16.2.1 The Budget and Treasury Office shall be responsible for the management of the Council's insurance fund, covering such risks as the Council may from time to time determine and shall ensure that suitable and adequate contributions or premiums are made to the fund annually.

16.2.2 The Chief Financial Officer shall report to the Municipal Manager and/or Budget and Treasury Committee annually, or when deemed necessary from time to time, regarding the adequacy or otherwise of the insurance fund.

16.2.3 The insurance fund shall be protected against excessive losses arising from heavy or numerous claims by suitable reinsurance cover. The Chief Financial Officer in consultation with the Municipal Manager shall be responsible for reviewing and renegotiating cover through the insurance brokers appointed by the Council as agents for that purpose.



- 16.2.4 The Council's insurance brokers shall be procured by public tender in terms of the Supply Chain Management Policy for a determined period and shall be responsible for negotiating all Council's external short-term insurances.
- 16.2.5 The Chief Financial Officer shall also be responsible for the placing of insurances other than with the insurance fund, as approved by the Council from time to time.
- 16.2.6 Annually before 1 July, the Chief Financial Officer shall provide all Directorates with schedules of all insured items stating their insured value and the premium for the following year.
- 16.2.7 Directorates shall be responsible for ensuring that the insurance cover in respect of those assets under their control is sufficient, having regard to the current value and replacement costs of those assets, and shall notify the Chief Financial Officer without delay of any new insurable risk or any alteration in an existing insurable risk which has arisen in connection with the department.
- 16.2.8 On the occurrence of any event giving rise or likely to give rise to a claim by or against the Council or against its insurers, the Directorate concerned shall notify the Municipal Manager (with a copy to the Chief Financial Officer) of that event, and the Chief Financial Officer shall as soon as possible notify the Council's insurer thereof, if, the risk is insured externally or is of such a magnitude as to involve the reinsurance company.
- 16.2.9 Directorates shall within 30 days of the claim arising, notify the Budget and Treasury Office of any potential third-party claim, or of fire damage to or loss of the Council's property or of any injury to employees of the Council where such matter is or even might be covered by insurance. In the case of third-party claims this is of utmost importance as any delay or failure to report an occurrence can prejudice the Council's rights. Any claims not reported within 90 days of the occurrence will be rejected by the Municipal Manager.

16.2.10 Insurance claims shall only be processed by the Chief Financial Officer where confirmation of the insured damage and a request for reimbursement or reinstatement have been authorised by the affected business unit and received by the Chief Financial Officer.

16.2.11 The Municipal Manager, with the support of the Council's legal division shall be responsible for the negotiation of claims and the collection of all moneys payable to the Council under or in pursuance of any policy of insurance.

16.2.12 Reports and claims externally and internally shall be investigated if the Municipal Manager considers such action desirable, and settlement shall be effected by the Chief Financial Officer when the Municipal Manager is satisfied that the Council is liable to pay the claim.

16.2.13 The Chief Financial Officer shall maintain a register in which particulars of all insurance policies held by the Council shall be entered.

16.2.14 The Chief Financial Officer shall be responsible for the payment of all insurance premiums.

## **17. LOANS**

17.1 The Municipal Manager shall be responsible for the raising of loans as may be required from time to time, on such terms and conditions as may be approved by Council and in terms of the stipulations as determined by Section 46 of the MFMA.

## **18. ACCOUNTING**

- 18.1 The Budget and Treasury Office shall determine the format, standards and systems applicable to the financial accounting procedures, and shall in doing so take cognisance of Generally Accepted Municipal Accounting Practices (GAMAP and GRAP), guidelines issued by National Treasury and any requirements of the Auditor General.
- 18.2 The Chief Financial Officer shall ensure that proper accounting records and registers are opened and maintained .The Chief Financial Officer shall prescribe the requirements for access to electronic accounting systems and shall maintain the necessary security and password systems for this purpose.
- 18.3 The Chief Financial Officer shall prepare the financial statements in the format determined in Clause 18(1), and any supporting detail as required. Such Financial Statements shall be prepared and submitted to the Auditor-General within two months after the end of the applicable financial year to which the statements relate. Consolidated Financial Statements which includes all Municipal Entities, shall be completed within three months after the applicable financial year end.
- 18.4 The annual financial statements shall be submitted through the Budget and Treasury Committee, Audit Committee for assurance and Executive Mayor to Council by the Municipal Manager and Chief Financial Officer. The Auditor General's reports on the Financial Statements and Performance Auditing shall be submitted to the Council as prescribed by legislation.
- 18.5 No revenue collection, accounting, costing or other financial systems shall be introduced in any Directorate and no alteration shall be made to any existing system without the prior approval of the Municipal Manager.

- 18.6 The Budget and Treasury Office shall determine the most appropriate computer software system including Financial Management System that will best provide for the financial systems of the municipality and shall do so in consultation with the IT Manager to ensure compatibility with hard ware systems.
- 18.7 No statement, provision or obligation contained in any of these clauses shall in any way detract from the responsibility of each Directorate to maintain any costing and accounting system controlled by a departmental units in such a manner that at all times the accounting records and registers reflect the complete financial position of the function concerned as accurately as possible.

## **19. AUDIT MATTERS**

### **19.1 AUDIT COMMITTEE**

- 19.1.1 Council shall appoint an Audit Committee in terms of Section 166 of the MFMA. An Audit Committee must consist of at least three persons with appropriate experience of whom the majority may not be in Council's employees. The Audit Committee must be appointed by Council and one of the members not in the employ of Council must be appointed as Chairperson. The Audit Committee must meet at least four times a year.
- 19.1.2 The Audit Committee, after consultation with the Municipal Manager, shall be responsible for co-ordinating the functions of the external and internal audit activities and shall have unrestricted access to all Council records, documents and information.
- 19.1.3 Regarding external audit matters, the Audit Committee shall -
- (a) be available to consult in the appointment of external auditors and the audit fee as decided by the Auditor General;
  - (b) assess the planning, scope and audit approach for doing the audit;

- (c) review all audit management letters and responses submitted by management; and
- (d) review the Report of the Auditor General on the financial statements, the response of the Chief Financial Officer and any other reports issued by the Auditor General.

19.1.4 Regarding internal audit matters, the Audit Committee shall -

- (a) ensure that an annual internal audit plan is prepared;
- (b) maintain the independence of the audit function
- (c) consider the major findings of internal audit investigations and evaluate management's response thereto as well as weaknesses in internal controls
- (d) ensure that quarterly reports are received from the Manager: Audit Services
- (e) monitor/evaluate activities of the Audit Steering Committee pertaining to the coordination of the internal and external audit functions and to ensure the maximisation of resources.

19.1.5 On an ongoing basis the Audit Committee shall review financial control measures, the accounting system and reporting standards, and consider proposals for improving the efficiency, effectiveness and economy of Council's operations.

19.1.6 In addition to approving the internal audit plan, the Audit Committee is authorised to request the Audit Services Division to investigate any other matters which, in its opinion, require attention.

19.1.7 The Audit Committee shall annually submit a report to Council on its activities during the year.

19.1.8 If at any time, in the opinion of the Audit Committee, a matter must be brought to the notice of the Council, a report in this regard must be submitted to the Municipal Manager with the request that it be submitted to the Council.

## **19.2 INTERNAL AUDIT**

- 19.2.1 The Internal Audit Services Division of the Council shall prepare and execute the annual internal Audit Plan approved by the Audit Committee. It shall also perform such duties and conduct such investigations as may be required by law, by Council, the Municipal Manager or the Audit Committee. It shall further, on an ongoing basis, review the internal control systems in all Directorates and make recommendations on changes and improvements as they may deem necessary.
- 19.2.2 Performing such duties or conducting such investigations, the staff of the Internal Audit Services Division shall be given access to any departmental records required for the purpose of the audit and the Directorate and every official thereof shall upon request by the Manager: Internal Audit Services supply such information as may be required.
- 19.2.3 Directorate Managers shall within reasonable time, submit appropriate responses to matters raised by the Internal Audit Division and shall institute all necessary steps to ensure shortcomings are adequately addressed. In instances where Directorate to respond appropriately to the Internal Audit Division on matters raised by them, the Manager: Internal Audit Services shall report such cases to the Municipal Manager for appropriate action.
- 19.2.4 The Manager: Internal Audit Services shall report to the Municipal Manager on the results of all investigations, and unless obliged by law, or by resolution of the Council or any Departmental Committee thereof, the Municipal Manager shall when considered necessary submit such report to the Audit Committee and/or the Executive Mayor.
- 19.2.5 The Manager: Internal Audit Services shall submit a quarterly report via the Municipal Manager to the Audit Committee on the activities of the Internal Audit Services Division.

## **19.3 EXTERNAL AUDIT**

19.3.1 Staff of the Auditor-General shall be allowed access to all systems, documentation and records which they may require for the performance of their Audit functions and Directorates shall provide all required documents, records and information within reasonable time to the Auditor-General.

19.3.2 Directorate Managers shall assist the staff of the Office of the Auditor General by providing information to the satisfaction of the Auditor-General.

19.3.3 Directorate Managers shall provide adequate responses to audit queries raised by the Office of the Auditor-General within the agreed time frames.

## **20. INFORMATION SYSTEMS**

20.1 The centralised corporate information systems allocated to the Directorate: Corporate Administration shall be maintained in such a way as to ensure the integrity and security of the systems and data.

20.2 The Directorate: Corporate Administration and Budget and Treasury Office shall take all reasonable measures to ensure adequate backup of programmes and data for recovery purposes of the financial.

20.3 All program changes shall be recorded for audit purposes and be authorised by the Directorate: Corporate Administration or his delegated representatives.

20.4 A suitable disaster recovery plan shall be prepared and maintained by the IT Manager in consultation with the Municipal Manager and other Heads of Department, to cover all relevant aspects to maintain business continuity in the event of a disaster. The plan shall be approved by Council and be subject to a triennial review as part of the overall corporate plan.

20.5 Directorate Managers shall ensure that all reasonable steps are taken to prevent hardware and software from being infected by viruses. All work stations shall be supplied with the recommended software to assist in providing the necessary protection. This software must be active when the hardware is in operation.

20.6 Information systems of any nature which generate financial results used to cost or estimate expenditure for recovery from third parties or which quantify levies, tariffs and other fees and charges must be certified by Internal Audit. Internal Audit must ensure that random certification is undertaken on amendments to the systems.

## **21. REPORTS REFLECTING FINANCIAL IMPLICATIONS**

21.1 No standing committee, task team or subcommittee established by Council shall consider any report with financial implications until the Directorate concerned has afforded the Budget and Treasury Office a reasonable opportunity, which shall not be less than three working days before the closing date of the relevant agenda, of submitting financial comments on the matter.

21.2 The Directorate: Corporate Administration shall ensure that all reports contain the comments of the Budget and Treasury Office as required in Clause 20(1) and if such comments were not obtained from the Chief Financial Officer by the Directorate concerned, the report shall not be included in the relevant Committee agenda.

21.3 Projects likely to have a substantial financial impact on the Budget (capital or operating, income or expenditure) must reflect alternative courses of action, the most beneficial alternative, the financial impacts and operating budget consequences, before a project is approved by Council for inclusion in any budget.



21.4 Any proposed amendment of any by-law with financial implications shall be referred by the Directorate concerned to the Budget and Treasury Office for comment before consideration by any Council Committee.

## **22. SHORT TITLE**

This Policy is the Financial Management Policy of the Thabo Mofutsanyana District Municipality.

## **23. IMPLEMENTATION**

This Policy has been approved by Thabo Mofutsanyana District Municipality in terms of resolution.....dated.....and comes into effect from.....