

EMAKHAZENI LOCAL MUNICIPALITY



TRAFFIC FINES POLICY

APPROVED BY COUNCIL ON: 30 MAY 2017

IMPLEMENTATION DATE: 01 JULY 2017

COUNCIL RESOLUTION NO: 29/05/2017

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1 Introduction

1.1 Vision and value statement

It is the vision of Council to “be a developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities.

Council is committed to its mission to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

The Values of the Council are:

Consultation
Service Standards
Access
Courtesy
Information
Transparency
Redress
Value for money
Responsiveness

1.2 Vision

A developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities

1.3 Mission

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

2 DECLARATION OF INTENT

At its broadest level, the Municipal Finance Management Act No.56, 2003 endeavors “to secure sound and sustainable management of the fiscal and financial affairs of the municipalities and municipal entities by establishing norms and standards and other requirements”

In particular Chapter 8 of the Municipal Finance Management Act No.56, 2003 places the onus on the accounting officer to ensure that the municipality’s Revenue is valued in accordance with the accounting standards.

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3 OBJECTIVE

The objective of the policy document is to clearly define the responsibilities of the municipality in terms of the Municipal Finance Management Act No.56, 2003 in terms of the recognition of revenue from traffic fines in line with the accounting standards to ensure compliance.

This policy document addresses the following areas:

- Transaction date and initial recognition of traffic fines revenue by the municipality.
- Subsequent date & measurement

4 TERMINOLOGY AND DEFINITIONS

In this policy, unless the context indicate otherwise, a word or expression to which a meaning has been assigned has the same meaning and –

Fines

Fines are economic benefits or service potential received/receivable by an entity as determined by a court or by another law enforcement body, as a consequence of an individual or an entity breaching the requirements of the laws or regulations.

Financial year – 1 July to 30 June

Revenue recognition for non-exchange transactions.

- (i) Initial recognition based on the probability of entitlement to collect; and
- (ii) Subsequent measurement based on the probability of collection.

5 SCOPE OF APPLICATION

This policy directs those officials who are charged with the accounting for Revenue from non-exchange transactions such as traffic fines.

6 GOVERNING PRESCRIPTS

- GRAP 23 – Revenue from non-exchange transactions such as traffic fines.
- IGRAP1 - Probability test on initial revenue recognition.

7 GUIDING PRINCIPLES AND RECOGNITION OF REVENUE FROM TRAFFIC FINES

a) Initial recognition and probable & measurable

The municipality shall recognize revenue from traffic fines when it is probable that future economic benefits or service potential will flow to the municipality and benefits can be measured.

b) Transaction date and initial recognition : Full recognition

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The municipality shall recognize the full amount of revenue at the transaction date.

c) Subsequent date and measurement : Uncertainty on collection

The municipality shall, subsequent to initial recognition and measurement, assess the collectability of the revenue and recognize an impairment loss where appropriate.

d) Cancelled Traffic Fines

The municipality shall, raise a write off at year end on all traffic fines cancelled as per Criminal Procedure Act.

e) Irrecoverable Traffic Fines Debt

Irrecoverable Traffic Fines Debt will be treated as per the Municipality's Credit Control and Debt Management Policy

f) Process of accounting for traffic fines is elaborated in the procedure manual: **Annexure A.**

8 BASIS OF ACCOUNTING FOR TRAFFIC FINES

Municipality will treat traffic fines revenue on accrual basis.

9 DELEGATION

The authority to approve the policy vest with the Council.

10 APPLICATION AND REPORTING PERIOD

The municipality shall apply iGRAP1 with effect from 1 July 2013.

11 ANNEXURE

Annexure A: Accounting for traffic fines

12 POLICY IMPLEMENTATION AND REVIEW

Emakhazeni Local Municipality's Traffic Fines Policy is reviewed regularly to take into account the latest developments around the legislation affecting the policy.

The Traffic Fines Policy will be adopted and implemented at the start of the financial year after Council approval.

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