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**All Accounting Officers – National Departments**  
**All Chief Financial Officer`s – National Departments**  
**All Heads of Corporate Services – National Departments**  
**Heads of Provincial Treasuries**  
**All Provincial Accountants - General**

## **OFFICE OF ACCOUNTANT-GENERAL INSTRUCTION NOTE 1 OF 2013/14**

### **MONTH-END CLOSURE PROCEDURES FOR 2013/14, 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, 1999 (Act No. 1 of 1999), (PFMA) prescribes the responsibilities of Accounting Officers. Section 40 (4) (b) and (c) of the PFMA 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:
  - a) actual revenue and expenditure for the preceding month;
  - b) anticipated revenue and expenditure for the current month;
  - c) a projection of expected expenditure and revenue collection for the remainder of the current financial year; and
  - d) 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) (b) and (c) of the PFMA, 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 as contained in **Annexure B**.

3. In addition, paragraph 17.1 of the Treasury Regulation requires accounting officers to ensure compliance with the use and clearing of suspense accounts and must certify that:
  - 3.1 All transactions of the department are supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation;
  - 3.2 If in exceptional cases it is necessary to account for revenue and expenditure transactions in a control account due to classification of a transaction that has not been resolved, the Accounting Officer or his/her designate must ensure that the requirements of **Annexure B**, paragraph 13 are complied with.
4. The Chief Financial Officer must review and approve (by signing) all reconciliations for the reporting month to ensure that unauthorized entry of 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 across all national and provincial departments, the National Treasury developed a pro forma certificate as contained in **Annexure A**.
6. The minimum financial management performance indicators that will assist in the completion of the certificate are contained in **Annexure B**. The certificate must be completed and signed by both 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 Madiba street on the 17<sup>th</sup> floor for attention of the responsible cluster official. These are attached as **Annexure F**.
7. If an Accounting Officer is unable to comply with any of the minimum prescribed financial performance indicators as indicated 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 as indicated in **Annexure A**.
8. The month-end closure dates for the 2013/14 financial year are reflected in **Annexure C**. National and Provincial departments must align these dates with 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 as contained in **Annexure C**.
9. All National and Provincial departments must ensure that all bank reconciliations are performed on a daily basis to detect any unauthorized transactions.

## 9. NATIONAL DEPARTMENTS

- 9.1 A schedule contained in **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.

9.3 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, whilst unknown/erroneous items arising from Provincial Departments must be reported to their respective Provincial Treasuries.

## 10. PROVINCIAL DEPARTMENTS

10.1 All Provincial Departments must follow the reporting requirements as determined by their respective Provincial Treasuries and such reports must be submitted no later than the dates as indicated in **Annexure C**.

10.2 The amendments to the Bill of Exchange Act, regarding non-transferable cheques require that<sup>1</sup>;

- (a) all National or Provincial departments take care of their warrant voucher/cheques;
- (b) all National or Provincial departments scrutinise their statements to detect any unauthorised debits to ensure timeous preparation; and
- (c) review of bank reconciliations.

10.3 All unknown/ erroneous items arising from banking interfaces for Provincial Departments must be reported to their respective Provincial Treasuries.

## 11. INTERIM FINANCIAL STATEMENTS (IFS)

11.1 Practice Note 5 of 2009 is hereby repealed by Instruction Note 1 of 2013/2014. Reporting requirements in terms of the Interim Financial Statements (IFS) will be issued on an annual basis.

11.2 National and Provincial departments are required to comply with the IFS schedule for the 2013/14 financial year indicated below and also complete and submit the IFS for the periods ending:

- (a) 30 June 2013
- (b) 30 September 2013
- (c) 31 December 2013
- (d) 31 March 2014

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<sup>1</sup> 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.

11.3 An accurate and completed IFS template must be submitted to the relevant treasury within 30 days after the period ended.

11.4 The Accounting Officer will be required to complete and sign the letter confirming the accuracy and completeness of the IFS submitted. This letter is attached in **Annexure E**.

11.5 National departments are required to submit their IFS to the Office of the Accountant-General through a representative allocated to them as per **Annexure F** while provincial departments should submit their IFS to their respective Provincial Accountant-General<sup>2</sup>.

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

11.7 The IFS template for 2013/14 will be issued by no later than 30 June 2013.

## **APPLICABILITY**

12. This Instruction Note applies to all national and provincial departments. Failure to comply with the contents of the Instruction Note shall be regarded as financial misconduct in terms of section 81(1) (a) of the PFMA.

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

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

## **AUDITING OF PRACTICE NOTE**

14. 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**

15. This Instruction Note takes effect from 1 April 2013.

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<sup>2</sup> Refer to paragraph six (6) for more details.

**AUTHORITY FOR THIS PRACTICE NOTE**

16. This Instruction Note is issued in terms of Section 76 (2) (g) of the PFMA.

A handwritten signature in black ink, appearing to read 'Freeman Nomvalo', with a stylized, cursive script.

**FREEMAN NOMVALO  
ACCOUNTANT-GENERAL  
DATE: 14 February 2013**

**ANNEXURE A**

**CERTIFICATE OF COMPLIANCE WITH FINANCIAL MANGEMENT PERFORMANCE INDICATORS IN ACCORDANDE WITH THE REQUIREMENTS OF THE PUBLIC FINANCE MANAGEMENT ACT, PFMA (Act No.1 of 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 for non-compliance</b>	<b>Action Plans</b>	<b>Time Frames</b>

The Bank Reconciliation for all bank accounts for the reporting month has been performed as at (date)\_\_\_\_\_and copies thereof 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, confirmed, 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 as per the Estimates of National Expenditure (ENE) or adjusted ENE has been captured on the financial systems as prescribed in the ENE in terms of the Standard Chart of Accounts (SCOA). 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 identify and confirm (confirmed) and (unconfirmed) balances as recorded in the confirmation letters issued and received and also those balances to 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 of uncleared items are provided to the Accounting Officer and followed up on a monthly basis by the Chief Financial Officer.

## ANNEXURE C

### MONTH-END CLOSURE DATES FOR THE 2013/2014 FINANCIAL YEAR, TO MEET THE REPORTING REQUIREMENTS IN TERMS OF SECTION 32 OF THE PUBLIC FINANCE MANAGEMENT ACT

ACCOUNTING MONTH	<sup>3</sup> CLOSURE DATES
MARCH 2013 - Reporting to Vulindlela	2013/04/05(no month/year close transaction)
MARCH 2013 – PRELIMINARY	2013/04/30
APRIL 2013	2013/05/08
MAY 2013	2013/06/06
JUNE 2013	2013/07/08
JULY 2013	2013/08/06
AUGUST 2013	2013/09/06
SEPTEMBER 2013	2013/10/07
OCTOBER 2013	2013/11/06
NOVEMBER 2013	2013/12/05
DECEMBER 2013	2014/01/07
JANUARY 2014	2014/02/06
FEBRUARY 2014	2014/03/06
MARCH 2014 - Reporting to Vulindlela	2014/04/04 no month/year close transaction)
MARCH 2014 – PRELIMINARY	2014/05/05

#### **Please note: for BAS Departments:**

The PRELIMINARY close for March must be dealt with in accordance with the prescripts as detailed in **BAS notice 2 of 2013**.

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<sup>3</sup> 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.



**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 2013	2013/04/02	2013/04/03
APRIL 2013	2013/05/02	2013/05/03
MAY 2013	2013/06/03	2013/06/04
JUNE 2013	2013/07/01	2013/07/02
JULY 2013	2013/08/01	2013/08/02
AUGUST 2013	2013/09/02	2013/09/03
SEPTEMBER 2013	2013/10/01	2013/10/02
OCTOBER 2013	2013/11/01	2013/11/04
NOVEMBER 2013	2013/12/02	2013/12/03
DECEMBER 2013	2014/01/02	2014/01/03
JANUARY 2014	2014/02/03	2014/02/04
FEBRUARY 2014	2014/03/03	2014/03/04
MARCH 2014	2014/04/01	2014/04/02

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

- ❖ Receiving of daily Statement from South African Reserve Bank (SARB) 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>4</sup> **DATE:** .....

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

I hereby acknowledge that the interim financial statement (IFS) of .....<sup>5</sup>, have been submitted to the relevant treasury<sup>6</sup> as requested in Instruction Note 1 of 2013/2014

I acknowledge my responsibility for the accuracy and completeness 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:

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

Yours faithfully

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

<sup>4</sup> The letter should be addressed to relevant treasury (national or provincial treasury).

<sup>5</sup> Insert the name of the department.

<sup>6</sup> Insert the relevant reference, for example for national and provincial treasury.

**NAME OF RESPONSIBLE CLUSTER OFFICIAL:**

Herewith the details of the responsible cluster official:

Name of Cluster	Responsible official	Contact Details
Central Government Administration	Thokozile Motsweni	(012) 315 5233
Financial and Administrative Services	Keitumetsi Malebye	(012) 315 5989
Justice, Crime Prevention and Security	Star Kafu	(012) 315 5763
Social Services	Nthua Motlhala	(012) 315 5244
Economic Services and Infrastructure Development	Maubane Mahlare	(012) 315 5481