



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

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**All Chief Financial Officers – National Departments
All Heads of Corporate Services – National Departments
Heads of Provincial Treasuries
All Provincial Accountant-Generals**

**OFFICE OF THE ACCOUNTANT-GENERAL PRACTICE NOTE 8 OF 2003/04
ANNUAL FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2003**

To improve and enhance financial reporting, a working group was appointed at the Chief Financial Officers (CFO) Forum in July 2002 to research and enhance the existing specimen set of Annual Financial Statements (AFS) for use by National and Provincial Departments for the year ending 31 March 2003.

The process has resulted in the production of the following documents:

- A Guide for the Preparation of Annual Reports of Departments;
- Specimen Annual Financial Statements for Departments for the year ended 31 March 2003;
- A pre-configured electronic version of the Annual Financial Statements in Word and Excel format.
- A guideline for Audit Committees in terms of Section 3.1.13 of the Treasury Regulations; and
- A specimen Audit Committee report.

The documents have been posted in a downloadable format on the National Treasury website: www.treasury.gov.za. Once at the site, click on the "organization" link on the left hand side of the screen and then click on Division: Office of the Accountant-General, under documents you will find Annual Report 2002/03 where the respective documents will be listed. The guidelines will also be on the following intranet site: <http://vulindlela.pwv.gov.za/Fmip/index.htm>

Please note that the Appropriation Statement and related notes is the first Statement in the AFS and followed by an Income Statement, Balance Sheet and notes to the AFS and Disclosure notes to the AFS.

There are specific schedules in the guidelines relating to Conditional Grants and Fixed Assets which are to be used as working papers by departments and submitted after audit to National Treasury. The Conditional Grants schedules must be submitted to Mr Jan Hattingh of Intergovernmental relations and the Fixed Asset schedule to Mr Wayne de Wet of my office. Please note that Depreciation calculations are not required for 2002/03 and therefore do not need to be audited. If depreciation is included in the notes to the Annual Financial Statements, then these have to be audited.

Please pay particular attention to the following: -

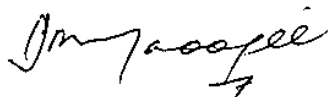
- Conditional Grants and the compliance to DORA, 2002.
- Gifts, Donations and Sponsorships made directly and indirectly to Departments and not reflected in the RDP fund;
- Agency payments for services. The actual expenditure arising from agency services and not the cash flow for funding purposes must be disclosed as expenditure in the National Departments. Unspent funds must be surrendered to the National Revenue Fund;
- Timeous collection, deposit and recording of Revenue; and
- Operating leases which meet the definition of a Finance lease in terms of Section 13.2.3 of Treasury Regulation issued in May 2002. The treatment of such expenditure is detailed in the guideline.

To facilitate the process of preparation of the Annual Financial Statements, the audit thereof and proactively identify and resolve issues of principle that may arise during this process, a committee comprising representatives of the Office of the Auditor-General and my office has been established. The committee must be notified, via e-mail or fax of any proposed amendments to the guidelines and the AFS formats. All amendments will be posted on the respective website.

Annexure A reflects the timetable for the finalization of the AFS and Annual Report for the 2002/03 financial year.

Please do not hesitate to contact me should you encounter any problems during the year end process.

Kind regards

A handwritten signature in black ink, appearing to read 'Ismail Mamoojee', with a stylized flourish at the end.

ISMAIL MAMOOJEE
ACCOUNTANT-GENERAL

DATE: 17 April 2003

c.c. Michell Shaw – Office of the Auditor-General
Amanda Botha – Office of the Auditor-General

Annexure A

KEY SUBMISSION DATES FOR THE 2002/03 FISCAL YEAR

The following are the submission dates for financial statements in terms of the PFMA:

Action	PFMA	Date	Responsibility
Year end reporting date	40(1)(b) & 55(1)(b)	31/03	Accounting officer/ Accounting authority
Certifying date for issue to Auditor-General	40(1)(c) & 55(1)(c)	31/05 (Final Date)	Accounting officer/ Accounting authority
Audit report issued to Accounting Officer/ Accounting authority	40(2)	31/07 (Final Date)	Auditor-General/ External Auditor
Audit Committee Meeting for Evaluation of AFS	To meet 31 Aug deadline	Meeting Within 7 days of A-G report date Final date 08/08	Accounting officer/ Accounting authority
Submission to A-G of Final Annual Report	To meet 31 Aug deadline	Within 7 days of Audit Committee Meeting date. Final date 15/08	Accounting Officer/ Accounting authority
Submission to relevant treasury and the executive authority	40(1)(d) & 55(1)(d)	31/08	Accounting officer/ Accounting authority
Table in National Assembly or Provincial legislature	65(1)(a)	30/09	Executive authority (MEC / Cabinet member)
Announcement, Tabling and Committee report date		No specific deadline	Speaker
Consideration date (Designated committee)		Internally decided	Parliament/Legislature