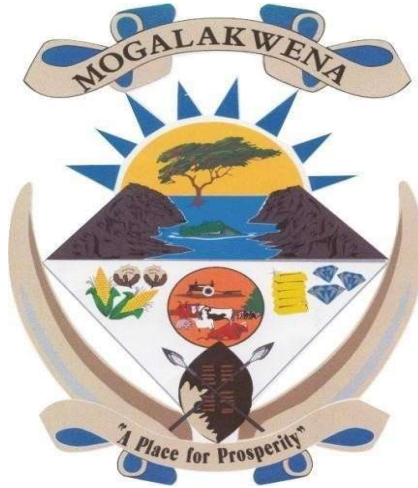


MOGALAKWENA LOCAL MUNICIPALITY

AMENDED BUDGET RELATED POLICIES 2025/2026

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Unclaimed Deposits Policy Effective from 1 July 2025

Reviewed / Approved By	Date	Signatures
Chief Financial Officer		
Municipal Manager		
Council		

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Abbreviations

MLM	Mogalakwena Local Municipality
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practise
IDP	Integrated Development Plan
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
SDBIP	Service Delivery and Budget Implementation Plan
VAT	Value Added Tax

1 DEFINITIONS

- 1.1 **“Council”** means a municipal Council established in section 18 of the Municipal Structures Act and referred to in section 157(1) of the Constitution.
- 1.2 **“Creditor”** means a person to whom money is owed to by the municipality.
- 1.3 **“Customer”** means any person comprising:
 - 1.3.2 Resident of the municipality;
 - 1.3.3 Ratepayer of the municipality;
 - 1.3.4 Any civic organization involved in the municipality; and/or
 - 1.3.5 Any visitor or other people who make use of services or facilities provided by the municipality.
 - 1.3.6 “Prescription Act” refers to the Prescription Act No. 68 of 1969.
 - 1.3.7 “Prescription Period” refers to section 11 of the “Prescription Act” where by a period of three (3) years will be applicable.
- 1.4 **“Primary bank account”** means a bank account referred to in section 8(1) of the Municipal Finance Management Act.
- 1.5 **“Register”** means the official register kept to receipt all unclaimed deposits.
- 1.6 **“Municipality”** means the Mogalakwena Local Municipality established in terms of section 155 of the Constitution.
- 1.7 **“VAT”** means Value Added Taxation.
- 1.8 **“SARS”** means the South African Revenue Service

2 INTRODUCTION

Revenue management involves all the 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.

- 2.1 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-
 - 2.1.1 Recognises revenue when it is earned;
 - 2.1.2 Accounts for debtors; and
 - 2.1.3 Accounts for receipts of revenue;

Unclaimed monies are a challenge faced by the municipality where monies are deposited into the municipal primary bank account which cannot be identified nor are claimed by any

consumer or creditor of the municipality.

2.2 Monies are unclaimed for various reasons and commonly arise amongst other things from the following:

2.2.1 Monies deposited into the municipal bank account without any reference or documentary proof.

2.2.2 Amounts/deposits payable to consumers or creditors which were either not claimed or banked.

2.2.3 Creditors/consumers are unaware of their legal right to the monies.

2.2.4 Deposits cannot be identified and allocated to an account or vote.

2.2.5 Deposits paid for utilisation of facilities not claimed by customer.

3 OBJECTIVES OF THE POLICY

3.1 The objectives of the policy are to:

3.1.1 To provide a framework on how to deal with unknown or unclaimed deposits in the municipal bank account.

3.1.2 To reduce the liability of the municipality.

3.1.3 To provide guidelines to identify unidentified deposits in the municipal bank account.

4 LEGISLATIVE FRAMEWORK

Local Government Municipal Finance Act, 56 of 2003.

5 IDENTIFICATION OF UNCLAIMED DEPOSITS

5.1 An unclaimed direct deposit is any amount of money legally paid into the municipal bank account without any traceable reference or documentary proof on how the deposits should be allocated and that remains unclaimed for a period of three (3) months.

5.2 Unclaimed deposits are any specified 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.

6 REGISTER OF UNCLAIMED DEPOSITS

6.1 After all processes to identify the unallocated deposits have been exhausted and the period as mentioned in section 5 of this policy has expired all unclaimed and/or unallocated deposits will be receipted in a register kept by the municipality and reconciled monthly.

- 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 deposits have been deposited in the register the rightful owner thereof can claim the deposits within a period of three (3) years from date the deposits were deposited or become unclaimed subject to documentary proof being provided by the claimant of the deposits.
- 6.4 The value of unclaimed deposits and/or unallocated direct deposits will be recognized as a liability in the financial statements of the municipality.

7. UNCLAIMED DEPOSITS TO BE PAID AS PUBLIC REVENUE

Should unclaimed deposits not be claimed within the period of three (3) years ("Prescription Period") the deposits will be written off from the register and be receipted as revenue in that financial year and accordingly declaring output VAT and paying it over to SARS.

7.1 Prescription Act, Section 10 states:

- (1) Subject to the provisions of this Chapter and of Chapter IV, a Debt shall be extinguished by prescription after the lapse of the period which in terms of the relevant laws applies in respect of the prescription of such Debt.*
- (2) By the prescription of a principal debt a subsidiary debt which arose from such principal debt shall also be extinguished by prescription.*
- (3) Notwithstanding the provisions of subsection (1) and (2) payment by the Debtor of a debt after it has been extinguished by prescription in terms of either of the said subsections, shall be regarded as payment of debt.*

7.2 Section 11 states that the periods of prescription of Debts shall be the following:

- (d) Save where an Act of Parliament provides otherwise, three years in respect of any other Debt.*

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. SHORT TITLE

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