Harry Gwala District Municipality

Final Draft Electronic Funds Transfer (EFT) Policy 2021-22

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1.   INTRODUCTION

In an effort to reduce cost and improve security and efficiency, the Harry Gwala District municipality opted pay its suppliers directly to their bank accounts. This process is known as Electronic Funds Transfer (EFT).

2.   PURPOSE

This policy provides guidance on the use of EFT, and on to accurate, compliance and timely payments of properly authorized and documented EFT. This policy covers all types of payments including vendor payments, payments for services, tax payments, awards salaries and any other payments that the municipality can make like sponsorships.

3.   AUDIENCE

The policy is applicable to the Expenditure Management Unit and the Records Management Unit.

4.   TERMS AND DEFINITIONS

EFT (Electronic Fund Transfer)

An automatic method of transferring funds electronically from one bank account to another without producing a chequebook, transfer and wire transfer is considered EFT transaction.

Harry Gwala District Municipality

 Local Government institution known as the District Office.

Wire Transfer

A bank transfer or credit transfer is a method of an EFT from one person to another. Wire transfers can be made from one bank account to another.

Creditor

 A company or person of legal nature that has provided goods or services who you owe money to.

Debtor

A company or person of legal nature that has provided goods or services to who you owe you money.

5. POLICY STATEMENT

This the primary objective of this policy is to ensure that the use of electronic funds transfers and receipts are initiated, executed and approved in a secure manner. The factors include security, efficiency and cost effectiveness.

6. PREREQUISITES

a) All users that will be using the EFT system need to be trained on the systems.

b) Their computers need to be updated with the latest Java updates.

c) A security certificate which is unique to that particular user must be installed on that particular computer.

d) Users must have secure password and should not share it with anyone.

7. BACKGROUND

a) Invoices are received at registry where they are date stamped and a copy is made for filing.

b) The invoices are distributed to user departments for authorisation and to obtain relevant supporting documents. The user department selects the relevant vote number to be used for recording purposes.

c) All signed invoices and supporting documents are submitted to supply chain management unit (SCM).

d) When making an order payment, SCM authorises order and goods received note on SOLAR. A checklist after ensuring that all the relevant documents are attached as required.

e) The budget and reporting unit confirms the availability of the budget as per vote number provided by the user department.

f) If there are payments for projects, the CFO signs certifying the expenditure on the project payment certificate.

g) SCM submits the complete file called Payment Voucher to Expenditure Management Unit.

h) Expenditure management unit checks the validity of the tax invoices and captures on the Solar system.

i) For order payments, expenditure management links the invoices to the requisition, order, goods received note on Solar and the system generates the reference number Solar system.

j) For sundry payments, the expenditure management unit creates a payment voucher and automatically generates a DIRA number in numerical order on Solar system.

k) The director expenditure checks the completeness of the payment vouchers and authorise on the Solar system.

l) The director expenditure submits payment vouchers to the senior payments clerk for final processing on Solar system and an encrypted file is automatically generated with a tracking number.

m) The senior payments clerk imports the encrypted file to the bank and checks that all the payments are through to bank as per number of payment vouchers.

n) Two signatories one of them being CFO authorise the payments on the bank

8.   PROCEDURE

a) Expenditure management unit checks the validity of the tax invoices and captures on the Solar system.

b) For order payments, expenditure management links the invoices to the requisition, order, goods received note on Solar and the system generates the reference number Solar system.

c) For sundry payments, the expenditure management unit creates a payment voucher and automatically generates a DIRA number in numerical order on Solar system.

d) The director expenditure checks the completeness of the payment vouchers and authorise on the Solar system.

e) The director expenditure submits payment vouchers to the senior payments clerk for final processing on Solar system and an encrypted file is automatically generated with a tracking number.

f) The senior payments clerk imports the encrypted file to the bank and checks that all the payments are through to bank as per number of payment vouchers.

g) Two signatories one of them being CFO authorise the payments on the bank.

9. SALARIES

a) Human Resources Unit capture new appointments and amendments

b) Accountant salaries review new appointments, amendments, calculate, capture overtime and any other claims from the employees.

c) The MM and the CFO authorise the councillors travelling claims

d) The accountant prints all salary companies and submits to the director expenditure to verify and check for correctness.

e) After verification by the director expenditure, the accountant will transfer the encrypted files to a solar server for a senior payment clerk to import those salaries files in batches and link to Salaries and wages folder to the staff's bank accounts on the salary date.

f) Two signatories one of them being CFO authorise the salaries file in batches on the bank.

10. POLICY REVIEW

This policy shall be reviewed annually.

11. IMPLEMENTATION

This policy comes into effect from the date of approval.