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Date: 12 February 2001

## **ALL ACCOUNTING OFFICERS AND CHIEF FINANCIAL OFFICERS**

### **OFFICE OF THE ACCOUNTANT GENERAL PRACTICE NOTE 4 OF 2001:**

#### **IMPLEMENTATION OF AN AMENDED DEPOSIT SYSTEM AT THE COMMERCIAL BANKS**

##### **1. Current Deposit System**

The closure of the various banking halls of the South African Reserve Bank (SARB) and the cessation of certain banking services at the Pretoria branch of the SARB resulted in deposit accounts being opened at the four major Commercial Banks.

At present a central account exists for all Government deposits at the main branches of the four Commercial Banks in Pretoria. Deposits, at any branch of a Commercial are cleared electronically on a daily basis to the central accounts and thereafter to the SARB.

The first two digits of the encoded deposit slip reflect the departmental code and the third digit identifies the Commercial Bank where the deposit was made. If the first two digits are incorrect, incomplete or the transaction cannot be allocated to the correct department. These transactions can only be correctly allocated after numerous enquiries to the Commercial Banks. This leads to unnecessary time being spent on enquiries and leaves un-reconciled items on the Bank Reconciliation. Consequently it is proposed that a new deposit system as described in 2 below be introduced.

##### **2. New deposit system**

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## 2.1 Opening of Accounts

Approval is hereby granted for departments to open their own deposit accounts wherein revenue collected must be deposited. Departments must use the same Commercial Banks as in the past but will deposit on a daily basis into a deposit account held in their respective departments names. There is no need to go out on tender as this is an improvement in the existing process. These funds will be cleared automatically to the SARB on a daily basis.

The deposit account must operate on the following conditions:

- (i) No cheques are to be issued from this account under any circumstances (it is a collection account only).
- (ii) No cheque, debit orders, electronic or any other withdrawal of funds or debits from this account may be effected, **except for unpaid deposits** and the daily transfer of funds to the SARB.

In addition to the Deposit Account departments must open a Bank Charges Account and an Interest Account. (Point 2.4 elaborates more on these accounts). The responsibility for the opening of these three (3) accounts is that of the respective departments. The banks will require the name of the authorised person/s with the necessary mandate/s to open these accounts. It was agreed by the Banks that the Chief Financial Officer (CFO) will be empowered via delegation by the Director-General to open these accounts. He in turn may appoint a maximum of another two senior members of staff to assist him as co-signatories on the accounts held at the various Banks. It will be incumbent on the CFO to introduce himself to these Bankers who will provide him with the required mandates and resolutions for completion. The contact details of the corporate executive for each of the Commercial Banks are:

Bank	Contact Person	Tel. Number	e-mail
ABSA	M Janse v Rensburg	012 310-7387	morner@absa.co.za
Standard	Bruce Wellsted	012 367-0005	wellstedb@scmb.co.za
FNB	Malerato Matloporo	011 371-8164	malerato.matloporo@fnbcorporate.co.za
Nedbank	Susan de Beer	082 900-5097	susand@nedcor.co.za

Departments will therefore be depositing in their respective new deposit accounts with the first figure of the 8-digit deposit number identifying the Clearing bank. The codes used to identify the Clearing bank and for matching the said deposits with the inputs in the standardised financial systems are as follows: -

<u>Bank</u>	<u>Identification Code</u>
ABSA	0, 1,2 or 3
Standard Bank	4 or 5
FNB	6 or 7
Nedbank	8 or 9

## **2.2 Ordering of deposit books**

Once these accounts have been opened and an account number allocated new deposit books must be ordered via this Office. Please ensure that the opening of these accounts, the ordering of the deposit books and the distribution of the deposit books in your department is finalised at least two clear weeks prior to the implementation date of your department. Annexure A reflects the implementation date.

## **2.3 Collection of Bank Statements and Refer to Drawer (R/D) cheques (deposited into own revenue account)**

Departments must arrange to collect, on a daily basis, their Bank statements from their respective Commercial Banks as they are responsible for the deposit account. Furthermore specific arrangements must be made as to the process for collecting the unpaid cheques.

## **2.4 Bank Charges and Interest**

All bank charges must be debited against your Bank Charges Account. National Treasury will fund these charges for 2001/2002. Arrangements will be made during the year to proportionally allocate the Bank Charges budget between the various departments. You will be advised of this in due course. National Treasury will however continue to negotiate Bank Charges on an annual basis with the four Commercial Banks.

Interest will be calculated at the wholesale call rate on each of these accounts. Interest earned will be credited to the Interest Account and must be paid over to SARS on a monthly basis without exception.

Please note that under no circumstances must these interest accounts (for votes) be offset against the bank charges account. The Commercial Banks have been advised accordingly.

**3. Implementation dates**

The implementation of the above process will be phased in over the next six months commencing 1 April 2001. Refer to Annexure A for the implementation schedule. All departments must be on this deposit system by 30 September 2001. Kindly ensure that all your arrangements are in place to meet the required implementation dates. BAS and FMS are ready to accept the input from the implementation of the revised procedures.

**4. Closure of existing accounts**

The existing deposit accounts will be closed as soon as all the items are reconciled. Departments must advise debtors that make electronic funds transfer into the existing deposit accounts of the new deposit account timeously. It is advisable to supply each debtor with a unique 8-digit reference number to enable you to identify such deposits.

Kind Regards



I A MAMOOJEE  
ACCOUNTANT GENERAL  
for DIRECTOR GENERAL

**Implementation Schedule:**

DATE	PMG ACCOUNT NUMBER	NAME OF DEPARTMENT
2 April 2001	8033-210-2	Water Affairs and Forestry
2 May 2001	8033-231-5	Correctional Services
1 June 2001	8033-262-5	Arts, Culture, Science and Technology
	8033-263-3	Education
	8033-264-1	Sport and Recreation South Africa
	8033-266-8	Social Development
	8033-271-4	Public Service and Administration
	8033-274-9	SA Management Development Institution
	8033-276-5	Independent Complaints Directorate
	8033-278-1	The Presidency
3 July 2001	8033-201-3	Labour
	8033-204-8	Trade and Industry
	8033-205-6	Defence
	8033-208-0	Government Communication and Information Systems
	8033-214-5	Minerals and Energy Affairs
	8033-218-8	Health
	8033-229-3	Office of Public Service Commission
	8033-232-3	National Treasury: Pensions
	8033-245-5	Environment Affairs and Tourism
	8033-257-9	Statistics SA
1 August 2001	8033-212-9	Agriculture
	8033-213-7	Public Works
	8033-228-5	S A Police Service
	8033-230-7	Foreign Affairs
	8033-235-8	Government Printer
	8033-236-6	Home Affairs
	8033-238-2	Provincial and Local Government
	8033-241-2	Transport
	8033-242-0	Public Enterprises
3 September 2001	8033-211-0	Justice
	8033-207-2	Housing
	8033-277-3	South African Housing Fund
	8033-253-6	Land Affairs
	8033-280-3	Deeds Registration