

MATATIELE LOCAL MUNICIPALITY



MATATIELE
LOCAL MUNICIPALITY

UNCLAIMED DEPOSIT POLICY

NO 14 OF 2016/2017
CR 945/30/05/16


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MUNICIPAL MANAGER


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MAYOR

| Authority | Date |
|---------------------|-------------|
| HOD Approval | 16 MAY 2016 |
| MM Approval | 23 MAY 2016 |
| Council Approval | 30 MAY 2016 |
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Approval of Policy

Please note that the implementation of the policy contained in this document is subject to approval and signing off by all relevant Heads and/or Committees, including but not limited to:

- Municipal Manager; and
- Municipal Council.

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1. DEFINITION

"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:

resident of the municipality;

ratepayer of the municipality;

any civic organization involved in the municipality; and/or

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 Matatiele Local Municipality established in terms of section 155 of the Constitution.

2. INTRODUCTION

Unclaimed monies are a challenge faced by the municipality where monies are deposited into the municipal primary bank account or payable which cannot be identified nor are claimed by any creditor of the municipality. Monies are unclaimed for various reasons and commonly arise amongst other things from the following:

- (i) Monies deposited into the municipal primary bank account without any
- (ii) reference or documentary proof.
- (iii) Amounts/deposits payable to consumers or creditors which were either not claimed or banked.
- (iv) Creditors/consumers are unaware of their legal right to the monies.
- (v) Creditors/consumers direct deposits are untraceable.
- (vi) Deposits paid for utilization of facilities not claimed by customer.

3. OBJECTIVE

The objectives of the policy are to:

- (i) To provide a framework on how to deal with unknown or unclaimed monies in the municipal bank account.
- (ii) To reduce the liability of the municipality.
- (iii) To provide guidelines to identify unknown monies in the municipal bank account.

4. LEGISLATIVE FRAMEWORK

Local Government Municipal Finance Act, Act 56 of 2003.

5. IDENTIFICATION OF UNCLAIMED DEPOSITS

- (i) An unclaimed direct deposit is any amount of money legally paid into the municipal primary bank account without any reference or documentary proof on how the monies should be allocated and that remains unclaimed for a period of Six (6) months.
- (ii) Unclaimed monies are any amount of money legally payable to a creditor and that are not claimed or banked within a period of Six(6) months.
- (iii) An unclaimed deposit is any amount of money legally paid by a customer as security for municipal services for the use of facilities which are not claimed within a period of Six (6) months.

6. REGISTER OF UNCLAIMED MONEY

- (i) After all processes are exhausted to identify the unallocated monies and the period as mentioned in paragraph 5 has expired all unclaimed monies will be receipted in a register kept by the municipality.
- (ii) The register will be maintained and updated regularly and be kept for a period of six (6) months.
- (iii) After the unclaimed monies are deposited in the register any person can claim the monies from date the monies were deposited or become unclaimed subject to that documentary proof is provided by the cashier to claim the monies.
- (iv) The value of unclaimed monies and/or direct deposits for a period before or within Six (6) months will be recognized as a liability in the financial statements of the municipality.
- (v) The value of unclaimed monies and/or direct deposits for a period more than Six (6) months will be recognized as Other Income for the municipality in the financial statements of the municipality.

7. UNCLAIMED MONEY TO BE PAID AS PUBLIC REVENUE

Should unclaimed monies not be claimed within a period of six (6) months the monies will be written off from the register and be receipted as Other Income in that financial year.

The following process must be followed before any monies are receipted as revenue:

- (i) The register will be advertised in the media in terms of section 21A of the Systems Act, Act 32 of 2000 that it will lie open for public inspection.
- (ii) Such register must lie open for a period of four (4) months in the municipal website .
- (iii) The register to be advertised on Two (2) local papers, Two (2) times in the period of 4 (Four) months in which the unclaimed deposit relates to.
- (iv) The register will be made available for inspection of the main municipal buildings.
- (v) The prescribed form must be completed with documentary proof should any monies be claimed by a customer or creditor.
- (vi) 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 transfer to Other Income of the municipality.

8. REVIEW

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

9. TITLE OF THE POLICY

This policy shall be called the Unclaimed Deposits Policy of the Matatiele Local Municipality.