

EMAKHAZENI LOCAL MUNICIPALITY



RECEIPTS POLICY

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1 Introduction

1.1 Vision and value statement

It is the vision of Council to “create a secure environmental and sustainable development to promote service excellence and unity”. Council is committed to its mission of creating conducive institutional environment within which communities can thrive economically and socially.

The Values of the Council are:

Transparency
High Quality Service Delivery
Accountability
Serving Communities with Integrity
Efficiency
Professionalism

1.2 Vision

A secure environment with sustainable development to promote service excellence, unity and community participation resulting in a caring society.

1.3 Mission

- Emakhazeni Local Municipality is a category B municipality and a tourist destination within the Nkangala District.
- Existing to provide a sustainable basic municipal services to the local community and the visitors.
- Creating a conducive environment for socio-economic development
- And promoting democracy, accountability and public participation in our affairs.

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2 Definitions

“**Accounting Officer**” means the municipal manager appointed in terms of Section 60 of the Act

“**Chief Financial Officer**” means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act

“**The Municipality**” means Emakhazeni Local Municipality

“**MFMA**” Municipal Finance Management Act.

“**Method of Payment**” means of payment employed by a customer, such as cash, money order, or credit card with order or upon invoicing, also called payment.

“**Cash surplus**” the amount of cash (resource) that exceeds the portion that is utilized.

“**Cash deficit**” (accounting) in any given fiscal period, the excess of cash disbursements over cash receipts.

3 Objectives

The objectives of this policy are to:

- prescribe the accounting and administrative policies relating to receipts of the Emakhazeni Local Municipality; and
- ensures that receipts of revenue are adequately safeguarded and adequately accounted for.

4 Scope

This policy shall apply to all employees.

5 Legislative Framework

Municipal Finance Management Act, 2003 (Act 56 of 2003)

6 Principles

The Municipal Manager shall implement and enforce the municipality’s Credit Control and Debt Collection Policy and bylaws and establish effective administrative mechanisms, processes and procedures to collect money that is due to the municipality.

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Except in instances where the Chief Financial Officer has authorised a department in writing to receive monies paid to the municipality, the Budget and Finance Office must receive all payments.

No cash payment shall be accepted unless an official receipt can be issued immediately.

The Chief Financial Officer shall ensure that all monies received by any department other than the Budget and Finance Office are regularly paid to the Budget and Finance Office or alternatively deposited into the municipal's primary bank account.

All monies received by the municipality must be deposited in the municipality's primary bank account not later than the first working day after the day of receipt.

7 Receipt Policy Guidelines

7.1 Permissible methods of payment

A debtor may settle his/her debt with the municipality by means of:

- a. Cash payment at a pay point of the municipality;
- b. Stop-order in favour of the municipality against his/her bank account;
- c. Any approved third party collection agency, that has been duly authorised by the municipality;
- d. Credit/debit card; or
- e. Direct electronic transfer or deposit into the municipality's bank account.

An employee of the municipality who is appointed in a permanent capacity or for a fixed period and a councillor shall, if the consumer service agreement is made in his/her name, grant irrevocable authority to the Municipal Manager to deduct from his/her monthly pay the full amount owing (and or instalment agreed upon) in respect of services provided by the municipality and property rates in respect of property concerned and pay that amount over to the municipality, provided that:

- i. The due date for paying consumer and rates accounts in respect of employees of the municipality and councillors shall be the date on which their salaries are paid; and
- ii. Any councillor or employee of the municipality who has not complied with this requirement within 30 days after this policy becomes effective, the Chief Financial Officer is then authorised to act in accordance with Schedule 1 Section 12a and Schedule 2 Section 10 of the Municipal Systems Act.

In order to reduce the risk of theft and robbery, the Chief Financial Officer shall encourage debtors to effect payments by any method in paragraph 7.1(c), (d) and (e) of this policy.

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A debtors who settles his/her debt to the municipality using a payment option other than that stipulated in paragraph 7.1(a) of this policy shall ensure that his/her account number with the municipality is clearly indicated on any deposit slip or other confirmation of payment issued.

7.2 Receipt

The receipt of all monies must immediately be recorded by means of a numbered official receipt or ticket or any other way approved by the Chief Financial Officer.

No alterations shall be made to a receipt, ticket or any other form of acknowledgement of payment.

Any error that appears on a receipt, ticket or other form of acknowledgement of payment shall be corrected by a new receipt and cancellation of the erroneous one.

Every cancelled receipt must be returned to its proper place in the receipt book, or in the absence of a receipt book, filed according to the instructions of the Chief Financial Officer.

Any cash surplus found at any time must immediately be declared, a receipt issued for such surplus and deposited without delay to the credit of the appropriate revenue account.

Any cash deficits must be refunded immediately by the responsible official and be reported in writing by the Snr Clerk to the departmental head concerned.

7.3 Receipt, safe custody and disposal of municipal moneys

7.3.1 Persons who may take receipt of Municipal moneys

- a) The duties of persons responsible for the collection and receipt of Municipal moneys shall be assigned to them in writing by the head of the office.
- b) Any person whose duties include the receipt or disbursement of Municipal moneys shall be responsible for the safe custody of all such Municipal moneys under his/her control.
- c) Persons entrusted with the receipt and handling of Municipal moneys shall be granted leave or a change of duties at regular intervals of not more than 12 months. Where circumstances necessitate it, the Chief Financial Officer may authorise a departure from this instruction in writing.
- d) If a person entrusted with the receipt, payment or collection of Municipal moneys is relieved of official/s duties, either temporarily or permanently, official/s receipts and payments and cash books, or in the case of computerised systems the corresponding control accounts shall be checked and balanced and the correctness of the balances and cash on hand certified by the signatures of the person being relieved, the person taking over and the supervisor. If the person being relieved is for any reason not able to so certify, a third person shall, where possible, be called upon to certify the correctness of the balance by appending official/s signature.

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- e) When a person is relieved, a list shall be compiled of the contents of any safe or cash register handed over and this list shall be certified by the persons referred to in that instruction.

7.3.2 Instructions in respect of the issue of machine receipts

- a) Duties of each official responsible for machine/manual receipts shall be defined in order to prevent unauthorised access to machines and machine records;
- b) The Deputy Manager: Revenue shall appoint a responsible person in writing, who shall not be the cashier or machine operator, to be in charge of the machine keys giving access to the totals, audit or cash roll, duplicate receipt holder and the numerical sequence numbering mechanism;
- c) Signatures shall be obtained at the handing over of machine control keys;
- d) Procedures in connection with the deletion and creation of codes shall be in writing.

7.3.3 Moneys received which cannot be allocated immediately

All moneys received which cannot immediately be allocated shall be credited to a suitable "suspense account" after an official receipt has been issued. When the remittance can be allocated the adjustment shall be made by warrant voucher, cheque, journal entry, or on such method as prescribed for computerised systems as the case may be. If the adjustment is made by warrant voucher or cheque, care shall be taken to ensure that a second receipt is not issued in favour of the person or authority from whom the remittance was originally received, but in favour of the drawer of the adjusting warrant voucher or cheque.

7.3.4 Depositing of Municipal moneys

- a) Unless the written authority of the accounting officer or principal receiver of revenue has been obtained to deviate from this instruction, all amounts received shall, where possible, be banked on the date of receipt, and any receipts which cannot be so banked shall be banked on the next official working day. When any deviation is considered, factors such as the availability of banking facilities, facilities for the safe custody of moneys, the economical utilisation of transport, etc., shall be taken into account.
- b) Depositing of Municipal moneys and banking is the responsibility of the service provider appointed by the municipality, except for where otherwise instructed by the Chief Financial Officer.
- c) Where local circumstances so require, any other precautionary measures which may be necessary, to act as witness and to safeguard cash en route between the bank and the office concerned, shall also be taken.

7.3.5 Accounting for receipts and collection of debts

- a) Supervisors shall ensure that persons entrusted with the collection of Municipal moneys bring amounts in their care into account, or account therefore, **without delay** and shall also take immediate steps to collect outstanding Municipal moneys.
- b) Should any delay be discovered, an immediate investigation shall be instituted by the supervisor and the matter brought to the personal notice of the head of the office who, in the case of recurring or protracted delays or where there are indications that

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irregularities may have taken place, shall report the matter to the responsible manager. The said manager shall investigate and report any irregularities to the Chief Financial Officer and the Internal Auditor.

7.3.6 Checking of moneys and face-value documents

The Deputy Manager: Revenue or a responsible official, designated in writing, shall daily reconcile receipts with the daily deposit to ensure that the correct amount is deposited and documented, no money have been withheld and that the instructions regarding the receipt, custody and disposal have been carried out. The last receipt included in a daily deposit must be signed as proof of verification.

7.3.7 Security of cash and at cash points

The Municipal Manager shall:

- a. Regularly, in consultation with the Chief Financial Officer and the Internal Auditor, assess the impact and likelihood of loss of monies received due to theft, robbery or fraud; and
- b. Implement such measures as may be necessary, which may include structural changes to pay point facilities and prescribing procedures, to reduce the risk of loss of monies due to theft, robbery and fraud.

Whenever loss or destruction of monies received occurs, the Chief Financial Officer shall:

- a. As soon as practicable after he/she has become aware of the matter,
 - i. Conduct or commission an investigation of the circumstances of the loss or destruction;
 - ii. Determine the amount of the loss or damage suffered by the municipality.
- b. Take appropriate action to,
 - i. Recover any loss the municipality may have suffered;
 - ii. Provide a recurrence of the event.
- c. In appropriate cases.
 - i. Institute disciplinary action; and
 - ii. Report the matter to the South African Police Service

8 Roles and Responsibilities

The accounting officer of a municipality is responsible for the management of the revenue of the municipality.

The accounting officer must for these purposes take all reasonable steps to ensure that the municipality has effective revenue collection systems consistent with section 95 of the

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Municipal Systems Act and the municipality has and maintains a management, accounting and information system which accounts for receipts of revenue.

9 Monitoring, Evaluation and Reporting

An annual budget of a municipality must be a schedule in the prescribed format setting out realistically anticipated revenue for the budget year from each revenue source and actual revenue and expenditure by vote for the financial year preceding the current year.

When an annual budget is tabled in terms of section 16(2) of the Municipal Finance Management Act, it must be accompanied by, amongst others, measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan and a projection of cash flow for the budget year by revenue source broken down per month.

The accounting officer of a municipality must report in writing to the municipal council any impending shortfalls in budgeted revenue and any steps taken to prevent or rectify such shortfalls.

The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the actual revenue, per revenue source for that month and for the financial year up to the end of that month:

10 ANNEXURES

10.1 Cash deficit Procedures

11 IMPLEMENTATION

This Receipt Policy will be adopted and implemented at the start of the financial year after Council approval.

Approved on: 2015/06/23

Council Resolution nr: S01/06/2015