



JOE GQABI District Municipality

BANKING AND INVESTMENT POLICY

PREAMBLE TO THE POLICY

WHEREAS section 152 (1) (b) of the Constitution of the Republic of South Africa, Act 108 of 1996, provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

AND WHEREAS the Municipal Finance Management Act, Act No 56 of 2003, provides for a municipality to collect revenue, open bank accounts, make payments, make investments and make loans;

AND WHEREAS section 6 (2) (c), (e) and (f) of the Municipal Systems Act (Act 32 of 2000) provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge.

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CHAPTER 1 : DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise, and means the following:

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| “Accounting Officer” | The Municipal Manager. |
| “Act” | The Municipal Finance Management Act No. 56 of 2003. |
| “Bank” | An institution registered in terms of the Banks Act 1990. |
| “Chief Financial Officer” Officer whom | The person appointed by the Council as Chief Financial and includes any person acting in that position or to whom authority is delegated. |
| “Council” 1996), of | The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa (Act 108 of the Joe Gqabi District Municipality; |
| “Head of Department” | An official appointed by the Council to manage a directorate of the municipality. |
| “Investment” | Placing a deposit of funds of a municipality with a financial institution. |
| “MEC” Executive affairs. | Is an acronym meaning the Member of the Provincial Committee responsible for local government |
| “Minister” | The Minister of Finance. |
| “Municipality” | Means the Joe Gqabi District Municipality. |
| “Municipal Manager” and authority is | The person appointed by the Council as Municipal Manager includes any person acting in that position or to whom delegated. |

CHAPTER 2 : LEGISLATIVE FRAMEWORK

REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003: -

1. SECTION 7: OPENING OF BANK ACCOUNTS

- 1.1. Every municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.
- 1.2. A municipality may not open a bank account:
 - otherwise than in the name of the municipality;
 - abroad; or
 - with an institution not registered as a bank in terms of the Banks Act 1990.
- 1.3. Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

2. SECTION 8: PRIMARY BANK ACCOUNT

- 2.1. Every municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.
- 2.2. The following must be paid into the municipality's primary account:
 - all allocations to the municipality;
 - all income received by the municipality on its investments;
 - all income received by the municipality in connection with its interest in any municipal entity;
 - all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
 - any other monies as may be prescribed.

- 2.3. 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.

3. SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL

- 3.1. The accounting officer of the municipality must submit to the provincial treasury and to the Auditor-General, in writing, within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

4. SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS

- 4.1. The accounting officer of the municipality must administer all the municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.
- 4.2. The accounting officer may delegate the duties referred to above only to the municipality's Chief Financial Officer.

5. SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

- 5.1. Only the accounting officer or the Chief Financial Officer of the municipality or any other senior financial official of the municipality acting on the written authority of the accounting officer may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- defray expenditure appropriated in terms of an approved budget;
- defray expenditure authorised in terms of Section 26(4) (this Section deals with situations in which the budget was not approved on time, and the Province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other

payments received by the municipality for such person or organ of state;

- refund money incorrectly paid into a bank account;
- refund guarantees, sureties and security deposits;
- make investments for cash management purposes in accordance with Section 13;
- defray increased expenditure in terms of Section 31; or
- for such other purposes as may be prescribed.

(Note that Section 11(1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits).

- 5.2. Any authorisation to a senior financial official to withdraw money or to authorise the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorise any official other than the Chief Financial Officer to withdraw money or to authorise the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account which is separate from its other bank accounts.
- 5.3. The accounting officer must, within 30 days after the end of each quarter, table in the Council a consolidated report of all withdrawals made other than withdrawals to defray expenditure appropriated in terms of the approved budget, and submit a copy of the report to the relevant provincial treasury and the Auditor-General.

6. SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS

- 6.1. No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the Municipal Manager may be the accounting officer of any such fund.
- 6.2. A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.
- 6.3. Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the accounting officer, acting in accordance with decisions of the Council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

7. SECTION 13: CASH MANAGEMENT AND INVESTMENTS

- 7.1. The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required.
- 7.2. A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be so prescribed.
- 7.3. A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.
- 7.4. A bank, insurance company or other financial institution which the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

8. SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS

- 8.1. The following documents must accompany each tabled draft annual budget (inter alia):
 - a projection of cash flows for the budget year by revenue source, divided into calendar months
 - particulars of the municipality's investments.

9. SECTION 22: PUBLICATION OF ANNUAL BUDGETS

- 9.1. The accounting officer must make public, immediately after a draft annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connexion with such budget (and documents).

10. SECTION 36: NATIONAL AND PROVINCIAL ALLOCATIONS TO MUNICIPALITIES

- 10.1. In order to provide predictability and certainty about the sources and levels of intergovernmental funding for municipalities, the accounting officer of a national or provincial department and the accounting authority of a national or provincial public entity responsible for the transfer of any proposed allocations to a municipality, must by no later than 20 January of each year notify the national treasury or the relevant provincial treasury as may be appropriate, of all proposed allocations and the projected amounts of those allocations to be transferred to each municipality during each of the next 3 financial years.

- 10.2. The Minister or the MEC responsible for finance in the province must, when tabling the national annual budget in the national assembly or the provincial annual budget in the provincial legislature, make public particulars of any allocations due to each municipality in terms of that budget, including the amount to be transferred to the municipality during each of the next 3 financial years.

11. SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES

- 11.1. In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

12. SECTION 45: SHORT-TERM DEBT

- 12.1. The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.
- 12.2. The Council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that the credit limit must be specified in the resolution of the Council; the terms of the agreement, including the credit limit, may be changed only by a resolution of the Council; and if the Council approves a credit facility limited to emergency use, the accounting officer must notify the Council in writing as soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.
- 12.3. The municipality must pay off short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

13. SECTION 46: LONG-TERM DEBT

- 13.1. A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

14. SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

- 14.1. The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

15. SECTION 64: REVENUE MANAGEMENT (EXCERPTS)

- 15.1. The accounting officer of the municipality is responsible for the management of the revenue of the municipality.
- 15.2. The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.
- 15.3. The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at least a weekly basis.
- 15.4. The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a weekly basis, and that such funds are not used for purposes of the municipality.

16. SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)

- 16.1. The accounting officer of the municipality is responsible for the management of the expenditure of the municipality.
- 16.2. The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made direct to the person to whom they are due, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.
- 16.3. The accounting officer must also ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.
- 16.4. The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

17. POLICY STATEMENT

- 17.1. 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.
- 17.2. In terms of Section 60(2) of the Municipal Systems Act No. 32 of 2000 the Council may delegate the authority to take decisions on making investments on behalf of the municipality only to the Executive Mayor, Executive Committee, Municipal Manager or Chief Financial Officer. Such authority is hereby delegated to the Chief Financial Officer.

CHAPTER 3 : OBJECTIVE OF INVESTMENT POLICY

18. The Council 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.
19. 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.
20. The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

CHAPTER 4 : EFFECTIVE CASH MANAGEMENT

21. Cash Collection

- 21.1. 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.
- 21.2. The unremitting 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.

22. Payments to Creditors

- 22.1. The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the Chief Financial Officer before any payment is made.
- 22.2. In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the Chief Financial Officer before any payment is made.
- 22.3. Notwithstanding the foregoing policy directives, the Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the Chief Financial Officer determines that there are financial incentives for the municipality to do so.
- 22.4. The Chief Financial Officer shall not ordinarily process payments, for accounts received, more than once in each week, such processing to take place on or about the

end of the week concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques.

- 22.5. Special payments to creditors shall only be made with the express approval of the Chief Financial Officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal week end processing.
- 23.1. Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.
- 23.2. Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the Head of Administration for sale at a public auction or by other means of disposal, as provided for in the municipality's asset management policy.

24. Cash Management Programme

- 24.1. 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 monthly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred. Heads of Departments shall in this regard furnish the Chief Financial Officer with all such information as is required in time and in the format indicated.
- 24.2. The Chief Financial Officer shall report to the Municipal Manager on a monthly basis and to every quarterly Council meeting the cash flow estimate or revised estimate for such reporting period, 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.

CHAPTER 5 : INVESTMENT ETHICS

25. The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality in compliance with any prescriptions made by the Minister of Finance.
26. In making such investments the Chief Financial Officer, shall at all times have only the best considerations of the municipality in mind, and, shall not accede to any influence by investments agents or institutions or any other outside parties.

CHAPTER 6 : INVESTMENT PRINCIPLES

27. Limiting Exposure

- 27.1. 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. To this effect, not more than 20% of Council's investment portfolio should be held with any specific Institution. 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).

28. Risk and Return

- 28.1. 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.

29. Payment of Commission

- 29.1. 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.

30. Call Deposits and Fixed Deposits

- 30.1. Before making any call or fixed deposits, the Chief Financial Officer, shall obtain investment proposals from at least three financial institutions. Given the volatility of the money market, the Chief Financial Officer, shall, whenever necessary, request quotations telephonically, and shall, if facilities are available, record such telephone conversations and, in any event, immediately write 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).
- 30.2. 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).
- 30.3. Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of chapter 8) 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.

31. Restriction on Tenure of Investments

- 31.1. No investment with a tenure exceeding twelve months shall be made without the prior approval of the Municipal Manager and Executive Mayor.

CHAPTER 7 : CONTROL OVER INVESTMENTS

32. The Chief Financial Officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.
33. The Chief Financial Officer shall ensure that all interest and capital properly due to the municipality are received in time and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully received or received on time.
34. 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.

CHAPTER 8 : OTHER EXTERNAL INVESTMENTS

35. 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.
36. No investment with a tenure exceeding twelve months shall be made without the prior approval of the Municipal Manager, Executive Mayor 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.

CHAPTER 9 : BANKING ARRANGEMENTS

37. 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.
38. 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 (if these accounts are required). 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.

CHAPTER 10 : RAISING OF DEBT

39. 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.
40. 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.
41. 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.

CHAPTER 11 : INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES

42. 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.
43. 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.

CHAPTER 12 : INTEREST ON INVESTMENTS

44. 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.

45. 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.
46. 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 re-appropriated to the asset financing reserve.