



CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

REVENUE MANAGEMENT POLICY

FEBRUARY 2015

***APPROVED BY COUNCIL:
DATE OF IMPLIMENTATION:***

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1. Aim and Intent of Revenue Management Policy

It is the intent of this policy to practice revenue management at the Municipality according to the requirements of the Municipal Finance Management Act. For this purpose the existing policies on Cash Management and Credit Control should be consulted, due to its close relationship with revenue management practice.

2. High Level Roles and Responsibilities for Revenue Management

The function of managing the revenue of the Municipality is a threefold one that is according to the Municipal Finance Management Act No. 56 of 2003 a mutual responsibility, created through appropriate delegations to the following role-players.

- The Accounting Officer;
- The Chief Financial Officer;
- The Senior Management; and,
- Any Official or External Consultant duly appointed.

2.1. Roles and Responsibilities of the Accounting Officer

The Municipal Manager of the Municipality is the Accounting Officer of this Municipality for the purposes of the Municipal Finance Management Act, and, as Accounting Officer, must -

- (a) Exercise the functions and powers assigned to an Accounting Officer in terms of the Municipal Finance Management Act; and
- (b) Provide guidance and advice on compliance with the Municipal Finance Management Act to-
 - (i) the political structures, political office-bearers and officials of the Municipality; and
 - (ii) any municipal entity under the sole or shared control of the Municipality.

2.2. Role and Responsibilities of Senior Management

The Senior Management of this municipality's administration who is in terms of the Municipal Finance Management Act assisting the Accounting Officer in managing and coordinating the financial administration of the municipality that includes revenue management and or sections thereof consists of-

- (a) the Accounting Officer;
- (b) the Chief Financial Officer;
- (c) all Senior Managers who are responsible for managing the respective votes of the municipality and to whom powers and duties for this purpose have been delegated in terms of section 79 of the Municipal Finance Management Act; and
- (d) any other senior officials designated by the accounting officer.

2.3. Role and Responsibilities of Chief Financial Officer

- (1) The Chief Financial Officer (CFO) of the Municipality -
 - (a) is administratively in charge of the Budget and Treasury Office;
 - (b) must advise the accounting officer on the exercise of powers and duties assigned to the accounting officer in terms of the Municipal Finance Management Act;
 - (c) must assist the Accounting Officer in the administration of the municipality's bank accounts and in the preparation and implementation of the municipality's budget;
 - (d) must advise Senior Managers and other senior officials in the exercise of powers and duties assigned to them; and
 - (e) must perform such budgeting, accounting, analysis, financial reporting, cash management, debt management, supply chain management, financial management, review and other duties as delegated by the Accounting Officer to the Chief Financial Officer.
- (2) The Chief Financial Officer of the Municipality is accountable to the Accounting Officer (Municipal Manager) for the performance of the duties referred to above.

3. Detailed Role of Accounting Officer pertaining to Revenue Management

- (1) The Accounting Officer of a municipality is responsible for the management of the revenue of the Municipality.

- (2) 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 all money received is promptly deposited in accordance with the Municipal Finance Management 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) recognize 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.
- (3) The Accounting Officer must take all reasonable steps to ensure -
- (a) that any funds collected by the Municipality on behalf of another organ of state is transferred to that organ of state at least on a weekly basis; and
 - (b) that such funds are not used for the purposes of the Municipality

4. Policy Guidelines on Collection and Banking of Revenue

- (1) The Municipal Manager must-
- (a) implement and enforce the Municipality's Credit Control and Debt Collection Policy and bylaws;

- (b) establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the Municipality; and
 - (c) report thereon to the Council.
- (2) All amounts owing to the municipality must be levied/raised by way of a debit in the applicable debtors system.
- (3) Except when the Chief Financial Officer has authorised a department to receive monies paid to the Municipality, the Chief Financial Officer must receive all payments.
- (4) No money may be accepted unless an official receipt can be issued immediately.
- (5) All monies received must be deposited daily in the municipality's bank account.
- (6) Every departmental head must without delay in writing notify the chief financial officer of any monies due to the municipality and the reasons why such monies are owed must be expounded in such notification.

5. Policy Guidelines on Revenue Owed to the Municipality

- (1) No amount owing to the municipality may be written off as irrecoverable without the approval of the Council.
- (2) If a person who is or was in the employ of the municipality causes or caused the municipality loss or damage because he or she-
 - (a) failed to collect money owing to the municipality for the collection of which she/he is or was responsible;
 - (b) is or was responsible for an irregular payment of money of the Municipality;
 - (c) is or was responsible for a payment of money not supported by a proper voucher;
 - (d) due to an omission to carry out her/his duties, is or was responsible for Fruitless Expenditure of money of the Municipality;
 - (e) is or was responsible for a deficiency in, or for the destruction of or damage to money of the Municipality, stamps, face value documents

and forms having a potential value, securities, equipment, stores or any other property of the Municipality; or

- (f) due to an omission to carry out her/his duties, is or was responsible for a claim against the Municipality,

In cases where the Municipal Manager was responsible for such loss or damage, the council, must-

- (a) determine the amount of such loss or damage;
 - (b) take disciplinary action where possible; and
 - (c) in appropriate cases recover the loss or damage.
- (3) Any loss suffered by the Municipality and which the Municipal Manager, or if the Municipal Manager is responsible, the Council, suspects to be due to any fraudulent or corrupt act or an act of bribery committed by any person, must forthwith be reported to the South African Police Service.
 - (4) If the Council is of the opinion that the Municipality is unable to determine the amount or circumstances of any loss, it may at its expense appoint a person registered under the Public Accountants' and Auditors' Act, 1991 (Act No. 80 of 1991), to assist the Municipality to determine the amount of the loss or the circumstances in which it occurred.

6. Policy and Guidelines on Receipts

- (1) In accordance with the audit regulations, the receipt of all monies must immediately be recorded by means of a numbered official receipt or ticket or in any other way approved by the Chief Financial Officer. Consult the Municipality's Cash Management Policy for comprehensive guidelines in this regard.
- (2) No alteration must be made to a receipt, ticket or other form of acknowledgement of payment.
- (3) Any error that appears on a receipt, ticket or other form of acknowledgement of payment must be corrected by issuing a new receipt and the cancellation of the erroneous one.
- (4) Every cancelled receipt form must be returned to its proper place in the receipt book or, in the absence of a receipt book, filed according to the instructions of the chief financial officer.

- (5) Any cash surplus found at any time must immediately be declared, a receipt issued in terms of the audit regulations and deposited without delay to the credit of the appropriate account.
- (6) Any cash deficits must immediately be reported to the departmental head concerned and replaced in accordance with the instructions of the chief financial officer.

7. Review of service charges and rent for municipal property

- (1) Revision of tariffs and other levies is done consistent with the municipality's tariff policy and bylaws.
- (2) The Chief Financial Officer must make appropriate recommendations regarding the revision of tariffs and other levies.

8. Income from Investments

Consult the Municipality's Investment Management Policy for detail guidelines pertaining to the handling and administration of investments.

The following functions should be performed on a monthly basis:

- (1) The Accountant responsible for investments should obtain monthly balance certificates from the relevant financial institutions.
- (2) He / she reconciles interest received as per the investment certificates to the investment register and investment general ledger accounts. Interest received is captured to the financial system.
- (3) He / she should recalculate interest received to ensure that it agrees to the rates as per the individual investment certificates.
- (4) The Manager Revenue should review the interest received as per the investment register with the interest received general ledger account. Differences should be resolved and corrected once they are detected. This reconciliation should be done in writing and be verified for correctness by the Chief Financial Officer. This reconciliation should be used for reporting purposes.

9. Income Recognition

The income from sundry services such emergency services, rental of property or any other sundry service is recognised when the amounts of such charges are debited against the debtor accounts.

10. Debtor Accounts

Accounts must be prepared and send to the consumers as soon as possible. The date for payment must appear on the account and should be a fixed day every month, for example the 25th.

The account must be printed on a standard form which must contain the following details:

- Debtor name;
- Debtor account No.;
- Debtor postal address;
- Details to where the service(s) have been supplied;
- All details of services that have been supplied;
- Any outstanding balance from the previous month;
- Any interest or fines that may have accrued;

11. Age Analysis and Overdue Accounts

- (1) Within seven days after each monthly due date the Chief Financial Officer must dispatch a notice to all defaulters.
- (2) The defaulter has 14 days in which to make a payment.
- (3) Should a debtor fail to pay their account the Chief Financial Officer hand over the account for collection.

12. Receipts and Clearing of Accounts

The official responsible for receipting of monies received from debtors must not be the official responsible for debtor's administration. The two positions must be kept separate and filled by different people. This is done in order to reduce the risks of fraud within the Municipality.

- (1) 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.

- (2) Any unknown receipts will be temporarily posted to an unallocated receipts account. 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.
- (3) The unallocated receipts account must be cleared at least on a weekly basis.

13. Bad Debts: Municipal Manager/Council

Bad debts should only be written off on the authority of the Council after all reasonable steps have been taken to recover the debt, in accordance with the Credit Control and Debt Collection Policy, and the Municipal Manager is satisfied that:

- The debtor cannot be traced;
- All legal and other measures have been exhausted, but there is still a balance of the debt remaining;
- Recovery of the debt would be uneconomical;
- Recovery would cause undue hardship to the debtor or his/her dependants;
- It would be an advantage to the Municipality to effect a settlement of its claim or to waive the claim.

All debts written off shall form a charge against the provision for bad debts, and if no or an inadequate provision exists, shall be charged as an operating expense of the vote to which the bad debt relates.

14. Deposits

Any deposits made and which are refundable will be forfeited to the Council if not claimed within 12 months.