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All Accounting Officers – National Departments

All CFO's – National Departments

All Heads of Corporate Services – National Treasury

Heads of Provincial Treasuries

All Provincial Accountants Generals

OFFICE OF ACCOUNTANT-GENERAL PRACTICE NOTE 1 OF 2005/06

MONTH CLOSURE PROCEDURES FOR 2005/06, TO MEET THE REPORTING REQUIREMENTS IN TERMS OF SECTION 32 OR THE PUBLIC FINANCE MANAGEMENT ACT

1. Chapter 5 of the Public Finance Management Act (Act 1 of 1999) prescribes the responsibilities of Accounting Officers in respect of financial reporting. Section 40 (4) (c) required that departments must, within 15 days of the end of each month, submit to the relevant treasury and the executive authority responsible for that department:

- The information for that month;
- A projection of expected expenditure and revenue collection for the remainder of the current financial year; and
- When necessary, an explanation of any material variances, and a summary of the steps that are taken to ensure that the projected expenditure and revenue remain within budget.

2. Section 40 (1)(a) requires Accounting Officers to keep full and proper records of the financial affairs of the department in accordance with any prescribed norms and standards. To ensure the completeness and accuracy of the information supplied in terms of section 40 (4) (c) all Accounting Officers must certify on a monthly basis, before the closure of the accounting month, compliance to the minimum financial performance indicators in **Annexure B**.

3. In addition to the above, compliance to Paragraph 17.1 of Part 7 of Treasury Regulation, must also be certified:

3.1 That all transaction of an institution are supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation;

3.2 That in all exceptional cases, where it is necessary to account for revenue and expenditure transactions in a control account because the classification has not been resolved, that the

Accounting Officer, or his/her designate, ensured that the requirements of **Annexure B** regarding items in control/suspense accounts have been complied with.

4. The Chief Financial Officer must review and sign all reconciliations for the reporting month. By signing reconciliations the Chief Financial Officer confirms concurrence and approval thereof.
5. To ensure uniformity in respect of the certification, a pro forma certificate has been designed that should be used by all departments. The certificate must be completed and signed by the Chief Financial Officer and Accounting Officer, and be submitted monthly to the relevant Treasury. **(Annexure A).** **Annexure B** contains the minimum financial management performance indicators to be complied with that would assist in the completion of the certificate of compliance at **Annexure A.**
6. The final dates for month closures for 2005/06 financial year are reflected in **Annexure C.** The dates on this annexure reflect the final dates on which National Treasury will enforce month closure. **National and Provincial departments** must align their departmental processes to ensure the month closure can occur timeously on or before these dates.
7. All National and Provincial departments must ensure that bank reconciliations are performed on a daily basis

NATIONAL DEPARTMENTS

Annexure D list the final dates of the PMG closure and availability of Bank statements. This information must be used in conjunction with the month closure dates. All unknown/ erroneous items arising from banking interfaces for National Departments must be reported immediately to the Office of the Accountant-General via e-mail to pmg.safetynet@treasury.gov.za or by fax to 012 323 8247.

PROVINCIAL DEPARTMENTS

All Provincial Departments are to follow the reporting requirement determined by the Provincial Treasury / Provincial Accountant-General and reports must be submitted no later than the dates in **Annexure C.**

8. The amendments to the Bill of Exchange Act, regarding non transferable cheques, requires all National/Provincial departments to take care of their warrant voucher/cheques, to scrutinise statements to detect unauthorised debits and ensure timeous bank reconciliations. This implies that all enquiries must be sent to the bank immediately on a daily basis. Please note as a result of the amendments banks can no longer be held liable for forged or altered cheques, where the forgery of alterations was facilitated as a result of negligence by the department.
9. If an Accounting Officer is unable to comply with any of the minimum prescribed financial performance indicators of **Annexure B**, the Accounting Officer must promptly **report** the inability, together with reasons, to the relevant treasury and supply action plans with timeframes to address the non-compliance. Failure to comply with this Practice notice is construed as financial misconduct in terms of the Treasury Regulations.
10. Your co-operation in this regard, is highly appreciated

The Bank Reconciliation for all bank accounts for the reporting month has been done as at _____ and copies are attached (Do not attach any other documentation).

SIGNATURE: _____

CHIEF FINANCIAL OFFICER PRINT NAME

DATE:

SIGNATURE: _____

ACCOUNTING OFFICER PRINT NAME

DATE:

ANNEXURE B

MINIMUM FINANCIAL MANAGEMENT PERFORMANCE INDICATORS TO BE COMPLIED WITH:

1. All transactions are supported by authentic and verifiable source documents.
2. All deposits and receipts have been recorded in the General Ledger of the department and reconciled.
3. All departmental revenue has been paid timeously to the National Revenue Fund.
4. All Cheques/Warrant vouchers/Electronic fund transfer (EFT)/Bank credits have been recorded in the General Ledger of the department and the EFT control account reconciled.
5. The bank adjustment/exception account has been reconciled.
6. All Bank Reconciliations have been performed and reconciling items cleared.
7. All interfaces for the month have taken place and reconciled.
8. All journals have been recorded and authorised on the Financial System of the department.
9. All Inter-departmental balances and debts have been recorded, reconciled and paid within the prescribed or agreed period.
10. All staff debts have been recorded and reconciled.

11. All reporting requirements of DoRA have been adhered to.
12. The Budget per the ENE or adjusted ENE has been captured on the financial systems as per the Standard Chart of Account (SCOA) as prescribed in the ENE. The Budget on the financial system has been reconciled to the ENE or adjusted ENE.
- 13. Control and Suspense Accounts**
- 13.1 All supporting documentation is readily available.
- 13.2 Monthly reconciliation of all control or suspense accounts is performed to confirm and unconfirmed balances in the returned conformation letters issued and available supporting documentation.
- 13.3 Amounts included in control or suspense accounts are cleared and correctly allocated to the relevant cost centres on a monthly basis.
- 13.4 Reports are provided to the Accounting Officer about uncleared items, and followed up on a monthly basis by the Chief Financial Officer.

ANNEXURE C

MONTH-END CLOSURE DATES FOR THE 2004/2005 FISCAL YEAR, TO MEET THE REPORTING REQUIREMENTS IN TERMS OF SECTION 32 OF THE PUBLIC FINANCE MANAGEMENT ACT

ACCOUNTING MONTH	*CLOSURE DATES
MARCH 2005 – Reporting to Vulindlela	2005/04/08 (no month/year close transaction)
MARCH 2005 – PRELIMINARY	2005/05/03
APRIL 2005	2005/05/10
MAY 2005	2005/06/09
JUNE 2005	2005/07/07
JULY 2005	2005/08/10
AUGUST 2005	2005/09/08
SEPTEMBER 2005	2005/10/10
OCTOBER 2005	2005/11/09
NOVEMBER 2005	2005/12/08
DECEMBER 2005	2006/01/09
JANUARY 2006	2006/02/09
FEBRUARY 2006	2006/03/09
MARCH 2006 - Reporting to Vulindlela	2006/04/07 (no month/year close transaction)
MARCH 2006 – PRELIMINARY	2006/05/02

i) The dates reflect close of business for that day.

ii) The dates are the latest possible closure date, however departments are encouraged to enhance their internal procedures to close earlier.

Please note: for BAS Departments:

The PRELIMINARY close for March must be dealt with in accordance with the prescripts as detailed in BAS notice number 7 of 2005.

ANNEXURE D

NATIONAL DEPARTMENTS ONLY

SCHEDULE ON THE CLOSURE OF PAYMASTER-GENERAL ACCOUNTS

ACCOUNTING MONTH	PMG CLOSURE DATE (END OF DAY)	FINAL DATES FOR AVAILABILITY OF BANK STATEMENTS
MARCH 2005	2005/04/01	2005/04/04
APRIL 2005	2005/05/03	2005/05/04
MAY 2005	2005/06/01	2005/06/02
JUNE 2005	2005/07/01	2005/07/04
JULY 2005	2005/08/01	2005/08/02
AUGUST 2005	2005/09/01	2005/09/02
SEPTEMBER 2005	2005/10/03	2005/10/04
OCTOBER 2005	2005/11/01	2005/11/02
NOVEMBER 2005	2005/12/01	2005/12/02
DECEMBER 2005	2006/01/03	2006/01/04
JANUARY 2006	2006/02/01	2006/02/02
FEBRUARY 2006	2006/03/01	2006/03/02
MARCH 2006	2006/04/03	2006/04/04

PLEASE NOTE: The final dates for availability of bank statements are subject to:

- Receiving of daily Statement from SA Reserve Bank and cashed Warrant Vouchers from ACB for different CLC centers; and
- The bank statements will be available on above-mentioned dates before 14h00