



dc&tm

Department:  
Community Safety & Transport Management  
North West Provincial Government  
REPUBLIC OF SOUTH AFRICA



# DEBT MANAGEMENT POLICY

## **1. PREAMBLE**

The objective of this policy is to provide guidance to address and deal with debt management. This policy also covers all departmental debts emanating from revenue sources, staff debts and any other debts.

## **2. PURPOSE**

The purpose of this policy is to:

- a. Provide a framework for managing departmental debtors and debts write offs.
- b. Govern the collection of all outstanding debts due to the Department by instituting effective and appropriate steps timeously to collect money due to the Department in compliance with prescripts, and
- c. Recognise debt promptly and vigorously pursue collection.

## **3. RELEVANT LEGISLATION**

3.1 Public Finance Management Act, 1999, as amended.

3.2 National Treasury Regulations.

3.3 Public Service Act.

3.4 Public Service Regulations.

## **4. POLICY PRONOUNCEMENT**

4.1 Debt is created when the department becomes aware of any amount owed and debtor must be notified of their debts within 30 days from date of discovery.

4.2 All debts will be subject to interest charges except, service related debts.

4.3 All debts must be recovered within the financial period they are incurred unless if the amount to be recovered will cause undue pressure on the debtor. In such cases, approval must be obtained from Director: Financial Management for period beyond the financial period.

4.4 Interdepartmental debts and accrued departmental revenue should be confirmed on quarterly basis

4.5 Department instruct the Legal Services Directorate to recover amount owing to the Department through the legal process provided that:

- a) The debtor received all possible assistance in terms of the official policy to arrange for payment
- b) All possible means were used to get in touch with the person and persuade him/her to pay and,
- c) Acknowledgement of the amount owing to the Department was not or could not be obtained from the debtors.

4.6 Debts owed to the department MUST be deducted from any amounts payable to a debtor before claiming from other external sources e.g. leave gratuity.

#### **4.7 PROVISION FOR DOUBTFUL DEBTS**

The Department must provide for doubtful debts at the end of the Financial Year.

Provision for doubtful debts shall be provided for all debts on all outstanding debts 90+ days and older based on the age analysis of the financial year end of which the financial statements are drawn up for.

#### **4.8 WRITING OFF OF DEBT**

Departmental debt may be written off in terms of Treasury Regulation 11 in accordance with the delegations of authority if:

- The debtor has neither assets or income; or
- All reasonable efforts to trace the debtor have failed; or
- The States claim against an insolvent estate or an estate that is being administered as insolvent, had been proved properly and the dividend Of the creditors was insufficient to meet the debt; or
- The debtor is no longer resident in South Africa, there are no apparent means of collecting the debt and there is no evidence that the debtor has family or business concerns in South Africa that could lead to the debtor returning to South Africa; or
- The debtor is deceased; or
- The settlement of the claim of the State will be in the best interest of the State; or
- The State Attorney has made a recommendation to that effect and the Department is in agreement there with and approves it after consultation with the Chief Financial Officer; or
- It will be to the advantage of the State to effect a settlement of its claim or to waive the claim; or
- Recovery of the debt will be uneconomical; or
- Recovery of the debt would cause undue hardship to the debtor or his dependant/s.
- The reasonable efforts to trace the debtor have failed.

**5. Determination of amount disclosed as irrecoverable debt in the Financial Statement**

- a) The amount deemed as irrecoverable debt should be disclosed in the Annual Financial Statements.
- b) The accounting officer must ensure that all debts written off are disclosed in the Annual Financial Statements.

## 6. Implementation Date

This policy comes into operation with effect from the date of approval.

## 7. Termination

This policy will be terminated upon the inception of a new policy.

## 8. APPROVED BY:

  
\_\_\_\_\_  
Head of Department  
Ms. Botlhale Mofokeng

24 / 11 / 2018  
\_\_\_\_\_  
Date