

EMAKHAZENI LOCAL MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

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1 Introduction

Vision and value statement

It is the vision of Council to "be a developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities.

Council is committed to its mission to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

The Values of the Council are:

- Consultation
- Service Standards
- Access
- Courtesy
- Information
- Transparency
- Redress
- Value for money

Vision

A developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities

Mission

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

2. Definitions

Definitions:

“billing” refers to the process of charging for services provided by issuing accounts;

“chief financial officer” means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act;

“credit control” refers to the performance of certain basic credit worthiness checks prior to a municipal service being provided and deposits collected;

“debt collection” means the pursuing of uncollected debts that are past the due date;

“disconnection” means interrupting the supply of water or electricity to a debtor as a consequence of ignoring the demand for payment;

“dispute” refers to the instance when a debtor questions the correctness of any account rendered by the municipality to him/her and such debtor lodges an appeal with the municipality;

“due date” means the final date of payment as shown on the account;

“effective disconnection” means the physical removal of pipes and/or equipment as a consequence of unauthorized reconnection of the disconnected service;

“financial year” means the municipality’s financial year ending 30 June;

“holistic” refers to the combining of all debt in order to establish the total obligation the debtor has to The municipality;

“indigents” are debtors whose households have been evaluated in terms of the Indigent Policy and who is registered as being indigent;

“indigent amount” refers to the applicable value of the indigent subsidy as determined by the Municipality from time to time;

“legal process or procedures and/or legal action” refers to the process and/or action described in the Magistrate Courts Act No. 32 of 1944; Supreme Court Act No. 59 of 1959; Adjustment of Fines Act No. 101 of 1991; Debt Collectors Act No. 114 of 1998, Criminal Procedures Act No. 51 of 1977; Local Government: Cross-Boundary Municipalities Act No. 29 of 2000, Local Government: Municipal Structures Amendment Act No. 33 of 2000; Local Government: Municipal Systems Act No. 32 of 2000;

“mayor” means the councilor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; ;

“the municipality” means Emakhazeni Local Municipality;

“municipal manager” means a person appointed in terms of section 82(1)(a) or (b) of the Municipal Structures Act;

“payment” is any form of redemption towards the balance on an account as per Receipts policy 7.1 "permissible methods of payments.

“sundry debt” refers to any debt other than for rates, housing, metered services, sewerage and refuse removal;

“supply” means any metered supply of water or electricity;

“tampering” means the unauthorized reconnection of a supply that has been disconnected for non-payment, the interference with the supply mains or bypassing of the metering equipment to obtain an unmetered service; and

“total household income or household income” refers to the total formal and informal gross income of all people living permanently or temporarily on the property on which the account is based.

3. Objectives

The objectives of this policy are to:

- provide a framework for the municipality with regard to credit control, debt management, debt impairment and debt write off.
- ensure that all the moneys due to the municipality are effectively and efficiently collected;

4. Scope of Application

This Policy applies to all administrations within the defined boundaries of Emakhazeni Local Municipality and all debtors of these administrations, including employees and Council members of the Municipality.

5. Legislative Framework

The policy has been formulated in terms of section 96(b) of the Local Government: Municipal Systems Act.

6. Principles

- 6.1 Human dignity must be upheld at all times.
- 6.2 The policy must be implemented with equity, fairness and consistency.
- 6.3 Details related to the debt and the account of the debtor must be correct at all times.
- 6.4 The implementation of this policy should be based on sound business practices. This includes debt collection through sanctions of warnings, disconnections, and other legal processes.
- 6.5 The municipality may provide reduced levels of service to manage the debt growth where alternatives are available.
- 6.6 All disconnection / reconnection costs incurred by The municipality relating to the collection process shall be recovered from the debtor. In instances where the municipality incurs legal cost those may be recovered from the debtor as well.
- 6.7 Interest on outstanding debt will be charged on all categories on active accounts excluding inactive accounts at the rate of 10.5 percent 2019/2020 financial year.

6.8 Employer deductions

The current account outstanding on municipal invoices on properties where municipal employees as well as municipal councilors shall be deducted on their salaries and arrangement should be made towards settling the total outstanding debt as required by the MFMA. Any non adherence shall be lead to services being discontinued at the property where the employee or councilor resides.

Credit Control

APPLICATION FOR MUNICIPAL SERVICES

- 7.1 Application for the provision of municipal service must be done by the owner of the property applied for;
- 7.2 All applicants for provision of municipal services must pay prescribed deposit as reflected in the municipal tariffs list approved by Council.
- 7.3 The applicant is required to submit Municipality's New Connection Application Form together with the ID document for identification. If an owner is opening a second account then the entire outstanding invoiced amount has to be settled prior to opening a new account. Before a municipal account is closed outstanding balance has to be settled.
- 7.4 The Property Owner is fully and legally responsible for payment of all municipal services for his / her property on a monthly basis. If an amount due for rates levied in respect of the property is unpaid by the owner of the property, the municipality may recover the amount in whole or in part from the occupier or tenant of the property.
- 7.5 At the time of applying for municipal services, the property owner must sign the New Connection application form as evidence of acknowledging of the debt with the municipality.
- 7.6 Before any property can be transferred from one owner to another, the account must be settled, after which the municipality will issue a Clearance Certificate to that effect, No property transfer can take place without the issue of a Clearance certificate.
- 7.7 The municipality will have accounts posted to all consumers or sent electronically on request. Failure to receive a monthly account/invoice does not relieve the customer from paying account.
- 7.8 Customers are required to update their information details with the municipality. Failure to respond to the municipalities request for updated information may result in withholding of services or disconnection of services.
- 7.9 Once the Clearance Certificate has been issued only then can new rates and services account be applied for by the new owner.
- 7.10 Application for services for businesses must include the submission of a resolution delegating authority to the applicant and furnishing the business entity's registration number. The names, addresses and all relevant contact particulars of all the entity's directors or members or trustees or proprietors or partners must be submitted with the resolution.
- 7.11 The owner of the property remains responsible and liable for any penalty that might arise due to tempering of municipal services by his/her tenants occupying the property.

Debt Management

MUNICIPAL TRADING SERVICES

- 8.1 Accounts for municipal services must be paid by the due date which is on /before the 10th of each month and no warning letters shall be sent to a consumer as a reminder to pay for services.
- 8.2 If payment is not received by the due date of the 10th of each month, then the supply of services will be discontinued and prepaid electricity users shall be blocked through the vending system from purchasing.
- 8.3 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their property rates or any other municipal service charges. The administration fee for disconnection will be levied on account when account is on the disconnection list even not disconnected.
- 8.4 Should access be unreasonably denied or prevented for a meter verification, a disconnection penalty fee shall be raised. Instruction will be issued to electrical and/or civil engineering services to disconnect supply where contractor does not have access to the meter.
- 8.5 The reconnection of services will be done upon receipt of total balance amount specified or once an arrangement favorable to the municipality has been entered into.
- 8.6 Disconnected services will be restored within a reasonable period of time after the debtor produces proof of payment of the required amount.
- 8.7 All arrangements with the debtors should strive to result in an agreement that is sustainable and is most beneficial to the municipality.
- 8.8 All debtors that are in arrears and wish to apply to make arrangements to reschedule their debt will be subjected to the payment arrangements contained in this policy.
- 8.9 A staff member or a Councilor of the Municipality may not be in arrears to the municipality for rates and service charges for a period longer than 30 days
- 8.10 Each consumer query will be dealt with according to its merit/circumstance whereby corrections on the accounts will done according to the agreement reached between the client and the municipality.
- 8.11 The onus shall always be on the debtor to request reconnection and to provide proof that the full amount on the disconnection notice was paid or that an arrangement was entered into.
- 8.12 All vacant stands, business premises and unoccupied residential properties owing the municipality, will be attached by council attorneys after following the necessary legal steps and be sold by means of public auction as arranged by the sheriff of the court

PREPAID ELECTRICITY

- 8.2.1 A debtor consumer may only purchase pre- paid electricity once their current account has been settled or once a payment equaling to at least 50% of the current financial year has been settled by consumers who have been in arrears for more than 6 months.
- 8.2.2 Municipality will produce a quarterly report of all municipal prepaid consumers who are not purchasing electricity on a monthly basis. The report is called the Prepaid Electricity Consumption Exception Report.
- 8.2.3 Municipal Technicians or an appointed contractor will perform physical inspection of all the properties of all the properties appearing on the Prepaid Electricity Consumption Exception Report
.Prohibition of access by the residence will results in the municipality, taking steps against such consumer
- 8.2.4 Municipality will investigate and consider root causes for a consumer to be on the Prepaid Electricity Consumption Exception Report.
- 8.2.5 Consumers whose meters have been found to be faulty and have not purchased electricity for more than 3 months, shall be required to pay at least an equivalent amount to consumption of houses in the same area for the equal number of months of non purchase.
- 8.2.6 No clear temper tokens or any other tokens shall be issued until an investigation has been done on the meter and the necessary report submitted by the requesting electrician.

8.3 TAMPERING WITH THE MUNICIPAL PREPAID ELECTRICITY METER

a) First tampering:

- A penalty based on the approved Municipal Tariff list must be paid with immediate effect and the meter be removed , plus;
- Average charge of the consumer / or consumer's residing in the same of three months consumption will be affected over the period of non-payment.
- Criminal Charges may be instituted

b) Second tampering:

- Removal of the circuit breaker, and;
- Replacement of meter after payment of penalty based on approved Tariff list
- Plus, average charges. of the consumer / or consumer's residing in the same of three months consumption will be affected over the period of non-payment.
- Criminal Charges may be instituted

c) Third tampering:

- Removal of municipal electricity cable from the property ,and,
- Replaced after a payment of penalty based on approved Tariff list
- Plus, average charges of six months consumption of the consumer / or consumer's residing in the same of three months consumption will be affected over the period of non-payment.
- Criminal charges may be instituted.
- After which a Municipality will accept a new application for services.

8.3.1 The municipal services shall remain suspended until the municipal account is settled in full or at a discretion of the accounting officer, an arrangement beneficial to the municipality might be entered into and any failure to honor the arrangement, services shall be terminated until the account is settled in full.

8.4 FINE FOR ILLEGAL CONNECTION

- a. Illegal connection of previously disconnected services as a result of non – payment will result in the debtor being required to pay the full outstanding amount on the municipal account.
- b. No arrangement may be entered into for illegal connections and/ or meter tampering. The debtor will also be required to pay outstanding arrears on municipal account prior to reconnection of any services.

8.5 WHISTLE BLOWING

- a. An amount of R 500 may be payable by Council subject to the following:
 - The whistle blower's name be kept confidential
 - The whistle blower's information leads to the removal of the meter tampered with
 - The amount is payable upon the removal of the meter and not upon payment by the illegal connector
 - Monies of R500.00 payable for whistle blowing; will be added to the fine to the consumer whom has illegally tampered.

The payment of whistle blowing is to be approved by the municipal manager.

8.6 BLOCKING OF ELECTRICITY PRE-PAID METER

Once a pre- paid meter has been blocked the current account must be paid in full and arrangement be signed. If the consumer has not paid for more than 3 months, then 50% of the billing for the months unpaid in the 12 months billing cycle must be paid before a meter is unblocked.

8.7 BACK DATED MUNICIPAL RATES AND SERVICES

- 8.7.1 The municipality may, if it is found that the relevant consumer of services has been undercharged and or unmetered and or unbilled and for a period of time irrespective of the reason, the municipality will charge the consumer for the period as determined but not exceeding three (3) years, from the date that the consumer is made aware of the back charge in writing by the municipality.

- 8.7.2 The municipality will calculate the back charges based on the three months consumer profile from the meter correction, billing correction, meter installation, data correction or any other reason that led to the discrepancy. In the event that consumer information is not comprehensive then an average of consumers' who reside in the same area may be used.
- 8.7.3 The consumer may pay the back dated municipal rates and service charges in one installment or may enter into an arrangement to pay this amount off in equal installments for a period that will be approved by the municipality.

8.8 DISCRETION: NEGOTIABLE AMOUNTS

- a) Discretion in terms of arranged amounts as per this policy is delegated to the Chief Financial Officer.
- b) Discretion will only be used so as to apply the principles embodied within this policy and to ensure that some form of payment to the municipality is forthcoming from arrangement with the debtor.

8.9 RIGHT OF ACCESS

- a) An authorized representative of, or service provider to The municipality, must at all reasonable hours be given unrestricted access to the debtor's premises in order to read, inspect, install or repair any meter, service or service connection for reticulation, or to disconnect, reconnect, stop or restrict the provision of any service.
- b) Any person who contravenes paragraph (a) above will be deemed to have contravened the provisions of Section 101 of the Municipal Systems Act, No. 32 of 2000, as amended, and will be charged with an offence and attract the penalties referred to in Section 119 of the said Act and services will be disconnected until such time that the penalty is paid and access is granted.

8.10 OTHER DEBT

8.10.1 Employee debt

- a) Definition
Employee debts include any debt owed to the Municipality by *an official or former official* which originated while the debtor was/is in the employ of the Municipality, and any other debt classified as such by the Chief Financial Officer.
- b) Management of employee debt
 - ◆ A debt account must be opened on the approved financial system when a debt has not been settled within 30 days of notification of such debt to the debtor. The municipality will deduct from the employee's salary without employees consent.

- d) Tracing of employee debtors
- ◆ The following institutions/persons, although not the only, can be approached in an endeavour to obtain a debtor's current address.
 - i) Other Municipalities
 - ii) Post Offices
 - iii) The Department of Home Affairs
 - iv) Relatives

 - ◆ If enquiries to at least 2 or more of the above-mentioned institutions are unsuccessful such debt may be referred to 3rd party debt collectors for recovery.

8.11 ARRANGEMENTS

8.11.1 Principles for Debtor

- a) Current charges must be paid in full and is not negotiable.
- b) Debtors who default on **three** occasions in respect of arrangements made will be denied the privilege of making further arrangements and the full amount becomes payable. All services may be disconnected and legal action will be taken against such debtors.

8.11.2 Arrangement criteria for debtors

- a) All debtors who are in arrears and apply to make arrangements to reschedule their debt will be subjected to the following conditions at the time of making arrangement with the municipality:

First arrangement

- ◆ Payment of Current account, plus
- ◆ Payment of initial amount of 30% of the total outstanding debt, after which the agreement will be signed by both parties.
- ◆ The monthly instalment must be current account and the outstanding amount as agreed upon with municipality.

- b) Each following month the debtor will be required to pay:
 - ◆ Current account, plus,
 - ◆ An installment as agreed upon.

- c) Should the debtor not honour the **FIRST** arrangements, municipal services will be disconnected.
 - ◆ Arrangements on first default :
 - Payment of current account plus 30% of the outstanding debt
 - ◆ Arrangements on second default :
 - Payment of current account plus 50% of the outstanding debt.

Arrangements on third default :

- Payment of current account plus 100% of the outstanding debt.

d) Principles for Non-residential debtors

- If any non-residential debtor wishes to make an arrangement for a period of not longer than six months, and will pay the first instalment immediately, and ensure that the current account is paid in full immediately throughout the period of the arrangement. All outstanding amount as from 1 January 2020 will attract interests.
- .
- Non-residential debtors may make arrangements to liquidate their arrears where it would be financially beneficial to the Municipality for them to do so.
- The final decision to make these arrangements will rest with the Accounting Officer.

8.11.3 Consequences of failure to comply with arrangements

Failure to comply with the agreed arrangements will result in disconnection of service. Services will only be reconnected after a full outstanding amount on the account is paid. Legal processes will be instituted to areas where the municipality is not providing electricity.

8.12 DISPUTE

8.12.1 Procedure to be followed in terms of a dispute:

Debtor	Municipality
<ol style="list-style-type: none"> 1. The debtor must render the dispute in writing to The municipality. 2. No dispute will be registered verbally. 3. The debtor must furnish his/her full personal particulars (including his/her account number and direct contact details). 4. The full nature of the dispute must be described in the above correspondence. 5. The onus will be on the debtor to ensure that he/she receives a written acknowledgement of the dispute. 	<p>On receipt of the dispute, the following action are to be taken:</p> <ol style="list-style-type: none"> 1. All Administrations must keep a register in which all disputes received are to be entered. 2. The following information should be reflected in the register: <ul style="list-style-type: none"> ◆ Debtor’s account number ◆ Debtor’s name ◆ Debtor’s address ◆ Debtors email address ◆ Full particulars of the dispute ◆ Name of the official to whom the dispute is given to investigate and resolve ◆ Actions that have/were taken to resolve the dispute ◆ Signature of the controlling official 3. An authorised controlling official will keep custody of the register and conduct a weekly check and follow-up on unresolved disputes. 4. A written acknowledgement of receipt of the dispute must be provided to the debtor. 5. All appeals regarding disputed amounts must be unilaterally concluded by The

	municipality's authorised officials within 30 working days from receipt thereof.
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8.12.2 The municipality's authorized official's decision is final and will result in the immediate implementation of any debt collection and credit control measures provided for in this policy after the debtor has been notified of the outcome of the appeal.

- b) The same dispute will not be considered and will not again be defined as a dispute.
- c) The debtor must not withhold payments on account of the dispute. The debtor will be credited, and refunded on request if outcome of the dispute is in favour of the debtor.
- d) If the debtor is not satisfied with the outcome of the appeal, he/she may under protest pay the amount in dispute and redress his/her action to a court of law.

8.13 LEGAL ACTION

- ◆ Legal proceedings may be instituted by the Municipality to recover arrear amounts on service accounts where :-
- ◆ Disconnection action yielded no satisfactory result
- ◆ Disconnection action is not possible due to the nature of the services that are provided by the municipality

8.14 IRRECOVERABLE DEBT

- a) Debt **will be** regarded as irrecoverable if:
 - ◆ All reasonable steps have been taken to recover a specific outstanding amount; or
 - ◆ Debts where, in the view of the Municipality, further expenses to collect such debt are not justified in relation to the amount of the debt and possibility of collection;
 - ◆ Debts where a legal opinion to the municipality has indicated that the amount involved does not warrant the prospective costs of action to collect or where legal action will be uneconomical.
 - ◆ the cost to recover the debt does not warrant further action; or
 - ◆ the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
 - ◆ a deceased estate has no liquid assets(estate) to cover the outstanding amount; or
 - ◆ it has been proven that the debt has prescribed(expired); or
 - ◆ the debtor has been declared indigent by the municipality
 - ◆ the debtor is untraceable; or
 - ◆ the debtor cannot be identified so as to proceed with further action; or

- ◆ Debts where liability has not been admitted by the debtors and where the success of proceedings to collect is unlikely; and
 - ◆ The Municipal Manager is convinced that recovery would cause undue hardship to the debtor or his/ her dependants.
 - ◆ Where debt cannot be proven or substantiated
- b) Debt will **not** be regarded as irrecoverable if
- ◆ The outstanding debt can be corrected in line with GRAP 3 (example: administrative errors due to billing).
- c) Irrecoverable debts will be reviewed on an annual basis.

8.15 DECEASED ESTATES

The Executor of a Deceased Estate shall be liable for payment of all debts on the property.

8.16 DEBT WRITE OFF

- a) All irrecoverable debt (as per section 10 of this policy) will be submitted for write-off.
- b) All write-offs for first time indigent consumers will be submitted to council on an annual basis, unless otherwise directed for write off.
- c) Write offs will be charged against provision for bad debts account in the Statement of Financial Position.
- d) All write-off submissions shall include the relevant debt information such as names, account number, amounts, regions and wards and criteria met to qualify as irrecoverable debt.
- e) All submitted write-offs will be submitted to internal audit for review, whom shall then forward it to Audit Committee for recommendations.
- f) All write-offs should be submitted to internal committee structures and approved by council.
- g) All debtors that the owner could not be previously traced and once traced an offer of 70% to settle the debt is made and for the 30% to be written off and a commitment made to continue honoring the current account.
- h) Write-offs on properties previously owned by a deceased person up until the date of death to allow the new debtor to open a new account and take responsibility for the accumulating debt from the date of death

8.17 IMPAIRMENT OF CONSUMER DEBTORS

- a) Consumer debtors, long term receivables and other debtors are stated at cost less a provision for bad debts. The provision is made on an individual basis or, based on expected cash flows
- b) All impairment of debtors will be accounted for in terms of GRAP standards.
- c) All impairment movement/s will be expensed directly to the Statement of Financial Performance.

The Municipality will use Individual classes of loans and receivable are assessed for impairment using the following methodologies:

Consumer debtors are evaluated at each reporting date and impaired as follows:-

Category of Debtors	Percentage of Debt regarded as Collectable	Percentage of Debt Provided for as Irrecoverable (i.e. Impairment Percentage)
Credit Balance	Zero	Zero
In-Active Accounts	Zero	100%
Approved Indigents	Zero	100%
Debt Ageing 180+ Days	Average Payment Collection Rate Over Preceding 12 Months	100a/o Less Average Payment Collection Rate Over Preceding 12 Months
Debt Ageing Than 180 Days <u>less</u>	100%	Zero

8.18 DISCLAIMER

Municipal Council will be under no obligation to write off any debt and will always have the sole discretion to do so.

9.1 Unauthorized connection of water/electricity supply

9.1.1 The municipality is unlawfully and unfairly deprived of its benefits and income due to illegal connections by consumers.

9.1.2 The unauthorized reconnection of, or tampering with, a service supply is considered a criminal offence which may result in legal action being taken.

9.2 INSPECTION

- a) The municipality will from time to time send a team of employees and or appointed service providers, to inspect illegal connections.
- b) The municipality shall issue a notice to the consumer to be available on a day specified by the municipality.
- c) If the consumer fails to adhere, the water/electricity supply will be effectively disconnected.
- d) The municipality shall incur no liability for any loss sustained as a result of these processes or termination.
- e) The inspection will and is not limited to or confined to The municipality trading hours or working days.
- f) The municipality shall have an unlimited right of access to premises in which such services are rendered.

9.3 FINE / PENALTY

9.3.1 The municipality shall charge interest on business and government account if not paid within the due date.

9.3.2 On illegal connection the following punishment will be handed down:

a) **First time illegal connectors:**

Meter infrastructure will be removed and a fine in line with Council approved tariff list will be payable.

b) **Second time illegal connectors:**

Meter cables will be removed and a payable fine in line with Council approved tariff list will be payable.

10.1 Roles and Responsibilities

10.1.1 Mayor

A municipality's mayor shall—

- a) oversee and monitor—
 - (i) the implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted; and
 - (ii) the performance of the Accounting Officer in implementing the policy and any by-laws;
- b) when necessary, evaluate or review the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and
- c) at such intervals as may be determined by the municipal report to a meeting of the council, except when the council itself performs the duties mentioned in paragraphs (a) and (b).

10.1.2 Accounting Officer

The Accounting Officer shall—

- a) implement and enforce the municipality's credit control and debt collection policy and any by-laws enacted;
- b) in accordance with the credit control and debt collection policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality; and
- c) at such intervals as may be determined by the municipal report the prescribed particulars to a meeting of the supervisory authority.
- d) The accounting officer of a municipality shall be responsible for the management of the revenue of the municipality.

10.1.3 The accounting officer shall 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 accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- d) 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) recognizes 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 for arrears on all consumer accounts at the rate of prime +1.
- 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.

10.1.4 The accounting officer shall immediately inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

10.2 Senior managers

Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities shall take all reasonable steps within their respective areas of responsibility to ensure that all revenue due to the municipality is collected.

11.1 Monitoring, Evaluation and Reporting

11.1.1 The accounting officer of a municipality shall by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the actual revenue, per revenue source following particulars for that month and for the financial year up to the end of that month.

11.1.2 The accounting officer should furthermore include an explanation of:

- a) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
- b) any material variances from the service delivery and budget implementation plan; and
- c) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

11.1.3 The above statement must include a projection of the relevant municipality's revenue and expenditure for the rest of the financial year.

12.1 Application of the policy

- 12.1.1 All services of the municipality as well as all infrastructure used to deliver this service belong to municipality. The Municipality can monitor, upgrade, or remove its infrastructure without notifying and or seeking approval from the consumer.
- 12.1.2 The municipality reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying this Policy. The municipality will on application of the credit control policy avoid discrimination as forbidden by the Constitution, unless it is established that the discrimination is fair as allowed by the Constitution. No debtor (excepted for approved Indigent consumers) may be exempted from credit control action as a sign of goodwill for any period of time as this is in contravention of the action applied in this policy and the Credit Control principles contained in the Municipal Systems Act No. 3 of 2000.
- 12.1.3 Should there be any conflict between these By-laws and any other by-laws of municipality, this By-laws prevail.

13.1 Implementation

This Credit Control and Debt Collection Policy will be adopted and implemented at the start of the financial year after Council approval.