

**DEPARTMENT OF SPORT, ARTS AND CULTURE  
LIMPOPO PROVINCIAL GOVERNMENT  
POLICY ON THE MANAGEMENT OF DEBTORS**

**1. PREAMBLE**

Debts or Accounts receivables are defined as amounts due to the department and expected to be collected by the department or government agent. Accounts receivables in government (public sector) are classified as short-term receivables that are normally, but not necessarily, expected to be collected within a year.

The Department of Sport, Arts and Culture has deemed it necessary to have a policy on debtors that will regulate all debts accruing to the Department including any amount owing to or receivable by the Department of Sport, Arts and Culture.

**2. PURPOSE**

The purpose of the policy is to establish clear guidelines for the management of debtors in the Department of Sport, Arts and Culture.

**3. AUTHORISATION**

The policy is authorized in terms of:

- 3.1. The Public Finance Management Act, (Act No. 1 of 1999) as well as Treasury Regulations (Paragraph 11 of Part 5).
- 3.2. In terms of section 38 of the Public Finance Management Act, the accounting officer of a Department must take effective and reasonable steps to collect all money due to the department.

**4. POLICY PROVISIONS**

The policy applies to all employees, service providers and any member of the public who owe the Department of Sport, Arts and Culture any money arising from service rendered, overpayments, advances, fines or any other money due to the Department.

**4.1 Responsibility of the Department**

It is the responsibility of the Office of the Chief Financial Officer (CFO) to notify all its debtors of the amount owed by means of invoices, statements or letters of demand.

- 4.1.1. All debts shall be recorded and will be cleared when settled in full or written-off in terms of the applicable prescripts.

- 4.1.2. All long outstanding debts (longer than 6 months) shall be referred to the Legal Advisors who will issue a letter of demand to the clients.
- 4.1.3. If no response is forthcoming from the client, the matter shall be referred to the State Attorney to consider a legal demand and possible legal proceedings in a court of law, where the options are considered economical.

#### **4.2. Recovery of Debts by Installments**

- 4.2.1. The Accounting Officer may authorize the recovery of debts by installments of not more than twelve (12) months.
- 4.2.2. Treasury approval is required where debts are recovered in a period exceeding twelve (12) months.
- 4.2.3. Interest must be charged at the prevailing interest rates as determined by the Minister of Finance, unless the debt arose from the negligence/oversight of the Department of Sport, Arts and Culture. Interest shall be charged after thirty days (30) of the due date of the debt.
- 4.2.4. In determining the period of payment the debtor's financial position shall be taken into accounts that the recovery would not cause undue hardship to the debtor or his/her dependants.

#### **4.3. Debts Arising from State Guarantee Issued to a Financial Institution**

- 4.3.1. Where the debt arose from a state guarantee, after the resignation of an employee, the Department of Sport, Arts and Culture shall recover such amounts in full from the pension of the employee concerned. Where the amount of pension cannot cover the total debt, an agreement must be made with the debtor on how to recover the outstanding balance.
- 4.3.2. Where the official is defaulting on the monthly mortgage bond payments resulting in the house being repossessed and the state guarantee being recalled by the financial institution, the Department of Sport, Arts and Culture shall settle the state guarantee and the said amount will be recovered monthly from the employee's salary.

### **5. WRITING OFF OF DEBTS**

Debts may be written off if the accounting officer is satisfied that:

- 5.1 All reasonable steps have been taken to recover the debt and the debt is not recoverable.
- 5.2 The Accounting officer is convinced that:
  - 5.2.1. Recovery of the debt will be uneconomical
  - 5.2.2. Recovery would cause undue hardship to the debtor or his/her dependants; or

- 5.2.3. It would be to the advantage of the state to effect a settlement of its claim or to waive the claim.
- 5.3. The accounting officer must ensure that funds are available for the writing off of the debts.
- 5.4. Debts below R10-00 can immediately be written off
- 5.5. From R10-00 to R49-99 – one letter must be addressed to the debtor. If no response is received within 30 days of the date of the letter, the debt must be written off
- 5.6. From R50-00 to R150-00 – two letters must be addressed to the debtor. If no response is received within 90 days of the date of the first letter, the debt must be written off.
- 5.7. From R150-01 to R1000-00 – three letters must be addressed to the debtor. If no response is received within 120 days, all reasonable steps must be taken to recover the debt.
- 5.8. All debts written off must be disclosed in the Annual Financial Statements.

## **6. SCOPE OF APPLICATION**

The policy shall be applicable to all debtors of the Department of Sport, Arts and Culture.


## **7. MONITORING**

It is the responsibility of the Office of the CFO or his delegate to ensure compliance with the provisions of this policy.

#### 8. AMENDMENT OF POLICY

This policy shall be amended as and when necessary and it shall follow the initial process of policy development.

**Recommended/Not Recommended**



**HEAD OF DEPARTMENT**

2007/03/28

**DATE**

**Approved /~~Not Approved~~:**

H. M. Meshambae

**MEMBER OF EXECUTIVE COUNCIL**

2007/03/30

**DATE**