

**THEEWATERSKLOOF
MUNICIPALITY**



**Creditor
Payment Policy**

*Approved by Council on: 28 May 2026
Resolution: SC06/2026*

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1. OBJECTIVE OF THE POLICY

- 1.1 In terms of section 13(1) of the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003) (MFMA) the Minister of Finance may prescribe a framework within which the Municipality must conduct its cash management. Section 13(2) of the MFMA requires that the Municipality must establish an appropriate and effective cash management policy, which must comply with the framework prescribed by the Minister.
- 1.2 The Accounting Officer must for the purpose of giving account of the discharge of her/his responsibilities in respect of expenditure management take all reasonable steps to ensure –
 - 1.2.1 that the Municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.
 - 1.2.2 that the Municipality has and maintains a management, accounting and information system which recognises expenditure when it is incurred, and which accounts for creditors of and payments made by the municipality.
- 1.1.3 that the Municipality has and maintains a system of internal control in respect of creditors and payments.
- 1.1.4 that payments by the Municipality are made directly to the person to whom it is 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 limit prescribed by the Minister of Finance in terms of a regulation.

2. PURPOSE

- 2.1 The purpose of this Policy is to ensure that the Municipality has a sound cash management and payment system.
- 2.2 To have a standard payment system in place with clear objectives regarding payment policy and dates.

3. DEFINITIONS

“**MFMA**” refers to the Local Government: Municipal Finance Management Act (56 of 2003).

“**Municipality**” refers to the Theewaterskloof Municipality.

“**SARS**” refers to the South African Revenue Services

4. LEGAL FRAMEWORK

4.1 Legislation pertaining to this policy includes:

- Municipal Finance Management Act, 2003
- Protection of Personal Information Act 4 of 2013
- Promotion of Access to Information Act 2 of 2000

5. CONFIDENTIALITY

5.1 Theewaterskloof Municipality will safeguard all confidential information about payments made under this policy as taken from the institute of ethics and adhering to the stipulations of the Protection of Personal Information Act 4 of 2013, the Promotion of Access to Information Act 2 of 2000 and to the full extent required under this policy.

6. DELEGATION OF AUTHORITY (BANK SIGNATORIES)

- 6.1 Only officials approved by Council resolution as signatories to the bank accounts of the Municipality are authorized to make payments or release EFT's on behalf of the Municipality.
- 6.2 The release of Electronic Funds Transfer (EFT) must be authorized by two officials.
- 6.3 These authorisations to be captured in the approved system of delegations.

7. PAYMENT TO CREDITORS

- 7.1 All reasonable steps must be taken to ensure that payments made by the Municipality are made directly to the person that supplied the service or goods.
- 7.2 The municipality must ensure that all money owing by the municipality be paid within thirty (30) days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure as per stipulation Section 65 of the municipal finance management act.

- 7.3 The Chief Financial Officer shall ensure that all contracts awarded by the Municipality stipulate payment terms that are favourable to the Municipality. As far as possible, payment should fall due not sooner than 30 days from the invoice date, unless:
- a) there are financial incentives for the Municipality to effect earlier payment for example discount; or
 - b) in the case of small, micro and medium enterprises, this policy may cause financial hardship to the contractor in which case payment may be affected within 14 days of receiving an invoice and a request for earlier payment for a service rendered, goods supplied, or work executed.
- 7.4 No payment for the provision of a service, the supply of goods or the execution of work shall be processed unless an original supplier invoice containing a reference to the relevant purchase order and such other relevant information has been received.
- 7.5 The end user department must ensure that all tenders and quotations invited by, and contracts entered with by the Municipality, stipulate payment terms favourable to the Municipality.
- 7.6 Supplier invoices processed for payment shall be certified to represent goods received, services rendered, or work executed in a manner and to a standard acceptable to the relevant departmental head and, where applicable, the relevant contract manager or according to contract.
- 7.7 The end user department must take all reasonable steps to submit the invoice for payment at the creditor's office immediately.
- 7.8 All the above payment scenarios referred to are subject to the submission of the correct and relevant supporting documents (for example invoice, quotation, requisition, purchase order, memorandum, service level agreement approved by an employee that has delegated signatory authority).

8. SUNDRY PAYMENTS

- 8.1 Sundry payments relate to disbursements that cannot (due to specific circumstances) be processed by using the formal procurement procedures and are therefore not linked to an official order.

9. PAY METHOD

- 9.1 All creditors' payments must be done via electronic transfers (EFT).
- 9.2 All suppliers doing business with the Municipality must have a valid banking account in the name of the supplier.
- 9.3 A bank details confirmation letter must be provided to confirm banking details.
- 9.4 All banking details of service provider/suppliers must be verified and captured on the SCM Database.
- 9.4.1 Service providers to complete a banking-details change form to be captured on SCM database when changing the company's banking details.

10. RECORD-KEEPING

- 10.1 All supplier payments and information must be regarded as confidential as per the Protection of Personal Information Act and the Promotion of Access to Information Act. Access to payment information and records must be limited to officials with the necessary delegation of authority.
- 10.2 Payment records must be kept at least for the longest period specified either in the MFMA, SARS or National Archives and Records Service of SA Act 43 of 1996.

11 REVIEW

This policy will be reviewed at least annually and updated if needed.

12 EFFECTIVE DATE

This policy shall come into effect on 01 July 2023.