



Project:

System: NPDA

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Functions/Features: **Accounting NPDA Financial Model**

Document History

Reviewed By

Organization	Person

Revision Record

Number	Date and Sections	Notes

Acronyms

Acronym	Description

References

Document Title	File Name

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1. Introduction

The purpose of this document is to show the accounting model used at by the NPDA.

2. Process successful payments / distribution General Ledger Accounts

The amount is deposited into the bank account and it reflects on the statement

The amount appears as a debit balance on the account.

2.I.1 Assumptions

The consumer is known

The payment plan exists

Payment distribution to credit providers is done from consumer account.

The payment is made successfully.

General ledger entries

The balance appears as a debit balance on the bank account. There is a need to transfer this amount to the consumer account.

Credit the bank account with the amount and debit the consumer account with the deposited amount.

On payment distribution time; credit the consumer account with each amount that is paid out to credit providers.

The credit providers outstanding balances is reduced by the payment received from consumer.

Accounts involved and Contra Entries

Main Bank account

Consumer Account

Credit Provider Accounts

General Ledger Accounts with purpose / usage

GLAccount_pk	Description	BankAccount_fk	Purpose / Usage	Account Type
10	Mercantile D/O Collections Trust / NPDA Bank account	13	GL Account that represents a bank account - An account at Mercantile where all our debit orders are received	Asset
11	Nedbank Main Trust / NPDA Bank account	9	GL Account that represents a bank account - Nedbank trust account - the first one we had for this version of the NPDA system	Asset
12	Nedbank NPDA Business / NPDA Business Account	11	GL Account that represents a bank account - This account is the DCM Group account, here we pay PDA fees into	Asset
13	Nedbank Eminence Trust	16	GL Account that represents a bank account - Nedbank trust account we opened when we took on the Eminence business (late 2013)	Asset
14	Nedbank Pay Away	10	GL Account that represents a bank account - This is an account we use for payments of Mercantile debit orders received, money is transferred there and payments made out of that account	Asset
15	Unidentifed / Unidentified Funds Account	24	GL Account that represents a bank account - New SLA unidentifieds account	Liability
20	Consumer Clearing Account / Consumer Clearing Account	NULL	Not a bank account - this is a GL Account - An account per consumer shows summaries of all DR/CR	
21	Wage Earners Clearing Account	NULL	Not a bank account - this is a GL Account - Not used - meant to handle consolidations of weekly payers	
30	Payment Clearing Account	NULL	Not a bank account - this is a GL Account - Not used - meant to be an account that would show a consolidated movement of funds out of the trust account to be reconciled to the CR on the bank statement	

GLAccount_pk	Description	BankAccount_fk	Purpose / Usage	Account Type
31	Creditor Account / Creditor Account	NULL	Not a bank account - this is a GL Account - An account per consumer obligation where funds are paid to	
32	DC Fee Account	NULL	Not a bank account - this is a GL Account - An account per DC consumer for their nag fee and aftercare fee relating to what is owing for this	
33	Legal Account	NULL	Not a bank account - this is a GL Account - An account per Legal entity per consumer relating to what is owing for legal	
34	PDA Fees Account	NULL	Not a bank account - this is a GL Account - An account where PDA fees are reflected for every distribution	Income
35	DC Application Fee Account	NULL	Not a bank account - this is a GL Account - An account per DC consumer for their application fee relating to what is owing for this	
40	Deallocations Account	NULL	Not a bank account - this is a GL Account - Not used - meant to be an account to move money that was reconciled but later unreconciled	
41	Unidentified Deposits Account	NULL	Not a bank account - this is a GL Account - Not used (probably can be handled by the new Unidentified bank account rather)	Liability
90	Bank Junk Account	NULL	Not a bank account - this is a GL Account - An account used to reconcile statement meta data typically zero line items on a statement	
91	Transfer Clearing Account???	NULL	Not a bank account - this is a GL Account - Not used - meant to be an account that would show a consolidated movement of funds out of the trust account to be reconciled to the CR on the bank statement	
92	Discontinued - Nedbank NPDA Business (Act#: 1497207622)	NULL	Not a bank account - this is a GL Account - Not sure	
93	DCM Smart Account	NULL	Not a bank account - this is a GL Account - Used to represent any monies we would sweep to DCM SMART	

GLAccount_pk	Description	BankAccount_fk	Purpose / Usage	Account Type
94	Bank Costs Account	NULL	Not a bank account - this is a GL Account - Used to reconcile any banking costs (used to be relevant before a cash management rule to pool all fees to one account was applied to our accounts)	
New	External third Party Account		Not a bank account - it must be a GL Account - Used to capture any monies taken from our bank accounts without permission by a third party	Asset
New	Provision for Profit and Loss Account		Not a bank account - it must be a GL Account - Used to capture amounts which are being recovered and provision for profit and loss	Expense
New	Refund Account		Not a bank account - it must be a GL Account - used to capture all refunds from creditors	Liability
New	Returns Account		Not a bank account - it must be a GL Account - used to capture all bank returns	Liability
New	Suspended Funds Account		Not a bank account - it must be a GL account - used to hold funds while decision is being made on how to distribute	Liability
New	Failed Distribution Account		Not a bank account - it must be a GL account - used to hold funds which failed during distribution	Liability

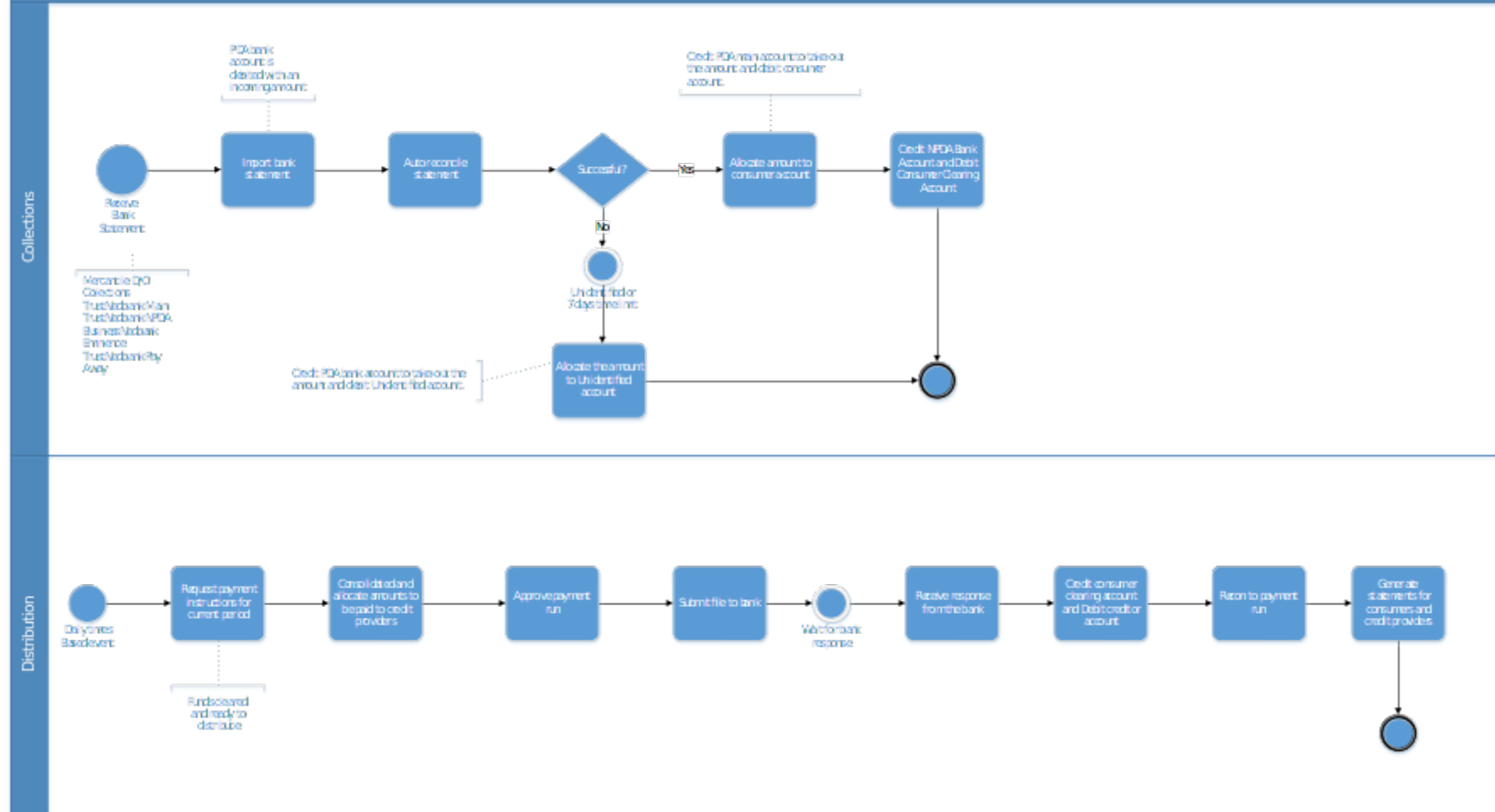
Successful Distributions

The transfer of one form of funds service or financial asset in exchange for another in proportions that have been previously agreed upon by parties involved. Payment is made in the form of funds.

Action	Account	Reason / explanation
DEBIT	Daily Bank Statement Control Account	The deposited amount is transferred reconciled to the daily bank statement control account ready for distribution
CREDIT	NPDA Bank Account	The deposited amount must be transferred from the NPDA Bank Account to Consumer Clearing Account
Then		
Action	Account	Reason / explanation
DEBIT	Creditor Account	The distribution amount is debited into the creditor account when payment is made
CREDIT	Consumer Clearing Account	The distribution amount is paid from the Consumer Clearing Account to credit provider

Title: Successful Distribution

Phase



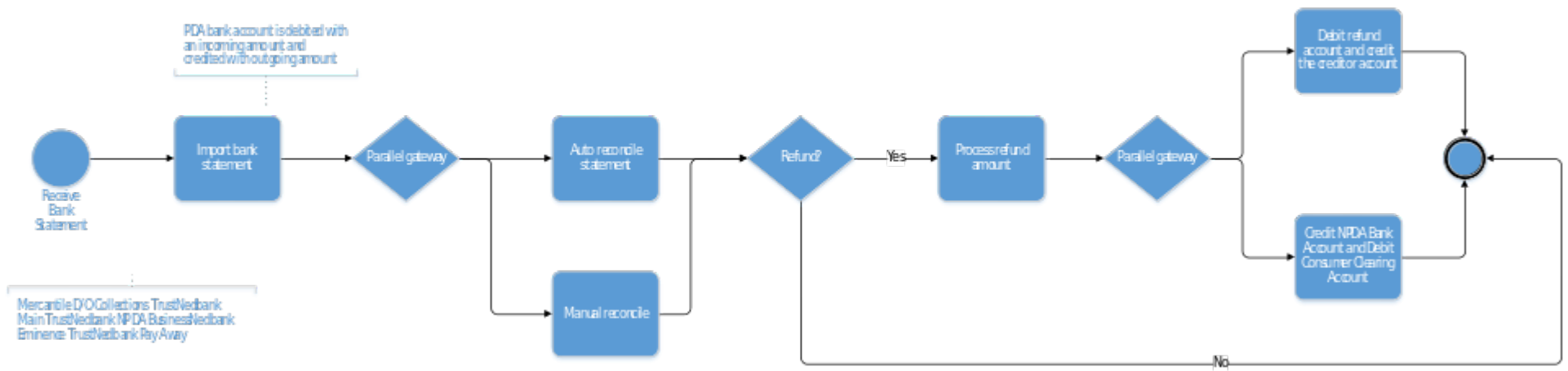
Refunds

Funds refunded from a credit provider: Funds received on behalf of a consumer contribution or refunded from a credit provider that should not be paid to credit		
Action	Account	Reason / explanation
DEBIT	Refund Account	The creditor refund amount increases with the refund amount
CREDIT	Creditor Account	There is an increase in the amount owed to the creditor
Then		
Action	Account	Reason / explanation
DEBIT	Consumer Clearing Account	The amount involved must be returned to the Consumer Clearing Account as a refund
CREDIT	NPDA Bank Account	The bank account must be credited by the amount involved to take out the amount

Title: Refund

Phase

Collections



Returns

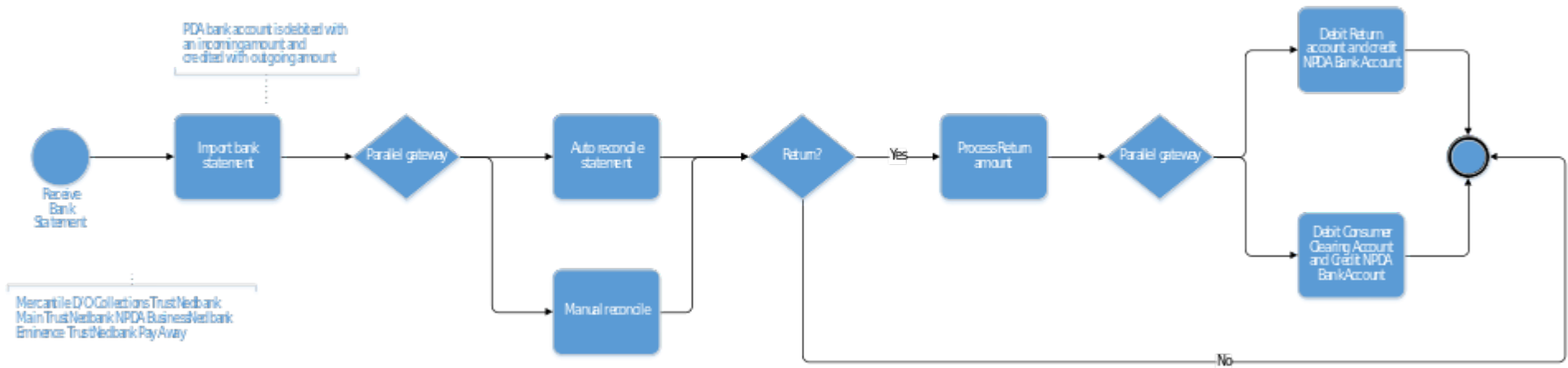
The ID was included onto a payment run, but the one particular payment transaction to a specific credit provider returned due to the credit provider rejecting the transaction on their side. This means that the funds left the account of the NPDA.

Action	Account	Reason / explanation
DEBIT	Returns Account	The returns account increases with the return amount
CREDIT	NPDA Bank Account	The bank account must be credited by the amount involved to take out the amount
Then		
Action	Account	Reason / explanation
DEBIT	Consumer Clearing Account	The amount involved must be returned to the Consumer Clearing Account as a return
CREDIT	Returns Account	The returns account is decreased the return amount

Title: Return

Phase

Collections



Failed Distributions

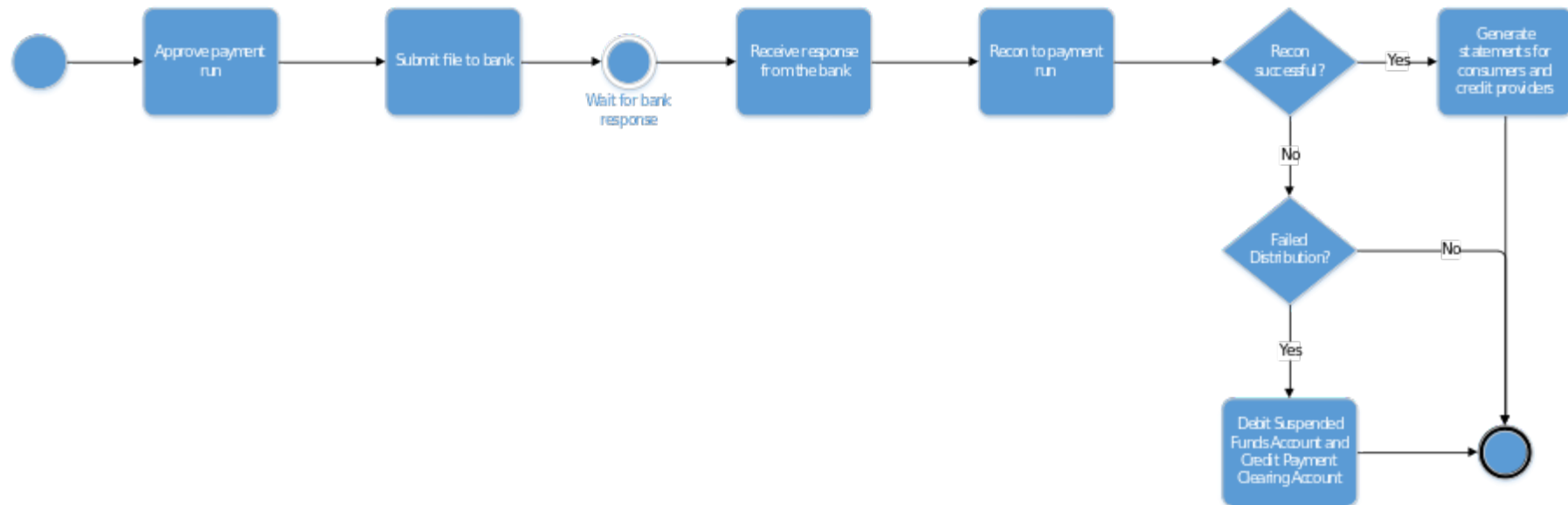
Failed Distributions – funds returned by the credit provider or bank because the consumer's account has been paid up or the payment cannot be allocated by the credit provider or the bank and needs to be investigated, corrected and released again for payment to the credit provider.

Action	Account	Reason / explanation
DEBIT	Suspended Funds Account	The failed distribution account increases the Suspended Funds Account with the failed amount
CREDIT	Payment Clearing Account	The Payment Clearing Account must be credited by the amount involved.
Then		
Action	Account	Reason / explanation
DEBIT	Consumer Clearing Account	The amount involved must be returned to the Consumer Clearing Account as a return
CREDIT	Creditor Account	The returns account is decreased the return amount

Title: Failed Distribution

Phase

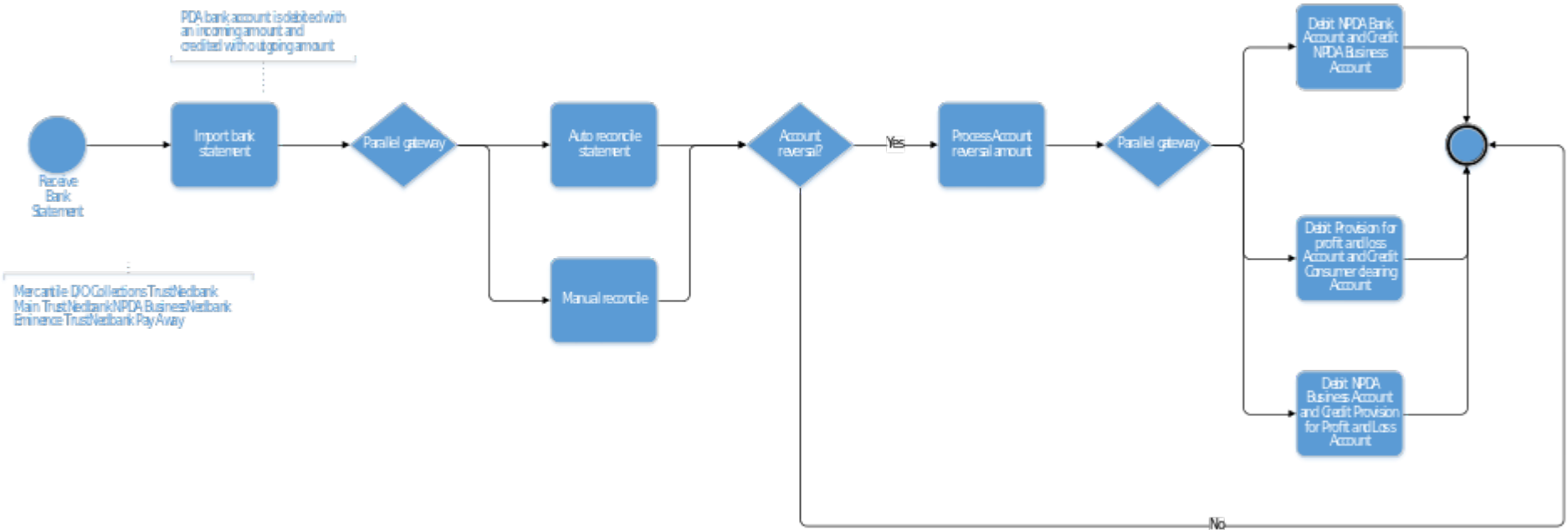
Distribution



Account reversals

Account reversals: Consumers can reverse payments made to the NPDA. Although the NPDA has arranged for all banks to first notify and negotiate with the NPDA to ensure the NPDA is not out of pocket for a distributed transaction some banks still reverse funds without prior consultation.

Action	Account	Reason / explanation
DEBIT	NPDA Bank account	The amount involved must be reinstated into this account
CREDIT	NPDA Business Account	The amount involved which left the account must be replenished from a business account
Then		
Action	Account	Reason / explanation
DEBIT	Provision for Profit and Loss Account	The amount involved which left the business account must be provided for in a provision for profit and loss account
CREDIT	Consumer Clearing Account	The Consumer Clearing Account must be debited by the reversal amount
Then		
Action	Account	Reason / explanation
DEBIT	NPDA Business Account	The amount involved which left the account must be replenished from a provision for profit and loss account
CREDIT	Provision for Profit and Loss Account	The amount involved which left the business account must be provided for in a provision for profit and loss account



Unidentified

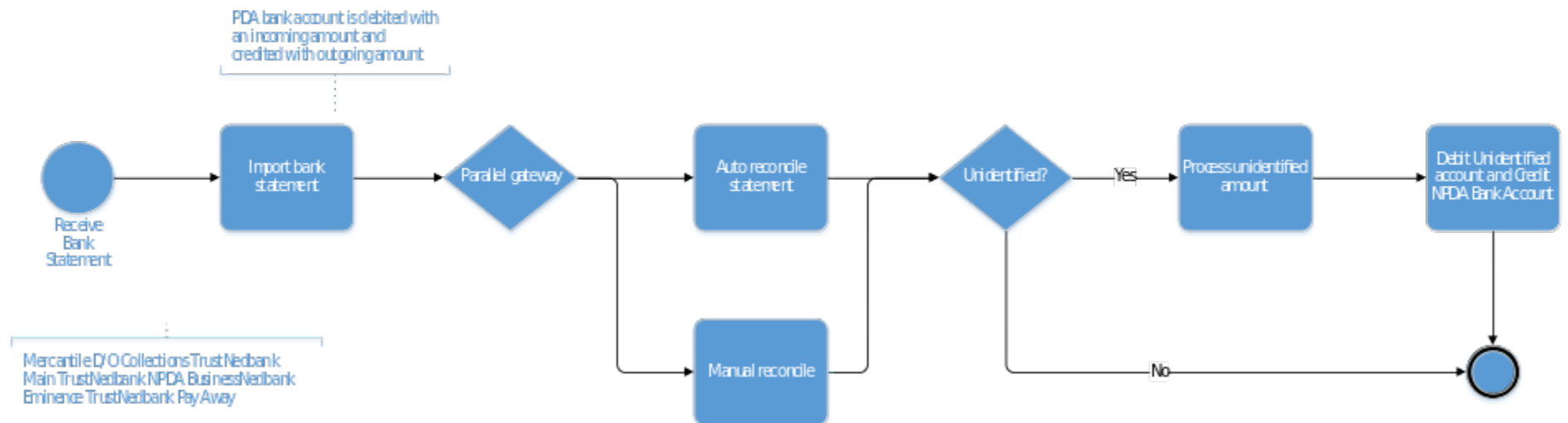
Unidentified funds refer to funds received by the PDA where the identity of the consumer is unknown and the funds cannot be linked to a consumer's debt rearrangement plan therefore cannot be distributed.

Action	Account	Reason / explanation
DEBIT	Unidentifieds	The unidentified amount is transferred to the Unidentifieds from the bank account
CREDIT	NPDA Bank Account	The amount involved is moved from the bank account to the Unidentifieds

Title: Unidentified

Phase

Collections



Suspended Funds

Suspension of DC funds: When an instruction is received to withhold funds payable to a debt counsellor.

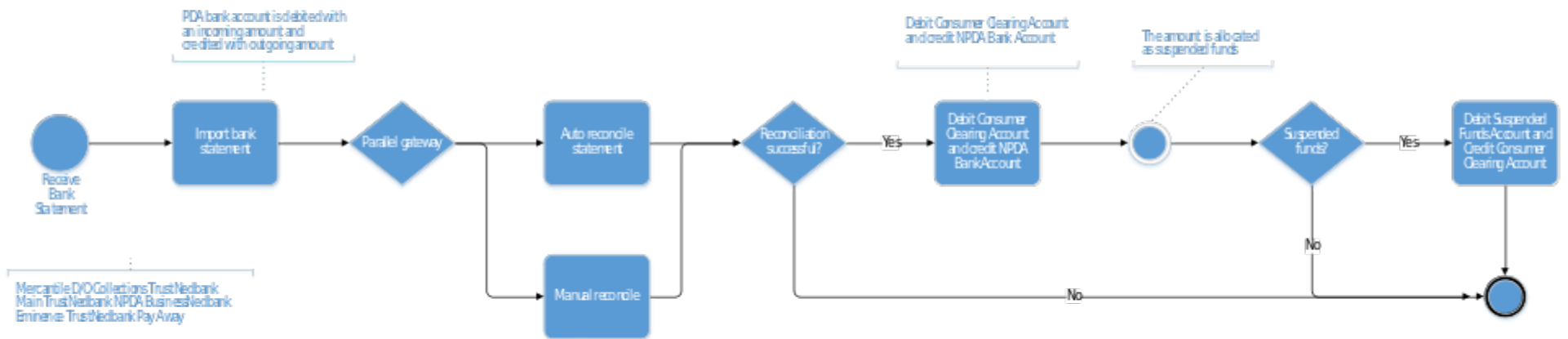
Suspended Funds – funds where the consumer is known but distribution cannot take place because these transactions do not meet certain payment criteria due to reference and/or date format issues and/or debt counsellors have requested suspension of payments due to corrections to debt re-arrangement plans, changes in amounts and/or issues with consumers

Action	Account	Reason / explanation
DEBIT	Consumer Clearing Account	The Consumer Clearing Account must be debited by the deposited amount
CREDIT	NPDA Bank Account	The amount involved is moved from the NPDA bank account to the Consumer Clearing account
Then		
Action	Account	Reason / explanation
DEBIT	Suspended Funds Account	The suspended funds account is debited with the suspended amount
CREDIT	Consumer Clearing Account	The consumer clearing account is credited with the suspended amount.

Title: Suspended Funds

Phase

Collections



Funds Awaiting Distribution

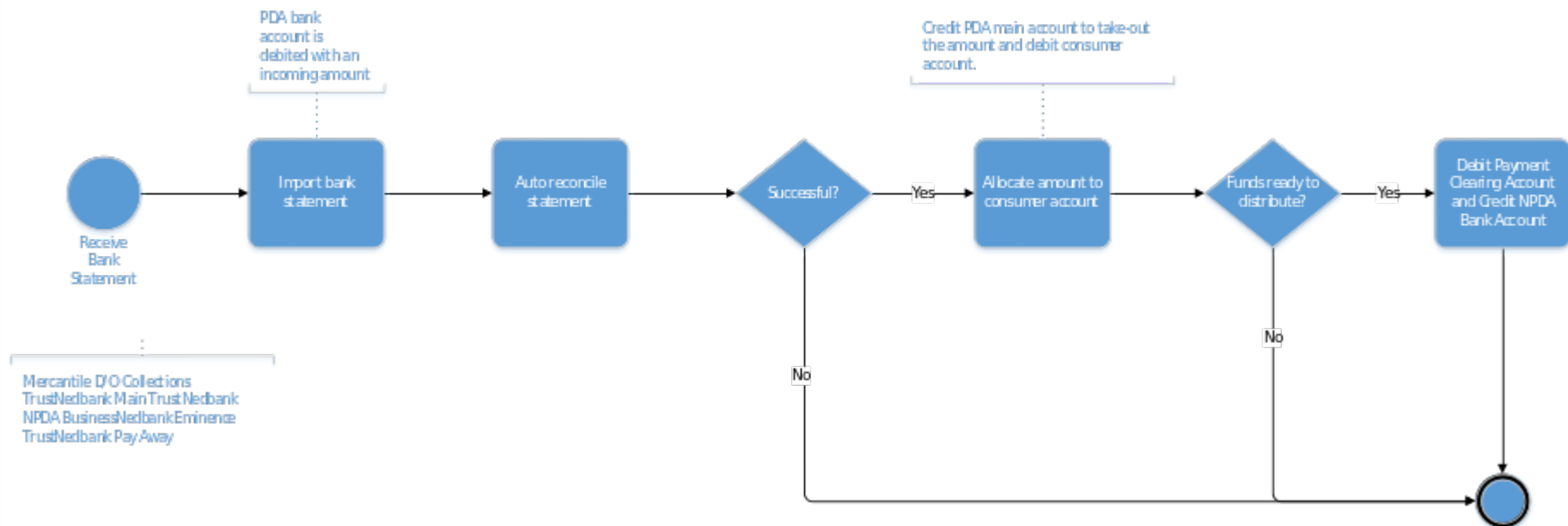
Funds awaiting distribution – Funds that can be linked to a consumer’s debt rearrangement plan, are correctly referenced according to the PDA’s pre-distribution verification processes and are awaiting distribution, excluding failed distributions. Include all NDFR sub categories.

Action	Account	Reason / explanation
DEBIT	Payment Clearing Account	Funds will be transferred to the Payment Clearing Account to await distribution to creditors.
CREDIT	NPDA Bank Account	The funds which will be part of distribution to credit providers must be moved to payment clearing account to await distribution

Title: Funds Awaiting Distribution

Phase

Collections



Funds De-Allocation

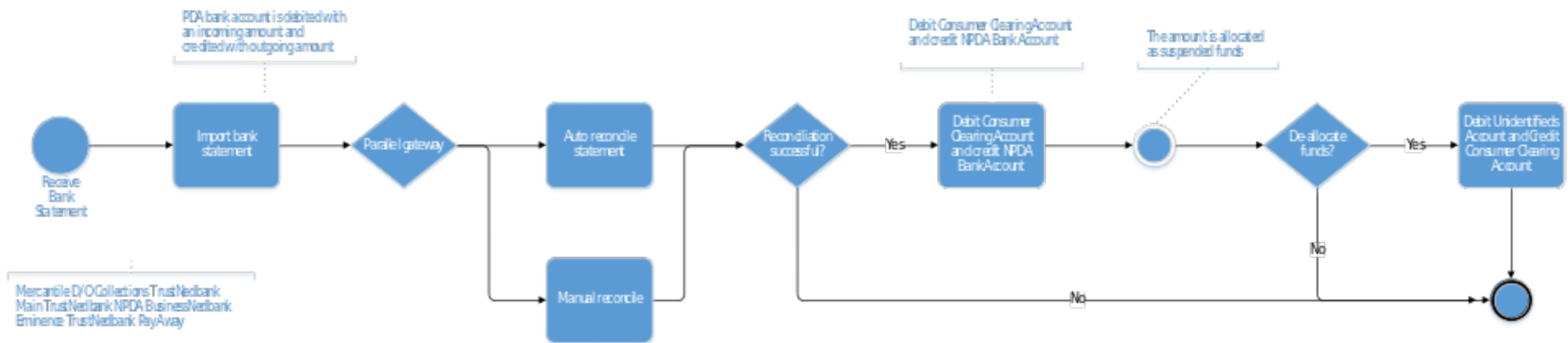
De-allocation: De-allocation is the un-reconciling of funds that have been previously reconciled, but has not yet been distributed.

Action	Account	Reason / explanation
DEBIT	Unidentified Funds Account / Unidentifieds	The Unidentified Funds Account / Unidentifieds is debited which shows increase is the unidentified funds.
CREDIT	Consumer Clearing Account	The amount involved is moved from the Consumer Clearing Account to Unidentifieds.

Title: Funds De-Allocation

Phase

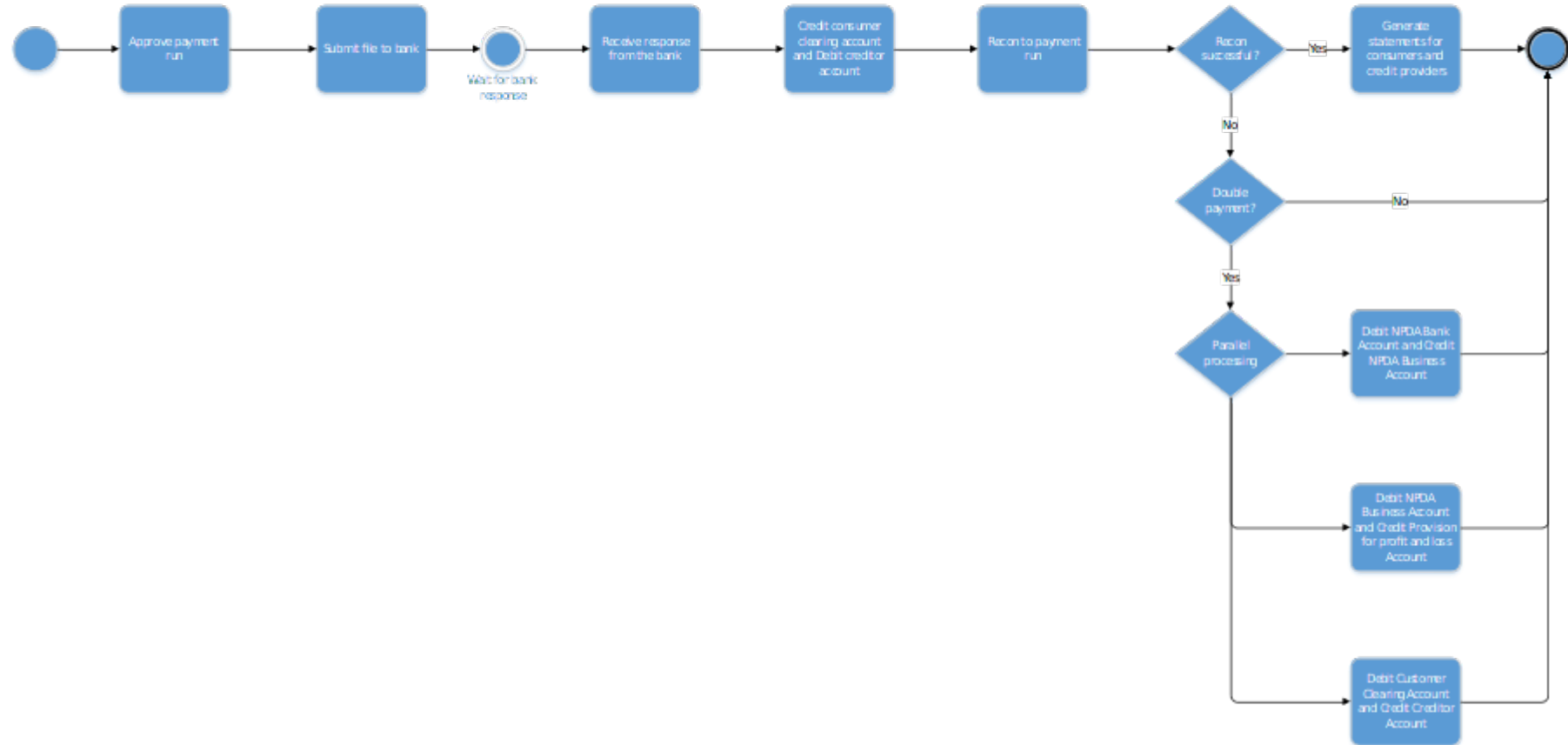
Collections



Double payments

Double payment file processing (Internal system errors); This is where a payment run has been uploaded and distributed more than one time.

Action	Account	Reason / explanation
DEBIT	NPDA Bank account	The amount involved must be reinstated into this account
CREDIT	NPDA Business Account	The amount involved which left the account must be replenished from a business account
Then		
Action	Account	Reason / explanation
DEBIT	NPDA Business Account	The amount involved which left the business account must be replenished by Consumer Clearing Account
CREDIT	Provision for Profit and Loss Account	The amount involved which left the business account must be provided for in a provision for profit and loss account
Then		
Action	Account	Reason / explanation
DEBIT	Customer Clearing Account	The customer clearing account must be debited with the double payment amount made on their behalf
CREDIT	Creditor Account	The creditor account must be credited to show that double payment they received.



Bank Return

Returns: On distribution there are validation from the receiving bank. Should either the bank account or reference numbers not pass the validation the payment will enter the bank account and be rejected or returned immediately back to the origin account. These funds remain in the NPDA bank account and require re-processing in order to distribute.

Action	Account	Reason / explanation
DEBIT	Suspended Funds Account	The returned amount must be transferred to be part of suspended funds
CREDIT	Payment Clearing Account	The amount involved must be part of suspended funds until the matter is resolved.

Title: Bank Return

Phase

Distribution

