

# Policy on Debt Management

## 1. Preamble

To ensure effective and efficient management of debts within the Department

## 2. Definitions

**Debit** : Money owed by any employee or institution to the Department

**Internal Debtor** : Any Employee who owes the institution or Department

**External Debtor** : Any person or institution that owes the Department

**CFO** : Chief Financial Officer

**HOD** : Head of Department

## 3. Purpose

To identify, create and manage debts accruing to the Department, including any amount owed to or receivable by the department such as charge on good or service fees or fines.

## 4. Authorisation

This policy is authorised by part 11.1 to 11.5 of the Treasury Regulation.

## 5. Regulation framework

Public finance management Act, Act no 1 of 1999

## 6. Policy framework

### 6.1 Types of debtors

- (a) Internal debtor any employee who owes the Department money.
- (b) External debtor any person or institution that owes the department money.

### 6.2 Method of debtor

- (a) The Department may recover all debts within a maximum period of twelve months within a financial year.
- (b) If for any reason an internal debt cannot pay the amount within 12 months of that financial year, the Head of Department's approval shall be sought.
- (c) Debtors will be notified in writing of the full particulars of their debts and be advised to make an arrangement within 30 days, failing which the legal route will be followed.
- (d) If the external debtor is a supplier who still contracted to the Department, the matter will be disposed of in terms of the provision of the contract

(e) Upon failure to do so, the matter will be referred to the Department's legal division for further action.

**6.3 Notice of Debt**

Internal and External debtors who owns the Department money shall be notified in writing of such a debt

**6.4 Writing off Debtor**

Write off recommendation are made to the Accounting Officer for his/he approval upon determination that, despite the best recovery effort, the debt cannot be recovered.

**6.5 Circumstances under which write offs can be made**

Write-offs can be made under circumstance described in terms of the Treasury Regulations Section 11.4.

**7. Scope of application**

The above provision will be applicable to all internal and external debtors

**8. Amendment of policy**

The amendment of policy shall be subjected to approval by the Head of Department. The Head of Department has the discretion to deviate from Clause in this policy where needs be.

**9. Monitoring, Evaluation and Reporting**

The Department through its delegation structures shall monitor and evaluate effectiveness of the implementation thereof and report to the Head of Department on an annual basis.

**APPROVED/NOT APPROVED**

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**MR S. NGUBANE**  
**ACTING: HEAD OF DEPARTMENT**  
**DATE** \_\_\_\_\_