O.R. TAMBO
DISTRICT MUNICIPALITY

UNALLOCATED DEPOSITS

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1. PREAMBLE/INTRODUCTION

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. An unallocated 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.

2. ACRONYMS AND ABBREVIATIONS

CFO - Chief Financial Officer
MFMA - Municipal Finance Management Act
MM – Municipal Manager
MSA - Municipal Structures Act
ORTDM – OR Tambo District Municipality

3. DEFINITION OF TERMS

"Municipality" means the OR Tambo District Municipality established in terms of Section 155 of the constitution.

"Primary bank account" means a bank account referred to in Section 8(1) of the Municipal Finance Management Act.

"Consumer" 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.

"Register" means the official register kept to receipt all unallocated and unclaimed deposits

4. LEGAL/STATUTORY FRAMEWORK

- Municipal Finance Management Act (Act 1 of 2003)

5. PURPOSE AND OBJECTIVES OF THE POLICY

To identify amounts legally paid in the municipal bank account with no proof of allocation of amounts received.

6. SCOPE/APPLICATION OF THE POLICY

6.1 GUIDING PRINCIPLES

Details 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 municipality has and maintains a management, accounting and information system which-

i. Recognizes revenue when it is earned;
ii. Accounts for debtors; and
iii. Accounts for receipts of revenue;"

6.2 LINKS TO OTHER POLICIES

- Cash and Investment Policy
- Credit Control and Debt Collection Policy

6.3 WHO USES THE POLICY

- Councillors;

- Staff;
- Communities;

6.4 WHO SHOULD BE CONSULTED UPFRONT IN RESPECT OF POLICY CHANGES

- Council as a policy formulator;
- Staff as implementers of the policy;
- Communities if the policy directly affects them; or
- Any relevant stakeholders;

6.5 IMPLICATIONS OF THE POLICY

- Intended consequences;
- Unintended consequences;

6.6 WHO DRIVES THE POLICY

- Municipal Manager to drive the policy with delegation to CFO
- Executive Mayor to monitor the implementation of the policy
- Budget and Treasury Office to drive the policy

7. POLICY PROVISIONS/STATEMENTS

1. Municipal Bank Account Deposits, Direct Transfers and Electronic Banking

- Identify all the direct credits on the bank statement, such as direct deposits by consumers and levy payers, subsidies and grants paid by National and Provincial Governments, interest on investments and miscellaneous credits. Process these credits by capturing to the respective votes on the system.

- Identify full details of these credits timely to avoid having to account for these credits in the Unallocated Revenue Account;

- Record all unidentified credits (receipts) in a suitable register to facilitate future claims against the amount and follow up; and

- Balance the unidentified receipts register to the Unallocated Revenue Account in the general ledger on a monthly basis.

2. Direct Bank Payments

Direct payments such as direct deposits / bank transfers to the municipality's bank account are received without proper reference and the origin of the payment cannot always be allocated. Every effort needs to be made to identify the depositor and the purpose of the deposit.

3. Receipts and Clearing of Accounts

All receipts must be correctly allocated to the relevant debtors account and furthermore the amount 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 have to be accompanied by identification (reference) of the party making the deposit/ transfer.

4. Procedures Regarding Unallocated Deposits

Any unknown receipts will be temporarily posted to the Creditors Account – Unallocated Revenue. These amounts must be traced to deposits or remittances and must be followed up by contacting the payee or bank where applicable, to verify for what or whom the payment was received.

Unallocated deposits in the Unallocated Revenue Account should be traced as to its origin, the details of the depositor and journalized to the correct accounts. Debtors 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.

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 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

- Balance the unidentified receipts register to the Unallocated Revenue Account 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 3 (three) years when no claims are made or the origin of the payment is still unknown/unidentified, the unknown receipt as posted in the Unallocated Revenue Account will be journalized to the Sundries Revenue Account and treated as income.

5. Register of Unallocated Deposits

- After all processes to identify the unallocated receipts have been exhausted and the period of three (3) months has expired all unclaimed and/or unallocated receipts will be receipted in a register kept by the municipality.

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

- 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.

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

- The register will be made available to consumers by placing a list of the unidentified deposits on the municipalities' notice board and website.

6. Implementation and review of this policy

- This policy shall be implemented once approved by Council. All future tariff charges must be considered in accordance with this policy.

In terms of section 17(1) (e) of the Municipal Finance Management Act this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

8. INTERPRETATION OF THIS POLICY

- Municipal Manager has the authority to interpret the policy

9. PERMANENT/TEMPORARY WAIVER OR SUSPENSION

- Council has the authority to waiver the policy
- Process of waiver is as follows:
  - Municipal Manager to prepare the waiver
  - Executive Mayor to table to council
  - Council to approve the waiver

10. POLICY APPROVAL

- Following will be consulted before the adoption of the policy
  - Councillors;
  - Management and staff;
  - Community
- Council to Adopt the policy

11. COMPLIANCE, IMPLEMENTATION AND ENFORCEMENT

- Policy to be communicated through website, printed, radio and social media, public participation
- Municipal Manager to sign after its adoption;
- Policy to be reviewed annually
- Executive Mayor to monitor the implementation of the policy
- Violation of the Policy shall constitute an offence and may lead to disciplinary action;

12. AUTHENTICATION

The Unallocated Deposits is approved by the O.R Tambo District Municipality Council on 29 May 2025

Council Resolution Number.....

Signature

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B. Mase

Municipal Manager