



**agriculture &
rural development**

Department:
Agriculture and Rural Development
North West Provincial Government
REPUBLIC OF SOUTH AFRICA



AgriCentre Building
Cnr. Dr. James Moroka
& Stadium Rd
Private Bag X2039,
Mmabatho 2735
Republic of South Africa

**CHIEF DIRECTORATE: FINANCIAL MANAGEMENT
DIRECTORATE: FINANCIAL ADMINISTRATION**

Tel: +27 (18) 384 3106
Cell: 083 435 7613
E-mail: Dujikerq@nwpg.gov.za

ORGANISATION	DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
PROGRAMME	CHIEF DIRECTORATE: FINANCIAL MANAGEMENT
POLICY	BANK ACCOUNT MANAGEMENT
POLICY REF. NUMBER	FIN 1 / P
COMPILED BY	DIRECTORATE: FINANCIAL ADMINISTRATION
APPROVED BY	HEAD OF THE DEPARTMENT
SIGNATURE	
DATE OF EFFECT	Upon approval by the Accounting Officer <u>17/09/2024</u>

Table of Contents

1. <u>Introduction</u>	3
2. <u>Objectives of the Policy</u>	3
3. <u>Definitions/Glossary Of Terms</u>	3
4. <u>Financial management governance and regulatory framework</u>	4
5. <u>Scope of Application</u>	4
6. <u>Banking Arrangements</u>	4
7. <u>Implementation</u>	7
8. <u>Non-compliance</u>	7
9. <u>Monitoring, oversight and maintenance</u>	7
10. <u>Conclusion</u>	8
11. <u>Contact person</u>	8
12. <u>Approval</u>	8
<u>Annexure 1 Bank account arrangements - processes (High level)</u>	9
<u>Annexure 2 – Standard operating procedures Deposits, transfers, monies (cash / cheques),</u>	12
<u>Annexure 3 Deposits, transfers, monies (cash / cheques), received - processes (High level)</u>	13



1. Introduction

- 1.1 This Bank Management policy is intended to optimise the use of funds allocated to the department of Agriculture Rural and Development (DARD), by ensuring that correct levels of available cash flow are maintained in the departmental Pay Master General (PMG) bank account to sustain the departmental commitments. The department has also the responsibility to ensure that the provincial Exchequer account generate sufficient interest for use in subsequent financial years during the budget allocations.

2. Objectives of the Policy

The objectives of this policy are to:

- 2.1. Provide guidelines on the management and administration of departmental bank account to ensure effective, economic and efficient control thereof.
- 2.2. Ensure compliance to regulatory framework in terms of applicable legislation.
- 2.3. Ensure that prudent inflow and outflow of cash procedures are consistently applied.
- 2.4. Ensure that receipts of revenue are adequately accounted for.
- 2.5. To ensure that, overall, and effective bank account management plan is established and adhered to at all times.

3. Definitions/Glossary Of Terms

PFMA : Public Financial Management Act of 1999 as amended

EMC : Executive Management Committee

DMC : Departmental Management Committee

Bank : Approved departmental Banker (First National Bank Batho Pele)

DoRA : Division of Revenue Act

PMG : Paymaster General Account



4. Financial management governance and regulatory framework

- 4.1. Public Finance Management Act, 1999 (Act No.1 of 1999).
- 4.2. Annual Appropriation bill – passed each year
- 4.3. Division of Revenue Act (DoRA)
- 4.4. Treasury Regulations
- 4.5. The Public Service Amendment Act (Act No. 13 of 1996) and its Regulations
- 4.6. Provincial Treasury Instructions/ Circulars / guidelines
- 4.7. General Recognised Accounting Practice (GRAP)

5. Scope of Application

- 5.1. This policy is applicable to all permanent and contracted employees including staff of MEC in the Department of Agriculture and Rural Development where an employer-user relationship exist as defined in the Labour Relations Act and other applicable legislation as amended.

6. Banking Arrangements

6.1. Opening bank account

- 6.1.1. The department must open its own independent bank account with a commercial bank through the Provincial Treasury.
- 6.1.2. The Departmental PMG bank account shall be held at Mmabatho branch unless provincial treasury directs otherwise.
- 6.1.3. The Departmental PMG account is a non-interest-bearing account as is the case with all other departments.
- 6.1.4. The Accounting Officer of DARD or any other official shall not enter into any overdraft arrangement with the banker except with prior written approval of provincial treasury.
- 6.1.5. The accounting officer or any other official of DARD shall not open any subsidiary account or open any account purported to be a departmental bank account, unless written approval has been obtained from provincial treasury.
- 6.1.6. The PMG bank account of the department can only be closed when the bank contract, entered into by the Department through Provincial Treasury lapses, or with such directive as to close the account by provincial treasury.



6.1.7. The bank account must always be under the name of department (account holder) not any other name for control purposes.

6.2. **Maintenance of the bank account**

6.2.1. The accounting officer must appoint, in writing (with clear delegations), officials that shall be responsible to access the bank account, process transactions through the bank account and liaise with bank officials on any issues relating to DARD bank account.

6.2.2. The accounting officer will ensure that no less than three (3) senior officials are appointed in writing to sign-off all bank account transactions of the department with two of these officials signing-off for single transaction.

6.2.3. By virtue of the position, the Chief Financial Officer shall be one of the three appointees and each transaction shall bear his/her signature plus any other appointee, unless such transaction is processed by him/her as an online system.

6.2.4. The appointed signatories must also be endorsed by the Provincial Accountant General before the bank can be fully operational.

6.2.5. The transactions to be processed by the delegated officials shall include all departmental cheques, online payment certificates, increase of monthly/aggregate limits as well as appointment of online enquiry functionaries.

6.2.6. The accounting officer must regularly maintain the signing profile of the department where a signatory must be timely withdrawn and replaced as and when circumstances require.

6.2.7. Any departmental correspondence to the bank must be signed off by at least two duly appointed and delegated signatories of the department.

6.2.8. All bank charges relating to operating the account will be treated as normal expenditure, excluding any penalties imposed by the bank.

6.2.9. The accounting officer shall implement all directives issued by treasury with regard to the management of the bank account.



6.3. **Forecasting (budget section)**

- 6.3.1. Office of Chief Financial Officer must submit the annual cash flow projections for the following financial year to the Provincial Treasury by end of February using the approved cash forecast template. All possible variables must be considered to ensure realistic and correct projections.
- 6.3.2. Each programme manager must submit monthly cash flow requisitions in the prescribed format to the Director Financial Administration at least 3 days prior submission to Provincial Treasury.
- 6.3.3. The Director Financial Administration must analyse all programme submissions, consolidate and submit to the Provincial Treasury in line with Cash Flow Management Policy.

6.4. **Bank Reconciliation**

- 6.4.1. The Director Financial Administration must ensure that the bank account has sufficient funds so that all payments due can go through on daily basis.
- 6.4.2. The Chief Financial Officer must ensure that monthly electronic bank reconciliations statements are prepared and signed off in line with treasury prescripts.
- 6.4.3. Director Financial Administration must ensure that the bank statement is analysed daily and journals are prepared to clear all the exceptions appearing in the bank statement to the correct accounts.
- 6.4.4. The department's bank account may not be overdrawn at any given point.

6.5. **Bank Credits**

- 6.5.1. The Director Financial Administration must ensure daily analysis of all receipts and deposits into the bank account and allocate each receipt to the appropriate account.
- 6.5.2. All revenue analysed and allocated to the relevant accounts must be paid over to the Provincial Revenue Fund immediately after system closure and when all receipts exceptions have been cleared.
- 6.5.3. All departmental receipts must be deposited into the departmental PMG account daily.



- 6.5.4. Only electronic payments and cash shall be deposited into the department account and no cheque deposits are acceptable.
- 6.5.5. All surplus funds in the bank account of the department must be paid into the provincial exchequer account at the end of the financial year as shall be directed by provincial treasury.
- 6.5.6. Surplus surrenders shall only apply to funds in the PMG account and no other accounts

6.6. Funds Disbursements / Payments

- 6.6.1. The department can only make payments once verification of cash flow availability has been confirmed.
- 6.6.2. No payment for any services shall be made on-line, unless on exceptional cases where the R1 million threshold has been exceed/aggregate limit exceeded or payment rejected as a result of referencing and online payment request must be prepared and signed by delegated officials. Those that are submitted to the bank for processing must be approved by the Accountant General.
- 6.6.3. Except for petty cash payments, no manual withdrawals shall be processed against the departmental bank account.

7. Implementation

- 7.1. The policy is effective from the date of signing by the HOD. The provision of this policy remains and takes precedent over all other regulations governing the Bank Account Management in the Department.

8. Non-compliance

- 8.1. Departure from the provisions of this Policy, without prior written authorisation by the Head of Department will be subjected to appropriate legislative checks and may result in investigations that result into disciplinary action.

9. Monitoring, oversight and maintenance

- 9.1. The policy will be reviewed on a four-year basis or as and when the need arise and monitoring implementation will be the responsibility of the Office of the CFO/Director-Financial Administration.



10. Conclusion

10.1. The content of this policy and associated SOPs must be brought to the attention of all officials within the Department of Agriculture and Rural Development.

10.2. This policy is effective from the date of approval by the Head of Department as indicated on the policy cover of this document.

11. Contact person

11.1. For any queries related to policy, contact the Director Financial Administration of DARD.

12. Approval

12.1. This policy will be applicable upon approval by the Accounting Officer

A handwritten signature in black ink, appearing to be 'T. W.', is written over a horizontal line.

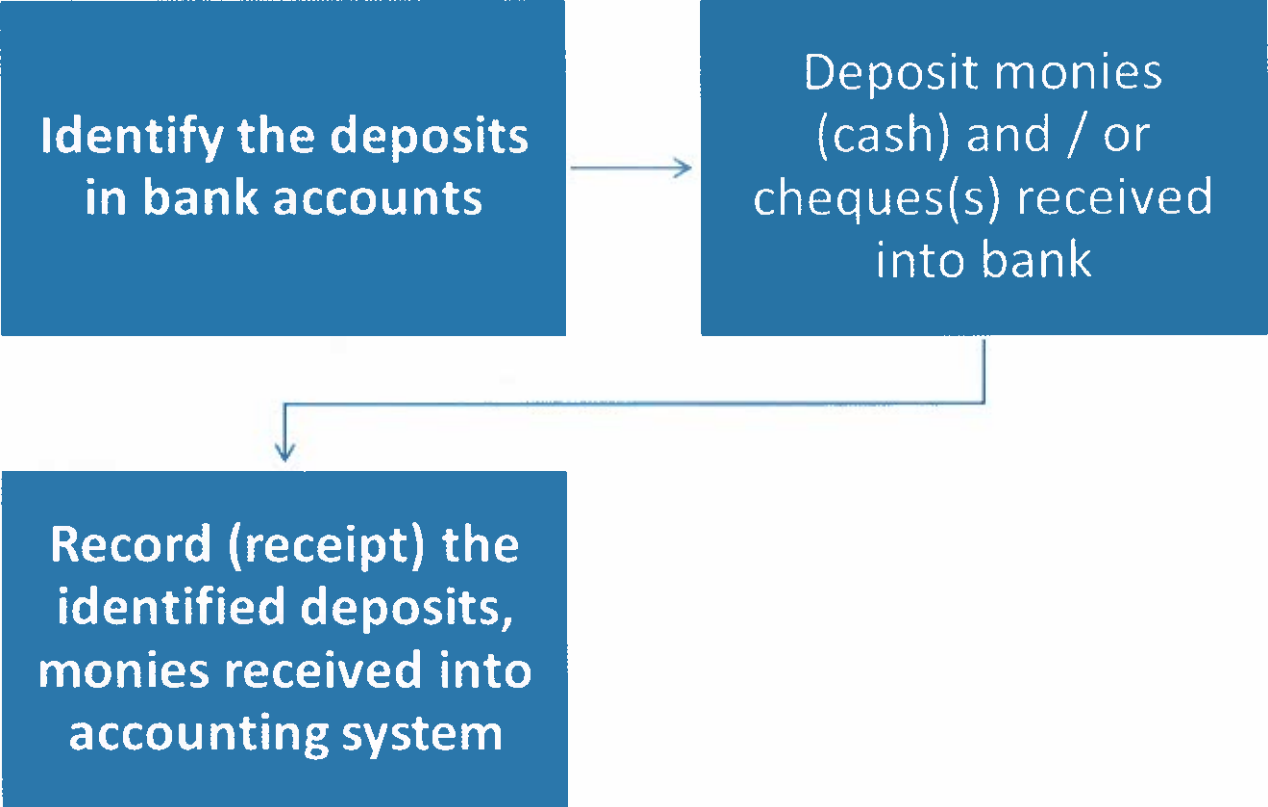
Annexure 1 Bank account arrangements - processes (High level)

Action	Template Ref/ Input	Responsibility
Assess the need for a bank account		
<p>1. The purpose of this process is to establish as standardised systematic practice to assess the need for a new bank account.</p> <p>Financial accounting officials understand the operations & usage of the current bank accounts and any complications / difficulties that arise therefrom, inter alia; accounts in too few locations, accounts with too many transactions to be manageable. etc.</p> <p>The assessment report / analysis is to include the background, the identified issues & problems, solutions, conclusion that a new account(s) should be opened.</p>	<p>Assessment report / analysis</p>	<p>Financial accounting manager / CFO</p>
Motivate request to relevant treasury for approval		
<p>2. The purpose of this process is to produce a motivation request to the relevant treasury for approval to open a new account(s)</p> <p>The request should be approved by the HOD and address the issues identified in the above assessment that the recommended solution is to open a new bank account(s) and seek the relevant treasury's approval.</p>	<p>Written approved request letter</p>	<p>CFO</p>

Action	Template Ref/ Input	Responsibility
Open new account, assess cost effectiveness of offering		
3.	<p>The purpose of this process is to ensure that the account is opened in accordance with any conditions imposed by the relevant treasury.</p> <p>The Institution's current commercial banker is to be requested to open the new account(s) complying with all their documentation requirements.</p> <p>Quoted costs are to be assessed for effectiveness and negotiated.</p>	New account application, required documentation
Load & test new account(s) on systems		
4.	<p>The purpose of this process is to ensure that the new account is loaded onto the financial accounting system by the OAG and tested.</p> <p>The OAG is requested to load the approved bank account(s) onto the financial accounting system and tested by them</p>	Request to OAG to load & test the new account(s). OAG's confirmation.
North West Provincial Treasury		Financial accounting manager OAG Financial

Action	Template Ref/ Input	Responsibility
<p>The Institution's IT system controller is to test the operation of the account(s) at the Institution level.</p>	<p>Request to IT to test the new account(s). IT's confirmation</p>	<p>accounting manager IT system controller</p>
<p>Inform all financial accounting staff of new account</p>		
<p>5.</p>	<p>The purpose of this process to ensure that the financial management / accounting and operational staff are informed of the new account(s) and any specific instructions related to their use</p> <p>Financial management are to inform the staff in writing of the new account(s) and specific instructions.</p>	<p>Written communication to staff Financial accounting manager / CFO</p>

Annexure 2 – Standard operating procedures Deposits, transfers, monies (cash / cheques), etc. received



A handwritten signature in black ink, appearing to be "T W", is located at the bottom right of the page.

Annexure 3 Deposits, transfers, monies (cash / cheques), received - processes (High level)

Action		Template Ref/ Input	Responsibility
Identify the deposits in bank accounts			
1	A delegated official is to scrutinize the bank accounts daily to identify all deposits, inter alia; transfers / subsidies / grants; agency fees; license fees; fines / forfeits/ penalties; gifts / donations / aid; interest; dividends; rent; assets sold.	Deposits marked on bank accounts	Financial accountant official
Deposit monies (cash) and / or cheques(s) received into bank			
2	<p>Monies (cash) and / or cheques received should be receipted and the generated receipt should be sent / handed to the person delivering the monies (cash) / cheques(s). Uncrossed cheques received should be crossed on receipt.</p> <p>The monies (cash) and / or cheques must be deposited into the Institution's bank as soon as possible.</p>	<p>Generated receipt</p> <p>Bank stamped deposit slip</p>	<p>Financial accounting officials</p> <p>Financial accounting officials</p>
Record (receipt) the identified deposits, monies received into accounting system			
3	<p>All deposits should be receipted into the accounting records in terms of the Institution's detailed work instructions. These will include the monies (cash) and / or cheques discussed above.</p> <p>These should include the creating of appropriate journal entries.</p>	<p>Receipts,</p> <p>Journal entries</p>	<p>Financial accounting official(s); managers</p> <p>Ditto</p>