



MARULENG MUNICIPALITY

UNKNOWN DEPOSITS POLICY

2024-2025

Council Resolution no: SC08/05/2024

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- c) Any civic organization involved in the municipality; and/or d
- 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 Maruleng Municipality established in terms of section 155 of the Constitution.

“Unallocated deposits made by consumers which remains unallocated to the consumer’s account due to lack of proper references or documentation.

2. INTRODUCTION

Unclaimed monies are a challenge faced by the municipality where monies are deposited into the municipality primary bank account or payable which cannot be identified nor are claimed by any creditor of the municipality. Monies are unclaimed for various reasons and commonly arise amongst other things from the following:

- Monies deposited into the municipality primary 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
- Creditors/consumers direct deposits are untraceable.

4. BACKGROUND

Maruleng Municipality renders municipal services and consumers pay their accounts either at the cahiers, electronic transfers or over the counter deposits at banks.

When services are paid for, some consumers do not fill in their account numbers (reference) for ease identification and do not document their contact details. As a result the municipality has difficulty in allocating those deposits to relevant consumer's accounts.

Firstly during billing the following transactions are processed correctly.

Dr Debtors (Consumer account) and Cr Revenue (Services)

When consumers pay their accounts without filling in the correct references numbers the following is processed in the municipality's records, after concerted effort by the Municipality to locate the depositor's details.

Dr Bank (Money received) and Cr Unknown deposits (can't be traced).

The result is the municipality has unknown deposits increasing as well as the outstanding consumer accounts, i.e, an increasing number of consumers is in arrears although they have paid. This means our debtors are overstated together with creditors/liabilities. The municipality normally requests the bank to provide the additional information to allocate the amounts. Usually the municipality still can't allocate the money and most of the money has been in the unknown/ unallocated deposits account for a long time.

Deposits that remain unallocated and not claimed within a specified period of time will be

- Recognition criteria state that it should be probable that economic benefit will flow out of the municipality

The municipality has determined that based on past experience and based on good practice that deposits over a period over a period 2 years won't be queried by the consumers or be refunded.

5. LEGISLATIVE FRAMEWORK

Local Government Municipal Finance Act, Act 56 of 2003 and Standards of Generally Recognized Accounting Practice.

6. IDENTIFICATION OF UNCLAIMED MONIES

An unclaimed direct deposit includes-

- 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 or unallocated for a period exceeding five years. Such deposits will be transferred to the accumulated surplus or deficits in the municipality's financial records.
- Any amount of money legally payable to a creditors and that is not claimed or refunded within a period of three (3) months.
- Any amount of money legally paid by a customer as security for municipal services for the use of facilities which is not claimed within a period of three(3) months after they are due.
- Any amount of money legally paid by a customer as a deposit for the processing of building plans which is not claimed within a specified period after it is due.

become unclaimed subject to that documentary proof is provided by the cashier to claim the monies.

- Money which is over two (3) years will be written off in line with national treasury standard operating procure and amount written off will form part of reporting to council on annual basis.
- Annually the municipality must run an advert in the local newspaper requesting consumers to come and claim their funds.

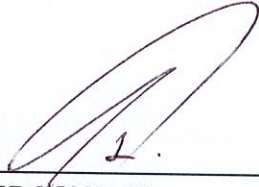
8. UNCLAIMED MONEY TO BE TRANSFERRED TO ACCUMULATED SURPLUS

The following procedure will be followed prior to write off of unclaimed deposits:

- Identify full details of these credits timely to avoid having to account for these credits in the unclaimed deposits;
- Balance the unidentified deposits register to the Unallocated Deposits Account in the General Ledger on a monthly basis;
- All unidentified credits (receipts) should be recorded in suitable register to facilitate future claims against the amount and followed up;
- Should unclaimed monies not be claimed within a period of two (2) years the monies will be written off from the register to accumulated surplus and;
- The following process must be followed before any monies are receipted to accumulated surplus:
 - ✓ The register will be advertised in the media in terms of section 21A of the System Act, Act 32 of 2000 that it will lie open for public inspection.
 - ✓ Such register must lie open for a period of two (2) months.
 - ✓ The register will be made available for inspection at the main municipal

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

SIGNED BY



DR SEBASHE SS

ACTING MUNICIPAL MANAGER

DATE

17/5/2024