

## LESEDI LOCAL MUNICIPALITY

**STANDARD OPERATING PROCEDURES**  
**FOR REVENUE MANAGEMENT, CREDIT CONTROL AND DEBT MANAGEMENT**  
**(2013/2014)**

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
<b>1</b>	<b>Debtors' maintenance and administration:</b>		
1.1	Revenue must ensure that all consumers have an account opened for billing as per approved tariffs policy and a signed agreement in place.	On going	Accountant Revenue
1.2	Upon receiving an application form for a new connection with an ID copy, regarding new applicants, open an account using the details contained in the form to create an account for billing.	On going	Debtors Clerk
1.3	Ensure that correct details are entered on the agreement & completed i.e. addresses, ID number and amounts billed on the financial system.	On going	Debtors Clerk
1.4	Review the property information on the system by inspection of relevant documents including the title deed (or deeds search document) and signed agreement and confirm ownership or lease agreements with the details of the prospective customer.	On going	Debtors /enquiry Clerk
1.5	Inspect the property information for any outstanding balances. Attach the printout of the previous owners or tenants balance to the application form.	On going	Debtors /enquiry Clerk
1.6	If outstanding balances exist, ensure that the owner settle the outstanding amounts prior to registering the new customer against the property.	On going	Debtors /enquiry Clerk
1.7	Sign the checklist as evidence of checking the required information and documentation and submit the completed application form and signed checklist to Accountant Income for review.	On going	Debtors /enquiry Clerk
1.8	Review the completed application form and the signed checklist for validity, completeness and accuracy; If all is in order approve the application form, otherwise return the form for correction. Return approved form to enquiries clerk /debtors clerk for registering on the application register.	On going	Debtors /enquiry Clerk
1.9	Submit a copy of the approved application form to Technical Services / contractor for connection of services. Request the	On going	Debtors /enquiry Clerk

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
	relevant person to acknowledge receipt of the new application form by signing the new application register.		
1.10	Enter the meter information on the system.	On going	Debtors /enquiry Clerk
1.11	Link meter information to the account and raise deposit.	On going	Debtors /enquiry Clerk
1.12	Verify the meter information against the application form to confirm that the information was captured correctly. <b>Sign the application as evidence of processing.</b>	On going	Debtors /enquiry Clerk, Accountant Income
1.13	Print a list of all the new accounts for the day (connections report) and review.	Weekly basis	Accountant Income
1.14	For terminations and reconnections update the daily application Register and send to Trading Services / Contractor for physical termination and reconnections.	On going	Debtors /enquiry Clerk,
1.15	Accounts must be billed <b>by the 25<sup>th</sup> of every month</b> except at the last working day of the financial year. It must be mailed within five working days after billing, in order to avoid late payments.	Monthly basis	Accountant Income
1.16	Debtors' Reconciliation must be performed every month and be submitted to the Manager: Income by the <b>7<sup>th</sup> of every month</b> for verification & be signed off as correct.	Monthly basis	Accountant Income
1.17	Monitor the debtors' accounts for outstanding amounts by working on the Debtors Age Analysis & focus more attention on outstanding debtors of 30 days and more.	On going	Chief Credit Controller
	Chief Building Inspector - Any new structure must include occupation certificates (must be forwarded to Finance Department)	On going	Chief building inspector
1.18	Debtors must be contacted telephonically to make arrangements and reminders have to be sent for outstanding amounts. All this must be recorded.	Weekly basis	Accountant Credit Control
1.19	Blocked accounts must be monitored by Credit Control for correctness to avoid blocking a paid up consumer.	On going	Accountant Credit Control
1.20	Credit Control & Debt Collection Policy must be implemented fully where disconnections of services / restrictions take place, by compiling a Disconnection List to be forwarded to the contractor doing disconnections on behalf of the municipality. Implementation must be on a monthly basis after the cut-off date for accounts payments.	Monthly basis	Accountant Credit Control

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
1.21	Outstanding debtors for more than 90 days must be handed over to a Debt Collector, with the exception of approved indigents which amounts must be written off on approval by Council.	On going	Chief Credit Controller
<b>2</b>	<b>Disconnection &amp; reconnection of services (Credit Control)</b>		
2.1	If a consumer account has been disconnected / blocked for pre-paid system due to non-payment of services, the reconnection fees as stipulated on the Debt Collection and Credit control policy must be paid before the services are reconnected and/ or an arrangement are entered into between Council as per Delegation of Powers and the relevant consumer/ ratepayer.	On going	Chief credit Controller , Accountant Credit Controller, Credit control section
2.2	That the Legal Section be notified when services related to accounts that was not paid for cases where it might become a judgement case.	On going	Chief credit Controller , Accountant Credit Controller
2.3	Issue notices for credit control purposes in line with policy for outstanding amounts	On going	Chief credit Controller , Accountant Credit Controller Credit control section
2.4	Arrangements to be done in line with the credit control policy: <ul style="list-style-type: none"> <li>- Residential – payment of 10% + current account to be received before arrangements could be made</li> <li>- Business – payment of 20% + current account to be received before arrangements could be made</li> </ul>	On going	Chief credit Controller , Accountant Credit Controller, Credit Control section
2.5	Payment extension is only applicable to current accounts and the application should be submitted before the due date in terms of the policy – the applicant will be informed if the application has been declined	On going	Chief credit Controller , Accountant Credit Controller, Credit control section
2.5	Hand over accounts with balances of 90 days and above to the debt collectors.	On going	Chief Credit Controller Accountant Credit Controller,
2.6	Manage payment files for handed over accounts	Weekly	Chief Credit Controller Accountant Credit Controller,

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
2.7	Handle accounts queries for accounts handed over	Daily	Meter reading section, Credit control section
2.8	Withdraw handed over accounts for Indigent accounts or if accounts were handed over erroneously	Daily	Chief Credit Controller Accountant Credit Controller,
2.9	Apply all the steps of disconnection of services for defaulters in line with credit control policy	Monthly	Chief Credit Controller Accountant Credit Controller, credit control section
<b>3</b>	<b>Fines on Meter Tampering (credit control)</b>		
3.1	If a consumer has been found, having tampered with the electricity or water meter, the flow will be reduced by means of a restrictor whereafter the relevant fees as stipulated on the Debt Collection and Credit Control Policy will be applicable.	On going	Chief Credit Controller, Accountant Credit Controller
3.2	Ensure that the BCX System record it as a non-exchange on the system and not as an exchange transaction	On going	Chief Credit Controller, Accountant Credit Controller
3.3	The Electricians will not remove and/or change any maintenance work on the electrical poles prior to consulting with the Finance Department	On going	Chief Credit Controller, Accountant Credit Controller, Electrical dept
3.4	Meter audits will be done on a regular basis utilising usage data on the system where accounts movements are monitored to detect any electricity or water usage through a meter or prepaid. If no movements or minor movements are noticed, then that account will be included on the list to be forwarded to the appointed contractor / officials to go and audit such a meter.	On going	Chief credit controller, Accountant Credit Control
<b>4</b>	<b>Refunds of credit amounts to consumers</b>		
4.1	Refunds on credit accounts can only be done by cheque or electronic transfer. <b>Cheque:</b> A cheque will be issued to a customer when no certified copy of a bank statement has been received. The cheque will be issued in the name of the register person on the billing system	On going	Debtors Clerk

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
	<p><b>Electronic Transfer:</b></p> <p>Electronic transfers can only be done once the certified bank statement has been received from the register debtor on the billing system for verification of purposes. A copy of the bank statement must be attached on the refund request. The banking details must be verified by two officials.</p>		
4.2	Capture and process refunds for accounts with credit balances for deposit accounts, property transfer accounts and sundry accounts (hall deposits etc.)	Weekly	Debtors Clerk
4.3	Review and approve refunds for deposit accounts, property transfer accounts and sundry accounts (hall deposits etc.)	Weekly	Accountant Income
4.4	Perform monthly refund reconciliation for deposits and property transfer accounts and sundry accounts (hall deposits etc.)	Monthly basis	Debtors Clerk
4.5	Review and authorise monthly refunds reconciliation	Monthly basis	Accountant Income
<b>5</b>	<b>Investments</b>		
5.1	An Investments Register Report must be compiled by the Manager: Revenue Management and Credit Control, entailing all Lesedi LM's investments and it must be reconciled to the General Ledger with interest rates, types of investments, date of maturity, account number, amount and the name of the financial institution where the account is held.	Monthly basis	Manager Revenue and Credit Control
5.2	An Investment Register/ report must be reviewed by the CFO and be submitted to Council for information.	Monthly basis	CFO
5.3	The additions or withdrawals must be approved as per Investment Policy.	On going	Manager Revenue and Credit Control
<b>6</b>	<b>Revenue management: Receipting</b>		
6.1	Cash (incl. cheques and postal orders) as well as bank deposits received must be receipted by the cashiers.	On going	Cashier
6.2	The supervisor and responsible cashier identified by the supervisor are responsible to hand the money bags over to the cash collectors and signed for the total bags given to them.	On going	Head cashier and Cashier
6.3	A daily balancing per cashier is being done by the cashiers themselves.	On going	Cashier
6.4	Both cashier and supervisor must count the money together.	On going	Head cashier and cashier

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
6.5	The supervisor then does a cash up on the system and draw receipt reports and does a summary per cashier (per day), that must be balanced back to the daily cash received.	On going	Head cashier
6.6	Each cashier must put their daily earning in their own money bag after they have balanced.	On going	Cashier
6.8	The money bag must be sealed and the seal number must be recorded in the register and signed off by the cashier as well as the supervisor.	On going	Cashier and Head Cashier
6.9	All cash, postal order and cheques in the money bag received must be locked up in the safe overnight until the money is collected by the cash collector.	On going	Head cashier and Cashier
	<p><b><u>NB</u></b></p> <ul style="list-style-type: none"> <li>• <b>No cashier must have the keys as well as the pin code for the money safe.</b></li> <li>• <b>The supervisor has no access to the money safe – only keys for the strong room and strong room pin code.</b></li> </ul>		
6.10	Cheques received through the post, are recorded in a Cheque Register by the two finance officials who are not cashiers, who takes it to the cashiers, who receipt these cheques and are recorded in the Cheque Register that will be being signed off by the supervisor.	On daily basis	Debtors Clerks
6.11	<p><b>Supervisor responsible for store room keys and combination:</b> Combination and keys for store room: Supervisors</p> <p><b>Cashiers responsible for money safe keys and combination Monday to Friday</b> The cashiers responsible for combination (permanent cashiers only) :</p> <p><b>The cashiers responsible for the keys</b></p> <p><b>Money safe for Saturdays</b> Responsible cashiers will have keys according to work schedule for Saturdays NB!</p>	Daily basis	Manager Revenue and Credit Control, Accountant Income

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
	<p>Key no 1: Cashiers Key no 2: Cashiers</p> <p><b>No cashiers will have access to both keys; keys are numbered key 1 and key 2.</b></p>		
6.12	<p><b>Procedure of the day – Monday to Friday</b></p> <ol style="list-style-type: none"> <li>1. We arrive at work 7:15AM and login to the machine.</li> <li>2. The supervisor and the cashiers will all go to the safe.</li> <li>3. The supervisor will unlock the store-room and de-activate the alarm.</li> <li>4. One cashier will open the safe with the keys and one cashier will open the safe with the code.</li> <li>5. All the cashiers will take out their float then the cashier will lock the safe and the code and the supervisor will lock the store-room.</li> </ol> <p>6. We start to work at 7:30am and the cashiers will take out their float box with their float and put it in their cash drawers and start with their normal duties while the supervisor updates the receipts. When coin arrive to collect previous day's money the supervisor with two cashiers will go to the safe together with coin to collect the money bags</p> <p>Supervisor will unlock the store-room and one cashier will unlock the safe with the keys and the other cashier will open with the code, then one cashier will take out the bags from the safe and a official from coin will scan all the bags, comparing the seal numbers from the bags with the one on the COIN slip, then all officials involved with the transaction will sign the "coin slip" .(supervisor, cashier, COIN official)</p> <ol style="list-style-type: none"> <li>7. Lesedi Cash Counters close at 3:30pm, then the cashiers start balancing .The supervisor and the cashier will count the money together, the float will be counted out and will be locked into the cashiers float box; the rest of the money will be counted as the day's takings. If the cashier does not balance the supervisor will check the totals and update each cashier, if there is a surplus the money will be banked into the surplus</li> </ol>	Daily basis	Head cashier and Cashiers

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
	<p>vote the same day and will be recorded in a register. If there is a short fall the cashier must immediately pay the shortfall to enable him/her to balance.</p> <p>8. Each cashier complete his/her own bank book as allocated to them, then the supervisor will check the bank book and sign. The cashier will put the money together with the bank book in the coin bag and seal the bag in front of the supervisor. The cashier will write the seal number in the coin register book and sign. The supervisor will compare the numbers and co-sign.</p> <p>9. All the cashiers and the supervisor will go to the safe and each cashier will put her money together with the float in the safe, a cashier with the keys will lock the safe and the other cashier will turn the knob then everyone will leave. The supervisor will lock the store-room and activate the alarm.</p> <p>10. At 16:15 the supervisor will lock the office and after completion of the time sheet, everyone will leave the office.</p> <p><b>Procedure for Saturday</b></p> <p>1. On a Saturday the Supervisor and Cashiers will arrive at 7:45AM and log into the machine.</p> <p>2. The supervisor and the cashiers will go to the safe, and then the supervisor will unlock the store room and de-activate the alarm the cashiers will open the small safe with different keys to take out their float.</p> <p>3. They will proceed with normal duties at 8:00am with our. the cashiers will issue receipts to customers and supervisor will update the receipts.</p> <p>4. We close at 11:00am and the cashiers will start balancing. The supervisor and the cashier will count the money together; the float will be counted out and will be locked into the cashiers float box, the rest of the money will be counted as the day's takings if the cashier does not balance the supervisor will check the totals and update each cashier. If there is a surplus the money will be banked into the surplus vote the</p>		



NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
	<p>same day and will be recorded in a register. If there is shortfall the cashier must immediately pay the shortfall to the balance.</p> <p>5. Each cashier writes her own banking then the supervisor will check the bank book and sign. The cashier will put the money together with the bank book in coin bag and seal the bag in front of the supervisor. The cashier will write the seal number in the coin register book and sign, then the supervisor will compare the numbers and sign.</p> <p>6. All the cahiers and the supervisor will go to the safe and each cashier will put her money together with the float in the small safe, the two cashiers will lock the small safe then we all go out, the supervisor will lock the store-room and activate the alarm</p> <p>7. At 12:00 the supervisor will lock the office door and safety door and we all go to sign the time sheet and thereafter we go home.</p>		
<b>7.</b>	<b>Stand Record Maintenance</b>		
7.1	Create and maintain stand record.	On going	Debtors Clerk
7.2	Review of stand maintenance notes as well as ensuring audit trail of any data changes such as unit creation, owners type, stand address changes, unit re-numbering, building code changes, unit owner type changes, stand address changes, unit status change, unit tariff code changes, unit size changes, unit valuations changes, zone code changes	On going	Accountant Income
	Uploading of valuation roll into the system for the purpose of levying assessment rates and verification	On going	Accountant Income and Manager Revenue and Credit Control
7.3	Review and maintain the interim and general valuation roll in order to ensure timeous update of the valuation roll on the financial system by reviewing the valuation roll reconciliation in order to ensure that all the stands are levied with assessment rates.	On going and yearly	Accountant Income
7.4	Monthly reconciliation of the valuation roll or monthly balancing of the valuation roll by the 7 <sup>th</sup> of each month	Monthly basis	Debtors Clerk

<b>NR</b>	<b>PROCEDURE</b>	<b>FREQUENCY</b>	<b>RESPONSIBLE PERSON</b>
7.5	Review monthly reconciliation of the valuation roll or balancing of the valuation roll	Monthly basis	Accountant Income
7.6	Issuing of clearance cost schedules and clearance certificates over the period of 120 days (4months)	On going	Debtors Clerk
7.7	Review and authorize clearance certificates.	On going	Manager Revenue and credit Control and Accountant Income
7.8	Registrations and transfers of properties from one owner to the other.	On going	Debtors Clerk
7.9	Updating supplementary valuation (subdivisions, consolidations, township establishments, and notarial tides)	On going	Debtors Clerk
7.10	Authorisation of supplementary valuation (subdivisions, consolidations, township establishments, and notarial tides)	On going	Accountant Income
7.11	Updating stand records with correct tariffs for new zonings/land usage and occupational certificates	On going	Debtors Clerk
7.12	Refunds after the property transfers has been successful transferred where there is a credit.	On going	Debtors Clerk
7.13	Maintenance of rebates, objections, impermissible rates and further rebates granted to pensioners and any other rebates that are granted in terms of the MPRA Act	On going	Debtors Clerk
7.14	Processing of the journal – adjustments to stand records (adjustments to the general and supplementary valuation roll, correction of tariffs, adjustments relating to valuation objections and adjustments relating to property transfers and registration) – the Debtors Clerk must capture the journal and the Accountant Income must authorise and process the journal by performing analytical procedures by scrutinizing the journal document and the journal attachments, check if all calculations are done correctly by re-performing the calculations	On going	Debtors clerk and Accountant income
7.15	Ensure that all the property transfers and registrations have been updated on the financial system by scrutinizing the list of deeds searched against the financial system.	Monthly basis	Accountant Income
7.16	Issue the valuation certificate upon application	On going	Debtors Clerk
7.17	Review and authorise the valuation certificate	On going	Manager Revenue and Credit Control,

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
			Accountant Income
7.18	Audit all new development land uses and the zonings updated on the financial system e.g. residential property re-zoned to the business in order to ensure that the system contains accurate data and correct tariffs are charged for the correct categories as outlined in the valuation roll.	On going	Debtors Clerk
7.19	Review all audited new development land uses and the zonings updated on the financial system. <b>Received documents from Town Planning</b>	On going	Accountant income
7.20	Review all occupational certificates received from the Planning Department and ensure that they are updated on the financial system to ensure that developed stands are levied with correct tariffs e.g. a stand developed from empty stand to improved stand and apply the applicable tariff as per tariff policy.	On going	Accountant Income
7.21	Ensure that all <u>inactive</u> stands are not levied and municipal accounts are not levied.	On going	Debtors Clerk
<b>8</b>	<b>Rental stock maintenance</b>		
8.1	Create accounts for rental stock as soon as the contracts are received from respective departments (DP, Community services)	On going	Debtors Clerk
	From the land register and investment property register, identify property held for rental		
	Liaise with the Legal Unit to ensure that a rental contract is in place		
	Gauteng Rental Tribunal to be consulted ! ( <i>Reminder</i> )		
8.2	Ensure that accounts for rental stock are levied with rental fee	Monthly basis	Debtors Clerk
8.3	Perform monthly reconciliation for all rental stock accounts and reviewed by senior	Monthly basis	Debtors Clerk
<b>9.</b>	<b>Meter and meter reading maintenance</b>		
9.1	Import the meter reading on debtors accounts so that consumers can be billed accordingly	Daily / monthly basis	Debtors Clerk

<b>NR</b>	<b>PROCEDURE</b>	<b>FREQUENCY</b>	<b>RESPONSIBLE PERSON</b>
9.2	Analysing of variance reports on meter readings	Daily / Monthly basis	Debtors Clerk
9.3	Conducting adjustments meter reading records and journalising corrections upon receipt of test readings	Daily	Debtors Clerk
9.4	Reporting of faulty / defective meters to Infrastructure department	Daily	Debtors Clerk
9.5	Update new meter records on debtors records (financial system)	Daily	Debtors Clerk
9.6	Advising stakeholders on all changes and adjustments	Daily	Debtors Clerk
9.7	Update readings on the system for industrial effluent before the billing	Monthly basis	Debtors Clerk
9.10	Journalise charges for replacement of damaged meters	Daily	Debtors Clerk
9.11	Manage estimated readings to an acceptable level	Daily	Debtors Clerk
<b>10</b>	<b>Key Controls: Revenue management</b>		
10.1	Senior personnel monitor on a daily basis that all revenue transactions are recorded accurately and timeously, including direct income.	Monthly basis	Manager Revenue and Credit Control
10.2	Water meters are read on a monthly basis.	Monthly basis	Manager Revenue and Credit Control
10.3	Ensure monthly reconciliations are performed for debtors, deposits, halls and refunds, any variances to be followed up, investigated and necessary adjustments be made. Reconciliations to be reviewed and signed off by Manager	Monthly basis	Manager Revenue and Credit Control
10.4	Actual revenue is compared to budgeted revenue on a monthly basis and explanations for significant variances are provided to the CFO and Municipal Manager.	Monthly basis	Manager Revenue and Credit Control
<b>11</b>	<b>Key Controls: Accounts receivables</b>		
11.1	Senior personnel monitor on a daily basis that all unallocated deposits are followed up, investigated and allocated to the appropriate customer accounts.	Monthly basis	Accountant Income /Manager Revenue and Credit Control
11.2	The debtors' sub-ledger is reconciled to the debtors control account on a monthly basis.	Monthly basis	Accountant Income, Manager Revenue and Credit Control

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
11.3	The amount per the age analysis agrees to the amount per the general ledger. Debtors' reconciliations are prepared and reviewed by appropriate senior management.	Monthly basis	Manager Revenue and Credit Control
11.4	Provision for doubtful debts is calculated in accordance with GRAP on a monthly basis. This provision is reconciled to the general ledger and is approved by the appropriate level of senior management.	Monthly basis	Manager Revenue and Credit Control
11.5	The adequacy of the provision for bad debts is assessed on a regular basis	Monthly basis	Manager Revenue and Credit Control
11.6	Debtors are collected timeously in line with legislated requirements (MFMA sec 64, MSA sec 95, Credit Control and Debt Collection)	Monthly basis	Manager Revenue and Credit Control
<b>12</b>	<b>Indigent management</b>		
12.1	Receive a file of indigent from community services department and populate applicable balances on the file to determine the total amount to be written off	Monthly basis	Chief Credit Controller, Accountant Credit Controller
12.2	Prepare an item to council for write offs	Monthly basis	Chief Credit Controller, Accountant Credit Controller
12.3	Do the write offs for all approved indigents immediately after receiving council resolution	Monthly basis / Daily	Chief Credit Controller, Accountant Credit Controller, credit control clerks
12.4	Update applicable indigent tariffs for all approved indigent accounts	Monthly basis / Daily	Chief Credit Controller, Accountant Credit Controller, credit control clerks
12.5	Issue notices for all expired indigents	Monthly basis	Chief Credit Controller, Accountant Credit Controller,

NR	PROCEDURE	FREQUENCY	RESPONSIBLE PERSON
			credit control clerks
12.6	Circulate indigent register to all ward Councillors and to satellite offices	Monthly basis	Chief Credit Controller, Accountant Credit Controller, credit control clerks
12.7	Withdraw handed over indigent accounts from the debt collector	Monthly basis	Chief Credit Controller, Accountant Credit Controller,
12.8	Cancel the status of expired indigent accounts on the system	Monthly basis	Chief Credit Controller, Accountant Credit Controller

### **APPROVAL OF SOP**

SIGNATURE : LINE MANAGER

DATE

SIGNATURE : HEAD OF DEPARTMENT

DATE