



# LATE PAYMENT

2023

## ANNUAL REPORT ON LATE PAYMENT OF SUPPLIER'S INVOICES

for 2022/2023



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



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## 1. Executive Summary

The National Treasury provides reports to relevant stakeholders on the status of non-compliance with Treasury Regulation 8.2.3 and continues to monitor the level of compliance with the requirement to pay supplier's invoices within the prescribed period in terms of section 38(1)(f) the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).

The National Treasury Instruction No. 34 issued in 2011, requires national and provincial departments to submit 30 days exception reports to the relevant treasuries by the 7<sup>th</sup> day of each month, with details of the number and value of invoices paid after 30 days from the date of receiving invoices, the number and value of invoices that are older than 30 days which remained unpaid, and the reasons for the late and/or non-payment of these invoices.

The late and/or non-payment of supplier's invoices impacts negatively among others, the socio-economic challenges that our country faces such as (high unemployment rate, inequality, poverty), the financial health of suppliers, and the ability of suppliers to pay salaries and meet their contractual obligations and many other challenges.

To ensure that supplier operations continue without strain and financial difficulties, government institutions are urged to pay their suppliers on time and not contribute to the dire effects of the Pandemic that has already put a strain on the financial sustainability of SMMEs.

### Summary of national and provincial departments analysis

**Table 1 – Summary of national and provincial departments**

<b>Summary of national and provincial departments</b>				
<b>Number and rand value of invoices not paid within 30 days in the 2022/2023 financial year</b>				
<b>Departments</b>	<b>Invoices paid after 30 days</b>		<b>Invoices older than 30 days not paid</b>	
	<b>Number of Invoices</b>	<b>Rand value of Invoices</b>	<b>Number of invoices (as at March 2023)</b>	<b>Rand value of invoices (as at March 2023)</b>
<b>National Departments</b>	111 279	R 4.0 billion	1 148	R66 million
<b>Provincial Departments</b>	233 374	R 28.7 billion	73 999	R 6.2 billion
<b>Total</b>	<b>344 653</b>	<b>R 32.7 billion</b>	<b>75 147</b>	<b>R 6.86 billion</b>

Table 1 above illustrates that the number of invoices paid after 30 days by national and provincial departments in the 2022/2023 financial year amounted to 344 653 invoices to the rand value of R 32.7 billion. The number of invoices older than 30 days and not paid by the national and provincial departments at the end of March 2023 amounted to 75 147 invoices to the rand value of

R 6.9 billion. Provincial departments contributed the highest number and rand value of invoices not paid within 30 days in the 2022/2023 financial year.

### **National Departments**

The statistics show an improvement of 27 053 invoices or 20% in the number of invoices paid after 30 days when comparing the information reported in the 2022/2023 financial year to that of 2021/2022 financial year. There was a significant regression of 1 014 in the number of invoices at hand at the end of the 2022/2023 financial year when compared to the number of invoices at hand in March of 2021/2022 financial year.

There is an improvement of R 700 million or 14% when comparing the rand value of invoices paid after 30 days in the 2022/2023 financial year to the rand value of invoices paid after 30 days in the 2021/2022 financial year. There is a regression of R 61 million when comparing the rand value of invoices older than 30 days reported at the end of the 2022/2023 financial year to those reported in March of 2021/2022 financial year.

### **Provincial Departments**

The information reported by provincial treasuries shows an improvement of 29 985 invoices or 11% in the number of invoices paid after 30 days when comparing the information reported in the 2022/2023 financial year to that of the 2021/2022 financial year. The statistics further shows a regression of 6 271 invoices or 9% in the number of invoices at hand at the end of the 2022/2023 financial year when compared to the number of invoices reported in March of 2021/2022 financial year.

There is an improvement of R 230 million or 1% when comparing the rand value of invoices paid after 30 days in the 2022/2023 financial year to the rand value of invoices paid after 30 days in the 2021/2022 financial year. There is a regression of R 100 million or 2% when comparing the rand value of invoices older than 30 days reported at the end of the 2022/2023 financial year to those reported in March of 2021/2022 financial year.

## 2. Purpose

The purpose of this annual report is to keep the relevant stakeholders<sup>1</sup> abreast of non-compliance information with the legislative requirements to pay supplier's invoices within 30 days and provide an analysis of the late payments made to suppliers in the 2022/2023 financial year when comparing such to the previous financial year analysis.

The annual report also provides common reasons recorded by national and provincial departments for late and/or non-payment of invoices and continuous efforts taken by the National Treasury to assist institutions to improve compliance with the requirements to pay invoices within 30 days.

## 3. National Departments Analysis

### 3.1 Submission of the 30 days exception reports

The National Treasury Instruction No. 34 requires national departments to submit 30 days exception reports to the National Treasury by the 7<sup>th</sup> day of each month with information of the preceding month. This consolidated annual report is developed based on the information provided by national departments.

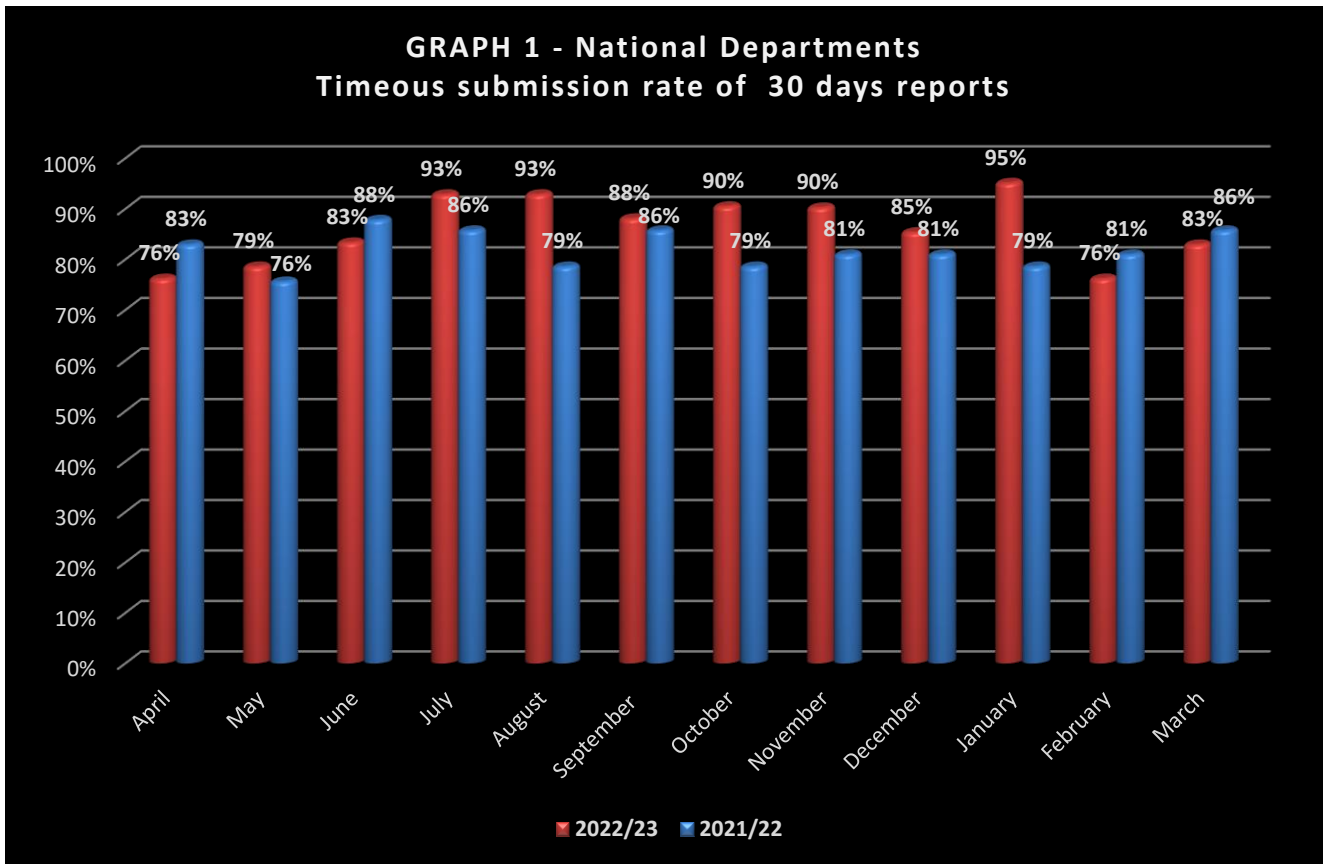
During the 2022/2023 financial year, forty-two (42) national departments were required to submit the 30 days exception reports. Thirty-nine (39) of these national departments submitted all the required exception reports to the National Treasury. However, not all national departments submitted their reports timeously, showing an annual average timeous submission rate of 86% achieved in the 2022/2023 financial year. The annual average submission rate achieved by national departments in both the 2021/2022 and 2022/2023 financial years was 99%. This reflects a stagnant movement when comparing the submission rate for these two financial years.

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<sup>1</sup> Relevant stakeholders are the Standing Committee on Public Accounts (SCOPA), Standing Committee on Finance (SCoF), the Public Service Commission, the Department of Planning Monitoring and Evaluation and the Department of Small Business and Development.

Graph 1 below provides a month-to-month comparative analysis of the **timeous submission rate of exception reports** by the national departments for the 2022/2023 and 2021/2022 financial years.

**Graph 1 – Timeous submission rate of exception reports**



Graph 1 above indicates month-to-month timeous submission rates achieved by national departments in the 2022/2023 financial year. This represents an **improvement** of 4% when compared to the annual average timeous submission rate of 82% achieved in the 2021/2022 financial year.

The graph further indicates that during the beginning of the 2022/2023 financial year, national departments achieved a timeous submission rate of 76% which was one of the lowest rates achieved in the financial year. The timeous submission rate improved by 10% when comparing the timeous submission rate achieved in April 2023 to the rate of 83% achieved in March 2023. The highest timeous submission rate achieved in the 2022/2023 financial year was 95% which was achieved in January 2023. The national departments are encouraged to improve their internal control processes in the submission of the exception reports to the National Treasury to achieve a 100% compliance rate with the National Treasury Instruction No.34.



**Table 2** below provides a list of national departments that achieved a 100% compliance rate on the submission of 30 days exception reports during the 2022/2023 financial year.

**Table 2 – Departments that submitted all their exception reports timeously**

	Department	Exception Reports Submitted	
		Number	Annual %
1	Corporative Governance	12	100%
2	Home Affairs	12	100%
3	National School of Government	12	100%
4	National Treasury	12	100%
5	Planning, Monitoring and Evaluation	12	100%
6	Public Enterprises	12	100%
7	Public Service and Administration	12	100%
8	Public Service Commission	12	100%
9	Statistics South Africa	12	100%
10	Correctional Services	12	100%
11	Independent Police Investigative Directorate	12	100%
12	Justice and Constitutional Development	12	100%
13	Military Veterans	12	100%
14	Police	12	100%
15	Communications and Digital Technologies	12	100%
16	Mineral Resources and Energy	12	100%
17	Forestry, Fisheries and Environment	12	100%
18	Human Settlements	12	100%
19	Science and Innovation	12	100%
20	Small Business Development	12	100%
21	Tourism	12	100%
22	Trade, Industry and Competition	12	100%
23	Public Works (Trading Account)	12	100%

Table 2 above indicates that twenty-three (23) or 55% of national departments submitted all their exception reports timeously for the 2022/2023 financial year. This reflects an **improvement** of 5% in the timeous submission of exception reports by national departments when compared to (21) or 50% of national departments submitted timeously in the 2021/2022 financial year.

**Table 3** below provides a list of national departments that submitted all their exception reports, however, did not achieve a 100% timeous submission rate.

**Table 3 – Departments that did not achieve a 100% compliance submission rate**

National Departments					
Table 3: Departments that did not achieve a 100% compliance submission rate in the 2022/2023 financial year					
	Department	Exception Reports Submitted		Exception Reports Submitted Timeously	
		Number	Annual %	Number	Annual %
1	Presidency	12	100%	11	92%
2	Higher Education and Training	12	100%	11	92%
3	Office of Chief Justice	12	100%	11	92%
4	Water and Sanitation (Main Account)	12	100%	11	92%
5	Public Works (Main Account)	12	100%	11	92%
6	Sports, Arts and Culture	12	100%	10	83%
7	Women, Youth and Persons with Disabilities	12	100%	10	83%
8	Civilian Secretariat for the Police Service	12	100%	10	83%
9	Government Communication and Information Systems	12	100%	10	83%
10	Traditional Affairs	12	100%	9	75%
11	Basic Education	12	100%	8	67%
12	Water and Sanitation (Trading Account)	12	100%	8	67%
13	International Relations and Cooperation	12	100%	7	58%
14	Employment and Labour	12	100%	4	33%
15	Health	12	100%	2	17%
16	Agriculture, Land Reform and Rural Development	12	100%	0	0%

Table 3 above indicates that sixteen (16) or 38% of national departments failed to submit all their exception reports timeously in the 2022/2023 financial year. This reflects a **regression** of 7% in the timeous submission of exception reports by national departments when compared to the 2021/2022 financial year, where only nineteen (19) or 45% of national departments submitted timeously. Some of these departments are struggling to improve their performance as evidenced by the slow pace of submitting exception reports. *The Department of Agriculture, Land Reform and Rural Development failed to submit all the reports timeously in both the 2021/2022 and 2022/2023 financial years. It is followed by the Department of Health, which has achieved the lowest timeous submission rate in both financial years.*



**Table 4** below provides a list of national departments with outstanding exception reports during the 2022/2023 financial year.

**Table 4 – Departments with outstanding exception reports**

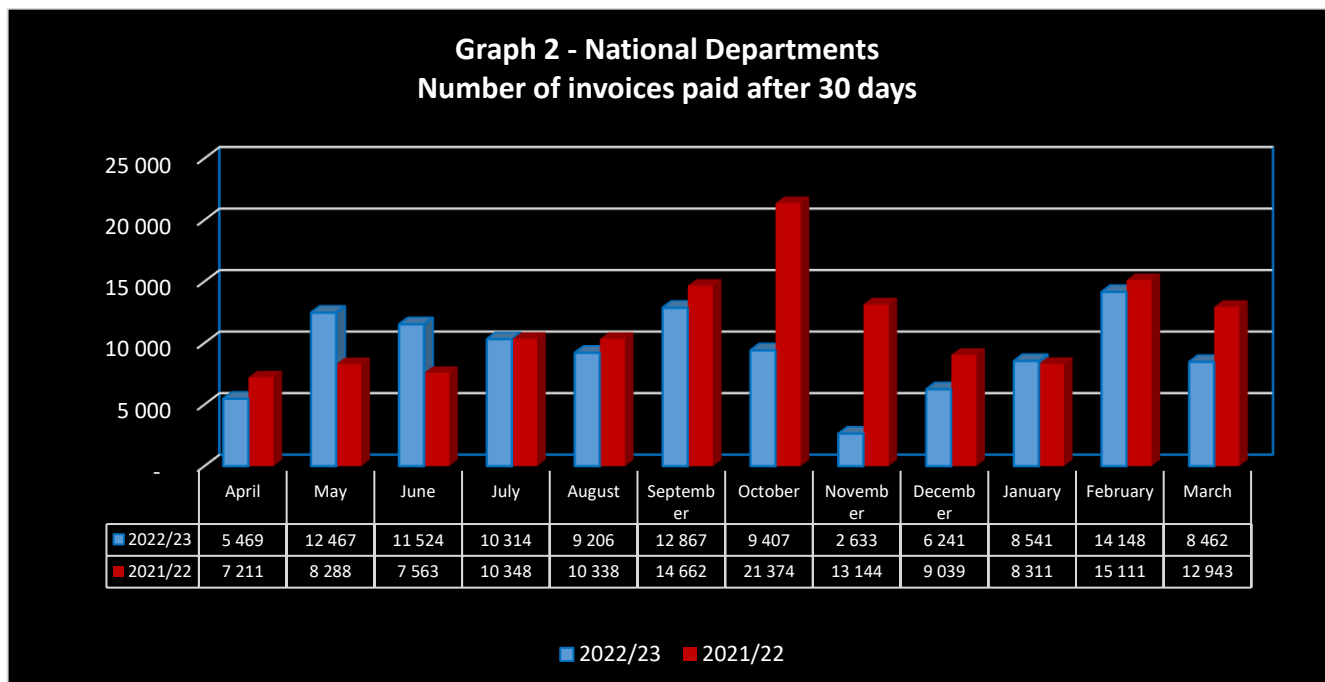
National Departments				
Table 4: Departments that did not submit all their exception reports in the 2022/2023 financial year				
	Department	Exception Reports Submitted		Outstanding reports
		Number	Annual %	Months
1	Social Development	11	92%	March 2023
2	Defence	11	92%	November 2022
3	Transport	10	83%	December 2022
				January 2023

Table 4 above shows that the department of Social Development, department of Defence and the department of Transport did not submit all exception reports as required. The departments failed to submit the outstanding reports when this annual report was finalised.

**3.2 Number of invoices paid after 30 days**

**Graph 2** below provides a month-to-month comparative number of invoices paid after 30 days by national departments in the 2022/2023 financial year when compared to the 2021/2022 financial year.

**Graph 2 – Number of invoices paid after 30 Days**



Graph 2 above illustrate the number of invoices paid after 30 days by national departments in the 2022/2023 and 2021/2022 financial years. The total number of invoices paid after 30 days in the

2022/2023 financial year amounted to 111 279 invoices representing ***an improvement*** of 27 053 invoices or 20% when compared to the total number of invoices paid after 30 by the national department in 2021/2022 financial year which amounted to 138 332 invoices.

The annual average number of invoices paid after 30 days during the 2022/2023 financial year amounted to 9 273 invoices, representing an improvement of 2 255 invoices or 20% when compared to the annual average number of invoices paid after 30 days during the 2021/2022 financial year which amounted to 11 528 invoices.

The graph further shows an improvement of 4 481 invoices or 35% when comparing the number of invoices paid in March 2023 which amounted to 8 462 invoices to those paid in March 2022 which amounted to 12 943 invoices.

According to information submitted to the National Treasury during the 2022/2023 financial year, the following ten (10) national departments paid all their invoices within 30 days as per the legislative requirements and did not record any invoice paid after 30 days:

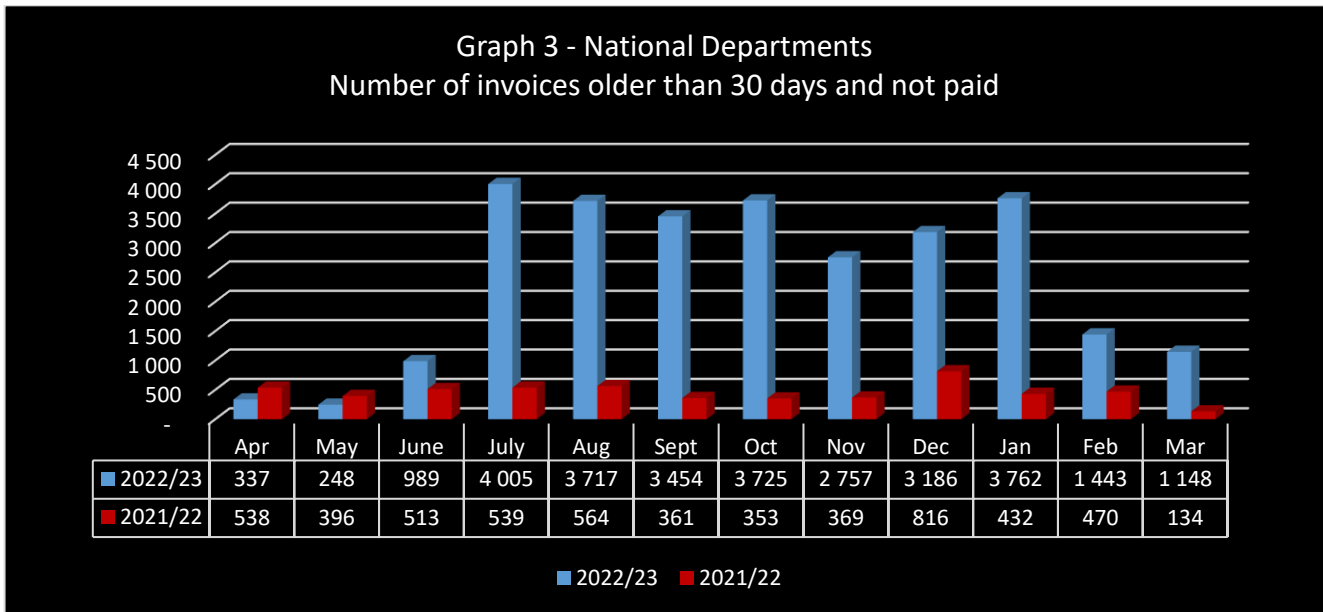
- Planning, Monitoring and Evaluation;
- Public Service and Administration;
- Women, Youth and Persons with Disabilities;
- Traditional Affairs;
- Basic Education;
- Communications and Digital Technologies;
- Small Business Development;
- Public Service Commission;
- Sports, Arts and Culture; and
- Science and Innovation.

These departments are applauded for their outstanding performance and are urged to maintain excellent performance in ensuring that all their supplier's invoices are paid within the agreed timeframe.

### 3.3 Number of invoices older than 30 days and not paid

Graph 3 below provides a month-to-month comparative number of invoices older than 30 days and not paid in the 2022/2023 financial year when compared to the 2021/2022 financial year.

Graph 3 – Number of invoices older than 30 days and not paid

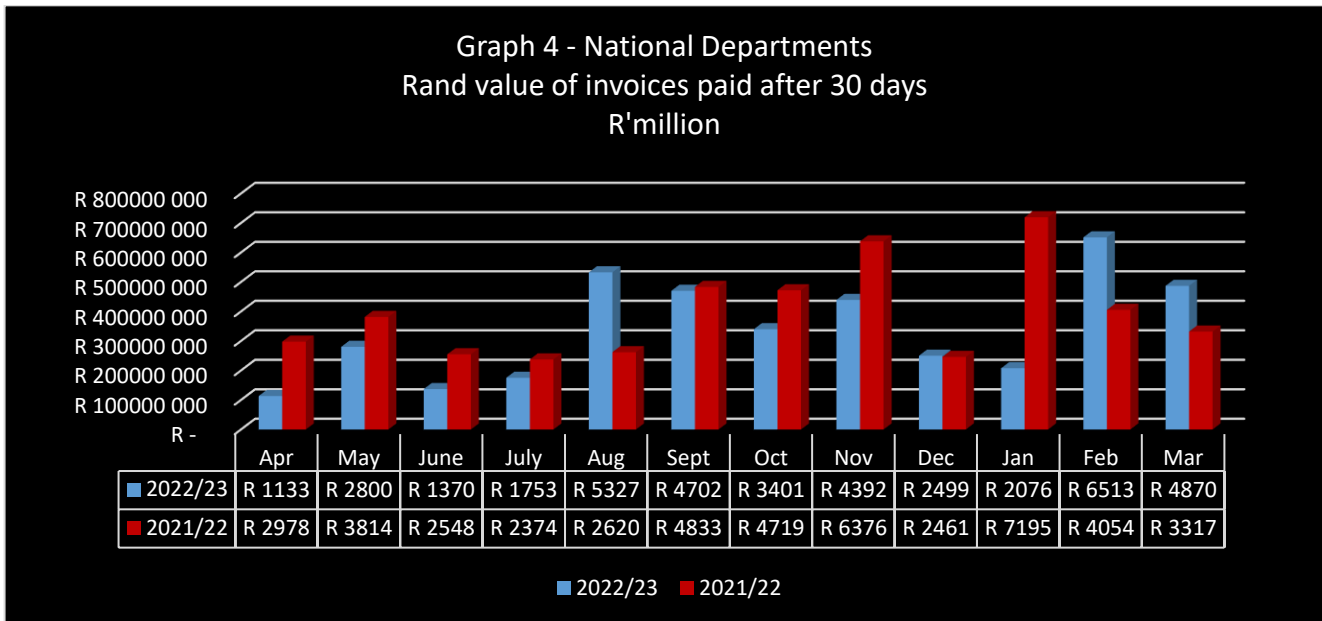


Graph 3 above illustrate the number of invoices older than 30 days and not paid by national departments in the 2022/2023 and the 2021/2022 financial years. The total number of invoices older than 30 days and not paid by national departments at the end of the 2022/2023 financial year amounted to 1 148 invoices, and this represents a significant **regression of** 1 014 invoices when compared to the total number of invoices older than 30 days and not paid at the end of 2021/2022 financial year which amounted to 134 invoices. The graph further shows an overall regression in the number of invoices older than 30 days and not paid when comparing the 2022/2023 financial year to the 2021/2022 financial year.

### 3.4 Rand value of invoices paid after 30 days

**Graph 4** below provides a month-to-month comparative rand value of invoices paid after 30 days in the 2022/2023 financial year when compared to the 2021/2022 financial year.

#### Graph 4 – Rand value of invoices paid after 30 days



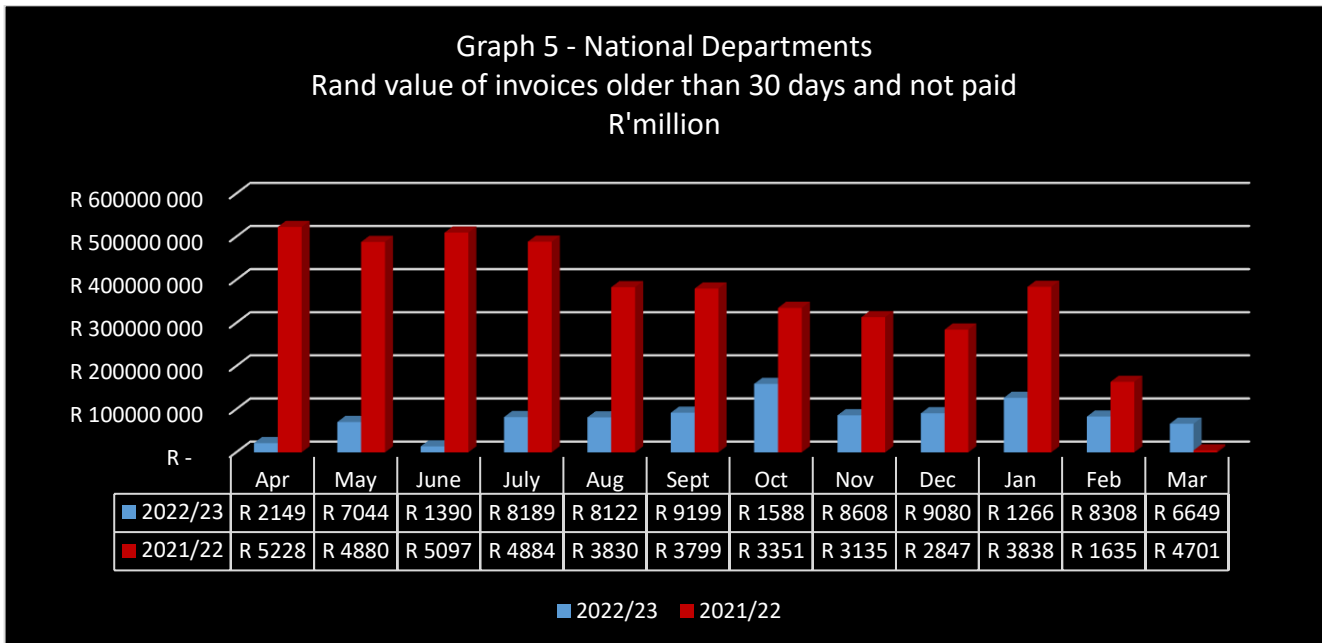
Graph 4 above illustrate the rand values of invoices paid after 30 days by national departments in the 2022/2023 and 2021/2022 financial years. The total rand value of invoices paid after 30 days in the 2022/2023 financial year amounted to R 4.0 billion, and this represents **an improvement** of R 700 million or 14% when compared to the total rand value of invoices paid after 30 days by national departments in 2021/2022 financial year which amounted to R 4.7 billion.

The annual average rand value of invoices paid after 30 days by national departments in the 2022/2023 financial year amounted to R 340 million, and this represents **an improvement** of R 54 million or 14% when compared to the annual average rand value of invoices paid after 30 days in the 2021/2022 financial year which amounted to R 394 million.

### 3.5 Rand value of invoices older than 30 days and not paid

**Graph 5** below provides a month-to-month comparative rand value of invoices older than 30 days and not paid at the end of the 2022/2023 financial year when compared to the 2021/2022 financial year.

#### Graph 5 – Rand value of invoices older than 30 days and not paid



Graph 5 above illustrate the rand values of invoices older than 30 days and not paid by national departments at the end of the 2022/2023 and 2021/2022 financial years. The rand value of invoices not paid at the end of 2022/2023 financial year amounted to R 66 million, and this represents **a regression** of R 61 million when compared to the total rand value of invoices older than 30 days and not paid by the national departments at the end of 2021/2022 financial year which amounted to R 5 million.

The enclosed **Annexure A** provides consolidated information and the performance regarding the number and rand value of invoices paid after 30 days and the number and rand value of invoices older than 30 days and not paid by the national departments during the 2022/2023 and 2021/2022 financial years.

## 4. Provincial Departments Analysis

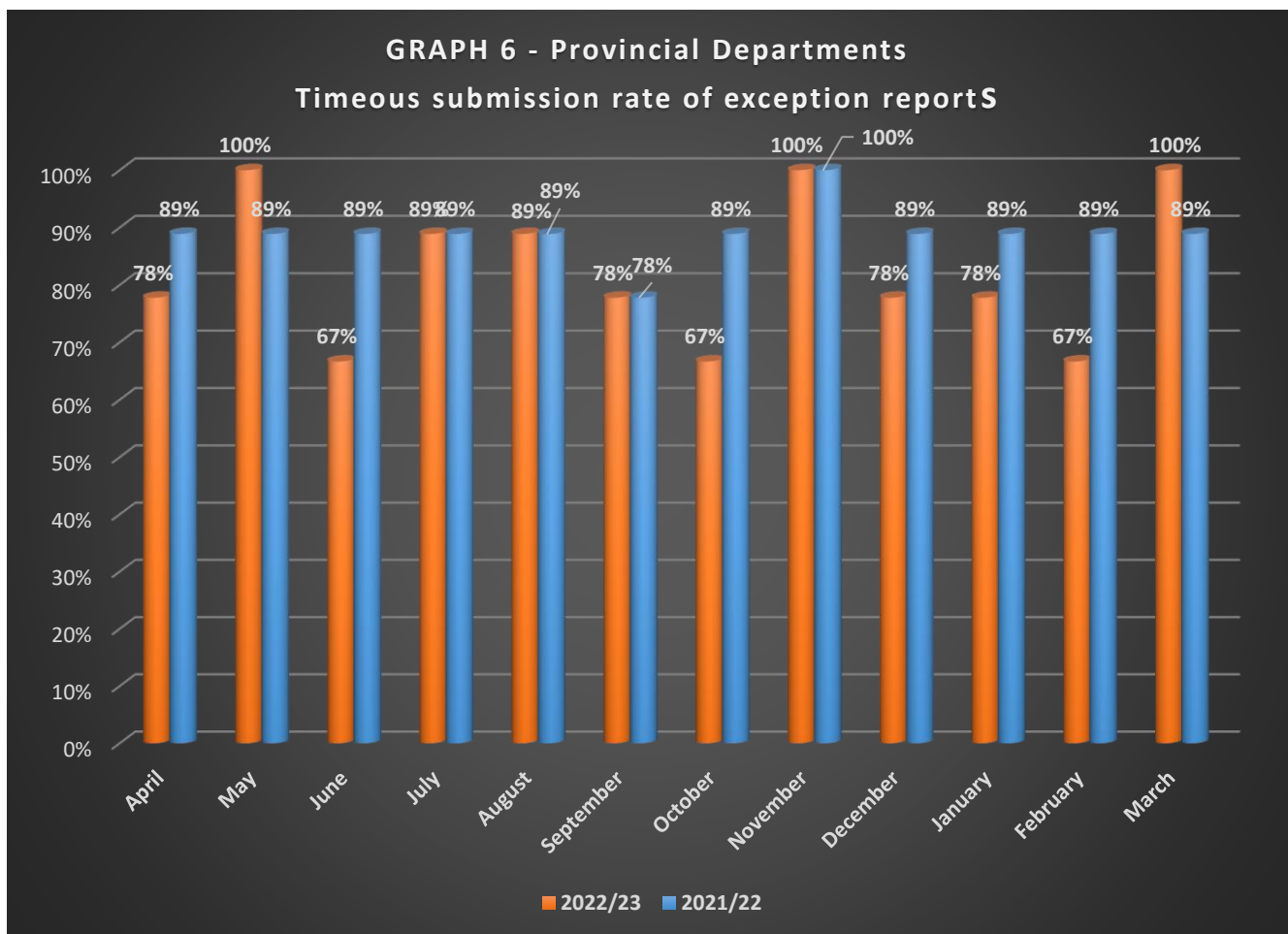
### 4.1 Submission of the 30 days exception reports

This annual report is developed based on the consolidated information submitted by provincial treasuries during the 2022/2023 financial year. Provincial treasuries are required by the National Treasury Instruction No. 34 to submit consolidated exception reports of their respective provincial departments to the National Treasury by the 15<sup>th</sup> day of each month with information from the preceding month.

During the 2022/2023 financial year, all provincial treasuries submitted their consolidated 30 days exception reports in respect of provincial departments to the National Treasury. This shows an annual average submission rate of 100% which was also recorded in the 2021/2022 financial year.

**Graph 6** below provides a month-to-month comparative analysis of the provincial **timeous submission rate of exception reports** to the National Treasury for the 2022/2023 and 2021/2022 financial years.

**Graph 6 – Timeous submission rate of exception reports**



Graph 6 above illustrate that provincial treasuries achieved an annual average timeous submission rate of 83% during the 2022/2023 financial year, and this represents **a regression** of 6% when compared to the annual average timeous submission rate of 89% achieved in the 2021/2022 financial year.



**Table 5** below provides information related to the performance of provincial treasuries on the submission of consolidated exception reports to the National Treasury during the 2022/2023 financial year.

**Table 5 – Provincial Treasuries' performance on the submission of exception reports**

Provincial Treasuries					
Table 5: Performance on the submission of exception reports					
2022/2023 Financial Year					
	Province	Exception reports submitted		Exception reports submitted timeously	
		Number	Annual %	Number	Annual %
1	North West	12	100%	12	100%
2	Gauteng	12	100%	12	100%
3	Kwazulu-Natal	12	100%	12	100%
4	Western Cape	12	100%	12	100%
5	Eastern Cape	12	100%	11	92%
6	Free State	12	100%	10	83%
7	Northern Cape	12	100%	10	83%
8	Mpumalanga	12	100%	7	58%
9	Limpopo	12	100%	4	33%

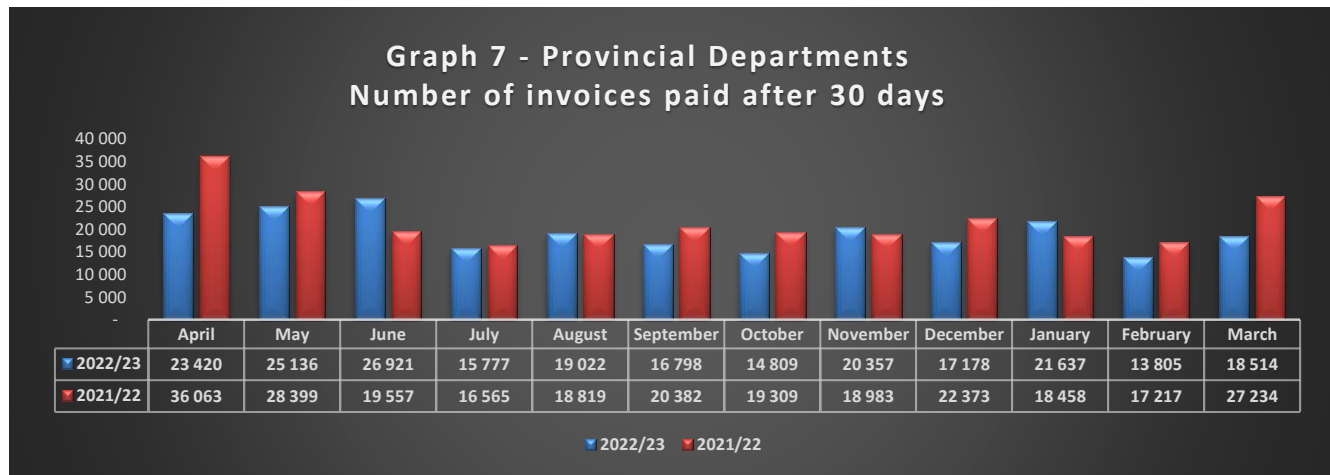
Table 5 above illustrates that all provincial treasuries submitted their consolidated exception reports to the National Treasury during the 2022/2023 financial year, with four (4) or 44% of provincial treasuries who submitted all their consolidated exception reports timeously for the 2022/2023 financial year.

Mpumalanga achieved a 58% timeous submission rate with Limpopo achieving the lowest timeous submission rate of 33%.

#### 4.2 Number of invoices paid after 30 days

Graph 7 below provides a month-to-month comparative analysis of the number of invoices paid after 30 days during the 2022/2023 financial year when compared to the 2021/2022 financial year.

Graph 7 – Number of invoices paid after 30 days



Graph 7 above illustrate a month-to-month comparative analysis of the number of invoices paid after 30 days by provincial departments during the 2022/2023 financial year when compared to the number of invoices paid after 30 days in the 2021/2022 financial year.

The total number of invoices paid after 30 days by provincial departments in the 2022/2023 financial year amounted to 233 374 invoices. This represents **an improvement** of 29 985 invoices or 11% when compared to the total number of invoices paid after 30 days by the provincial departments in the 2021/2022 financial year which amounted to 263 359 invoices.

The annual average number of invoices paid after 30 days by the provincial departments during the 2022/2023 financial year amounted to 19 448 invoices. This represents **an improvement** of 2 499 invoices or 11% when compared to the annual average number of invoices paid after 30 days by provincial departments during the 2021/2022 financial year which amounted to 21 947 invoices.

The graph also shows **an improvement** of 8 720 invoices or 32% when comparing the number of invoices paid after 30 days at the end of the 2022/2023 financial year and the number of invoices paid after 30 days at the end of the 2021/2022 financial year.

**Table 6** below provides information related to the performance of provinces regarding the number and rand value of invoices paid after 30 days during the 2022/2023 financial year.

**Table 6 – Provincial performance regarding the number of invoices paid after 30 days**

Provincial Departments				
Table 6: Performance on the number and rand value of invoices paid after 30 Days				
2022/2023 financial year				
	Province	Number of Invoices	Rand Value	% Provincial outlook
1	Limpopo	1 137	R 108 583 310	0%
2	Mpumalanga	1 320	R 1 290 933 364	1%
3	Western Cape	1 526	R 237 269 838	1%
4	Northern Cape	5 506	R 513 885 223	2%
5	Free State	8 077	R 1 544 507 115	3%
6	Kwazulu-Natal	32 759	R 7 144 327 289	14%
7	Eastern Cape	49 489	R 5 728 168 776	21%
8	North West	50 877	R 3 710 483 620	22%
9	Gauteng	82 683	R 8 446 870 945	35%
<b>Total</b>		<b>233 374</b>	<b>R 28 725 029 481</b>	<b>100%</b>

Table 6 above illustrates the performance of provincial departments regarding the number of invoices paid after 30 days during the 2022/2023 financial year. The total number of invoices paid after 30 days by provincial departments in the 2022/2023 financial year amounted to 233 374 invoices with a rand value of R 29 billion.

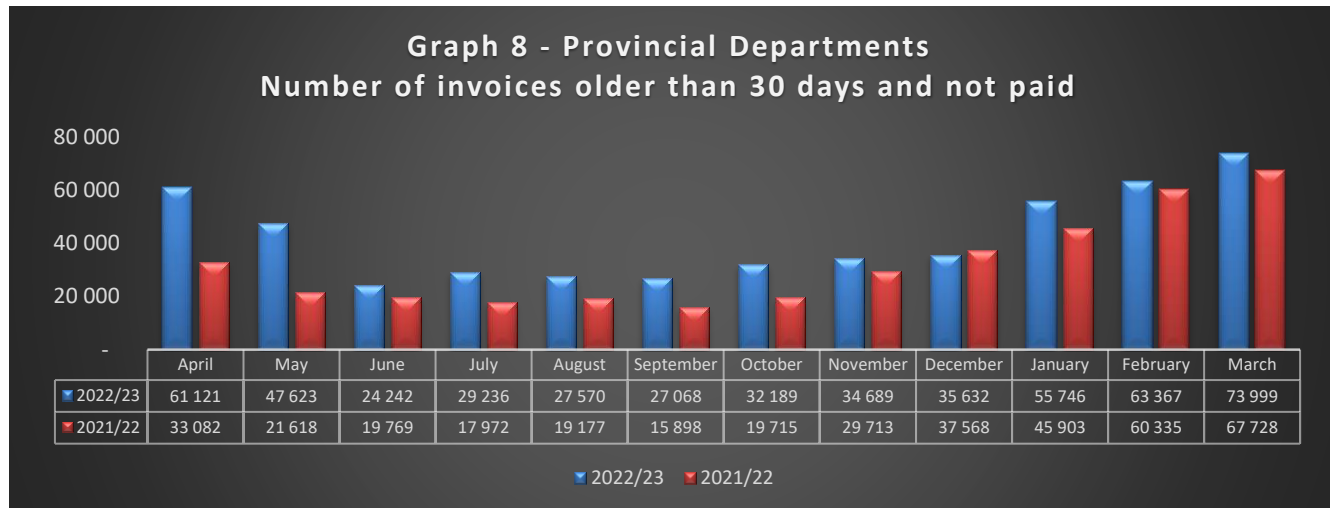
Gauteng provincial departments contributed 35% to the total number and rand value of invoices paid after 30 days which is the highest in the 2022/2023 financial year, which amounted to 82 683 invoices to the rand value of R 8.4 billion. This is followed by the North West province, which reported the second-highest number of invoices paid after 30 days which amounted to 50 877 invoices or 22% with a rand value of R 3.7 billion.

Eastern Cape provincial departments reported the third-highest number of invoices paid after 30 days which amounted to 49 489 invoices or 21% to the rand value of R 5.7 billion. Limpopo provincial departments reported the lowest number and rand value of invoices paid after 30 days which amounted to 1 137 invoices to the rand value of R 109 million.

### 4.3 Number of invoices older than 30 days and not paid

**Graph 8** below provides a month-to-month comparative analysis of the number of invoices older than 30 days and not paid at the end of the 2022/2023 financial year when compared with the 2021/2022 financial year.

**Graph 8 – Number of invoices older than 30 days and not paid**



Graph 8 above illustrate a month-to-month comparative analysis of the number of invoices older than 30 days and not paid by provincial departments during the 2022/2023 financial year when compared to the number of invoices older than 30 days and not paid during the 2021/2022 financial year.

The total number of invoices older than 30 days and not paid by provincial departments at the end of the 2022/2023 financial year (March 2023) amounted to 73 999 invoices. This represents **a regression** of 6 271 invoices or 9% when compared to the total number of invoices older than 30 days and not paid by the provincial departments at the end of the 2021/2022 financial year (March 2022), which amounted to 67 728 invoices.

**Table 7** below provides information related to the performance of provinces regarding the number and rand value of invoices older than 30 days and not paid at the end of the 2022/2023 financial year.

**Table 7 – Provincial performance regarding the number of invoices older than 30 days and not paid**

Provincial Departments				
Table 7: Performance on the number and rand value of invoices older than 30 days and not paid at the end of the 2022/2023 financial year				
	Province	Number of Invoices	Rand Value	% Provincial outlook
1	Western Cape	-	R -	0%
2	Limpopo	8	R 2 011 060	0%
3	Mpumalanga	29	R 384 430	0%
4	Free State	982	R 134 456 389	1%
5	Kwazulu-Natal	2 495	R 85 656 316	3%
6	North West	3 028	R 201 181 294	4%
7	Northern Cape	3 072	R 262 453 627	4%
8	Gauteng	26 314	R 2 510 423 818	36%
9	Eastern Cape	38 071	R 3 022 294 066	51%
<b>Total</b>		<b>73 999</b>	<b>R 6 218 861 000</b>	<b>100%</b>

Table 7 above illustrates the performance of provincial departments on the number of invoices older than 30 days and not paid at the end of the 2022/2023 financial year. The total number of invoices older than 30 days and not paid by provincial departments at the end of the 2022/2023 financial year amounted to 73 999 invoices with a rand value of R 6.2 billion.

Eastern Cape provincial departments reported the highest number and rand value of invoices older than 30 days and not paid, which amounted to 38 071 invoices or 51% to the rand value of R 3.0 billion. Gauteng provincial departments reported the second-highest number and rand value of invoices older than 30 days and not paid, which amounted to 26 314 invoices or 36% to the rand value of R 2.5 billion during the same period. *The information collated in the 2021/2022 financial year revealed that the Eastern Cape provincial departments recorded the highest number of invoices older than 30 days at the end of the financial year.*

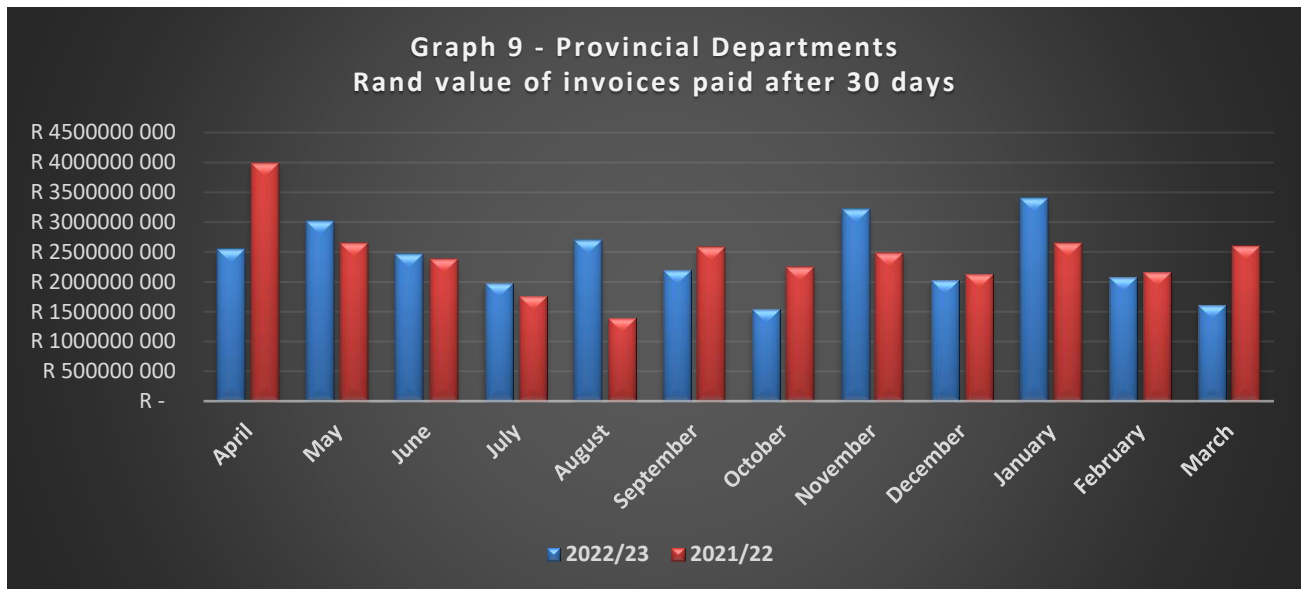
Western Cape provincial departments did not report any outstanding invoices which were older than 30 days and not paid at the end of the 2022/2023 financial year. Limpopo provincial departments reported the lowest number of invoices older than 30 days and not paid at the end of the 2022/2023 financial year, which amounted to 8 invoices to the Rand value of R 2.0 million. It was followed by

Mpumalanga provincial departments, which reported 29 invoices to the Rand value of R 384k during the same period.

#### 4.4 Rand value of invoices paid after 30 days

**Graph 9** below provides a month-to-month comparative figure of the rand value of invoices paid after 30 days during the 2022/2023 financial year when compared with the 2021/2022 financial year.

**Graph 9 – Rand value of invoices paid after 30 days**



Graph 9 above illustrate a month-to-month comparative analysis of the number of invoices paid after 30 days by provincial departments during the 2022/2023 financial year when compared to the number of invoices paid after 30 days in the 2021/2022 financial year.

**Table 8** below provides a month-to-month comparative analysis of the rand value of invoices paid after 30 days by provincial departments.

**Table 8 – Rand value of invoices paid after 30 days**

Provincial Departments		
Table 8: Rand values of invoices paid after 30 days		
	2022/23	2021/22
April	R 2 542 165 666	R 3 991 419 485
May	R 3 020 713 087	R 2 642 426 065
June	R 2 465 318 433	R 2 367 898 443
July	R 1 978 033 592	R 1 761 447 161
August	R 2 695 849 288	R 1 381 683 923
September	R 2 185 343 179	R 2 575 202 424
October	R 1 536 011 645	R 2 235 354 805
November	R 3 210 010 715	R 2 478 151 900
December	R 2 025 273 104	R 2 130 546 493
January	R 3 396 243 741	R 2 639 100 855
February	R 2 068 685 438	R 2 158 414 539
March	R 1 601 381 592	R 2 592 901 902
<b>Total</b>	<b>R 28 725 029 481</b>	<b>R 28 954 547 994</b>



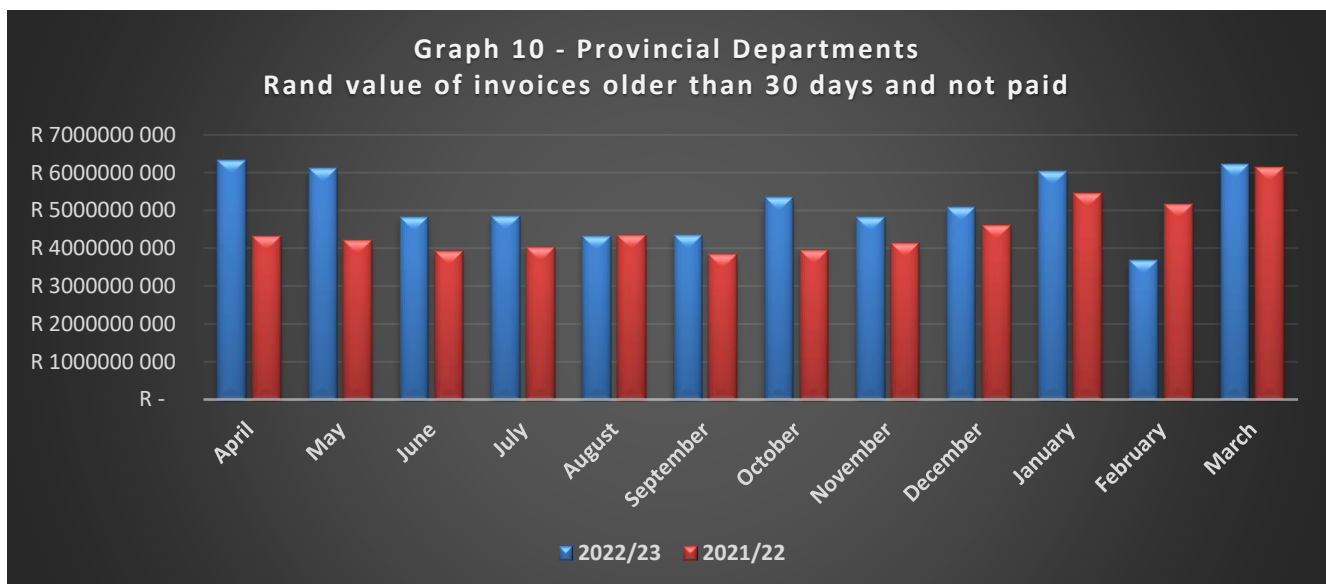
The total rand value of invoices paid after 30 days by provincial departments in the 2022/2023 financial year amounted to R 28.7 billion. This represents **an improvement** of R 230 million or 1% when compared to the total rand value of invoices paid after 30 days by the provincial departments in the 2021/2022 financial year, which amounted to R 28.9 billion.

The annual average rand value of invoices paid after 30 days by the provincial departments during the 2022/2023 financial year amounted to R 2.3 billion, and this represents **an improvement** of R 100 million when compared to the annual average rand value of invoices paid after 30 days by provincial departments during the 2021/2022 financial year, which amounted to R 2.4 billion.

#### 4.5 Rand Value of invoices older than 30 days and not paid

**Graph 10** below provides a month-to-month comparative figure of the rand value of invoices older than 30 days and not paid at the end of the 2022/2023 financial year when compared with the 2021/2022 financial year.

#### Graph 10 – Rand value of invoices older than 30 Days and not paid



Graph 10 above illustrates a month-to-month comparative analysis of the rand value of invoices older than 30 days and not paid by provincial departments during the 2022/2023 financial year when compared to the rand value of invoices older than 30 days and not paid during the 2021/2022 financial year.

**Table 9** below provides a month-to-month comparative analysis of the rand value of invoices older than 30 days and not paid by provincial departments.

**Table 9 – Rand value of invoices older than 30 days and not paid**

Provincial Departments		
Table 9: Rand values of invoices older than 30 days and not paid		
	2022/23	2021/22
April	R 6 332 050 987	R 4 318 970 080
May	R 6 112 202 424	R 4 217 608 970
June	R 4 817 257 639	R 3 918 106 191
July	R 4 843 450 083	R 4 020 965 644
August	R 4 311 109 591	R 4 343 294 679
September	R 4 335 796 289	R 3 834 717 551
October	R 5 347 343 470	R 3 950 126 672
November	R 4 817 619 736	R 4 130 797 219
December	R 5 084 030 030	R 4 613 085 321
January	R 6 031 223 782	R 5 447 965 386
February	R 3 685 085 540	R 5 158 282 573
March	R 6 218 861 000	R 6 145 112 339

The total rand value of invoices older than 30 days and not paid by provincial departments at the end of the 2022/2023 financial year (March 2023) amounted to R 6.2 billion. This represents **a regression** of R 100 million or 2% when compared to the total rand value of invoices older than 30 and not paid by the provincial departments at the end of the 2021/2022 financial year (March 2022), which amounted to R 6.1 billion.

The enclosed **Annexure B** provides consolidated information on the number and rand value of invoices paid after 30 days and the number and rand value of invoices older than 30 days and not paid by the provincial departments during the 2022/2023 and 2021/2022 financial years.

## 5. Common reasons for the late and/or non-payment of invoices

Table 10 below provide common reasons provided by national and provincial departments for the late and/or non-payment of invoices during the 2022/2023 financial year.

**Table 10 – Common reasons provided by national and provincial departments**

<b>Reasons Provided</b>	<b>Root Causes Identified</b>
<b>Misfiled, misplaced or unrecorded invoices.</b>	Lack of internal control measures to track invoices from a receipt to a payment point. Lack of capturing invoices as they are received
<b>Inadequate budget and/or cash flow management problems.</b>	Poor budgeting and lack of alignment between the budget and procurement plans.
<b>Inadequate internal capacity.</b>	Lack of human capacity within the departments.
<b>IT system issues (BAS, Logis and SafetyWeb, etc.).</b>	Slow systems and generation of system errors.
<b>Standard Chart of Account (SCoA) related system problems.</b>	Changes in the coding of items used for classification, budgeting, and recording of revenue and expenditure within the accounting system to facilitate the recording of all transactions affecting assets and liabilities.
<b>Unresolved invoice discrepancies</b>	Suppliers submitting incorrect and/ or invalid invoices
<b>Incomplete supporting documents.</b>	Incomplete invoices and lack of understanding of how invoices should be issued and require supporting documentation.

Table 10 above provides common reasons provided by national and provincial departments for the late and/or non-payment of invoices during the 2022/2023 and 2021/2022 financial years with corresponding identified root causes.

Most of these common reasons have been reported yearly by national and provincial departments since the inception of the National Treasury Instruction No 34. In the previous reports, the National Treasury provided recommendations to assist departments in addressing the identified root causes for late and/or non-payment of invoices and to ensure improvement in compliance with the requirement to pay suppliers' invoices within the prescribed period of 30 days.

## 6. National Treasury Initiatives

During the 2022/2023 financial year, the National Treasury continued to respond and monitor the non-payment of invoices queries received from various suppliers through the central email address established to receive non-payment queries from suppliers.

The National Treasury assists suppliers by following up with transgressing institutions on those reported late and/or non-payment of invoices and provides feedback to the supplier on the reasons for the delay, the date when payment will be made, and transgressing institutions are required to provide proof of payment to ensure completeness.

All queries related to provincial departments are escalated to the relevant Provincial Accountants-General (PAG) to elevate the matter to the respective Chief Financial Officer in provincial departments. The Office of the Accountant-General acts as an intermediary between these departments and suppliers, whilst non-payment queries received related to Municipalities are escalated to the unit responsible for the monitoring the implementation of the Municipal Finance Management Act (MFMA) for escalation to the relevant Chief Financial Officers at the Municipal level.

## 7. Conclusion

The report shows an overall improvement in the submission of exception reports by national and provincial departments based on the analysis of the 30 days exception reports received from national and provincial treasuries during the 2022/2023 financial year.

The analysis shows an improvement of 27 053 invoices or 20% in the number of invoices paid after 30 days when comparing the information reported by the national departments in the 2022/2023 financial year to that of the 2021/2022 financial year. The national departments further show a regression of 1 014 invoices in the number of invoices at hand at the end of the 2022/2023 financial year when compared to the number of invoices at hand at the end of the 2021/2022 financial year.

The national departments also reported an improvement of R 700 million or 14% when comparing the rand value of invoices paid after 30 days in the 2022/2023 financial year to the rand value of invoices paid after 30 days in the 2021/2022 financial year.

Provincial departments recorded the majority of late and non-payment of invoices during the 2022/2023 financial year as provincial departments contributed 233 374 invoices of 68% of the total number of invoices paid after 30 days by national and provincial departments which amounted to 344 653 invoices. The total number of invoices older than 30 days and not paid by national and provincial departments amounted to 75 147 invoices with provincial departments contributing 73 999 invoices or 98% in the 2022/23 financial year.

The information reported by the provincial departments reflects an improvement of 29 985 invoices or 11% in the number of invoices paid after 30 days when comparing the information reported in the 2022/2023 financial year to that of the 2021/2022 financial year. The analysis of provincial departments further shows a regression of 6 271 invoices or 9% in the number of invoices at hand at the end of the 2022/2023 financial year when compared to the number of invoices at hand at the end of the 2021/2022 financial year.

The provincial departments show an improvement of R 230 million or 1% when comparing the rand value of invoices paid after 30 days in the 2022/2023 financial year to the rand value of invoices paid after 30 days in the 2021/2022 financial year.

Gauteng provincial departments reported the highest number and rand value of invoices paid after 30 days in the 2022/2023 financial year which was followed by the North West provincial departments which reported the second-highest number of invoices paid after 30 days during the same period. Limpopo provincial departments reported the lowest number and rand value of invoices paid after 30 days in the 2022/2023 financial year.

Eastern Cape provincial departments reported the highest number and rand value of invoices older than 30 days and not paid during the 2022/2023 financial year which was followed by the Gauteng provincial departments which reported the second-highest number and rand value of invoices older than 30 days and not paid during the same period. The Western Cape provincial departments did not

report any outstanding invoices at the end of the 2022/2023 financial year. Limpopo and Mpumalanga provinces reported the lowest number of invoices older than 30 days and not paid during the same period.

## 8. Recommendations

Following the analysis of the 30 days exception reports received from the national and provincial treasuries during the 2022/2023 financial year, the National Treasury request the different stakeholders tracking compliance with this requirement to note:

- The impact of the late or non-payment of invoices on the sustainability of the SMMEs in contributing to unemployment, job creation and inequality issues;
- The initiatives taken by the National Treasury to improve the level of compliance with the requirements to pay invoices within 30 days by national and provincial departments;
- Repeated root causes provided by national and provincial departments for late and non-payment of invoices;
- Action to be taken against officials who fail to comply with the requirements to pay invoices within 30 days and who undermine the systems of internal controls;
- The requirement for accounting officers to ensure that the information to be submitted to the relevant treasury is duly signed off and submitted to the relevant treasury as per the timeframes stipulated in the National Treasury Instruction Note number 34;
- Accounting officers and chief financial officers to address the root causes of the late and/or non-payment of invoices to improve compliance with the requirement of Treasury Regulation 8.2.3; and
- Payment of suppliers within 30 days be a standing agenda item for discussion at every EXCO meeting of departments.
- The need to track progress on any institution not complying with the recommendations provided by different stakeholders in this area.