

GREATER LETABA MUNICIPALITY



SUNDY RECEIVABLE POLICY

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GREATER LETABA MUNICIPALITY

SUNDRY RECEIVABLE POLICY

A. PURPOSE OF THIS POLICY

The purpose of this policy is to set clear guidelines over the sundry revenue and receivable accounting cycle in respect of providing for, managing and reporting on such balances. For the purpose of this policy the following balances will inter alia form part of sundry receivables:

- Deposits received
- Cash suspense accounts;
- Advances;
- Inter-loan account balances – Other municipalities and governmental parastatals;
- Over payments;
- Outstanding traffic fines;
- Personnel debtors;
- Agency fees;
- Other sundry receivable.

B. BACKGROUND

The Municipal Finance Management Act requires of all municipalities to adhere to strict financial management control and processes as prescribed in the Act. This policy therefore sets out the process to follow to ensure that sundry receivables are accounted for as prescribed in the Act.

The sundry revenue and receivable system manages the obtaining of, management of and providing for sundry revenue resources and services as needed by the Municipality.

C. ACCOUNTING AND RECONCILING

1. A separate general ledger control account must be opened for each type of sundry receivable balance, eg.: Deposits paid, cash suspense accounts, advances, personnel debtors, traffic fines, inter-municipal loan accounts, etc.;
2. Sundry revenue and receivable transactions must be captured onto the Municipality's financial system within one working day from the day that the transactions were initiated;

3. Monthly reconciliations must be performed by the 7th day of each month for each sundry receivable balance that appear on the trial balance by the relevant accountant responsible for the account balance in the following manner:

3.1.1 All reconciliations must be generated utilising Microsoft Excel;

3.1.2 The responsible accountant must ensure that all transaction incurred and accrued up to month-end has been captured onto the financial system;

3.1.3 The reconciliation must be performed between the relevant receivable general ledger control account, sub-ledger system and external supporting documentation;

3.1.4 The accountant performing the monthly reconciliations must sign the reconciliations and supporting working papers as proof of the reconciling function performed.

4. Monthly reconciliations must be reviewed for completeness and accuracy as follows:

4.1.1 The Assistant – Director: Revenue must review the reconciliations and supporting documentation for completeness and accuracy by the 10th day of each month;

4.1.2 The Assistant Director; Revenue must generate a monthly lead sheet inclusive of all Sundry receivable balances for the particular month. This lead sheet should also contain the closing balances of the prior financial period;

4.1.3 The Director - Finance must review the lead sheets and reconciliations for completeness and accuracy by the 13th day of each month;

4.1.4 The lead sheets and supporting reconciliations and working papers must be signed by the Director – Finance and Assistant Director – Revenue as proof of the review function performed.

5 All signed lead sheets, reconciliations and supporting working papers must be filed in the month-end audit files by the Assistant Director: Revenue;

6 The Director – Finance to report to the Municipal Manager by the 20th day of each month on the sundry receivable balances and the Municipal Manager to report to Council by the end of each month;

7 Cash suspense accounts must be followed up and cleared on a daily basis;

8 Sundry receivable balances should be disclosed in the quarterly and annual financial statements according to the relevant accounting standards.

D. RECOVERABILITY AND PROVISION FOR DOUBTFUL DEBT

1. The Director – Finance with the assistance of the Assistant Director: Revenue must take all reasonable steps to collect sundry receivable balances owing to the Municipality;

2. Strict credit control procedures must be implemented on balances owing for a period in excess of thirty days;

3. Where applicable interest charges should be charged on sundry receivable balances that are in arrears for a period exceeding thirty days;

The effective date for the implementation of the updated document will be the date as approved by Council.



Municipal Manager
Dr MB Letsoalo

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