



**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 Departments**  
**Heads of Provincial Treasuries**  
**All Provincial Accountants Generals**

## **OFFICE OF ACCOUNTANT-GENERAL INSTRUCTION NOTE 1 OF 2012/13**

### **MONTH-END CLOSURE PROCEDURES FOR 2012/13, TO MEET THE REPORTING REQUIREMENTS IN TERMS OF SECTION 32 OF THE PUBLIC FINANCE MANAGEMENT ACT AND INTERIM FINANCIAL STATEMENTS**

#### **MONTH END CLOSURE PROCEDURES**

1. Chapter 5 of the Public Finance Management Act 1 of 1999 (PFMA) prescribes the responsibilities of Accounting Officers. 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, compliance to Paragraph 17.1 of Part 7 of Treasury Regulation, regarding the use and clearing of suspense accounts, 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 approve (by signing) all reconciliations for the reporting month to ensure that unauthorized transactions are detected, and dishonored cheques and long outstanding amounts are followed up and cleared. By signing the reconciliations, the Chief Financial Officer confirms concurrence and approval thereof.
5. To ensure uniformity, the National Treasury designed a pro forma certificate (**See Annexure A**).
6. 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. Kindly note for National Departments the certificate should be delivered at 240 Vermeulen street 17<sup>th</sup> floor for attention of the respective cluster Director:

Name of Cluster	Respective Director	Contact Details
Central Government Administration	Keitumetse Malebye	012 315 5989
Financial and Administrative Services	Keitumetse Malebye	012 315 5989
Justice, Crime Prevention and Security	Star Kafu	012 315 5763
Social Services	Thomas Matjeni	012 315 5792
Economic Services and Infrastructure Development	Maubane Mahlare	012 315 5481

7. The month-end closure dates for the 2012/13 financial year are reflected in **Annexure C. National and Provincial departments** must align these dates to their departmental processes in order to ensure that 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**.
8. All National and Provincial departments must ensure that bank reconciliations are performed on a daily basis.

### **8.1. 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.

## **8.2. PROVINCIAL DEPARTMENTS**

All Provincial Departments are to follow the reporting requirements as determined by the Provincial Treasury and reports must be submitted no later than the dates in **Annexure C**.

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 to 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 were facilitated as a result of negligence by the department.

If an Accounting Officer is unable to comply with any of the minimum prescribed financial performance indicators in **Annexure B**, s/he must promptly **report** the non compliance and reasons thereof to the relevant treasury and provide action plans with timeframes to address the non-compliance.

## **8.3. INTERIM FINANCIAL STATEMENTS (IFS)**

- 8.3.1. Practice Note 5 of 2009 is hereby repealed. Reporting requirements in terms of the IFS will be issued annually.
- 8.3.2. Accountability and governance within the public sector needs to be strengthened.
- 8.3.3. Therefore IFS was introduced in the 2009/10 financial year. Both National and Provincial Departments were required to complete the IFS for the period ended 30 September 2009. The IFS template had to be submitted to the relevant treasury on or before 31 October 2009.
- 8.3.4. For the 2012/13 financial year, departments will be required to complete the IFS for the periods ending:
  - 8.3.4.1. 30 June 2012
  - 8.3.4.2. 30 September 2012
  - 8.3.4.3. 31 December 2012
  - 8.3.4.4. 31 March 2013
- 8.3.5. The completed IFS template must be submitted to the relevant treasury within 30 days after the period ended.

8.3.6. The Accounting Officer will be required to complete and sign the letter confirming accuracy and completeness. This letter is attached as **Annexure E**.

8.3.7. National departments are required to submit their IFS to the respective Office of the Accountant-General representative allocated to them while provincial departments should submit their IFS to their respective Provincial Accountant-General. (See point 6 above for more details).

8.3.8. Guidance on completion of the IFS will be issued with the template on an annual basis.

8.3.9. The IFS template for 2012/13 will be issued by no later than 30 June 2012.

#### **APPLICABILITY**

9. This Instruction Note applies to all national and provincial departments. Failure to comply with this Instruction Note shall be regarded as financial misconduct in terms of the Treasury Regulations.

#### **DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION NOTE**

10. Head Officials of Provincial Treasuries are requested to bring the contents of this Instruction Note to the attention of accounting officers of their provincial departments.

#### **AUDITING OF INSTRUCTION NOTE**

11. A copy of this Instruction Note will be forwarded to the Auditor-General to ensure its contents are included in their audit scope.

#### **EFFECTIVE DATE**

12. This Instruction Note takes effect from 1 April 2012.

#### **AUTHORITY FOR THIS INSTRUCTION NOTE**

13. This Instruction Note is issued in terms of Section 76(4)(g) of the PFMA.



**FREEMAN NOMVALO**  
**ACCOUNTANT-GENERAL**  
**DATE: 15 March 2012**

**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**.

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

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.

14. Submission of information to the relevant treasury in terms of Instruction Note Number 34: Effecting payments within thirty (30) days from date of receipt of an invoice as required in terms of Treasury Regulation 8.2.3

**ANNEXURE C**

**MONTH-END CLOSURE DATES FOR THE 2012/2013 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 2012 - Reporting to Vulindlela	2012/04/05(no month/year close transaction)
MARCH 2012 – PRELIMINARY	2012/04/30
APRIL 2012	2012/05/07
MAY 2012	2012/06/07
JUNE 2012	2012/07/06
JULY 2012	2012/08/07
AUGUST 2012	2012/09/06
SEPTEMBER 2012	2012/10/08
OCTOBER 2012	2012/11/07
NOVEMBER 2012	2012/12/07
DECEMBER 2012	2013/01/08
JANUARY 2013	2013/02/07
FEBRUARY 2013	2013/03/08
MARCH 2013 - Reporting to Vulindlela	2013/04/05 no month/year close transaction)
MARCH 2013 – PRELIMINARY	2013/05/03

- 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 2012**

**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 2011	2012/04/02	2012/04/03
APRIL 2011	2012/05/02	2012/05/03
MAY 2011	2012/06/01	2012/06/04
JUNE 2011	2012/07/02	2012/07/03
JULY 2011	2012/08/01	2012/08/02
AUGUST 2011	2012/09/03	2012/09/04
SEPTEMBER 2011	2012/10/01	2012/10/02
OCTOBER 2011	2012/11/01	2012/11/02
NOVEMBER 2011	2012/12/03	2012/12/04
DECEMBER 2011	2013/01/02	2013/01/03
JANUARY 2012	2013/02/01	2013/02/04
FEBRUARY 2012	2013/03/01	2013/03/04
MARCH 2012	2013/04/02	2013/04/03

**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



< Insert Departmental Letterhead >

**CONFIRMATION OF THE ACCURACY AND COMPLETENESS OF THE INTERIM FINANCIAL STATEMENTS SUBMITTED**

**TO:** .....<sup>1</sup> **DATE:** .....

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2009**

I hereby acknowledge that the interim financial report (IFR) of .....<sup>2</sup>, have been submitted to the relevant treasury<sup>3</sup> as requested in Practice Note 5 of 2009.

I acknowledge my responsibility for the accuracy of the accounting records and the fair presentation of the interim financial report and confirm, to the best of my knowledge and belief, the following:

- the IFR have been prepared in accordance with modified cash basis of accounting and relevant guidelines specified / issued by the National Treasury.
- the IFR is complete and accurate.
- all amounts appearing on the IFR have been cast and cross-cast.
- the IFR is free from material misstatements, including omissions; and
- accounting estimates are reasonable in the circumstances.

Yours faithfully

\_\_\_\_\_  
**Accounting Officer**

<sup>1</sup> The letter should be addressed to national/provincial treasury.

<sup>2</sup> Insert the name of the department.

<sup>3</sup> Insert the relevant reference, for example for national and provincial treasury.