

LEPELLE-NKUMPI LOCAL MUNICIPALITY

REVENUE SECTION



REVENUE PROCEDURE MANUAL

A. RECEIPTING

Cash is to be received and receipted during office hours (7H30 to 15H00); however any member of the public who is inside the cash hall at the time when the cashier closes must be helped.

1. For the purpose of this manual, the following will be considered as cash/legal tender:

- Notes and Coins (SA currency)
- Cheques
- Direct deposits
- Debits and Credit Cards

2. Cash is received in the following ways:

- Cash
- Direct deposits(Easypay, Post Office)
- Debit and Credit Cards)

3. GENERAL RULES REGARDING CASH HANDLING

- Cash must always be kept locked in a cashier drawer every time the cashier is on duty.
- When the cashier has already cashed-up, money must be kept in a fireproof lockable safe.
- Cashier's float must be checked at least once in a week by a supervisor. The Supervisor will have to maintain a register for all checkings.
- The Accountant will also have to do surprise float checks twice in a month and keep a register for all checkings.

1. CASHIER

The following are the duties of the cashier:

1.1 A cashier must receipt all cash and cheques received from customers.

1.2 When a cashier receipts cheques received by post, he/she must ensure that:

- (a) details and municipal account number of a customer are written at the back of the cheque.
- (b) It is not post-dated(post-dated cheques must be recorded in post-dated cheque register)
- (c) Ensure that the cheque is valid.

1.3 Before a cashier issues a receipt he/she must count and verify the amount with the customer.

1.4 Cash must always be kept in a locked place.

1.5 Direct deposit (payments made directly to municipal bank account) must be receipted on a daily basis.

1.6 Cash will only be handed over to a relieving staff member only after the following steps have been taken:

- The amount received has been balanced-off in the presence of the supervisor.
- The Cashier, the supervisor and the caretaker-cashier must sign to vify the transactions.

1.7 Balance off on daily basis at 15:00 by performing the following functions:

- Count all the cash at hand
- Ensure that the money received agrees to the records on the system.
- Shortages must be recovered from the cashier,
- Surplus amounts must be paid into the surplus account(vote) and a receipt issued in the name of the cashier.(This amount must be accounted to sundry income)
- Complete and sign the daily cash summary.
- Complete a bank deposit slip in triplicate
- On completion, the senior cashier must be called to verify the correctness of cash and the cash summary.
- A cashier will not cancel a receipt without the knowledge of the supervisor and a reason for cancellation must be furnished.
- No unauthorized persons are allowed in the Cashiers' and Senior Cashiers' offices

2. SENIOR CASHIER

The Senior Cashier must perform the following functions:

2.1 Attend to cashier each day after the cash is counted and the cash daily summary is completed.

2.2 Receipt all the direct deposits

2.3 Make necessary follow-ups on doubtful/Unknown deposits.

2.4 Perform all the necessary reconciliations(cash recon)

2.5 Sign daily cash summary as proof of the reconciling functions performed.

▪ When a cashier is cashing-up a senior cashier must always be present to ensure that:

1. All cash and cheques are counted and balance with the record in the financial system.
 2. All cancelled receipts are accounted for.
 3. Cash and cheques received are locked in the safe before collection by the security agency.
 4. Both the cashier and senior cashier must sign the daily balancing report
 5. After balancing senior cashier must extract data from cash drawer to venus and update debtors accounts and votes that made payments(BK 210,220 & 225)
- The senior cashier must journalize all RD cheque entries that appear in the bank statements.

- File all supporting documents
- Print and file the audit trails.

B. BANKING (CASHIER AND SENIOR CASHIER)

A cashier must prepare banking on daily basis

1. All cash and cheques that were received must be banked as promptly as possible(preferably the same day or the following day)
2. The amount on the deposit slip must be the same with the one on the daily balancing report

LINKING

Senior cashier must capture bank statement and link all receipts against the bank statement

3. ACCOUNTANT

(COLLECTION SUB-SECTION)

The Accountant must do the following duties:

- 3.1 Check the daily summaries on a day following the day the money was receipted(to be done in the morning)
- 3.2 Verify the daily summaries, receipt analysis, supporting documentation, deposit books and bank statements for correctness and accuracy.
- 3.3 Ensure that all the direct deposits have been correctly receipted.
- 3.4 Ensure that money has been deposited.
- 3.5 Ensure on a monthly basis that all money was correctly and timeously captured.
- 3.6 Report all surpluses and shortages to the Revenue Manager and ensure that they have been recorded correctly.
- 3.7 Perform surprise cash float audits(monthly)

C. SPECIFIC INTERNAL CONTROLS

C1. CASH HANDLING

- During office hours, the money must be kept in the locked cash register.
- Cash will not be kept on the premises of the municipality for a period longer than twenty-four (24) hours, except for Fridays and public holidays; where-by the money will be deposited on the first working day following the Friday or public holiday.

- Money is kept in a locked safe before collection by the security services. The security personnel has to acknowledge receipt of money through his signature.
- The Senior cashier must be the one handing-over money to the security services and sign for it.

C2. CASHIER REPLACEMENTS

- The cashier to be relieved must count the money before handing over to the relieving cashier.
- The Senior cashier, together with both the relieving cashier and the cashier to be relieved must sign to acknowledge cash at hand.

C3. RD CHEQUES

- RD cheques must immediately be recorded in the the RD cheque register.
- The Senior cashier must make efforts to inform the owner about the dishonoured cheque. If no cash is received, the senior cashier must then debit the account of the client with the amount of the cheque and the penalty fees.
- If the client's cheque becomes dishonoured on two occasions, the client will be "blacklisted" whereupon only cash will in future be accepted. The client will be informed that only cash will be accepted as payment for municipal services

C4. SECURITY BAGS

- Security bags will be handed over to the Revenue Manager and be locked for safekeeping.
- The seal numbers will be recorded in a register.
- The cashier must sign for the security bag he collects and use on a specific day. The security bag number must also with written.
- The date of the deposit for which the bag was used will also be recorded in the register.
- **A REGISTER FOR DEPOSIT BOOKS MUST BE DEVELOPED AND KEPT BY THE SENIOR CASHIER**

C5. SUPPLY OF MUNICIPAL SERVICES

- An application form will be issued to the member of the public.
- A municipal official will verify the information on the form and the property itself for completeness.
- After proper verification, an account will be opened and the client will be asked to pay a consumer deposit at the cashiers. The client will also be asked to pay for a water connection if it is a new connection.

C6. NEW CONNECTIONS

- A form will be supplied to a member of the public.
- A revenue official dealing with new connections will confirm the details of the applicant and attachments to the form with the information on the financial system. He/She will also confirm with the Technical department if the area in question has been reticulated.
- The application form will be given to the Supervisor for approval.
- The applicant will therefore be requested to pay a water connection fee to the cashiers.
- A job card/work order for water connection will be made for the attention of the Technical department.

C7. DISCONNECTIONS/RECONNECTIONS

- Every month, Five (5) days after the due date, the Credit Control Clerk must prepare a cutting list.
- All consumers with an amount of R100,00 and higher are to appear on the cutting list. The cutting list must be verified by the Accountant.
- The list will be handed over to technicians at Technical Services for execution.
- The consumer will have to pay reconnection fee (determined by council) for water to be reconnected.
- The consumer has to pay the full outstanding amount and the applicable reconnection fee before he can be reconnected. Arrangements can also be entered into with the client regarding of outstanding amount before being reconnected.
- After receipt of payments as mentioned above, the revenue official dealing with the cut-off list will contact the technicians for reconnecting the customer.
- Three days after the cut-off, the list must be taken to the Accountant responsible for collection(to check illegal reconnections and forgotten connections)
- Only the CFO or Revenue Manager will approve reconnection of services after hours on condition that the necessary proof of payment was verified.

C8 FOLLOW-UP DISCONNECTIONS

A Follow-up cut-off list will be done seven Seven (7) days after the initial cut-off list. The intention will be to do the following:

- To check whether people who were initially cut are still disconnected.
- To cut those that did not adhere to the extension arrangements.

C9. ACCOUNT QUIRIES

- Account queries must be attended to as quickly as possible.
- The complainant must fill a designed form and the query be registered.

- Weekly follow-ups have to be done to ensure that all outstanding queries are addressed to the satisfaction of the complainant.
- If possible, a written response will be written to the complainant.
- If the complainant insists on speaking to a specific official, that official has to be informed about the request.

C10. TRANSFER OF PROPERTIES

1. Notifications are made by clients or their representatives to the municipality to effect the process of registrations and changes of ownership on properties.

PROCEDURES TO BE FOLLOWED:

PHASE 1 : APPLICATION OR REQUISITION OF CLEARANCE FIGURES

- Applications for clearance figures are made to the municipality by owners of properties or their representatives.(applications may be personal, mail)
- All received faxes that requests clearance figures are filed.
- The owners should produce proof of ownership (e.g. deed of grant) and the identity document.(a municipal official may also verify ownership from the deeds office)
- The owner has to complete a form designed for this purpose.
- A fee for request of clearance figures must be paid.
- The Property rates Clerk will then calculate the clearance figures as per request and give them to the client/the representative.

PHASE 2 : PREPARATIONS OF CLEARANCE CERTIFICATE

- After payment for clearance figures is done, a clearance certificate is prepared.
- All applicants are notified to collect the clearance certificates requested once they have been signed by the Municipal Manager/the delegated official.

PHASE 3 : REGISTERING OF PROPERTIES IN THE FINANCIAL SYSTEM

- After the property is transferred, the new owner/the representative will notify the municipality through submission of a confirmation of registration letter or deed of grant.
- The property rates officials have to make monthly checks on the properties whose figures are due to expire and verify through the deeds office if the properties were transferred.

- The ownership change will then be effected on the system.
- The new owners will be requested to complete the application form for new account, attach all relevant documents. The applicant will also be requested to pay a consumer deposit. The application form will then be taken to the Supervisor for approval.
- If it happens that after the property has been registered at the deeds office, the municipality owes a particular amount to the transferring client, then that client/s will be refunded.

C11. MANAGEMENT OF THE VALUATION ROLL

- The original valuation roll, both in hard and soft copy; must be kept as is.(meaning it must not be changed or edited)
- The valuation roll in the system must be updated regularly, especially when there are supplementary valuations done on properties.
- Supplementary valuation rolls must be advertised for public participation.
- Monthly reports and reconciliations must be done by the Property rates officials to check all discrepancies on billing of properties.
- It must be ensured that the planning department monitors improvements on properties, such as consolidations and subdivisions and that the information is forwarded to the municipal valuer for supplementary valuations.

C12. RENTALS AND GRAVES (BURIAL SITES)

- The client must bring a completed form from the Community Services department for application.
- The cashier will collect the money and the form, issue a receipt and attach a copy of rthe receipt to the form.
- He must make a copy of the application form and keep it for filing. Original forms will later be collected by the official from Community Services.
- The information will then be completed in the register.

C13. DEBT COLLECTION

Section 96(a) of the Local Government Municipal Systems Act, No. 32 of 2000 states that, “A municipality must collect all money that is due and payable to it”

The Collection Unit must therefore render the following:

- Monitor accounts issued to clients
- Compile reports in order to measure the level of revenue collection
- Take steps to recover monies owed to the municipality as per the Debt and Credit control policy.

- Effectively implement the Debt and Credit control policy of the municipality.
- Monitor handed over accounts to the appointed collecting agency.

C14. BILLING SECTION

- Ensuring that all readings are taken and captured in the municipal system
- Ensuring that exceptions are checked and corrections made.
- Ensuring printing of municipal accounts
- Follow-up to ensure that accounts have indeed been delivered.
- Solve all queries relating to delivery of accounts as and when they occur.
- Compile a return mail register and make follow-ups

C15. HANDLING OF KEYS

- The following persons will be in possession and responsible for keys in the Revenue Section:
 - Strong room - Revenue Manager
 - Small safe in the strong room - Senior Cashier
 - Cash float boxes - Cashiers
- NB: All duplicates to be kept in the CFO's office (locked in a safe)*

C16. HANDING OVER OF RESPONSIBILITIES

- When handing over the responsibility to another official, the following people must be present:
 - Responsible official
 - Receiver
 - A witness(preferably a supervisor)
 - A full, proper stocktaking must be performed.
 - A handing over document must be completed to confirm the correctness and condition of the counted items and that they were indeed handed over.
 - Keys giving access to the items must also be handed over in the presence of a third party.
 - If the responsible official is not present during the handing over procedure, all the steps above must be followed, except that a third party also be involved to ensure that no irregularities are taking place.

4. REVENUE MANAGER

- 4.1 Ensure on a monthly basis that all income related control accounts reconciled to various sub-ledgers.
- 4.2 Ensure that reconciling items that appear on the bank reconciliation are followed up and cleared on a monthly basis.
- 4.3 Ensure that the municipality is at all times insured against cash losses.