



ELECTRONIC FUNDS TRANSFER POLICY AND PROCEDURE MANUAL

1. PURPOSE OF THIS MANUAL

- 1.1. The purpose of this policy and procedural manual is to regulate and determine the process in terms of payments made via the Electronic Funds Transfer process.

2. OBJECTIVE OF THE PROCEDURE MANUAL

- 2.1. The objective of this policy and procedure manual is to ensure that the use of electronic funds transfers and receipts are initiated, executed, and approved in a secure manner in respect of creditors, salary related and other payments.

3. LEGISLATION

- 3.1. In terms of section 65(2)(a)(ii) of the Municipal Finance Management Act, Act 56 of 2003 (MFMA), the Accountancy Officer of a municipality must maintain an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds either electronically or by way of non-transferable cheques.

4. DEFINITION OF ELECTRONIC FUNDS TRANSFER

- 4.1. An automatic method of transferring funds electronically from one bank account number to another.

5. PROCEDURES

- 5.1. Banking details can be loaded by Manager Payroll, Manager Expenditure or any authorized official within the Expenditure Division and/or Payroll Division subject to reviewal of necessary banking details from company/individual.
- 5.2. The Manager Payroll or Manager Expenditure must verify correctness of banking details [depending on whether the transaction being processed is related to payroll or creditors]. All changes to banking details must be approved by the relevant manager.

5.3. Payment to be released in terms of council resolution dated 29 November 2012 which reads as follows:

5.3.1. That signing powers be delegated to all officials mentioned in the two groups below in respect of banking transactions and that one official from each group needs to authorize/sign every banking transaction on behalf of the municipality.

5.4. Only one of the releasers from Group 1 and 2 can release together, unless otherwise approved by Municipal Manager and/or Chief Financial Officer and the reasons for deviation must be recorded and be signed by the Chief Financial Officer.

5.5. Group 1 can release a transaction which are within the same banking and not necessarily resulting into outflow of cash [ie. movement from one investment account to another within the same bank].

6. GROUPING OF OFFICIALS

6.1. Group 1 consists of officials within Finance Department, occupying the following positions in either acting / permanent appointment [but excludes officials who are seconded to the municipality by external stakeholders, except if approved by Council]:

6.1.1. Chief Financial Officer

6.1.2. Manager Budget and Reporting

6.1.3. Manager Expenditure

6.2. Group 2 consists of officials outside Finance Department, occupying the following positions in either acting / permanent appointment [but excludes officials who are seconded to the municipality by external stakeholders, except if approved by Council]:

6.2.1. Municipal Manager

6.2.2. Director Corporate Services

6.2.3. Director Development Planning & Social Security

6.2.4. Manager Administration and Support Services

7. TRANSACTION MONETARY VALUE LIMIT

- 7.1. Manager Budget & Reporting and Manager Expenditure have been sub-delegated to approve transaction up to R1 million per day. The Chief Financial Officer and/or Municipal Manager may impose a lesser transaction value, below R1 million should the need arises or as part of the broader cash flow management strategy or broader creditors management strategy.
- 7.2. If circumstances prevail such that the Chief Financial Officer is unable to authorize EFT payments above R1 million, the Chief Financial Officer can mandate either Manager Budget & Reporting or Manager Expenditure to authorize transactions with a value above R1 million.
- 7.3. The Chief Financial Officer and all Group 2 officials shall have no limit in terms of approval of transactions. However, it is specifically recorded no approval of a payment from Current Account should be done by two officials from the same group.
- 7.4. Manager Budget & Reporting and Manager Expenditure shall have a daily limit of up to R1 million per day or as per the limitations that maybe imposed by Municipal Manager and/or Chief Financial Officer from time to time.

8. RESPONSIBILITIES WHEN APPROVING TRANSACTIONS

- 8.1. Every employee approving transactions on the Online Banking should take reasonable steps to ensure the following:
 - 8.1.1. **Verify Transaction Details:** Before authorizing, it is essential to check the amount, the beneficiary (recipient) account details, and the reference for the transaction.
 - 8.1.2. **Validate Authenticity:** Ensure the transaction is legitimate and that you did not receive a request to reverse a transaction or process a refund (which are common phishing indicators).

- 8.1.3. **Secure Authentication:** Use only trusted devices and apps (e.g., in-app push notifications, biometrics, or official otps) for approval.
- 8.1.4. **Prompt Action:** Respond within required time limits (e.g., 60 seconds for many push notifications) to avoid session expiration or the need for a secondary, less secure verification method.
- 8.1.5. **Report Suspicious Activity:** If a push notification or authorization request appears for a transaction you did not initiate, report it to the bank's Fraud Line immediately.
- 8.1.6. **Maintain Separation of Duties (Business and personal):** In cases where an employee has the same banking institution as the municipality, ensure that separation is done between the municipal account and personal [own business] banking credentials.
- 8.1.7. **Secure Credentials:** Never share passwords, pins, or token codes with anyone, including bank employees.

9. RESPONSIBILITIES REGARDING SECURITY PRECAUTIONS

- 9.1. Every employee approving transactions on the Online Banking should take reasonable steps to ensure adequate security measures which includes but not limited to the following:
 - 9.1.1. Avoid using public or shared computers for banking.
 - 9.1.2. Ensure that your devices have updated antivirus software.
 - 9.1.3. Always log out of your banking session once the transaction is completed.

10. REVISION OF THE PROCEDURE MANUAL

- 10.1. The Setsoto Local Municipality procedure manual must be reviewed and amended, as and when it is necessary, to ensure that it remains relevant.
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