
GREATER LETABA MUNICIPALITY



BOOKS OF ACCOUNTS POLICY

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1. DEFINITIONS

The following words, as used in this policy, hereby have the meanings assigned to them:

- 1.1. **“Books of accounts”** means the records or books in which all financial information (transactions) of the municipality is recorded and maintained. It include amongst others the following:
- General ledger financial system;
 - Sub ledger systems such as debtors, creditors; inventory, fixed assets, loans, etc.;
 - Journals (computerised or manual);
 - Credit and debit notes;
 - All supporting monthly and annual reconciliations;
 - Supporting accounting registers, etc.
- 1.2. **“Municipality”** means the Greater Letaba Municipality except where otherwise stated.
- 1.3. **“Policy”** means the books of account policy;

2. INTRODUCTION

2.1 The purpose of this policy is to set clear guidelines as to the updating and reconciling of the Municipality's books of account on a monthly basis in order to ensure financial information that is up to date, reliable and accurate.

2.2 This policy also applies to the controlled items, which are all documents that can be used to initiate and affect transactions with monetary on the financial system of the Municipality. These documents can inter alia include the following which are in most instances pre-numbered:

- i. Computerised and manual receipts;
- ii. Credit notes and debit notes
- iii. Invoices generated by the Municipality;
- iv. Order books;
- v. Store issue requisitions;
- vi. Goods received notes and Goods issue notes;
- vii. Cheque books;
- viii. Cheque book register;
- ix. Journals and any other document used in the process and that can affect transactions with monetary value.

3. RECONCILIATIONS

- 3.1. The books of account of the Municipality must be closed off on a monthly basis and all the control accounts must be reconciled to the relevant sub-ledgers and or substantiating registers. The month-end close off date will be the last day of each month.
- 3.2. The general ledger control accounts should be reconciled to the trial balance and sub-ledgers or substantiating registers at the date stipulated in the reporting and month end structure following the month close off date and will in almost instances be the 7th day of each month or the closest working day to the 7th day.
- 3.3. All heads of units within the Finance Department must generate and ensure the completeness and accuracy of the reconciliations delegated to their respective sections and that the reconciliations are finalised as at the date as stipulated above. The reconciliations should be supported by a document in print and signed by the compiler as well as reviewer.
- 3.4. All head of units within the Finance Department must report to their respective Assistant Directors by submitting the required reconciliations by the date specified in point 3.2. This will include the reconciliation of all the general ledger control accounts delegated to their respective units.
- 3.5. The Assistant Directors must review all the reconciliations submitted to them for completeness and accuracy and that the balances per the reconciliation agrees to the balances of the relevant general ledger control accounts. This review function must be performed by the 10th day of each month or closest working day to the 10th day. The reconciliations must be signed as proof of the reconciling function performed.
- 3.6. Reconciling items may not be carried on the reconciliations for longer than 30 days and all such reconciling items must be cleared at year-end.
- 3.7. The Assistant Directors are responsible to follow up on any reconciliations not submitted by the deadline dates and report to the Director: Finance the reasons for late submission as well as estimated time that such reconciliations will be completed.
- 3.8. The Assistant Directors must report to the Director: Finance by the date as specified above by submitting the detailed signed reconciliation for final review and reporting purposes.

- 3.9. The Director: Finance must perform a second review of the reconciliations and approve, through signature, all reconciliations and report to the Municipal Manager and relative committees by the latest the 13th day of each month or closest working day to the 13th day.
- 3.10. The Assistant Director: Expenditure, Budget and Reporting must obtain and put a copy of each reconciliation approved by the Director: Finance in the monthly audit file.
- 3.11. Suspense accounts should be followed up and cleared on a daily basis.
- 3.12. Lead sheet and reconciliations, but not limited to the following accounting cycles, should be prepared / generated on a monthly basis after the relevant general ledger control accounts were reconciled to the trial balance, sub-ledgers or substantiating registers:
- i. Fixed assets;
 - ii. Investments;
 - iii. External loans;
 - iv. Bank and cash;
 - v. Trade receivables
 - vi. Sundry receivables;
 - vii. Trade payables;
 - viii. Sundry payables;
 - ix. Inventory;
 - x. Motor fleet management accounts;
 - xi. Unspent conditional grants;
 - xii. Bonus and leave provisions;
 - xiii. Consumer deposits;
 - xiv. Deposits paid;
 - xv. VAT;
 - xvi. Provision accounts;
 - xvii. Water and electricity losses;
 - xviii. Revenue from trade services;
 - xix. Revenue from government grants;
 - xx. Interest received;
 - xxi. Interest paid;
 - xxii. Revenue from sundry sources;
 - xxiii. Payments to councillors and personnel cost summaries;