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**TO: ALL ACCOUNTING OFFICERS AND
CHIEF FINANCIAL OFFICERS OF NATIONAL
DEPARTMENTS
HEAD OFFICIALS OF PROVINCIAL TREASURIES**

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OFFICE OF THE ACCOUNTANT-GENERAL PRACTICE NOTE 7 OF 2003

ACCOUNTING AND REPORTING PROCEDURES FOR GRANTS RECEIVED BY DEPARTMENTS FROM SECTOR EDUCATION AND TRAINING AUTHORITIES

In terms of section 10 of the Skills Development Act, 1998 (Act no 97 of 1998), Sector Education and Training Authorities (SETA's) may make grants to departments for spending on specific training programmes. These discretionary grants should not be regarded as money received by departments in terms of section 13 of the Public Finance Management Act, 1999 (Act no 1 of 1999) and should therefore not be paid into the National Revenue Fund.

The aim of this Practice note is to standardise the SETA grants accounting procedures in order to ensure conformity in accounting and reporting processes throughout government. SETA grants related expenditure and revenue may not be recorded in a balance sheet item (Suspense Account).

Separate Vote / Fund structures (for each SETA) must be created for SETA grants related projects on programmes within the accounting system of departments.

The following control accounts (balance sheet item / suspense account) should be created in addition to the existing accounts for voted funds, RDP funds, etc.

- (i) SETA Grant Account
- (ii) General Account of SETA Grants

Balances on the SETA grant expenditure accounts as well as balances of the General Account of SETA Grants must close of to the SETA Grant Account at year-end.

Departments will be responsible for the provision and maintenance of the chart of accounts (Fund, Objective, Responsibility, Items etc.) in order to meet the reporting requirements as per agreement between SETA's and departments.

The accounting and reporting requirements for the SETA grants are similar to those prescribed for donor funding from the Reconstruction and Development Programme (RDP) Fund. For detailed guidance in this regard, your attention is focussed on the following documents available on the National Treasury's website www.treasury.gov.za:

- Office of the Accountant-General Practice Note 16 of 2001: Manual for the Reconstruction and Development Programme Fund
- Guidelines for the Preparation of Annual Reports and Financial Statements for the year ending 31 March 2003

Mr J Gilliland - Director: Implementation and Functional Support at the National Treasury will assist departments to create Fund structure codes for this purpose. Mr Gilliland may be contacted on (012) 672-2821 or jan.gilliland@treasury.gov.za.

ISMAIL MAMOOJEE
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