



**NATIONAL TREASURY  
REPUBLIC OF SOUTH AFRICA**

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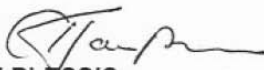
**ACCOUNTING OFFICERS OF ALL CONSTITUTIONAL INSTITUTIONS**

**RETENTION OF SURPLUS FUNDS**

1. A recent survey conducted amongst constitutional institutions revealed inconsistencies in the manner in which surplus funds are dealt with at the end of the financial year. Similar inconsistencies were found in the manner in which interest on bank accounts are dealt with at the end of each month.
2. To ensure uniformity in the administration of year-end surpluses and interest on bank accounts, constitutional institutions should:
  - retain all interest earned on bank accounts as opposed to depositing such into the National Revenue Fund; and
  - declare all surpluses to the National Treasury at the end of each financial year.
3. Upon declaration of the year-end surpluses, the National Treasury may:
  - grant approval for the constitutional institution to retain the entire surplus;
  - decide to apply such surpluses to reduce future transfers to the constitutional institution; or
  - require that all or part of the surplus be deposited into the Exchequer Bank account of the National Revenue Fund.

4. During the next round of amendments to the Treasury Regulations, the necessary amendments would be effected to reflect the directives in paragraphs 2 and 3 above.

Kind regards



A J DU PLESSIS  
CHIEF DIRECTOR: PFMA IMPLEMENTATION  
For Director-General

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