

GREATER LETABA MUNICIPALITY



WRITE OFF OF IRRECOVERABLE DEBT

PROCEDURE MANUAL

TABLE OF CONTENTS

SECTION	DESCRIPTION
A	COUNCIL
B	MUNICIPAL MANAGER
C	DIRECTOR: FINANCE
D	ASSISTANT DIRECTOR : REVENUE

A. COUNCIL

- 1 Annually review and adopt the write off policy that is submitted to Council for approval;
- 2 Review and condone the list of balances approved for write per policy delegations by the Municipal Manager and Chief Financial Manager;
- 3 Scrutinise the list of bad debts to be written off and authorise the write-off.
- 4 Annually review and approve the year-end financial statements before the end of August of each year.

B. MUNICIPAL MANAGER

- 1 On monthly basis ensure that strict credit control and debt collection measures are in place;
- 2 After thorough review of any applications in terms of the delegations of this policy, approve for write off; any amounts to the maximum limits as delegated in this policy that are not recoverable;
- 3 Submit the list of amounts approved in point 2 to Council for condonation purposes;
- 4 In respect of point 2 ensure that detailed supporting documentation is available that clearly indicates that the amounts owing and to be approved for write-off are not recoverable.
- 5 Obtain the list of all bad debts approved for write-off by the Chief Financial Officer and perform the following procedures:
 - Ensure that balances are supported by relevant documentation;
 - Ensure that balances fall within the limits for approval by the Chief Financial Officer;
 - Submit the list to Council for condonation.
- 6 Obtained the detail of the write-offs to be approved by Council from the Chief Financial Officer and perform the following functions:
 - Ensure that each balance on the list is supported by relevant supporting documentation;
 - Ensure that the balances are irrecoverable;
 - Approve list;
 - Submit to Council for approval.
- 7 Review and approve the annual provision for bad debt calculation as submitted by Chief Financial Officer.

C. DIRECTOR – FINANCE

- 1 On monthly basis manage and monitor the credit control and debt collection function and ensure that strict credit control and debt collection measures are in place;
- 2 After thorough review of any applications in terms of the delegations of this policy, approve for write off; any amounts to the maximum limits as delegated in this policy that are not recoverable. Submit the approved list to the Municipal Manager for approval and submission to Council.
- 3 In respect of point 2 ensure that detailed supporting documentation is available that clearly indicates that the amounts owing and to be approved for write-off are not recoverable.
- 4 Obtain the list of all bad debts to be approved by the Municipal Manager and Council for write-off from the Assistant Director: Revenue and perform the following procedures:
 - Ensure that balances are supported by relevant documentation;
 - Ensure that balances fall within the limits for approval by the Municipal Manager and Council;
 - Ensure that the balances are irrecoverable;
 - Authorise the list and submit to the Municipal Manager.
- 5 Review and authorise the annual provision for bad debt calculation as submitted by Assistant Director: Finance for completeness and accuracy. Submit to the Municipal Manager for approval.

D ASSISTANT DIRECTOR – REVENUE

1. Ensure on a monthly basis that strict credit control and debt collection measures are implemented and that the stipulations of the credit control policy is implemented and being adhered to;
2. On quarterly basis, through a thorough consultation process involving the Accountant: Revenue; Credit Control Clerk and the legal department, perform the following functions:
 - Identify all trade and sundry debtor balances that are irrecoverable;
 - Generate detailed working papers of such balances split between the list to be approved by the Director: Finance, list to approved by the Municipal Manager and list to be approved by Council;
 - Ensure that balances on the individual lists are supported by the required detailed supporting documentation;
 - Submit the lists together with the supporting documentation to the Director: Finance for review and authorisation / approval.
3. Perform the quarterly write-off reconciliation as stipulated in the Policy;
4. On monthly basis reconcile the trade balance per the debtor system to the relevant general ledger accounts;
5. On monthly basis review and monitor individual debtor balances for recoverability and report arrears accounts to the Legal Department for collection.
6. At the end of each financial year calculate the provision for doubtful debt balance and submit calculation together with detailed supporting documentation to the Chief Financial Officer for review.