



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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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 2007/08**

**MONTH-END CLOSURE PROCEDURES FOR 2007/08, TO MEET THE REPORTING REQUIREMENTS IN TERMS OF SECTION 32 OF 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) requires 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:
  - Actual revenue and expenditure for the preceding month;
  - Anticipated revenue and expenditure for the current 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 maintain 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 that they have complied with 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 transactions 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 to ensure that unauthorised transactions were detected, dishonored cheques and long outstanding amounts are followed up and cleared. 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 to be used by all departments, has been designed by the National Treasury (**Annexure A**). The minimum financial management performance indicators that would assist in the completion of the certificate is contained in **Annexure B**. The certificate must be completed and signed by the Chief Financial Officer and Accounting Officer on a monthly basis. Each certificate must be submitted to the relevant treasury.
6. The month-end closure dates for the 2007/08 financial year are reflected in **Annexure C. National and Provincial departments** must align their departmental processes to ensure the month-end closure can occur timeously on or before these dates. National Treasury will force close any general ledgers that are still open by the closing dates in **Annexure C**.
7. All National and Provincial departments must ensure that bank reconciliations are performed on a daily basis.

## **NATIONAL DEPARTMENTS**

**Annexure D** lists the final dates of the Paymaster General account (PMG) closure and availability of Bank statements. This information must be used in conjunction with the month-end 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](mailto:pmg.safetynet@treasury.gov.za) or by fax to 012 323 8247.

## **PROVINCIAL DEPARTMENTS**

All Provincial Departments are to follow the reporting requirements as 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, require all National/Provincial departments to take care of their warrant voucher/cheques, to scrutinise statements to detect unauthorised debits and ensure timeous preparation and review of bank reconciliations. This implies that all enquiries must be sent to the bank immediately on a daily basis. Please note that as a result of the amendments, banks can no longer be held liable for forged or altered cheques, where the forgery or 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

**FREEMAN NOMVALO**  
**ACCOUNTANT-GENERAL**  
**DATE:**

**ANNEXURE A**

**CERTIFICATE OF COMPLIANCE TO THE FINANCIAL MANGEMENT PERFORMANCE INDICATORS IN ACCORDANDE WITH THE REQUIREMENTS OF THE PUBLIC FINANCE MANAGEMENT ACT, 1999**

- ❖ FROM (Name of Department): \_\_\_\_\_
- ❖ TO (Relevant Treasury): \_\_\_\_\_
- ❖ WHEN REQUIRED (Month-end closure date): \_\_\_\_\_
- ❖ WHEN DUE (10 days after month-end closure date): \_\_\_\_\_
- ❖ PAYMASTER-GENERAL ACCOUNT NUMBER: \_\_\_\_\_

Please attach reason/comments and action plans with the time frames to address non-compliance with the minimum financial management performance indicators reflected in **Annexure B**.

<b>Performance Indicator number</b>	<b>Reasons/ comment, action plan and the time frames</b>

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:** \_\_\_\_\_ **PRINT NAME**  
**CHIEF FINANCIAL OFFICER**

**DATE:** \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_ **PRINT NAME**  
**ACCOUNTING OFFICER**

**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 Division of Revenue Act (DoRA) have been adhered to.
12. The Budget per the Estimates of National Expenditure (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 confirmed and unconfirmed balances in the confirmation letters (issued and received) 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 2007/2008 FISCAL YEAR, TO MEET THE REPORTING REQUIREMENTS IN TERMS OF SECTION 32 OF THE PUBLIC FINANCE MANAGEMENT ACT**

<b>ACCOUNTING MONTH</b>	<b>*CLOSURE DATES</b>
MARCH 2007 – Reporting to Vulindlela	2007/04/10 (no month/year close transaction)
MARCH 2007 – PRELIMINARY	2007/05/02
APRIL 2007	2007/05/08
MAY 2007	2007/06/07
JUNE 2007	2007/07/05
JULY 2007	2007/08/07
AUGUST 2007	2007/09/06
SEPTEMBER 2007	2007/10/09
OCTOBER 2007	2007/11/08
NOVEMBER 2007	2007/12/06
DECEMBER 2007	2008/01/08
JANUARY 2008	2008/02/07
FEBRUARY 2008	2008/03/06
MARCH 2008 - Reporting to Vulindlela	2008/04/08 (no month/year close transaction)
MARCH 2008 – PRELIMINARY	2008/04/30

- 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 2 of 2007.

**NATIONAL DEPARTMENTS ONLY****SCHEDULE ON THE CLOSURE OF PAYMASTER-GENERAL ACCOUNTS**

<b>ACCOUNTING MONTH</b>	<b>PMG CLOSURE DATE (END OF DAY)</b>	<b>FINAL DATES FOR AVAILABILITY OF BANK STATEMENTS</b>
MARCH 2007	2007/04/02	2007/04/03
APRIL 2007	2007/05/01	2007/05/02
MAY 2007	2007/06/01	2007/06/04
JUNE 2007	2007/07/03	2007/07/04
JULY 2007	2007/08/01	2007/08/02
AUGUST 2007	2007/09/03	2007/09/04
SEPTEMBER 2007	2007/10/01	2007/10/02
OCTOBER 2007	2007/11/01	2007/11/02
NOVEMBER 2007	2007/12/03	2007/12/04
DECEMBER 2007	2008/01/02	2008/01/04
JANUARY 2008	2008/02/01	2008/02/04
FEBRUARY 2008	2008/03/03	2008/03/04
MARCH 2008	2008/04/01	2008/04/02

**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