



UNALLOCATED DEPOSITS POLICY

2023-2024

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Background

Several consumers mistakenly provide wrong information when paying for services to the municipality, leading to failure by the municipality to allocate the funds properly. It is therefore important to recognize or identify each transaction in order to account timely and appropriately update the accounting system and records. The purpose is to ensure all unallocated deposits are timely identified and allocated to the relevant debtors' account, to ensure correctness of account balances and a true reflection of the debtor's book.

Revenue Management

Revenue management involves all the procedures necessary to ensure that the income of the municipality is properly planned and fully accounted for, and that cash once received is safeguarded and banked promptly.

In terms of Section 64 (2) (e) (Revenue Management) of the Municipal Finance Management Act, Act 56 of 2003;

"the municipality has and maintains a management, accounting and information system which-

- (i) recognises revenue when it is earned;
- (ii) accounts for debtors; and
- (iii) accounts for receipts of revenue;"

Municipal Bank Account Deposits, Direct Transfers and Electronic Banking

- Identify all the direct credits on the bank statement, such as direct deposits by Ratepayers, consumers and levy payers, subsidies and grants paid by National and Provincial Governments, interest on investments and miscellaneous credits. Process these credits by capturing to the respective votes on the system.
- Identify full details of these credits timely to avoid having to account for these credits in the Unallocated Deposits Account;
- Record all unidentified credits (receipts) in a suitable register to facilitate future claims against the amount and follow up; and
- Balance the unidentified receipts register to the Unallocated Deposits **Account** in the general ledger on a monthly basis.

Direct Bank Payments

Direct payments such as direct deposits / bank transfers to the municipality's bank account are received without proper reference and the origin of the payment cannot always be allocated.

Therefore, debtors must use their account numbers as reference when making transfers for auto allocation. Where a direct payment is made for various debtors accounts, a remittance must be forwarded/ faxed or emailed to the budget and treasury department so that immediate split can be done to the various debtors accounts.

Deposits and Clearing of Accounts

All deposits must be correctly allocated to the relevant debtors account and furthermore the amount must be correctly allocated to the correct services paid for.

The payee cannot be identified when there is no reference against the deposit when it appears on the bank statement. These deposits must be identified and captured into the receipting system to ensure that debtors' accounts are credited. Direct deposits/bank transfers to the municipality's bank account must be accompanied by identification (reference) of the party making the deposit/ transfer.

Procedure regarding Unidentified Deposits

Any unknown Deposits will be temporarily posted to the Trade Payables – Unallocated Deposits. These amounts must be traced to deposits or remittances and must be followed up by contacting the payee or bank where applicable, to verify for what or whom the payment was received.

Unallocated deposits in the Unallocated Deposits Account should be traced as to its origin, the details of the depositor and journalised to the correct accounts. Debtors / ratepayers are notified and requested to include account numbers on deposit slips when paying by internet banking and specific reference when payment is made to ensure that the unidentified deposits reduces.

When deposits are received without adequate supporting documentation (remittance) or explanation, the amounts are posted to the Unallocated Deposits Account it is the responsibility of employees to investigate and clear each item and the following procedures are followed:

- All unidentified credits (receipts) should be recorded in a suitable register to facilitate future claims against the amount and followed up; and
- Identify full details of these credits timely to avoid having to account for these credits in the unallocated deposits

- Balance the unidentified deposits register to the Unallocated Deposits Account in the General ledger on a monthly basis.

These accounts should be monitored and reconciled monthly. It should be manageable to reconcile and keep these accounts up to date each month, once long outstanding items have been cleared and correctly allocated.

Unclaimed money to be paid as Public Revenue

Should unclaimed monies not be claimed within the period of five (5) years the monies will be written off from the register and be receipted as revenue in that financial year.

The following process must be followed before any monies are receipted as revenue:

- the register will be advertised in the media in terms of section 21A of the Systems Act, 32 of 2000 that it will lie open for public inspection;
- such register must lie open for inspection for a further period of four (4) months;
- the register will be made available for inspection at the main municipal buildings;
- the prescribed form must be completed with documentary proof should any monies be claimed by a customer or creditor; and
- after the four (4) months period a report will be submitted to Council on the unclaimed monies to be written off from the register and be transferred to general revenue.

Review

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and the operating requirements of the municipality

Publication of Policy

- (1) The Municipal Manager shall, within 14 days from the date of adoption of this Policy by the Council, by public note draw the attention of the public to its broad contents and method of application.

Application of the Policy

- (1) The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying this Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

Implementation and Review of this Policy

- (1) This policy shall be implemented once approved by Council. All future Credit Control purposes must be made in accordance with this policy.
- (2) In terms of section 17(1) (e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.



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MUNICIPAL MANAGER

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