



national treasury

Department
National Treasury
REPUBLIC OF SOUTH AFRICA

**TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS
HEAD OFFICIALS OF PROVINCIAL TREASURIES
PROVINCIAL ACCOUNTANTS-GENERAL**

NATIONAL TREASURY INSTRUCTION NO. 05 OF 2016/2017

MONTH-END CLOSURE PROCEDURES FOR 2017/2018

1. PURPOSE

- 1.1. The purpose of this Treasury Instruction is to prescribe the month end closure procedures for departments to meet the reporting requirements:
- (a) in terms section 32 of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999); and
 - (b) for interim financial statements.

2. BACKGROUND

- 2.1. Chapter 5 of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999), prescribes the responsibilities of accounting officers. Section 40(4)(b) and (c) of the PFMA require that departments must, within 15 days of the end of each month, submit to the relevant treasury and to the executive authority responsible for that department–
- (a) the actual revenue and expenditure for the preceding month;
 - (b) the 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.

3. MONTH END CLOSURES

- 3.1. Section 40(1)(a) of the PFMA, 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, in the format of the enclosed **Annexure A**, that they have complied with the minimum financial management performance indicators contained in **Annexure B**.

National Treasury Instruction 05 of 2016/2017:

Month - End Closure Procedures for the financial year 2017/2018

This certificate must be completed before the closure of each accounting month and must be signed by both the chief financial officer and the accounting officer before its submission to the relevant treasury.

- 3.2. For national departments, the certificate referred to in paragraph 3.1 must be delivered to the National Treasury's Office of the Accountant-General, 17th Floor 240 Madiba Street for the attention of the responsible cluster official referred to in **Annexure C**.
- 3.3. If an accounting officer is unable to comply with any of the minimum prescribed financial performance indicators reflected in **Annexure B**, that accounting officer must report the non-compliance and reasons therefore to the relevant treasury. The aforementioned report must include action plans with timeframes to address the non-compliance with the performance indicators relected in **Annexure B**.
- 3.4. The month-end closure dates for the 2017/2018 financial year are contained in **Annexure D**. Departments must align these dates with their departmental processes in order to ensure that their month-end closures can occur on or before prescribed dates. The National Treasury will force close any general ledgers that are still open by the closing dates as indicated in **Annexure D**.
- 3.5. National departments must adhere to the final dates, as contained in **Annexure E**, for closure of their Paymaster General Accounts (PMG). Bank statements on these accounts must also become available on these dates. This information must be used in conjunction with the month-end closure dates.
- 3.6. National departments must immediately report all unknown or erroneous items arising from banking interfaces to the Office of the Accountant-General either via e-mail to pmg.safetynet@treasury.gov.za or by fax to 012 323 8247.
- 3.7. Provincial departments must follow the reporting requirements as determined by their respective provincial treasuries and such reports must be submitted to the relevant provincial treasuries no later than the dates indicated in **Annexure D**.
- 3.8. Provincial departments must immediately report all unknown or erroneous items arising from banking interfaces to their respective provincial treasuries.

4. BANK RECONCILIATIONS

- 4.1. The accounting officer must ensure that his or her department institutes measures to daily detect and resolve unauthorised bank statement transactions.
- 4.2. All unauthorised bank statement transactions must be followed up and cleared within 30 days of detection.
- 4.3. The accounting officer must ensure that bank reconciliations are performed at least monthly.
- 4.4. The chief financial officer must review all bank reconciliations for the reporting month and approve the bank reconciliations by appending his or her signature thereto which shall confirm his or her concurrence and approval thereof.

- 4.5. The chief financial officer must provide the accounting officer with a written explanation for all unreconciled transactions that are outstanding for more than 30 days. This explanation must be provided to the accounting officer within 10 days after the end of the month.
- 4.6. Amendments to the Bills of Exchange Act, 1964 (Act No. 34 of 1964) relating to non-transfereble cheques require that departments take care of their warrant vouchers or cheques, whichever applicable.
- 4.7. Amendments to the Bills of Exchange Act, 1964 (Act No. 34 of 1964) relating to non-transferrable cheques require that departments take care of their warrant vouchers or cheques, whichever applicable.
- 4.8. Treasury regulations 15.12.4 require that all warrant vouchers and cheques must be crossed "not negotiable" and "not transferable" between parallel lines. The cancellation of crossings is not permitted.

5. USE OF CLEARING AND SUSPENSE ACCOUNTS

- 5.1. The Treasury Regulations 17.1 make provision for departments, in exceptional cases, to account for revenue and expenditure in clearing or suspense accounts.
- 5.2. In instances where a department has accounted for revenue and expenditure in a clearing or suspense account and the classification has not been resolved, the accounting officer must ensure that paragraph 13 of **Annexure B** is complied with.

6. INTERIM FINANCIAL STATEMENTS (IFS)

- 6.1. The National Treasury will annually issue reporting requirements for Interim Financial Statements (IFS).
- 6.2. For the 2017/2018 financial year departments must compile interim Financial Statements for the periods ending:
 - (a) 30 June 2017;
 - (b) 30 September 2017; and
 - (c) 31 December 2017.
- 6.3. Accurate and completed templates for Interim Financial Statements must be submitted to the relevant treasury within 30 days after the end of the period referred to in paragraph 6.2.
- 6.4. Departments are not required to complete Interim Financial Statements for the period ending 31 March 2018 but are still required to complete the Annual Financial Statement (year-end) template for the period ending 31 March 2018. This template is available on the website of the Office of the Accountant-General via the following link:

<http://oag.treasury.gov.za/Publications/Forms/Allitems.aspx>.
- 6.5. Accounting officers must complete and sign the letter, in the format contained in **Annexure F**, confirming the accuracy and completeness of the Interim Financial Statements to be submitted.

National Treasury Instruction 05 of 2016/2017:

Month - End Closure Procedures for the financial year 2017/2018

- 6.6. National departments must submit their Interim Financial Statements to the Office of the Accountant-General for attention of the responsible cluster official referred to in **Annexure C**. Provincial departments must submit their Interim Financial Statements to their Provincial Accountant-General.
- 6.7. Upon the annual issuing of the Interim Financial Statements template, the National Treasury will provide guidance to departments on the completion thereof.
- 6.8. The Interim Financial Statements template for 2017/2018 will be issued by no later than 30 June 2017.

7. REPEAL OF TREASURY INSTRUCTION NO. 5 OF 2015/2016

This Treasury Instruction hereby repeals the National Treasury Instruction No.5 of 2015/2016.

8. APPLICABILITY

This Treasury Instruction applies to all departments and failure to comply with its contents shall be regarded as financial misconduct in terms of section 81(1)(a) of the PFMA.

9. EFFECTIVE DATE

This Treasury Instruction takes effect from 1 April 2017.

10. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

Head officials of provincial treasuries are requested to bring the contents of this Treasury Instruction to the attention of all accounting officers of departments in their respective provinces.

11. AUTHORITY FOR THIS INSTRUCTION

This Treasury Instruction is issued in terms of sections 76(2)(j) of the PFMA.

12. CONTACT INFORMATION

Enquiries related to this *Treasury Instruction* may be directed to:

Lizette Labuschagne

Director: Accounting Support and Reporting

Phone: 012 315 5781

E-Mail: Lizette.Labuschagne@treasury.gov.za



JAYCE M NAIR
ACTING ACCOUNTANT-GENERAL
DATE: 16 March 2017

ANNEXURE A

CERTIFICATE OF COMPLIANCE WITH FINANCIAL MANAGEMENT PERFORMANCE INDICATORS IN ACCORDANCE 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 reasons/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/ comments for non-compliance	Action Plans	Time Frames

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:

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 are 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.

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	Thomas Matjeni	(012) 315 5792
Economic Services and Infrastructure Development	John Watson	(012) 315 5590

ANNEXURE D

MONTH-END CLOSURE DATES FOR THE 2017/2018 FINANCIAL YEAR, TO MEET THE REPORTING REQUIREMENTS IN TERMS OF SECTION 32 OF THE PUBLIC FINANCE MANAGEMENT ACT

ACCOUNTING MONTH	CLOSURE DATES
MARCH 2017- Reporting to Vulindlela	2017/04/07 (no month/year close transaction)
MARCH 2017 – PRELIMINARY	2017/04/28
APRIL 2017	2017/05/08
MAY 2017	2017/06/07
JUNE 2017	2017/07/07
JULY 2017	2017/08/07
AUGUST 2017	2017/09/07
SEPTEMBER 2017	2017/10/05
OCTOBER 2017	2017/11/07
NOVEMBER 2017	2017/12/07
DECEMBER 2017	2018/01/08
JANUARY 2018	2018/02/07
FEBRUARY 2018	2018/03/07
MARCH 2018 - Reporting to Vulindlela	2018/04/06 no month/year close transaction)
MARCH 2018 – PRELIMINARY	2018/04/30

Please note: for BAS Departments:

The PRELIMINARY close for March must be dealt with in accordance with the prescripts as detailed in **BAS notice 1 of 2017**

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 2017	2017/04/03	2017/04/04
APRIL 2017	2017/05/02	2017/05/03
MAY 2017	2017/06/01	2017/06/02
JUNE 2017	2017/07/03	2017/07/04
JULY 2017	2017/08/01	2017/08/02
AUGUST 2017	2017/09/01	2017/09/04
SEPTEMBER 2017	2017/10/02	2017/10/03
OCTOBER 2017	2017/11/01	2017/11/02
NOVEMBER 2017	2017/12/01	2017/12/04
DECEMBER 2017	2018/01/02	2018/01/03
JANUARY 2018	2018/02/01	2018/02/02
FEBRUARY 2018	2018/03/01	2018/03/02
MARCH 2018	2018/04/02	2018/04/03

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 after 14h00.

< Insert Departmental Letterhead >

CONFIRMATION OF THE ACCURACY AND COMPLETENESS OF THE INTERIM FINANCIAL STATEMENTS SUBMITTED TO THE RELEVANT TREASURY

TO:¹ DATE:

INTERIM FINANCIAL STATEMENT FOR THE PERIOD ENDING MARCH 2018²

I hereby acknowledge that the interim financial statements (IFS) of³, have been submitted to the⁴ as required in terms of National Treasury Instruction No. 05 of 2016/2017

I acknowledge my responsibility for the accuracy and completeness of the accounting records and the fair presentation of the Interim Financial Statements and confirm, to the best of my knowledge and belief, the following:

- (a) the Interim Financial Statements have been prepared in accordance with the Modified Cash Standards and the relevant guidelines issued by the National Treasury.
- (b) the Interim Financial Statements are complete and accurate.
- (c) all amounts appearing on the Interim Financial Statement have been cast and cross-cast.
- (d) the Interim Financial Statement are free from material misstatements, including omissions; and
- (e) accounting estimates are reasonable in the circumstances.

Yours faithfully

Accounting Officer

¹ The letter should be addressed to relevant treasury.

² These relate to Interim Financial Statements, as required in terms of paragraph 6.2 of this Treasury Instruction.

³ Insert the name of the department.

⁴ Insert the relevant reference, for example for the National Treasury or the relevant provincial treasury.