

MBHASHE MUNICIPALITY

POLICY ON THE WRITE OFF OF IRRECOVERABLE DEBT



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5	Change control and approval	Error! Bookmark not defined.

1 The purpose of the policy

The purpose of this policy is to give guidance to the municipality on the management and control of irrecoverable debt.

2 The principles

2.1 Debt is regarded as irrecoverable if:

- a. All reasonable notifications and cost effective measures to recover a specific outstanding amount have been exhausted; or
- b. If the amount to be recovered is too small to warrant further endeavours to collect it; or
- c. The cost to recover the debt does not warrant further action; or
- d. The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
- e. A deceased estate has no liquid [cash] assets to cover the outstanding amount; or
- f. It has been proven that the debt has prescribed; or
- g. The debtor is untraceable or cannot be identified so as to proceed with further action; or
- h. It is impossible to prove the debt outstanding; or
- i. Recovery of the debt would cause undue hardship to the debtor and/or his/her dependents; or
- j. It would be to the advantage of the Council to affect a settlement of its claim or to waive its claim; or
- k. The outstanding amount is due to an administrative error by Council.

3 Authorisation

3.1 Rates

- a) Rates are deemed to be recoverable in all instances.
- b) All requests to write off debt in respect of rates must be presented as individual items by the Chief Financial Officer.
- c) Rates items must fully contain –
 - i. details of the property;
 - ii. details of the outstanding amount;
 - iii. details of the steps taken to recover the debt from previous and current owners; and
 - iv. the reasons for the proposed write-off.

3.2 Other debt

- a) Schedules must be compiled and submitted to the Council for consideration with a view to writing off debt as irrecoverable. The schedules contemplated in subparagraph 2[b] must indicate the –
 - i. debtor's account number;
 - ii. debtor's name;
 - iii. physical address in respect of which the debt was raised;
 - iv. address;
 - v. erf number, if applicable,
 - vi. amount per account category;
 - vii. steps taken to recover the debt; and
 - viii. reason to write off the amount, must be.
- b) Notwithstanding the above, Council or its authorised officials will be under no obligation to write off any particular debt and will always have the sole discretion to do so.

4 Debt put in abeyance

All irrecoverable debt will be put in abeyance for the purposes of writing off the debt.

Approved by Council and Signed by:



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Mr NAKO M
ACTING MUNICIPAL MANAGER

07/08/17
DATE

Cllr. Janda S. N



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MAYOR

07/08/17
DATE