

mSCOA REGULATIONS

NATIONAL TREASURY ACCOUNTS RECEIVABLE WORKING GROUP MEETINGS

No.	Presented Agenda Item	Description of Comments/ Questions	Potential Impact
1	System Debt Write Off	The City has a credit control policy in place to write off debt. Council doesn't have to approve each write off. We also have system that allows management to approve the write off. Amount less than R 5 000 000 can be approved by the director and the amount more than R 500 000 need to go to the council for approval	Input
2	Review Interest Allocation	Discounting of debtors, the system is able to do that, however they don't allow the agreement to be more than 6 months.	Comment
3	Write off	In terms of the MFMA does not require the write off the debtor to go to council every time. The policy is already approved by council. On annual basis we take the report to council for all our written off	Input
4	Undertake reporting and document management	Close off month. Prior to month end, we normally close our month end and then we start with our reporting and run reports.	Clarity
5	Write off debt	Criteria for write off after council approval, we write off the balance due including penalties in terms of criteria.	Clarity
6	Accounts receivables	It is impractical for municipalities to get approval from Council for each write-off. The process needs to include that a municipality must include the criteria for write-offs in their Credit Control and Debt Collection policies	Compliance impact
7	Accounts receivables	Slide to be amended to start the process after month-end and not prior.	Compliance impact
8	Accounts receivables	The VAT is done by and should not be done by an independent person (budget office) not in debtors or creditors (outside expenditure and revenue) for separation of duties for internal control purposes.	Comment

9	Accounts receivables	Disagree with the statement of Budget Official. Different officials complete these returns. For Saldanha that function resides within Expenditure and there is SOD. Agree with your amendment though.	Input
10	Accounts receivables	Unallocated deposits should be considered as output vat reconciliation because some municipalities will record e.g. prepaid electricity as unallocated deposits and not allocated, where or prepaid electricity a declaration for output tax should be made when the funds are received as well by the third party. A consideration to include unallocated deposits should be included as the review of AFS for municipalities indicates the unallocated deposits balances are extremely high. Also consideration of other receipts should be considered e.g. grants and zero rated transactions taking into account of section 11-3 of the VAT	Comment
11	Accounts receivables	Regarding the output tax declaration some municipalities declare it as exempt supply for prepaid electricity benefiting twice as they are not declaring output tax and claiming input tax for the purchases of the prepaid electricity. Request that when the submissions are done ensure that the calculations are accurate.	Comment
12	Accounts receivables	Can there be an accounting policy and not debt control policy, separate policy?	Clarity
13	Accounts receivables	Agree with Zindzi. In general should business processes not be defined in such a way, and then regulated that makes the compliance to a regulated business process dependant on system requirements, that will only be considered after the business processes finalisation. There should be room for manual implementation. I noted in different working groups certain business processes are dependant on certain system requirements. I fully understand that the end goal is to automate eventually, but the reality is, that the automation, system requirements is the manner in which a business process will be implemented, otherwise there will be many areas of non-compliance in terms of business process. Kindly consider this in all business process working groups. has context menu	Comment
14	Accounts receivables	For Swartland, The responsible person is also responsible for payables	Comment
15	Accounts receivables	VAT returns are compiled by different people depends on the organisational structure. If differs from municipalities. Yes delegated VAT official more appropriate.	
16	Section 1	Section 1 for background was blank	Input
17	Applicable legislation	Include GRAP standards	Input
18	Recognise the receipt via cashier or via direct deposit	Process was blank	Input

19	Identify the debtor account to allocate the receipt	This must be setup up via the Bank and Cash Module to automatically allocate receipts. Bank Statement is imported. Alternatively, each receipt must be linked to the AR Module and Debtors account	Input
20	Identify the debtor account to allocate the receipt	Allocation of receipt to various service categories: This should be aligned to policy of the municipality including the % per service and rates	Input
21	Record as unallocated	* Amounts reflected on the bank statement which do not contain a valid customer account number or other trace-able details should be posted to the unallocated receipts account . : Comment- Should remain in clearing account (It does not get posted here) as transactions are imported via the bank and cash module.	Input
22	Review and amend system allocation of interest	debtors policy : Comment. Please look at the naming convention, as some municipalities refer to this as a credit control policy. This should be considered throughout the document.	Input
23	Review and amend system allocation of interest	Interest should be allocated per service and per category of non-exchange receivables.	Input
24	Debtors reconciliation	Should the reconciliation not be completed before month end close?	Input
25	Vat reconciliation	There can be a reports that extracts all transactions that are subject to VAT - Its called a VAT 201 Report, VAT 201 Calculation report. This would be transactions linked from the General Ledger directly. The municipality should consider any adjustments that may need to be processed within the VAT period per the VAT419 guide. Example. VAT not claimed previously or VAT not declared previously. System would be system up to include VAT on Payment basis or invoice basis for reporting to SARS Age analysis is not a source. It's the GL transactions	Input
26	Vat reconciliation	Use of capital letters (VAT should be capitalised included O in output and "I" in Input)	Input

27	Debtors provision	Debtors should be reviewed regularly as debtors may not only age at year end. Parameters should be setup debtors history to identify this	Input
28		Grammatical corrections	Input

Contributor Name	Contributor Organisation	Date Received	Date Closed	Action Owner	Progress Status
Eloise	City of Cape Town	26-Jul-24	31-Jul-24	Sarah Dunmun	Completed.
Ria Alberts	Swartland Municipality	26-Jul-24	31-Jul-24	Sarah Dunmun	Completed.
William Theodorr	Saldanha Bay Local Municipality	26-Jul-24	31-Jul-24	Sarah Dunmun	Completed.
Eloise	City of Cape Town	26-Jul-24	31-Jul-24	Sarah Dunmun	Completed.
X. Mkhize	Ethekwini Municipality	26-Jul-24	31-Jul-24	Sarah Dunmun	Completed.
Eloise Greyling	City of Cape Town	20/08/2024	26/08/2024	Sarah Dunmun	Completed.
Eloise Greyling	City of Cape Town	20/08/2024	26/08/2024	Sarah Dunmun	Completed.
Christina da Cruz	Umhlathuze Municipality	02-Oct-24	10-Oct-24	Sarah Dunmun	Completed.

Theodorr Williams	Saldanha bay Municipality	02-Oct-24	10-Oct-24	Sarah Dunmun	Completed.
Johan van Wyk	NT-GTAC	02-Oct-24	10-Oct-24	Sarah Dunmun	Completed.
Hannes Scheeers	SARS	02-Oct-24	10-Oct-24	Sarah Dunmun	Completed.
Riaan Alberts	Swartland Municipality	02-Oct-24	10-Oct-24	Sarah Dunmun	Completed.
Sybrand Roets	Saldanha bay Municipality	02-Oct-24	10-Oct-24	Sarah Dunmun	Completed.
Riaan Alberts	Swartland Municipality	02-Oct-24	10-Oct-24	Sarah Dunmun	Completed.
Willemien Wessels	Mooregrg	02-Oct-24	10-Oct-24	Sarah Dunmun	Completed.
KZN Provincial treasury	Brownwyn Govender	07/11/2024	11/11/2024	Sarah Dunmun	Completed
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Notes
Process updated to indicate that write offs must occur in terms of council approved policy
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Idea behind preparing reports first is to enable identified errors to be completed prior to month end system closure
Updated the process- write off to occur based on debt policy and delegations of authority.
Updated to indicate "post month end"

Standardise
d wording

Objective of
the process
is to
document
the standard
process and
not dictate
accounting
treatment

In the case of EFT receipts, the bank statement imported into the system should be set up to allocate customer receipts to the customers account based on the customer reference number.

Updated
Interest should be levied based on council approved policies
Amended to include "system vat report" Removed reference to "source"

Amended timelines