

CHRIS HANI DISTRICT MUNICIPALITY



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

UNALLOCATED, UNIDENTIFIED and UNCLAIMED DEPOSITS POLICY

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1. DEFINITIONS

"Council" means a municipal Council established in section 18 of the Municipal Structures Act and referred to in section 157(1) of the Constitution.

"creditor" means a person to whom money is owed to by the municipality.

"customer" means any person comprising:

(a) resident of the municipality;

(b) ratepayer of the municipality;

(c) any civic organization involved in the municipality; and/or

(d) any visitor or other people who make use of services or facilities provided by the municipality.

"primary bank account" means a bank account referred to in section 8(1) of the Municipal Finance Management Act.

"register" means the official register kept to receipt all unclaimed deposits.

"municipality" means the Chris Hani District Municipality established in terms of section 155 of the Constitution.

2. INTRODUCTION

Unclaimed monies is a challenge faced by the municipality where monies are deposited into the municipal bank account or paid which cannot be identified nor are claimed by any consumer or creditor of the municipality.

Monies are unclaimed for various reasons and commonly arise amongst other things from the following:

- Monies deposited into the municipal bank account without any correct reference number or documentary proof.
- Monies payable to consumers or creditors which were either not claimed or banked.
- Creditors/consumers are unaware of their legal right to the monies.
- Cannot be identified and allocated to an account or vote.

The importance of the recognition or identification of each transaction in order to reflect the substance of each transaction and to ensure the municipality maintains a sound accounting system.

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.

3. OBJECTIVES OF THE POLICY

- The objectives of the policy are to:
- To provide a framework on how to deal with unknown, unallocated and unclaimed monies in the municipal bank accounts.
- To reduce the liability of the municipality.
- To provide guidelines to identify unidentified deposits in the municipal bank accounts.

3. LEGISLATIVE FRAMEWORK

Municipal Finance Management Act, 56 of 2003; Section 64

4. IDENTIFICATION OF UNALLOCATED and UNCLAIMED MONIES

4.1 An unclaimed direct deposit is any amount of money legally paid into the municipal bank account without any reference or documentary proof on how the monies should be allocated and that remains unclaimed or unallocated for a period of three (3) months.

4.2 Unclaimed monies are any amounts of money legally payable to a creditor and that have not been claimed or banked within a period of three (3) months.

4.3 An unclaimed deposit is any amount of money legally paid by a customer as security for municipal services for the use of facilities which have not been claimed within a period of three (3) months.

5. REGISTER OF UNCLAIMED MONEY

5.1 After all processes to identify the unallocated monies have been exhausted and the period as mentioned in paragraph 4 has expired unclaimed and/or unallocated monies will be receipted in a register kept by the municipality.

5.2 The register will be maintained and updated regularly and be kept for a period of five (5) years.

5.3 After the unclaimed and/or unallocated monies have been captured in the register the rightful owner thereof can claim the monies within a period of five (5) years from date the monies were deposited or become unclaimed subject to documentary proof being provided by the claimant of the monies.

5.4 The value of unclaimed monies and/or unallocated direct deposits will be recognized as a liability in the financial statements of the municipality.

(5) 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.

(6) All unidentified credits (receipts) should be recorded in a suitable register to facilitate future claims against the amount and followed up.

7. REVIEW

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

8. SHORT TITLE

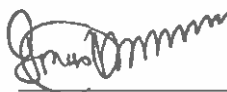
This policy shall be called the Unallocated, Unidentified and Unclaimed Deposits Policy of the Chris Hani District Municipality.

Policy Adopted at the Chris Hani District Municipality council meeting, dated 25 MAY 2022

Council Resolution number C 1163

Signed by Municipal Manager:

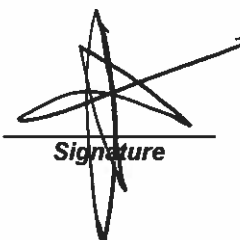
G. MASHIYE
Initial & Surname


Signature

28 JUNE 2022
Date

Signed by Speaker of the Council:

J. CENGANI
Initial & Surname


Signature

30 June 2022
Date