

OVERBERG DISTRICT
MUNICIPALITY

CREDIT CONTROL AND DEBT

COLLECTION POLICY

CONCEPT DOCUMENT

Preamble

Whereas section 62 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (hereinafter referred ad the “MFMA”) determines that a municipality must introduce appropriate credit control and dept collection

And

Whereas section 96(b) of the Local Government: Municipal Systems Act no 32 of 2000(hereinafter referred as the “Systems Act”), obliges the Overberg District Municipality (hereinafter referred as the “ODM”) to collect all money that is due and payable to it, subject to the provisions of the Acts and any other applicable legislation.

And whereas section 62(1)(f)(3) of the MFMA states as follows:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure –

(f) That the municipality has and implements –

3. a credit control and debt collection policy referred to in terms of section 96(b) of the Municipal Systems act, and

Now therefore the following is adopted as the Credit control and Dept collection policy of the ODM (hereinafter referred to as the “POLICY”) as set out here under.

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1. DESCRIPTION OF TERMINOLOGY:

In this document, unless proven different within the context, the following terms mean –

“Arrangement” – means a written agreement entered into between the Council and the debtor where specific repayment parameters are agreed upon.

‘Arrears’-means those rates and services charge that have not been paid by the due date and for which no arrangement has been made.

“administration” – the MUNICIPAL MANAGER of the Council, his or her appointee, or any other official appointed by the Council for the implementation and enforcement of the Council’s policy for credit control and debt collection and any other decrees;

“Creditors Control” –means all the functions relating to the collection of monies owned by ratepayers and the users of municipal services.

‘Creditors Control and Debt Collection Policy’ – means the municipality Credit Control and Debt Collection Policy as required by sections 96 (b) of the Systems Act;

“Customer” –means any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality.

“Council” – OVERBERG DISTRICT MUNICIPALITY or any of the Council’s committees or officials by virtue of authority, functions and duties delegated to them in terms of any existing law, ordinance or decree which is in force within the jurisdiction of the Council;

“Day” – means working days starting from Monday to Friday unless the specific day is a public holiday as determined in the Republic of South Africa.

"Municipality account" –means an account rendered specifying charges for services provided by the municipality, or any authorized and contracted services provider, and/or assessment rates levies.

"municipal services" –means those services provided by the municipality, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, and for which services charges are levied.

"person" – any natural person, local governing body or similar authority, a company or closed corporation incorporated under any law, a body of persons incorporated or not, a statutory body, public utility body, voluntary society or trust;

"Systems Act" means the Local Government: Municipal Systems Act, 32 of 2000;

"Tariff" means fees, charges, or any other tariffs levied by Council respect of any function or service provided by the municipality.

2. SCOPE OF POLICY

The scope of the policy provide for the following:

- 2.1 Credit control procedures and mechanism.
- 2.2 Debt collection procedures and mechanism.
- 2.3 Interest on arrears, where appropriate
- 2.4 Extension on time under certain circumstances
- 2.5 The termination or restriction of services when payments are in arrears

2.1 Credit control procedures and mechanism

The implementation of the procedures lies with the implementing administration and the authority will institute the administrative procedures and mechanisms to implement the following key procedures:

2.1.1 Service agreements

- I. The signing of service agreements are important and key to the rendering of services.
- II. The agreement constitutes a legal binding document between Council and the owner of the property or the person for whom the service is rendered.

2.1.2 Rendering of accounts

- I. Accounts should be rendered promptly on a monthly basis to all consumers or owners of properties situated inside or outside the boundaries of the municipality.
- II. Any other services that administration rendered and for which a service agreement exist should be rendered as soon as possible.
- III. Accounts for which metering should take place should be accurate and read on a monthly basis.

2.1.3. Deposits

- I. Deposit is payable and will be charged on every new application or for using of councils recreational facilities.
- II. Any increases in deposit will be in accordance with council's tariff structure as determined by council.

2.2 Debt collection procedures and mechanism

The implementation of the procedures lies with the implementing administration and the authority will institute the administrative procedures and mechanisms to implement the following key procedures:

2.2.1 Rendering of accounts

- I. The rendering of monthly accounts to consumers or debtors for services rendered or facilities used.

2.2.2 Letter of demand

- I. A letter of demand will be sent to every owner or consumer who is in arrears with his account with Council

- II. Follow up phone call may be made by administrative personnel on outstanding amounts.
- III. Where the consumer is not the owner of the property, the owner will be informed of the default of the consumer.

2.2.3 Discontinuation of service

- I. Services of defaulters will be suspended as far as possible as remedies for outstanding accounts not settled within a timeframe as determined by administration.

2.2.4 Handing over of defaulters

- I. The handing over of defaulters is the beginning of the legal process and payment for arrears can only be made to the relevant attorneys as appointed by Council for collection.
- II. Council's attorneys will be responsible for the collection of the outstanding monies owned to Council.

2.3 Interest on accounts where appropriate

- I. Council may decide to charge interest for outstanding amounts for outstanding monies owned to council at the discretion of administration.

2.4 Extension of time under certain circumstances.

Procedures for extension of payment:

- I. Arrangements are permissible for debtors who experience difficulties in paying their accounts
- II. The head of department responsible for income or his delegate is authorized to enter into agreements with the debtors with arrears accounts or grant such debtors extensions for payment
- III. The terms applicable for the settlement of arrear debt as well as any upfront payment will be determined by the Head of income.
- IV. The arrangement must be in writing and may be in the form of an Acknowledgment of Dept. One copy must be handed to the client.

- V. Failure to honour the agreement will lead to immediate blocking/disconnection/restriction of services as well as further legal action where applicable.
- VI. Any other request for extension which will be handled on merit of the individual cases.

2.5 The termination or restriction of services when payments are in arrears

- I. The supply of electricity will be terminated (where applicable) if debtors are in arrears for more than 30 days.
- II. Water will be restricted to the minimum level as determined by National legislation if a debtors accounts is in arrears for more than 30 days
- III. The restriction of services will also be applicable where the municipality is making use of a pre-paid metering service and where other services (i.e. Rates) are in arrears.

3. CODE OF ETHICS

- I. All Overberg district municipality officials shall embrace the principles of BATHO PELE and treat all debtors with dignity and respect at all times.
- II. Employees shall execute their duties in a honest and transparent manner whilst protecting the confidentiality of information in accordance with the Access to information Act.

4 RESPONSIBILITIES

4.1 Responsibilities of the Council

The Council must –

- I. Ensure that all money which is owned and payable to the Council is collected
- II. For this purpose, adopt, maintain and implement a credit control and debt collection policy

- III. Monitor and supervise the implementation and enforcement of the Council's credit control and debt collection policy
- IV. Where necessary, evaluate or adapt the policy and any applicable decrees, or the implementation of the policy in order to improve the efficiency of its mechanisms, processes and procedures and debt collection.
- V. Keep a record of such policy, which any person may obtain on perusal.

4.2 Responsibilities of the Administration

The administration must –

- I. implement and enforce the Council's credit control and debt collection policy and any applicable regulations;
- II. Initiate effective administrative mechanisms, processes and procedures to collect any money that is owed and payable to the Council, in accordance with this credit control and debt collection policy and such decrees.
- III. Report the required on a regular basis at a meeting to council or a appropriate committee of council.

5. BAD DEBTS AND WRITING OFF OF IRRECOVERABLE ACCOUNTS

- I. The administration shall administer the collection of council monies on a continuous basis.
- II. Where it becomes evident that council will be unable to collect the outstanding balance of debtors accounts a report should be compiled.
- III. This report should be approved by the head of the division responsible for the collection of monies.
- IV. The writing of bad debts and irrecoverable accounts should be approved by council or its delegated authorities that is the executive mayoral committee or the finance portfolio committee.
- V. All debts below the value of R100 may be written off by the CHIEF FINANCIAL OFFICER at his discretion.
- VI. Debt may only be written off in circumstances where all reasonable steps have been taken to collect the monies owed to council.

6. CONSOLIDATION OF ACCOUNTS:

The Council can –

- I. consolidate any account for any of the services rendered to any client;
- II. credit a payment of the account by such client to his/her account;
- III. use any payment by such client, firstly for any penalties and legal costs owed by the client to the Council, secondly for any interest owed to the Council by the client on any outstanding amount, and thereafter for such outstanding amount; and
- IV. Implement any credit control measures for which this decree makes provision, regarding any outstanding amounts on any client's account.

7. COUNCIL'S RIGHT OF ENTRY TO PREMISES:

- I. The owner and/or occupant of premises must allow access to such premises by an authorized representative of the Council in order to read, inspect, install or repair any meter or service connection point, or to disconnect, stop or limit the provision of any service.

8. SHORT TITLE

This policy shall be called the "CREDIT CONTROL AND DEPT
COLLECTION POLICY OF THE OVERBERG DISTRICT MUNICIPALITY"