



**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 2004/05

MONTH CLOSURE PROCEDURES FOR 2004/05, 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:
 - the information for that 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 keep 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, compliance to the minimum financial performance indicators in **Annexure B**.

3. In addition to the above, compliance to Paragraph 17.1 of Part 7 of the Treasury Regulations, must also be certified:
 - 3.1 That all the 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. 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 has been designed that should be used by all departments. The certificate must be completed and signed by the Chief Financial Officer and Accounting Officer, and be submitted monthly to the relevant Treasury. (Annexure A). Annexure B contains the minimum financial management performance indicators to be complied with that would assist in the completion of the certificate of compliance at **Annexure A**.
6. The final dates for month closures for 2004/05 financial year are reflected in **Annexure C**. The dates on this annexure reflect the final dates on which National Treasury will enforce month closure. **National and Provincial departments** must align their departmental processes to ensure the month closure can occur timeously on or before these dates.
7. All National and Provincial departments must ensure that bank reconciliations are performed on a daily basis.

NATIONAL DEPARTMENTS

Annexure D list the final dates of the PMG closure and availability of Bank statements. This information must be used in conjunction with the month 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 or by fax to 012 323 8247.

PROVINCIAL DEPARTMENTS

All Provincial Departments are to follow the reporting requirements determined by the Provincial Treasury / Provincial Accountant-General and may not exceed that dates in **Annexure C**.

8. The amendments to the Bill of Exchange Act, regarding non-transferable cheques, requires all National/Provincial departments to take care of their warrant vouchers/ cheques, to scrutinize statements to detect unauthorised debits and ensure timeous

bank reconciliations. This implies that all enquiries must be sent to the bank immediately on a daily basis. Please note as a result of the amendment 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: 16 March 2004

ANNEXURE A

CERTIFICATE OF COMPLIANCE TO THE FINANCIAL MANAGEMENT PERFORMANCE INDICATORS IN ACCORDANCE 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 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/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:
DATE:

CHIEF FINANCIAL OFFICER

SIGNATURE:
DATE:

ACCOUNTING OFFICER

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 DoRA have been adhered to.
12. The Budget per the 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 The sources of the transactions are readily identifiable.
 - 13.2 Monthly reconciliation of all control or suspense accounts is performed to confirm the balance of each account.
 - 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 2004/2005 FISCAL YEAR, TO MEET THE REPORTING REQUIREMENTS IN TERMS OF SECTION 32 OF THE PUBLIC FINANCIAL MANAGEMENT ACT

ACCOUNTING MONTH	*CLOSURE DATES
MARCH 2004 - Reporting to Vulindlela	2004/04/08 (no month / year close transaction)
MARCH 2004 - PRELIMINARY	2004/04/30
APRIL 2004	2004/05/10
MAY 2004	2004/06/09
JUNE 2004	2004/07/08
JULY 2004	2004/08/10
AUGUST 2004	2004/09/09
SEPTEMBER 2004	2004/10/07
OCTOBER 2004	2004/11/09
NOVEMBER 2004	2004/12/09
DECEMBER 2004	2005/01/10
JANUARY 2005	2005/02/09
FEBRUARY 2005	2005/03/09
MARCH 2005 - Reporting to Vulindlela	2005/04/08 (no month / year close transaction)
MARCH 2005 - PRELIMINARY	2005/05/02

- *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 FMS Departments:

The PRELIMINARY close for March must be dealt with in accordance with the prescripts as detailed in Financial Management circular 487'2002.

For BAS Departments:

The PRELIMINARY close for March must be dealt with in accordance with the prescripts as detailed in BAS notice number 15 of 2002.

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 2004	2004/04/01	2004/04/02
April 2004	2004/05/03	2004/05/04
May 2004	2004/06/01	2004/06/02
June 2004	2004/07/01	2004/07/02
July 2004	2004/08/02	2004/08/03
August 2004	2004/09/01	2004/09/02
September 2004	2004/10/01	2004/10/04
October 2004	2004/11/01	2004/11/02
November 2004	2004/12/01	2004/12/02
December 2004	2005/01/03	2005/01/04
January 2005	2005/02/01	2005/02/02
February 2005	2005/03/01	2005/03/02
March 2005	2005/04/01	2005/04/04

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

- Receiving of ACB tapes on time,
- The bank statements will be available on above-mentioned dates before 14h00.