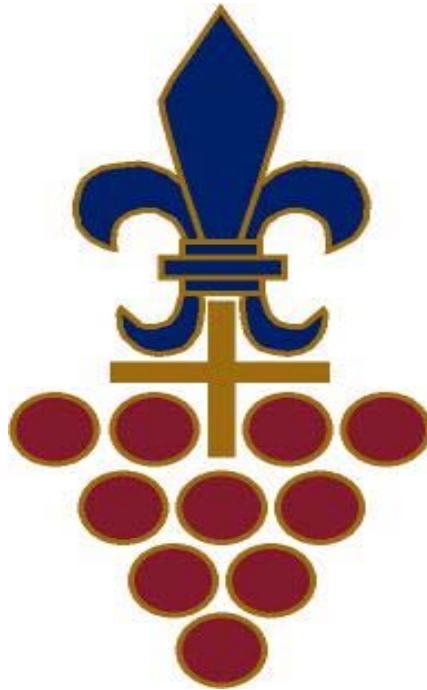


STELLENBOSCH MUNICIPALITY



**IRRECOVERABLE DEBT
POLICY**

2022/2023

REVISED



STELLENBOSCH MUNICIPALITY

IRRECOVERABLE DEBT POLICY

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PREAMBLE

The Stellenbosch Municipal Council accepts and acknowledges its Constitutional duties and mandate towards the community/consumers of Stellenbosch Municipality (WC024).

Council further acknowledges that in order to deliver services in a sustainable manner, that same be managed in terms of Council's Credit Control and Debt Collection Policy having due regard of its limited financial resources and the need to manage cash flows.

Council therefore is aware of its duty to prepare financial statements that gives a true reflection of the financial position for a given period.

In order to give effect to the foregoing, the Council of Stellenbosch Municipality has adopted a policy relating to the management of irrecoverable debt as set out hereinafter.

1. Requirements before writing-off debt

All applicable actions ~~as contained in the approved Credit Control and Debt Collection Policy of Stellenbosch Municipality~~ must have been executed/implemented before any debt, owed to ~~the Stellenbosch Municipality for any reason whatsoever~~ will be considered for writing-off.

~~However, in special cases where all applicable actions~~~~the requirements in terms of the Municipality's Credit Control and Debt Collection Policy~~ were impossible/impractical to implement, the administration must motivate such write-off for consideration.

The abovementioned applicable actions are those as contained in the approved Credit Control and Debt Collection Policy of Stellenbosch Municipality.

2. Bad Debt Recovered

Bad debt recovered after having been written-off will be treated in terms of the Municipality's Accounting Policy.

The approval ~~of Council~~ for the write-off of any debt does not mean that actions to recover the debt will be terminated. Conditionally, further actions may be instituted, depending on the costs involved. Should the debt be recovered, it will accordingly be recorded in the financial records of ~~Council~~Stellenbosch Municipality.

3. Thresholds for writing-off of debt

3.1 The writing-off of debt per individual case may be considered as follows:

- (i) Above ~~twenty~~thirty-five thousand rand (~~R20-R35~~ 000) will be effected after Council approval.
- (ii) Amounting to thirty-five ~~twenty~~ thousand rand (~~R20-R35~~ 000) and below may be effected after motivation to and approval by the Chief Financial Officer (CFO) or his/her delegate.
- (iii) Amounting to ~~ten~~twenty thousand rand (~~R10-R20~~ 000) and below may be effected after motivation to and approval by the Senior Manager: Revenue and Expenditure.
- (iv) Amounting to ~~five~~ten thousand rand (~~R5-R10~~ 000) and below may be effected after motivation to and approval by the Manager Revenue.

3.2 The writing-off of any interest (or part thereof) component of debt, providing that the debt excluding the interest component, is paid in full, may be considered as follows:

- (i) Above one hundred and twenty thousand rand (~~R100-R120~~ 000) will be effected after Council approval.
- (ii) Amounting to one hundred and twenty thousand rand (~~R100-R120~~ 000) and below may be effected after motivation to and approval by the Chief Financial Officer (CFO).

- (iii) Amounting to ~~five~~-~~ten~~ thousand rand (~~R5~~-~~R10~~ 000) and below may be effected after motivation to and approval by the Senior Manager Revenue and Expenditure or Manager Revenue.

4. Provision for irrecoverable debt

Provision for bad/irrecoverable debt will be dealt with in terms of the Municipality's Accounting Policy.

5. Rescission of Judgments

Stellenbosch Municipality will consider applications for the consent to rescission of judgments, obtained by the Stellenbosch Municipality for the recovering of debt, provided that the following conditions are applicable:

- 5.1 All outstanding debt accrued on all accounts of the said property have been settled in full, and
- 5.2 A period of at least five years has lapsed since the date of the applicable judgment, in the case where the Stellenbosch Municipality has written off any debt.

6. Short Title

This Policy is the Irrecoverable Debt Policy of the Stellenbosch Municipality.