



Sundry Income Policy

Centlec (Soc) Ltd - Sundry Income Policy

| CENTLEC (SOC) LTD | |
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DEFINITIONS:

Sundry Income: Income from sources that cannot be accurately predicted or income from revenue streams outside the entity's primary line of business.

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SECTION 1: OBJECTIVES

- a) To provide for policy framework regarding identification and accounting for income that is generated from sources other than the entity's primary business operations.

SECTION 2: LEGISLATIVE CONTEXT

Section 97 of the Municipal Finance Management Act, No 56 of 2003 stipulates that the Accounting Officer of a municipal entity must take all reasonable steps to ensure:

- a) that the entity has and implements effective revenue collection systems to give effect to its budget;
- b) that all revenue due to the entity is collected;
- c) that any funds collected by the entity on behalf of any municipality:
 - (i) are transferred to that municipality strictly in accordance with the agreement between the entity and the municipality; and
 - (ii) are not used for the purposes of the entity;
- d) that the municipal entity has effective revenue collection systems consistent with those of the parent municipality;
- e) that revenue due to the entity is calculated on a monthly basis;
- f) that accounts for service charges are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- g) that all money received is promptly deposited in accordance with this Act into the municipal entity's bank accounts;
- h) that the municipal entity has and maintains a management, accounting and information system which:
 - (i) recognises revenue when it is earned;
 - (ii) accounts for debtors; and
 - (iii) accounts for receipts of revenue;
- i) that the municipal entity has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed; and
- j) that all revenue received by the municipal entity, including revenue received by and collecting agent on its behalf, is reconciled at least on a weekly basis

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SECTION 3: POLICY PRINCIPLES

- a) The fee or charge levied by the entity should be fair in relation to the goods and/or services provided.
- b) The fee or charge should reflect the principles outlined in the appropriate by-laws as determined by the parent municipality where appropriate, and other policies of the entity.
- c) The fee or charge should, depending on legislation, always at least cover the cost of providing the goods or service and the costs of collection, unless the entity has taken a policy decision to subsidize the service.
- d) The fee or charge should wherever possible be obtained in advance of the goods and/or services being provided. If not, and where appropriate, the prior written agreement of the person receiving the goods and services should be obtained to pay for the goods and/or service.
- e) Fees and charges must be reviewed at least annually.
- f) Where appropriate, there should be a clear and prompt billing, collection process and receipting of sundry income.
- g) This policy must be read together with Credit Control and Debt Collection Policy and the Revenue Enhancement Strategy of the entity.

SECTION 4: IDENTIFICATION OF SUNDRY INCOME

Income that fall within this category of transaction shall constitute sundry income in terms of this policy:

- a) Sale of redundant material
- b) Clearance Certificates
- c) Sale of Tender documents
- d) Credit Control fees
- e) Discount Received
- f) Training Income (Fees paid for training of artisans)
- g) Private Telephone Calls Recoverable
- h) Reconnection tests and Removal of meters
- i) Recovery Sundry Services
- j) Connection fees

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- k) Interest from investments
- l) Agencies fees
- m) Profit from sale of assets
- n) Admin fees

SECTION 5: RESPONSIBILITIES

Heads of various Departments must ensure that:

- a) Financial management responsibilities in relation to the collection of sundry income associated to their functions are adhered to;
- b) The parts of this policy that apply to their functions are correctly followed and adhered to;
- c) They proactively support the achievement of institutional targets for sundry income as budgeted for;
- d) Relevant systems and procedures are put in place to ensure correct allocation of sundry income realized.

In terms of this policy, the Chief Financial Officer shall be responsible for providing central support and the relevant guidance at the institutional level to ensure this policy is adhered to.

SECTION 6: ACCOUNTING FOR SUNDRY INCOME

- a) Sundry income or miscellaneous income may be shown as a line item on the income statement under "other operating income," and shall include income from a number of sources.
- b) Interest income from investments may or may not be included in sundry income at the discretion of the Chief Financial Officer; whoever if the entity has substantial interest income due to large cash reserves, such interest income shall be shown as a line item, separate from sundry income.

SECTION 7: SUNDRY CONSUMER ACCOUNTS

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- a) Sundry consumer accounts may be rendered by the entity from time to time. Any sundry consumer account shall be included in the monthly consolidated account produced by the entity.
- b) Payments of sundry consumer accounts shall be as outlined in the approved Credit Control and Debt Collection Policy of the entity.

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| SECTION 8: REVIEW AND APPROVAL |
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This policy and underlying strategies will be reviewed at least annually, or as necessary, to ensure its continued application and relevance.

Approved by the board of directors on: _____

Signed: _____
Chairperson of the Board

Date: _____