



**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 Accountant-Generals

OFFICE OF ACCOUNTANT-GENERAL PRACTICE NOTE 1 OF 2003/04

MONTH CLOSURE PROCEDURES FOR 2003/04, 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, has 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 CFO confirms concurrence and approval thereof.
5. To ensure uniformity in respect of 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 2003/04 financial year are reflected in **Annexure C**. The dates on this annexure reflect the final dates on which National Treasury will enforce month closure. Departments and Provinces must align their departmental processes to ensure that month closure can occur timely on or before these dates.
7. All National and Provincial Departments must ensure that bank reconciliations are performed on a daily basis.

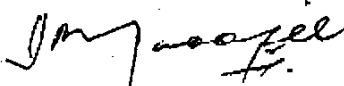
NATIONAL DEPARTMENTS

Annexure D lists 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 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 the dates in **Annexure C**.

8. The recent amendments to the Bills of Exchange Act, regarding non-transferable cheques, requires all National/Provincial departments to take care of their warrant vouchers/cheques, to scrutinise 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 note is construed as financial misconduct in terms of the Treasury Regulations.
10. Your co-operation in this regard, is highly appreciated.



ISMAIL MAMOOJEE
ACCOUNTANT-GENERAL

DATE: 10 April 2003

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 funds 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 by Standard item, Programme and Sub programme. Where appropriate Element level has also been captured. 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 and suspense accounts are 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 2003/2004 FISCAL YEAR, TO MEET THE REPORTING REQUIREMENTS IN TERMS OF SECTION 32 OF THE PUBLIC FINANCE MANAGEMENT ACT

| ACCOUNTING MONTH | *CLOSURE DATES |
|--------------------------------------|--|
| MARCH 2003 - Reporting to Vulindlela | 2003/04/07 (no month / year close transaction) |
| MARCH 2003 - PRELIMINARY | 2003/04/30 |
| APRIL 2003 | 2003/05/07 |
| MAY 2003 | 2003/06/05 |
| JUNE 2003 | 2003/07/04 |
| JULY 2003 | 2003/08/06 |
| AUGUST 2003 | 2003/09/04 |
| SEPTEMBER 2003 | 2003/10/06 |
| OCTOBER 2003 | 2003/11/06 |
| NOVEMBER 2003 | 2003/12/04 |
| DECEMBER 2003 | 2004/01/07 |
| JANUARY 2003 | 2004/02/05 |
| FEBRUARY 2003 | 2004/03/04 |
| MARCH 2004 - Reporting to Vulindlela | 2004/04/06 (no month / year close transaction) |
| MARCH 2004 - PRELIMINARY | 2004/04/30 |

- *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.

ANNEXURE D

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 2003 | 2003/04/02 | 2003/04/03 |
| April 2003 | 2003/05/02 | 2003/05/05 |
| May 2003 | 2003/06/02 | 2003/06/03 |
| June 2003 | 2003/07/01 | 2003/07/02 |
| July 2003 | 2003/08/01 | 2003/08/04 |
| August 2003 | 2003/09/01 | 2003/09/02 |
| September 2003 | 2003/10/01 | 2003/10/02 |
| October 2003 | 2003/11/03 | 2003/11/04 |
| November 2003 | 2003/12/01 | 2003/12/02 |
| December 2003 | 2004/01/02 | 2004/01/05 |
| January 2004 | 2004/02/02 | 2004/02/03 |
| February 2004 | 2004/03/01 | 2004/03/02 |
| March 2004 | 2004/04/01 | 2004/04/02 |

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 after 14h00.