

WRITE OFF POLICY

INTRODUCTION

This policy serves to assist Management and employees of Mogale City Local Municipality to implement and maintain consistent, efficient and effective Bad Debt Management principles. This policy will be applicable to interest write off and bad debt. Indigent write off will be dealt with by indigent policy.

PURPOSE OF BAD DEBTS WRITE-OFF POLICY

- To ensure consistency in writing off of debt and interest
- To ensure proper authorisation at appropriate levels for write-offs.

WRITE-OFF PRINCIPLES

Debts may be written off after the council is convinced that:

- Recovery will cause undue hardship to the debtors or his/her dependants.
- Recovery is uneconomic or not cost effective.
- That all other policies which are affected by the write off policy (e.g. Indigent Management Policy) have been considered.
- The respective collection mechanisms should be exhausted before an account is considered for write-off .
- **If the debtor is declared or approved as indigents in terms of the indigent management policy.**

DELEGATION OF AUTHORITY FOR WRITING OFF AMOUNTS ON ACCOUNTS

Delegations for interest write-offs are as follows:

VALUE OF INTEREST AMOUNT	DELEGATED AUTHORITY
R1-00 to R1,000-00	Ops Accountant
R1,000-00 to R10,000-00	Specialist debt management
R10,000-00 to R75,000-00	Manager Credit control
R75,000-00 to R100,000-00	Chief Financial officer
R100,000-00 upwards	Municipal Manager

All write offs in respect of irrecoverable debt will be taken to Council for approval **with the exclusion of indigent, interest and any other write off in terms of any approved council policy.**

ANNEXURE 4

Amendments and additions

This clause has been added;

- **If the debtor is declared or approved as indigents in terms of the indigent management policy**
- **with the exclusion of indigent, interest and any other write off in terms of any approved council policy.**