



**NATIONAL TREASURY  
REPUBLIC OF SOUTH AFRICA**

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**ALL ACCOUNTING OFFICERS, HEADS OF CORPORATE SERVICES AND  
CHIEF FINANCIAL OFFICERS**

**OFFICE OF THE ACCOUNTANT-GENERAL PRACTICE NOTE 2 OF 2003/04**

**ACCOUNTING OFFICERS' REPORTING RESPONSIBILITIES - LEAVE AND  
GUARANTEES**

1. In terms of section 40(1)(b) of the Public Finance Management Act, 1999, "accounting officers must prepare financial statements for each year in accordance with generally recognized accounting practice." The financial statements must reflect the contingent liability for leave and guarantees.
2. To enable accounting officers to accurately report on these liabilities, it is essential that all national and provincial departments capture, verify and authenticate all data on leave and guarantees on PERSAL. This process must be completed on or before 30 April 2003 for the year ending 31 March 2003 as previously advised.
3. Immediately after 30 April data on the above liabilities will be extracted from PERSAL for the financial statements. In this regard we are concerned about the accuracy of state guarantees especially those with no end dates and those guarantees not redeemed timeously on PERSAL. These guarantees will be displayed as liabilities. Please note that state guarantees for ex-employees remains a liability until redeemed and cancelled. The value of the guarantee for disclosure is the amount that would have to be paid if the guarantee is called upon for payment at 31 March 2003.
4. PERSAL system reports available on Sub-system 7 (Management Information) must be utilized to determine the amounts for inclusion in the financial statements. Function 7.11.13/14/15 will provide details regarding leave credits in monetary value, service bonus liability and state guarantee liability respectively. Detailed and summarized reports will be made available.

5. Your co-operation in the updating of PERSAL records and ensuring that the contingent liabilities are correctly calculated and reflected at all times is highly appreciated.

  
ISMAIL MAMOOJEE  
ACCOUNTANT-GENERAL  
DATE: 24 March 2003