



Revenue Management Policy & Procedure


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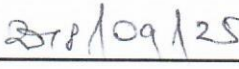
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1. INTRODUCTION:

The management of revenue in the Department is of fundamental importance, in ensuring that effective controls are implemented to ensure that:

- 1.1 All receivables are accurately recorded and accounted for;
- 1.2 Receipts in cash, cheques and electronic funds transfers are allocated accordingly and accounted for.

2. OBJECTIVES

The objectives of revenue management policy is:

- To give guidance to all officials directly linked to the revenue generation of the Department, and what is expected of them from an ethical perspective.
- To ensure that all revenue received is allocated and managed according to the prescripts
- To drive the culture of accountability to all officials responsible, with the intention to minimize risks of loss or misclassification of revenue
- To implement and ensure adherence to the internal controls
- To insure that revenue collected is timeously paid over into departmental bank account;
- To ensure that all officials dealing with management of revenue, comply with this policy, failure to which may result in disciplinary action.

3. LEGISLATIVE FRAMEWORK

The policy recognized the broader policy context to which it has been formulated and shall operate. This policy context is largely shaped by broader national policy initiatives in particular the following:

- a. Public Finance Management Act 1 of 1999;
- b. Treasury Regulations
- c. National Road Traffic Act NO. 93 of 1996
- d. Criminal Procedure Act No. 51 of 1979
- e. Division of Revenue Act

4. DEFINITION OF TERMS

- | | |
|-----------------|---|
| 1. PFMA | : Public Finance Management Act No. 1 of 1999 |
| 2. Department | : Northern Cape Department of Transport, Safety & Liaison |
| 3. BAS | : Basic Accounting System |
| 4. CFO | : Chief Financial Officer |
| 5. ENaTIS | : Electronic National Administration Traffic Information System |
| 6. PMG | : Paymaster general Account |
| 7. Criminal Act | : Criminal Procedure Act No. 51 of 1979 |
| 8. RTMC | : Road Traffic Management Corporation |
| 9. AARTO | : Administrative Adjudication of Road Traffic Offences |
| 10. RTIA | : Road Traffic Infringement Agency |

5. RESPONSIBILITY AND APPLICATION

1. In terms of the Public Finance Management Act 1 of 1999, (PFMA), the responsibility for the implementation of this policy rest with the accounting officer, however, the accounting officer may delegate responsibilities to the relevant officials with in the Department.
2. This policy applies to all officials within the Department, who are entrusted with the responsibilities of managing revenue effectively and efficiently by developing and implementing appropriate process that provide for the identification, collection, recording, reconciliations, and safeguarding of information about revenue for which the department is responsible.
3. It is the responsibility of the revenue management unit, to ensure that this policy is adhered to at all times.

6. POLICY STATEMENT

The Department declares optimization of revenue as a priority, the policy gives guidance to the following:

1. Identification

The Department shall identify all sources of revenue that falls under its mandate, in line with the PFMA, Treasury Regulations and other relevant prescripts

2. Recording

The Department has, and maintains a management, accounting and information system which:

- Recognize revenue when it is received
- Accounts for debtors
- Accounts for the receipt of revenue
- Correct classification of revenue received

3. Collection

Appropriate steps shall be taken to ensure that all monies due to the Department are collected timeously

4. Reconciliation

Revenue received by the Department from different collecting points, including the agencies, shall be reconciled

5. Safeguarding

All face value documents and financial documents, shall be kept secured at all times

7. RISKS ASSOCIATED WITH COLLECTION OF REVENUE

1. Revenue collected may be stolen
2. Revenue collected may not be paid over to the Department
3. Revenue collected may not be timeously paid over to the Department

8. RISKS ASSOCIATED WITH MANAGEMENT OF REVENUE

1. Revenue received might not be recorded
2. Revenue received may be incorrectly classified

9. CONTROL MEASURES AND PROCEDURES

9.1 Internal Controls

All aspects of cash receipts and accounts receivable shall be subject to proper internal controls. In ensuring that revenue collected is recorded and accounted for, the following internal control shall be applied:

1. **Segregation of duties** : For compilation, checking, verifying, and authorization on both, the system and hardcopy reports;
NB: In case where this practice is not feasible due to circumstances, other mitigating procedures shall be applied:

9.2 Daily processing of cash receipt and accounts receivable transactions

Revenue received must be paid over into Departmental bank account on a daily basis, however, should there be any challenges prohibiting the "collecting center" to pay-over the money daily, the money must, be paid over at least by the last working day of the month;

- Funds not deposited shall be kept safe, in a lockable safe;
- Any challenges relating to paying over the revenue received, must be communicated to the Department;

9.3 Timeous reconciliation of Bas to other departmental revenue generating systems

9.4 Monthly reconciliations of the different revenue items /streams

10. FACE VALUE DOCUMENTS

1. All face value documents shall be kept safe and secured in a lockable place.
2. All face value documents shall be recorded on their respective systems (E-Natis, Traffman, Olas and any others if available)
3. All face value documents shall be distributed according to their sequential numbers

11. CLASSIFICATION OF SOURCES OF REVENUE AND PROCEDURES

According to Treasury Regulations:

- **Regulations 17.1.1** - all transactions of an institution must be supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation;
- **Regulations 17.1.2** - should it be necessary, in exceptional cases, to account for revenue and expenditure transaction in a clearing or suspense account because the classification has not been resolved, the accounting officer must ensure that:
 - a. The sources of the transactions are readily identifiable
 - b. Amounts included in clearing or suspense accounts are cleared and correctly allocated to the relevant cost centers on a monthly basis
 - c. Monthly reconciliations are performed to confirm the balance of each account, and
 - d. Reports are provided to the accounting officer about uncleared items on a monthly basis

The following process shall be followed to ensure that, on a daily basis, all monies paid into departmental account are accounted for:

11.1 Tax receipts

Renewal of Motor Vehicle Licenses

Agencies (Municipalities and SAPO)	<ol style="list-style-type: none"> 1. Submit to the Revenue sub-directorate, the following, on a daily/ monthly basis: <ul style="list-style-type: none"> • Supporting documentation (Proof of payments made to the Department) • Reconciliations performed by agency
Office of the Chief Financial Officer (Revenue Management Sub-directorate)	<ol style="list-style-type: none"> 1. Ensure that, on a daily basis, amounts relating to RD323 report, included in a clearing of suspense accounts are cleared and correctly allocated to the relevant cost/ collecting centers; 2. All transactions must be supported by verifiable supporting documentations; 3. Ensure that all supporting documents are received, 4. Perform and submit monthly reconciliation, to confirm the balance of each account; 5. Ensure that, reconciliations are verified and checked. 6. Submit to the supervisor, the monthly narrative report.

11.2 Sales of goods and services other than capital assets

Operating License (permits)

1. Transport Operations (Operating License Sub-directorate)	<ol style="list-style-type: none"> 1. Submit to the Revenue sub-directorate, the following, on a daily basis: <ol style="list-style-type: none"> a. Financial Reconciliation Report b. Control Sheet signed off by the supervisor; c. Supporting documents (Proof of payment); d. Printed receipt from OLAS System and e. Daily consolidated receipt from the swiping machine)
2. Revenue Management Sub-directorate	<p>Ensure that, on a daily basis, amounts relating to OL, included in a clearing or suspense accounts are cleared and correctly allocated to the relevant cost centers;</p> <p>All transactions must be supported by verifiable supporting documentation;</p> <p>Ensure that all supporting documents are received from the Transport Operations Directorate,</p> <p>Perform and submit monthly reconciliation, to confirm the balance of each account</p> <p>Ensure that, reconciliations are verified and checked.</p>

Abnormal Loads

<p>1.</p> <p>Transport Regulations Law Administration</p>	<p>1. Submit to the Revenue sub-directorate, the following, on a daily basis:</p> <ul style="list-style-type: none"> Financial Reconciliation Report Supporting documents (Proof of payment) Client Account record and Daily consolidated receipt from the swiping machine
<p>2.</p> <p>Revenue Management Sub-directorate</p>	<p>1. Ensure that, on a daily basis, amounts relating to ABN, included in a clearing or suspense accounts are cleared and correctly allocated to the relevant cost centers;</p> <p>2. All transactions must be supported by verifiable supporting documentation;</p> <p>3. Ensure that all supporting documents are received from the Law Admin Office,</p> <p>4. Perform and submit monthly reconciliation, to confirm the balance of each account</p> <p>5. Ensure that, reconciliations are verified and checked.</p>

Yellow & White Fleet

<p>1.</p> <p>Transport Regulations: Law Administration</p>	<p>1. Submit to the Revenue sub-directorate, the following:</p> <ul style="list-style-type: none"> Supporting documents (Proof of payment), Reconciliations
<p>2.</p> <p>Revenue Management Sub-directorate</p>	<p>1. Ensure that, on a daily basis, amounts relating to white and yellow fleet, included in a clearing or suspense accounts are cleared and correctly allocated to the relevant cost centers;</p> <p>2. All transactions must be supported by verifiable supporting documentation;</p> <p>3. Ensure that all supporting documents are received from the Transport Regulations Directorate (law administration)</p> <p>4. Perform and submit monthly reconciliation, to confirm the balance of each account</p> <p>5. Ensure that, reconciliations are verified and checked.</p>

Specialized & Personalized Number Plates

<p>1.</p> <p>Transport Regulations: Law Administration</p>	<p>1. Submit to the Revenue sub-directorate, the following:</p> <ul style="list-style-type: none"> Supporting documents (Proof of payment) and Monthly reconciliations
<p>2.</p> <p>Revenue Management Sub-directorate</p>	<p>1. Ensure that, on a daily basis, amounts relating to PRN/SRN, included in a clearing of suspense accounts are cleared and correctly allocated to the relevant SCOA item;</p> <p>2. All transactions must be supported by verifiable supporting documentation;</p> <p>3. Ensure that all supporting documents are received (law administration)</p> <p>4. Perform and submit monthly reconciliation, to confirm the balance of each Account</p> <p>5. Ensure that reconciliations are verified and checked</p>

Driver's License Testing Centre (DLTC)

1. Transport Regulations: Law Administration	<ul style="list-style-type: none"> RD 323 report
1. Revenue Management Sub-directorate	<ol style="list-style-type: none"> Ensure that, on a daily basis, amounts collected from DLTCs , included in a clearing of suspense accounts are cleared and correctly allocated to the relevant SCOA item; All transactions must be supported by verifiable supporting documentation; Ensure that all supporting documents are received from the Transport Regulations Directorate, Perform and submit monthly reconciliation, to confirm the balance of each account Ensure that, reconciliations are verified and checked.

11.3 Fines, Penalties and Forfeit

Traffic Fines

1. Magistrate	<ol style="list-style-type: none"> Submit to the Revenue sub-directorate, the following, on a daily basis: <ul style="list-style-type: none"> AOG Classification register (J114) MOJA PAY transaction list report
2. Revenue Management sub-directorate	<ol style="list-style-type: none"> Ensure that, on a daily basis, amounts relating to traffic fines, interfaced in the control/suspense account, are cleared and correctly classified to the relevant SCOA Item; All transactions must be supported by verifiable supporting documentation; Perform and submit monthly reconciliation Ensure that, reconciliations are checked and verified.

11.4 Financial transactions

Accrued

Staff and Supplier debt:

<p>1. Sub-Directorate: Financial Accounting</p>	<ol style="list-style-type: none"> 1. Salary, Tax Debt, Bursary debt <ul style="list-style-type: none"> • Receive a copy of debt rout from salaries. • Compile a debt take on journal and capture on BAS. • Contact the debtor to inform him/her about the debt. • If the officials is still working for the Department, the amount will be deducted from the next open month salary. • If the debt is from an ex-employee, the debt route will be completed and send to HR to claim from the Pension Fund • If the official already received his pension amount, the debt statements will be forwarded to the last known address, as well ex-employee will be contacted by the Department regarding the debt • When the debt is paid by either the debtor or Government Pension on behalf of the debtor. The amount is cleared to the relevant cost center. • The statement of debt is posted/hand delivered to the debtor on a monthly basis. 2. Asset loss debt <ul style="list-style-type: none"> • Receive from the asset loss committee, a letter with all supporting documentation, including a written agreement from the debtor, stating the period and amount to be deducted monthly. • Compile a debt take on journal, where the money will be deducted directly from the debtor's salary to the relevant cost center. • The statement of debt is posted/hand delivered to the debtor on a monthly basis. 3. Supply debt <ul style="list-style-type: none"> • Receive all supporting documentation from payments or SCM • Contact the supplier to inform him/her about the debt. • Discuss a written payment agreement with the debtor. • Compile a debt take on journal and capture on BAS. • Post a statement of debt to the debtor on a monthly basis. • Identify payments from the debtor in the bank statement, on a daily basis. • Compile and capture journal to reduce debt amount, when debtor has paid.
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12. GENERAL MANAGEMENT OF BANK ADJUSTMENT

1. The bank adjustment is cleared on a daily basis;
2. Officials responsible will ensure that all transactions are allocated;
3. On a daily basis, misclassifications shall be corrected and reported to the supervisor;
4. On a daily basis, all unclear/ unidentifiable references will be reported to the supervisor;
5. All transactions allocated for the day, will be cleared;
6. All journals passed, on a daily basis, will be authorized.

13. SAFEGUARDING OF INFORMATION

- A dedicated official will be assigned to ensure that all financial documents relating to revenue are safely secured in a strong room, or assigned room.
- On a quarterly basis, the supervisor and assigned official shall verify the information and submit a report to that effect.

14. MONTHLY AND QUARTERLY REPORTING

1. Monthly

- ❖ The following reports shall be submitted by accounting clerks to the state accountants, by the **10th and 12th of each month, respectively**:
 - Monthly reconciliations;
 - Monthly narrative report
- ❖ The state accountants, shall submit, to the Assistant Managers, the following report/s, by the **15th and 17th of each month respectively**
 - Checked reconciliations performed;
 - Monthly narrative report
- ❖ The Assistant Managers, shall submit, to the Manager and or senior manager responsible, the following reports, by the **20th of each month**:
 - Consolidated Municipal debt schedule
 - Monthly statement of accounts of all identified debtors (i.e. magistrates, municipalities, NaTIS clients);
 - Operating License / permit report;
 - DLCA schedule
 - Monthly compliance report

NB: All officials (accounting clerks, state accountants and assistant managers) within Revenue Management Unit, will submit to the Manager responsible, a narrative report.

2. QUARTERLY REPORTING

On a quarterly basis, the progress report, not limited to the following information, shall be submitted to the senior / manager responsible:

- Revenue Collection for the quarter
- Debtors management
- Operating License/ Permit
- Traffic fines / Magistrates
- Motor Vehicle License, DLTC and DLCA

15. REVENUE COMMITTEE

- ❖ The Accounting Officer, shall nominate, not more than two officials, from each directorate responsible for revenue collection, to participate in the revenue committee of the Department;
- ❖ The assistant managers, Revenue Manager and the Chief Financial Officer, automatically qualifies to be part of the committee.

16. REVIEW AND DISTRIBUTION

- 16.1 The manager in the office of the Chief Financial Officer, is responsible for this policy and for ensuring that it is reviewed and updated.
- 16.2 This Policy will be reviewed after 12 months but before 18 months of the last publication date. If necessary an updated version will be issued, if not a formal cover letter will be issued to supplement the cover of this Policy (identifying a revised publication date).
- 16.3 The senior manager for Policy & Planning will distribute updated versions to:
- Member of the Executive Council
 - Head of Department
 - All senior managers who will in turn distribute to their staff as appropriate.