



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

Private Bag X115, Pretoria, 0001 Tel: +27 12 315 5111, Fax: +27 12 315 5234

Enquiries: IA Mamoojee

Ref: SS1/3

Tel: 672 2227

Fax: 672 2469

e-mail: mamoojia@srd02.pwv.gov.za

16 August 2000

**ALL ACCOUNTING OFFICERS
HEADS OF PROVINCIAL TREASURY'S
PROVINCIAL ACCOUNTANTS GENERAL**

TREASURY PRACTICE NOTE 1 OF 2000:

**MONTH CLOSURE PROCEDURES, AS PER REQUIREMENT OF THE PUBLIC
FINANCE MANAGEMENT ACT**

1. The current norm that applies to the monthly closing of all ledgers, provides for a 3 month "window" period for open months, *i.e.* a period in which transactions can be posted to a previous month.
2. Due to this process whereby transactions can be "backdated" to previous months, key performance areas of financial management, such as reliable management information, and the correct reflection of revenue and expenditure, are being compromised.
3. Chapter 5 of the Public Finance Management Act (Act 1 of 1999), prescribes the responsibilities of Accounting officers in respect of financial reporting. According to Paragraph 4(c) of Section 40, departments must, within 15 days of the end of each month, submit to the relevant treasury and the executive authority responsible for that department-
 - the information for that month;
 - a projection of expected expenditure and revenue collection for the remainder of the current financial year; and
 - when necessary, an explanation of any material variances and a summary of the steps that are taken to ensure that the projected expenditure and revenue remain within budget.
4. The Public Finance Management Act, and *per se*, the requirement in respect of month closure, became effective on 1 June 2000, implying that departments should align internal processes to ensure timeous month closures. To ensure that the information required for publication by the National Treasury can be submitted within 15 days of the end of each month, month closure will have to occur in accordance with the attached schedule.

5. You are therefor kindly requested to initiate departmental procedures to ensure that month closure can occur according to the attached schedule. Please note that this requirement will be enforced as from August 2000. In cases where departments fail to take the necessary actions to ensure compliance to this requirement, such month-ends closure actions will be activated programmatically. Under no circumstances will the deviation from the set closing dates be allowed.
6. It is also required that all Accounting officers, or their delegate, must certify on a monthly basis, before the closure of the accounting months, compliance to the following financial management performance indicators:
- The recording of all issued cheques in the General ledger;
 - The recording of all deposits in the General ledger;
 - The recording of all receipts in the General ledger;
 - The recording of all journals;
 - That all interfaces for the month have taken place, and have been reconciled; and
 - That a bank reconciliation has taken place.

In addition to the above, the compliance to the requirements of Paragraph 17.1 of Part 7 of the National Treasury Regulations, must also be certified.

7. The final dates for month closures, as per PFMA requirements (*i.e.* as from August 2000) are also listed.

Your co-operation in this regard, is highly appreciated.



GODFREY GULSTON
ACCOUNTANT GENERAL
for DIRECTOR GENERAL

18082000

Previous Treasury Circular: SW 5/5/15, SW 5/5/20 of 12 July 2000

J:\Fms\TreasCirc21-of-2000.doc

**IMPLEMENTATION SCHEDULE FOR MONTH-END
CLOSURE REQUIREMENT, AS PER PUBLIC FINANCE
MANAGEMENT ACT**

ACCOUNTING MONTH	LAST CLOSING DATE
July 2000	2000/08/31
August 2000	2000/09/11
September 2000	2000/10/09
October 2000	2000/11/09
November 2000	2000/12/08
December 2000	2001/01/08
January 2001	2001/02/09
February 2001	2001/03/09
March 2001	2001/04/30