

# **DRAFT UNCLAIMED MONIES POLICY**



## **THABA CHWEU LOCAL MUNICIPALITY**

## 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.

*"register"* means the official register kept to receipt all unclaimed deposits.

*"municipality"* means the Thaba Chweu Local Municipality established in terms of section 155 of the Constitution.

## **2. INTRODUCTION**

In terms of Section 64 (2) (e) (Revenue Management) of the Municipal Finance Management Act, Act 56 of 2003; "The municipality has and maintains a management, accounting and information system which

- recognize revenue when it is earned;
- accounts for debtors; and
- 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:

- Monies 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.
- Cannot be identified and allocated to an account or vote.
- Deposits paid for utilization of facilities not claimed by customer.

## **3. OBJECTIVES OF THE POLICY**

The objectives of the policy are to:

- To provide a framework on how to deal with unknown or unclaimed monies in the municipal bank account.
- To reduce the liability of the municipality.
- To provide guidelines to identify unidentified deposits in the municipal bank account.

## **4. LEGISLATIVE FRAMEWORK**

Local Government Municipal Finance Act, 56 of 2003.

Prescription Act 68 Of 1969

## **5. IDENTIFICATION OF UNCLAIMED MONIES**

5.1 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 three (3) months.

5.2 Unclaimed monies 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.

5.4 Unallocated deposits should be traced as to its origin, the details of the depositor and journalised to the correct accounts. Debtors / ratepayers are notified and requested to include account numbers on deposit slips when paying by internet banking and specific reference when payment is made to ensure that the unidentified deposits reduces.

5.5 When deposits are received without adequate supporting documentation or explanation, the amounts are posted to the Unallocated Revenue Account it is the responsibility of employees to investigate and clear each item.

## **6. REGISTER OF UNCLAIMED MONEY**

6.1 After all processes to identify the unallocated monies have been exhausted and the period as mentioned in paragraph 3 has expired all unclaimed and/or unallocated monies will be receipted in a register kept by the municipality.

6.2 The register will be maintained and updated regularly and be kept for a period of three (3) years.

6.3 After the unclaimed and/or unallocated monies have been deposited in the register the rightful owner thereof can claim the monies within a period of three (3) years from date the monies were deposited or become unclaimed subject to documentary proof being provided by the claimant of the monies.

6.4 The value of unclaimed monies and/or unallocated direct deposits will be recognized as a liability in the financial statements of the municipality.

## **7. UNCLAIMED MONEY TO BE PAID AS PUBLIC REVENUE**

7.1 Should unclaimed monies not be claimed within the period of three (3) years the monies will be written off from the register and be receipted as revenue in that financial year.

7.2 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, 32 of 2000 that it will lie open for public inspection;

- (ii) such register must lie open for inspection for a further period of four (4) months;
- (iii) the register will be made available for inspection at the main municipal buildings;
- (iv) the prescribed form must be completed with documentary proof should any monies be claimed by a customer or creditor; and

(v) 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 transferred to general revenue.

## **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.