

**LIMPOPO PROVINCE**  
**DEPARTMENT OF LOCAL GOVERNMENT AND**  
**HOUSING**



**REVENUE AND CASH MANAGEMENT POLICY**

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## **PART A: REVENUE MANAGEMENT**

### **1. OBJECTIVE**

The purpose of this policy is to provide a uniform guideline regarding the identification, collection and management of revenue within the Department of Local Government & Housing in order to meet the strategic goals of the department and comply with the Public Finance Management requirements and Treasury regulations.

### **2. MANDATES**

Public finance management act no: and amended act no:29 of 1999.

Public service act of 1994

Treasury regulation section 7

### **3. COLLECTION AND RECEIPT OF STATE MONEYS**

#### **3.1. Cashiers**

The duties of the person responsible for the collection and receipt of state moneys shall be assigned to them in writing by the Head of the Branch.

Any person whose duties include the receipt of state moneys shall be responsible for the safe custody of all such state moneys under his/her control.

All cheques and cash must be kept in a safe until such time that it is deposited into the Department's deposit account. The office of the person responsible for the receipt of state money shall be kept locked at all times when the official is not physically present in that office.

Persons entrusted with the receipt and handling of state moneys shall be rotated every two years. Where circumstances necessitates, the Chief Financial Officer may authorise a departure from this regulation in writing.

If a person entrusted with the receipt or collection of state money is relieved of his/her duties, either temporarily or permanently, his/her receipts, cash books, and cash on hand should be checked and balanced and the correctness of the balances and cash on hand certified by the signatures of person being relieved is unable to certify the third person shall be called upon to certify the rectness of the balance by appending his/her signature.

When a person is relieved, the handing over certificate must be completed with the contents of any safe or cash register handed over and shall be certified by the persons mentioned above.

### 3.2 Supervisors

The supervisor of the cashier must be designated in writing by the Head of the Department.

### MINIMUM QUALIFICATION FOR APPOINTMENT

#### Cashiers

The person responsible for receiving state moneys should have Grade 12 certificate, equivalent or higher.

The person should be trained for handling state moneys within a month of that appointment.

#### Supervisor

The supervisor of the cashier should be at the rank higher than that of the Cashier.

#### 4. REVENUE SOURCES

The Department shall from time to time make additions and or subtraction on items that generate revenue and or on those that are no longer generating revenue.

Particulars of revenue items to be collected and their tariffs shall be maintained at each collection points. All new sources identified shall be approved by the ad of the Department before implementation. The Provincial Treasury shall be informed in writing by Department.

#### 5. TARIFF STRUCTURE

The Revenue Manager shall maintain the tariff register and update it annually. The Provincial Treasury is responsible for the common tariff structure. Proposals for revision of departmental revenue tariff structure shall be sent to Provincial Treasury for approval. All payments received shall be in accordance with the relevant approved tariffs.

#### 6. ESTABLISHMENT OF COLLECTION POINTS

All revenue payable shall be made at a centrally point at Head Office. The cashier's location shall be identifiable or marked for easy reference.

#### 7. MONITORING AND REPORTING

Revenue budget estimates shall be determined and submitted to treasury annually. The Department shall report monthly and quarterly on revenue issues to Provincial Treasury.

## **PART B: CASH MANAGEMENT**

### **CASH MANAGEMENT**

#### **1. REVENUE IDENTIFICATION**

Cashiers accepting money on behalf of the State must check the relevant documents and sources of information to ensure that money received is allocated to the correct revenue classification.

#### **ISSUING OF OFFICIAL RECEIPT**

All moneys received shall be brought into account by issuing of an official receipt. A receipt book has three copies, original must be given to the payer, one copy must be attached to the copies Cash book and Deposit slip for capturing, and the last copy remains in the receipt book for audit inspection, Manual receipts must be captured into the FINEST System by the Cashier on the same day of issuing the receipt or as soon as the system is available. All manual receipts must be completed in full with a black ballpoint pen and entries with erasable ballpoint are not permissible.

All money received, which cannot immediately be allocated shall be credited to a suitable "Deposit Suspense Account" after an official receipt has been issued. The money will be correctly allocated immediately when the allocation is available. All such entries on a suspense account must be cleared within one month after it was placed on the account. When the remittance can be allocated, such adjustments must be authorised in writing by the Head of collection office after it has been processed on the system.

#### **3. ALTERATIONS AND CANCELLATION OF RECEIPT**

Alterations shall not be made to the name of the payer; the amount in words, the amount in figures and the date of any official receipt and no erasures of any kind shall be permitted.

If a receipt is cancelled, the word 'CANCELLED' shall be endorsed by means of a rubber stamp or in bold across the faces of the original receipt as well as two copies and stapled together in the receipt book and preserved for inspection. Persons cancelling receipt must sign below double lines across receipt's face the original receipt. A cancelled receipt must be indicated in the cash book.

#### 4. DUPLICATE RECEIPT

Under no circumstances shall more than one original receipt be issued for the same payment. If a further original receipt is issued in error, it shall be cancelled in accordance with the procedure.

Where the payer does not receive, or loses the original receipt and requires evidence, a certified copy of the book copy may be given.

#### 5. DEPOSITING OF STATE MONEY

All revenue received by a cashier must be paid daily into the Department's PMG account. For amount less than R500 shall be banked as soon as practicable but on the last working day of the month. Where there are some deviations, an authorisation in writing should be obtained from the Head of the Department.

#### 6. SURPLUS OR DEFICIT

Any surplus of cash discovered shall immediately be brought into account as surplus cash and deposited or paid to Revenue. Receipt shall be issued



indicating surplus cash as payment. Where a surplus is realized at the bank, a separate deposit slip must be filled for that surplus. A receipt shall be issued and captured in FINEST separately.

Any shortage discovered in cash or face value forms shall be reported by the cashier to the supervisor in writing stating the amount and reason for the loss. Shortage must be recovered from the cashier immediately. Supervisor must ensure that the shortage is fully recovered.

### RECONCILIATION OF ACCOUNTING BOOKS

The supervisor of the cashier must reconcile accounting books on a daily basis. The supervisor must ensure that the cashier entrusted with the collection of state moneys must account for revenue received.

The Head of the Division or the person designated by him in writing must reconcile accounting books once a month and shall sign and date the books to indicate that all instructions were complied with.

#### The supervisor shall:

Reconcile accounting books not later than a day after banking is done.

Indicate on the back of the deposit slip the receipt numbers totalling to the deposit e.g. receipt number 129-133

Check that moneys which should have been banked, have not been withheld and that the instructions regarding the receipt, custody and disposal of state moneys have been carried out.

Certify the cashbook as correct and as a true reflection that money received was completely banked. Take effective steps to correct any irregularities found.

The cashier must acknowledge the receipts cheques by post or other electronic

means. The supervisor must then verify that all remittance received were issued with a receipt and the receipt is captured correctly on FINEST.

## 8. ACCOUNTING RECORDS

The following accounting records must be kept in save custody

Cash Books

Receipt Books

Deposit Books

Register of face value forms

Register of surplus and deficit

Register Cheques

A requisition form must always be completed by the Cashier's Supervisor when requesting accounting books.

## 9. ACCEPTANCE OF CHEQUES

Personal cheques

A personal cheque that is not guaranteed by the bank may not be accepted. A post-dated cheque shall not be accepted. Employees receiving state moneys shall be held liable for losses and damages incurred for not following this provision.

## 10. REFUND OUT OF REVENUE

Moneys incorrectly collected, as revenue must be repaid out of the current revenue collections. A copy of the original receipt, where the money was paid to the Department must be attached to the payment advice of refund. The department must inform Treasury about the refund processed. The refund report should entail the following:

Name of the payee

Date of refund

Reason for refund

Amount refunded

Receipt number issued when the amount was received.


Cheque/payment number of the refund

#### 11. SEGREGATION OF DUTIES

The custodian of the face-value forms and the person entrusted with the receipt state money (cahier) may not be the same person. That person should be at the rank higher than that of the Cashier.

#### 12. SAFEQUARDING OF DOCUMENTS

All face-value forms must be entered in the register and kept in a safe. The supervisor designated in writing by the Head of office must check the face-value forms in the safe against the register, sign and date the register once a month. Used stock shall be kept numerically in a safe place at all times.

 10/10/2005

CHIEF FINANCIAL OFFICER

Approved ~~Not Approved~~



HEAD OF DEPARTMENT

Date: 11/10/2005