

LEPHALALE

LOCAL MUNICIPALITY



DRAFT

**UNKNOWN DEPOSIT POLICY
2022/2023**

TABLE OF CONTENTS

1.	BACKGROUND	3
2.	PURPOSE	3
3.	DEFINITION: UNKNOWN DEPOSITS	4
4.	PROCEDURES REGARDING UNKNOWN DEPOSITS	4

1. BACKGROUND

Section 64 of MFMA states that the accounting officer must take all reasonable steps to ensure -

- a) that the Municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the Municipality's credit control and debt collection policy;
- b) that revenue due to the Municipality is calculated on a monthly basis;
- c) that accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- d) that all money received is promptly deposited in accordance with this Act into the Municipality's primary and other bank accounts;
- e) 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;
- f) that the Municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;
- g) that the Municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and
- h) that all revenue received by the Municipality, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.

2. PURPOSE

Direct payments such as direct deposits and bank transfers to the Municipality's bank account without proper reference and the origin of the payment cannot always be traced.

The purpose of this policy is to ensure:

- Proper recording of unknown deposits;
- That unknown deposits are properly monitored;
- That unknown deposits are cleared timeously, and
- That unknown deposits register is reconciled to General Ledger on a monthly basis

This policy also provides guidance on how to treat unknown deposits that remain untraced or unclaimed for a certain period.

3. DEFINITION: UNKNOWN DEPOSITS

Unknown deposits are payments made directly into the Municipality's bank account that cannot be traced or allocated to correct consumers' accounts due to incorrect or omission of consumers' reference number.

4. PROCEDURES REGARDING UNKNOWN DEPOSITS

- a) All reasonable steps should be taken to determine the origin of these deposits and if they are untraceable:
 - Such deposits should be recorded in the unknown deposit register to facilitate future claims against the deposits.
 - The deposits should be temporarily posted into the creditors account: Unknown deposits.
- b) The unknown deposit register should be properly monitored.
- c) All traced deposits should be journalised to the correct consumer or ledger account.
- d) The unknown deposit register should be reconciled on a monthly basis to the unknown deposit control account in the General Ledger.

If deposits remain unclaimed for a period of two financial years, consumers will be notified by means of a public notice or local newspaper to come to the Municipality to claim the deposits. Consumers will be requested to produce supporting documentation to support their claims.

Any deposit that remains unclaimed after this process will be transferred to sundry revenue of the Municipality.

SIGNED AT LEPHALALE ON _____

**M M COCQUYT
MUNICIPAL MANAGER**