

TO ALL: ACCOUNTING OFFICERS OF CONSTITUTIONAL INSTITUTIONS, GOVERNMENT COMPONENTS AND TRADING ENTITIES, ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 3A AND 3C TO THE PFMA AND HEAD OFFICIALS OF PROVINCIAL TREASURIES

ANNEXURE A: SURPLUS RETENTION REQUEST TEMPLATE AND FORMULA

[Entity Name]¹

MOTIVATION FOR RETENTION OF SURPLUS FUNDS – FOR FINANCIAL YEAR ENDING [DATE]

1) Introduction

[Entity Name] hereby requests approval from the [National/Provincial] Treasury to retain cash surpluses amounting to R[amount] from the financial year ending [date]. The cash surpluses have arisen because of [brief explanation]. These funds are required to meet committed obligations and strategic initiatives in the upcoming financial year as outlined in this motivation.

2) Calculation of the cash surplus

| Description | Amount (R) |
|--|-------------------|
| Total cash and cash equivalents at year-end* | xxx |
| <i>Plus:</i> Current receivables expected to be collected* | xxx |
| <i>Less:</i> Current liabilities* | (xxx) |
| <i>Less:</i> Ringfenced funds (conditional grants, donor funding) | (xxx) |
| <i>Less:</i> Contracted project payments (included in retention request) | (xxx) |
| Net available cash surplus | xxx |

Note: Contracted project payments deducted above represent legally binding obligations entered into before year-end that have not yet resulted in accounting liabilities but are the basis of the retention request, where:

- the project or procurement process has been formally approved in line with the entity's governance procedures;
- the contractual obligation to pay exists, even though the goods and services will be delivered or payment will be made in the following financial year;

National Treasury Instruction No. 03 of 2025/26

**Accumulation, Retention and Surrender of surpluses by constitutional institutions,
government components, trading entities and public entities listed in Schedules 3A and 3C to
the Public Finance Management Act, 1999**

- the commitment is not recognised as a liability or accrual in the financial statements, but can be substantiated with supporting documentation (e.g. signed contracts, purchase orders, project schedules, Treasury approval where applicable);
- the expenditure is not funded from conditional grant or donor funding already excluded elsewhere in the surplus calculation.

The **current liabilities** figure excludes any provision recognised, per GRAP 19 on Provisions Contingent Liabilities and Contingent Assets, by the entity in its annual financial statements for the surrender of surplus funds to the relevant treasury.

*A breakdown of these line items with cross-referencing to the audited annual financial statements where relevant should be included below this calculation in section 2 of the submission.

3) Justification for retention

The requested surplus retention of R[amount] is required to fund the following committed projects and operational obligations:

| Purpose/Project | Amount (R) | Justification |
|------------------------------|------------|--|
| [Project A] | xxx | Contract signed on [date]; payment due in [month/year]; linked to APP Outcome [#] |
| [Project B] | xxx | Ongoing infrastructure or service delivery contract; delayed rollout; obligation must be settled in [financial year] |
| | xxx | Total contracted project payments |
| [Bridging operational costs] | xxx | Required to manage cash flow timing between Q1 and scheduled transfers from the executive authority |
| | xxx | Total requested for retention |

Note: the justification above is for illustrative purposes only

4) Alignment with Strategic and Annual Performance Plan

The proposed retention supports implementation of [Entity Name]'s strategic objectives as outlined in its Annual Performance Plan, including:

- [Strategic Outcome/Objective 1] – [brief alignment]
- [Strategic Outcome/Objective 2] – [brief alignment]

5) Impact if Retention is Not Approved

Failure to retain the requested surplus will result in:

**Accumulation, Retention and Surrender of surpluses by constitutional institutions,
government components, trading entities and public entities listed in Schedules 3A and 3C to
the Public Finance Management Act, 1999**

- Delays in project implementation, with potential contract penalties or legal exposure
- Service delivery disruptions in [specify area]
- Possible misalignment with agreed performance targets and reputational risk

Note: the justification above is for illustrative purposes only

6) Governance Approval

This request has been approved by the Accounting Authority at a meeting held on [Date], and is submitted in accordance with the internal governance procedures of [Entity Name].