

NAMA KHOI MUNICIPALITY

FINAL UNCLAIMED DEPOSIT POLICY

Implementation Date:

1 JULY 2022

Approved by Council:

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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, Act 56 of 2003.

"*register*" means the official register kept in respect of the receipt of unclaimed deposits.

"*accounting officer*" means the Municipal Manager of the Nama Khoi Municipality.

"*municipality*" means the **Nama Khoi Municipality** established in terms of section 155 of the Constitution.

2. INTRODUCTION

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 Accounting Officer must take all reasonable steps to ensure "that 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;"

Unclaimed monies are a challenge faced by the municipality where monies are deposited into the municipal primary 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:

- Money deposited into the municipal primary bank account without any reference or documentary proof.
- Amounts/deposits payable to consumers or creditors which were either not claimed or banked.
- Creditors/consumers are unaware of their legal right to the monies.
- Deposits cannot be identified and allocated to an account or vote.
- Deposits paid for utilisation of facilities not claimed by customer.

3. OBJECTIVES OF THE POLICY

The objectives of the policy are:

- 3.1 To provide a framework on how to identify and deal with unclaimed deposits.
- 3.2 To reduce the liability of the municipality.
- 3.3 To provide a guideline for the disclosure of the unclaimed deposits in the annual financial statements.

4. LEGISLATIVE FRAMEWORK

Local Government Municipal Finance Act, 56 of 2003.

5. IDENTIFICATION OF UNCLAIMED DEPOSITS

- 5.1 An unclaimed deposit is any amount of money legally paid direct into the municipal primary bank account without any reference or documentary proof on how the deposits should be allocated and that remains unclaimed for a period of three (3) months.
- 5.2 Unclaimed deposits 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.
- 5.3 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.

6. PROCESSING OF UNCLAIMED DEPOSITS

- 6.1 After **all processes** to identify the unclaimed deposits mentioned in paragraph 5.1 **have been exhausted** and the mentioned period has expired, the unidentified deposits must be receipted against a liability account for unclaimed deposits. **(Please note that amounts credited to the liability account should only include unknown debits on the bank statement and does not include any other amount or the nett off with other amounts)**
- 6.2 Unclaimed deposits mentioned in paragraphs 5.2 and not claimed within the mentioned period, must be re-allocated to an applicable general ledger liability account for unclaimed deposits.
- 6.3 Unclaimed deposits mentioned in paragraphs 5.3 and which was receipted against a deposit account and not claimed within the mentioned period, must be allocated against an applicable general ledger liability account for unclaimed deposits.

7. REGISTER OF UNCLAIMED DEPOSITS

- 7.1 All unclaimed deposits, mentioned in paragraph 6, together with an indication of the type of deposit and any further detail for future reference purposes will be noted in a register kept by the municipality.
- 7.2 The register will be maintained and updated regularly and kept for a period of five (5) years.
- 7.3 The total on the register will be reconciled to the liability account and be reviewed monthly.
- 7.4 After the unclaimed deposits have been noted in the register the rightful owner thereof can claim the deposits within a period of three (3) years from date the deposits were deposited or become unclaimed subject to documentary proof being provided by the claimant of the deposits.

8. DISCLOSURE OF UNCLAIMED DEPOSITS

The total value of unclaimed deposits will be recognized as a liability in the financial statements of the municipality. This liability account must be included under Payables from Exchange Transactions in the statement of Financial Position.

9. UNCLAIMED DEPOSITS TO BE PAID AS PUBLIC REVENUE

9.1 Should unclaimed deposits not be claimed within the period of three (3) years the deposits will be written off from the register and the liability account and be allocated as revenue in that financial year.

9.2 The following process must be followed before any deposits are allocated as revenue:

9.2.1 an advertisement will be placed in the media in terms of section 21(1)(a) of the Systems Act, 32 of 2000 that the register will lie open for public inspection;

9.2.2 such register must lie open for inspection for a further period of four (4) months;

9.2.3 the register will be made available for inspection at the main municipal buildings;

9.2.4 a prescribed form must be completed with documentary proof should any deposits be claimed by a customer or creditor; and

9.2.5 after the four (4) months period a report will be submitted to Council on the unclaimed deposits to be written off from the register and be transferred to general revenue.

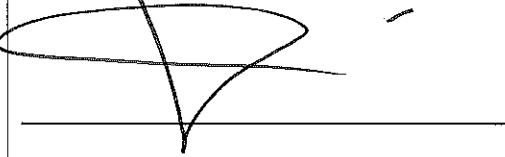
10. REVIEW

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

11. SHORT TITLE

This policy shall be called the Unclaimed Deposit Policy of Nama Khoi Municipality.

APPROVED AND IMPLEMENTATION OF POLICY

<p>COUNCIL APPROVAL:</p>  <hr/> <p>R KRITZINGER SPEAKER</p>	<p>IMPLEMENTATION DATE:</p> <p>01 July 2022</p> <hr/> <p>DATE: _____ 2022</p>
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