GREATER LETABA MUNICIPALITY

SUNDY RECEIVABLE POLICY

2024/2025

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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 RECONCILIING

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 Manager: Revenue must review the reconciliations and supporting documentation for completeness and accuracy by the 07th day of each month;

4.1.2 The Manager: 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 10th day of each month;

4.1.4 The lead sheets and supporting reconciliations and working papers must be signed by the Chief Financial Officer and Manager – 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 Manager: Revenue;

6 The Chief Financial Officer to report to the Municipal Manager by the 10th 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 DOUBFUL DEBT

1.   The Director – Finance with the assistance of the Manager: 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;

4.   The Director – Finance with the assistance of the Manager – Revenue must on monthly basis review all sundry receivable balance and provide for balances of which the recoverability seems doubtful;

5.   Such balances must be provided to Council for approval.

E.   REFERENCES

The following references were observed in compiling this document:

- Municipal Finance Management Act, 2003, MFMA,
- Latest and applicable MFMA circulars;
- Standards of GRAP,
- Municipal System Act.

F.   RELATIONSHIP WITH OTHER POLICIES

This policy must to be read in conjunction with other relevant policies of the Municipality, including the following adopted documents:

1   **Credit Control Policy**

Process to be followed to recover balances owing to the Municipality.

2   **Bank and cash**

Management of cash and cash resources of the Municipality.

G.   POLICY AMENDMENTS, APPROVAL AND IMPLEMENTATION

1 Policy amendments

Request for changes to this policy must be done in writing and must be submitted to the Municipal Manager for review and authorisation.

In addition to the above, the policy should be reviewed annually to ensure that its stipulations still apply and are in accordance with the Municipality's personnel structure and procedure manuals.

2 Policy approval

Changes to this document shall only be applicable if approved by Council. Therefore any changes made to the policy based on requests received or through the annual review must be submitted to Council for approval.

3 Policy implementation

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

Municipal Manager
Sewape M.O

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