



UNALLOCATED DEPOSITS POLICY

2023/24

FINANCIAL PERIOD

TABLE OF CONTENTS

No	Subject Matter	Page
1	Background	3
2	Revenue Management	3
3	Municipal bank accounts, direct transfers and electronic banking	3
4	Direct bank payments	3
5	Deposit and clearing of accounts	4
6	Procedure regarding unidentified deposits	4
7	Implementation and review	4

1. BACKGROUND

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, is to ensure that all unallocated deposits are timely identified and allocated to the relevant debtors' account, to ensure correctness of account balances and true reflection of the debtors' book.

2. REVENUE MANAGEMENT

Revenue management involves all procedures necessary to ensure that 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) of the Local Government: Municipal Finance Management 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

3. MUNICIPAL BANK ACCOUNT, DIRECT TRANSFERS AND ELECTRONIC BANKING

Identify all direct credits on the bank statement, such as direct deposits by rate-payers, consumers and levy payers, subsidies and grants paid by National and Provincial Governments, interest on investments and miscellaneous credits.

- Process all these credits by capturing to the respective votes on the financial system
- Identify full details of these credits timely to avoid having to account for such in the unallocated deposit account/vote
- Record all unidentified credits (receipts) in a suitable register to facilitate future claims against the amounts and follow-up, and
- Balance the unidentified receipt register to the unallocated deposit account in the general ledger on a monthly basis

4. DIRECT BANK PAYMENTS

Direct payments such as direct deposit / bank transfers to the municipality's bank account received without proper reference and the origin of payment cannot be allocated. Therefore, debtors must use their account numbers as reference when making transfers for auto allocation.

Where a direct payment is made for various debtors' accounts, a remittance must be forwarded / faxed or emailed to the Budget and Treasury department so that immediate split can be done to the various debtors' accounts.

5. DEPOSIT AND CLEARING OF ACCOUNTS

All deposits must be correctly allocated to the relevant debtors account and furthermore amounts must be correctly allocated to the correct services paid for. The payee cannot be identified when there is no reference against the deposit when it appears on the bank statement. These deposits have to be identified and captured into the receipting system to ensure that debtors accounts are credited. Direct deposits / bank transfers to the municipality's bank account(s) have to be accompanied by identification (reference) of the party making the deposit / transfer.

6. PROCEDURE REGARDING UNIDENTIFIED DEPOSITS

Any unidentified deposit(s) will temporarily be posted to the unknown deposit vote. These amounts must be traced to the deposit(s) or remittance(s) and must be followed up by contacting the payee or bank where applicable, to verify for what or from whom the payment received is from.

Unallocated deposit(s) in the unallocated deposit account or vote should be traced as to its origin, the details of the depositor and be journalised to the correct account. Debtors or rate-payers should be notified and requested to include account numbers as references when paying either by deposit slips or internet banking to ensure that unidentified deposit(s) reduces.

When deposit(s) are received without adequate supporting documentation (remittance) or explanation, the amounts are posted to the unallocated/unknown deposit account or vote and it is the responsibility of the employee in charge of such to investigate and clear each item and the following procedures are followed:

- All unidentified credits (receipts) should be recorded in a suitable register to facilitate future claims against the amount and followed up; and
- Identify full details of these credits timely to avoid having to account for these credits in the unknown / unallocated deposits
- Balance the unidentified / unknown deposit(s) register to the unallocated deposit account or vote in the general ledger on a monthly basis

These accounts should be monitored and reconciled on a monthly basis. It should be manageable to reconcile and keep these accounts up to date each month, once long outstanding items have been cleared and correctly allocated.

After a period of 6 (six) months when no claims are made or the origin of the payment is still unknown / unidentified, the unknown deposit(s) as posted in the unknown / unallocated deposit account or vote will be written-off.

7. IMPLEMENTATION AND REVIEW

The policy to be implemented with effect from 01 July 2019 and shall be reviewed annually