

PFMA CHECKLIST FOR PUBLIC ENTITIES

CORPORATE MANAGEMENT

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
1.	49	Accounting Authority	In terms of section 49(3) the relevant treasury, in exceptional circumstances, may approve that a functionary other than the board or CEO be the AA of the public entity. In this regard, has the Auditor-General been informed in writing of any such approval or instruction?				
2.	TR 27.3.1	Chief Financial Officer	In the case of a 3A or 3C public entity, has a chief financial officer been appointed to head the finance division?				
3.	56(1)	Delegations of Authority	Have the powers entrusted or delegated to the accounting authority been delegated to other officials within the public entity?				
4.	51(1)(a)(i)	Internal Control	Does the public entity have: an effective, efficient and transparent system of financial and risk management and internal control?				
	51(1)(a)(ii)		a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77?				
	TR 27.1.1		Is the audit committee a sub-committee of the accounting authority?				
	77(a)		Does the audit committee consist of at least 3 persons?				
	77(b)		Does the audit committee meet at least twice a year?				
	TR 27.1.6		Does the audit committee operate in terms of a written terms of reference?				
	TR 27.1.6		Are the terms of reference reviewed at least annually to ensure its relevance?				

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
	27.1.8		<p>Does the audit committee review the following:</p> <ul style="list-style-type: none"> • The effectiveness of internal control systems; • The effectiveness of internal audit; • The risk areas of the entity's operations to be covered in the scope of internal and external audits • The adequacy, reliability and accuracy of financial information provided to management and other users of such information • Any accounting and auditing concerns identified as a result of internal and external audits • The entity's compliance with legal and regulatory provisions • The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and • Where relevant, the independence and objectivity of the external auditors. 				
	TR 27.1.10(a)		Does the audit committee report and make recommendations to the accounting authority?				
	TR 27.1.13		Does the audit committee meet annually with the Auditor-General or external auditor to ensure that there are no unresolved issues of concern?				

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
	TR 27.2.1		<p>Are risk assessments conducted regularly to identify the public entity's emerging risks?</p> <p>Does the public entity have a risk management strategy (including a fraud prevention plan) to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks?</p> <p>If there is a risk management strategy, is it communicated to all employees?</p>				
	TR 27.2.5		Are the purpose, authority and responsibility of the internal audit function defined in an audit charter?				
	TR 27.2.6		Is internal audit conducted in accordance with standards set by the Institute of Internal Auditors?				
	TR 27.2.7		<p>Has the internal audit function prepared a three-year strategic internal audit plan based on the risks facing the public entity?</p> <p>Does the internal audit function report to the audit committee detailing its performance against the plan?</p>				
	TR 27.2.10		<p>Does the internal audit function evaluate the following:</p> <ul style="list-style-type: none"> • The information systems environment; • The reliability and integrity of financial and operational information; • The effectiveness of operations; • Safeguarding of assets; and • Compliance with laws, regulations and controls 				

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
5.	51(e)	Financial Misconduct	<p>Have effective and appropriate disciplinary steps been taken against any employee of the public entity who has:</p> <ul style="list-style-type: none"> • Contravened or failed to comply with a provision of the PFMA • Committed an act which undermined the financial management and internal control system of the public entity • Made or permitted irregular or fruitless and wasteful expenditure 				
	86(2)		Has the accounting authority been found guilty of an offence or is there any investigation pending relating to the wilful or negligent failure to comply with the provisions of sections 50, 51 or 55?				
	TR 33.1.1		Have any employees of the public entity committed financial misconduct?				
	TR 33.1.2		If so, was the investigation instituted within 30 days?				
	TR 33.2.1		Is the Executive Authority, Auditor-General and relevant treasury advised if any criminal charges that have been laid against persons for financial misconduct?				
	TR 33.3.1		<p>Is the Executive Authority, Auditor-General and relevant treasury provided with a schedule detailing:</p> <ul style="list-style-type: none"> • The outcome of any disciplinary hearings and/or criminal charges; • The names and ranks of employees involved; and • The sanctions and any further actions taken against these employees. 				

PFMA CHECKLIST FOR PUBLIC ENTITIES

PLANNING AND BUDGETING

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
1.	52	Annual budget, corporate plan and shareholder's compact by Schedule 2 public entities and government business enterprises	<p>Did the accounting authority submit the following to the relevant treasury and to the accounting officer of the department at least one month before the start of the public entity's financial year:</p> <ul style="list-style-type: none"> • a projection of revenue, expenditure and borrowings for the financial year in the prescribed format; and • a corporate plan in the prescribed format covering the affairs of that public entity or business enterprise for the following three financial years, and if it has subsidiaries, also the affairs of the subsidiaries. 				
	TR 29.1.1		<p>Does the corporate plan include the following:</p> <ul style="list-style-type: none"> • strategic objectives and outcomes identified and agreed upon by the executive authority in the shareholder's compact; • strategic and business initiatives as embodied in business function strategies; • key performance measures and indicators for assessing the entity's performance in delivering the desired outcomes and objectives; • a risk management plan; • a fraud prevention plan; • a materiality/significant framework, referred to in Treasury Regulation 28.1.5; 				

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
			<ul style="list-style-type: none"> • a financial plan addressing – <ul style="list-style-type: none"> □ revenue, expenditure and borrowings; □ asset and liability management cash flow projections; □ capital expenditure programmes; and □ dividend policies 				
	TR 29.2.		<p>Does the public entity conclude a shareholder's compact with the executive authority on an annual basis?</p> <p>If yes, does the shareholders compact document the mandated key performance measures and indicators to be attained as agreed between the accounting authority and the executive authority?</p>				
2.	53(1)	Annual budgets by non-business Schedule 3 public entities	Did the accounting authority submit a budget to the executive authority for his or her approval at least six months prior to the start of the financial year of the department designated by the executive authority?				
	53(2)		Was the budget submitted to the executive authority via the accounting officer of the department designated by the executive authority?				
	53(3)		Did the public entity budget for a deficit or accumulate a surplus without approval of the National Treasury?				
	TR 30.1.1		Did the accounting authority submit a proposed strategic plan to the executive authority for his or her approval at least six months before the start of the financial year of the department designated by the executive authority?				
	TR 30.1.2		Was the final strategic plan submitted to the executive authority before 1 April?				

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
	TR 30.1.3		<p>Does the strategic plan:</p> <ul style="list-style-type: none"> • cover a period of three years; • include objectives and outcomes as identified by the executive authority; • include multi-year projections of revenue and expenditure; • include performance measures and indicators for assessing the public entity's performance in delivering the desired outcomes and objectives; and • include the materiality/significant framework, referred to in Treasury Regulation 28.1.5. <p>Is the strategic plan updated on an annual basis?</p>				

PFMA CHECKLIST FOR PUBLIC ENTITIES

MANAGEMENT OF WORKING CAPITAL

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
1.	38(1)(j)		Has the public entity submitted a written assurance to the transferring department to the effect that the entity has and maintains effective, efficient and transparent financial management and internal control systems?				
	51(1)		<p>Does the public entity:</p> <ul style="list-style-type: none"> • have an appropriate procurement and provisioning administration system, which is fair, equitable, transparent, competitive and cost-effective? • have a system for properly evaluating all major capital projects prior to a final decision on the project? • collect all revenue due? • Have mechanisms in place to prevent irregular and fruitless and wasteful expenditure? • Manage available working capital efficiently and economically? 				

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
	TR 29.1.3 TR 29.1.6		<p>Did the public entity submit a corporate plan and borrowing programme to the relevant treasury? (Schedule 2, 3B and 3D entities only)</p> <p>If a borrowing programme was submitted, did it include?</p> <ul style="list-style-type: none"> • The terms and conditions on which the money was borrowed? • Information on proposed domestic borrowing; • Information on proposed foreign borrowing (national entities) • Short and long term borrowing; • Borrowing in relation to a pre-approved corporate plan • The maturity profile of the debt; • The confirmation of compliance with existing and proposed loan covenants; • Debts guaranteed by the government; • Motivations for government guarantees, if required; and • The executive authority's approval of the borrowing programme, if required by the legislation in terms of which the entity was established. 				
	TR 32.1.1		<p>Did the public entity borrow money for bridging purposes? If yes:</p> <ul style="list-style-type: none"> • Was approval obtained from the Minister of Finance? • Was the debt repaid within 30 days from the end of the financial year? 				

PFMA CHECKLIST FOR PUBLIC ENTITIES

REPORTING

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
1.	TR 26.1.1	Quarterly Reporting	Does the public entity submit information on its actual and projected revenue and expenditure to the designated accounting officer within 30 days from the end of each quarter? (Schedule 3A and 3C entities)				
	TR 26.1.2		Does the public entity report quarterly to the executive authority (via the designated accounting officer) on the extent of compliance with the PFMA and Treasury Regulations? (Schedule 3A and 3C public entities)				
	TR 29.3.1 TR 30.2.1		Has the public entity established procedures to report quarterly to the executive authority in relation to progress made against achieving the targets set out in the strategic and corporate plan?				
2.	55	Annual report and financial statements	<p>Did the public entity submit the following to the relevant treasury, executive authority and Auditor-General within 5 months from the end of the financial year:</p> <ul style="list-style-type: none"> • An annual report on the activities of the public entity during that financial year; • The financial statements for that financial year after the statements have been audited; • The report of the auditors on those statements. 				

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
			<p>Does the public entity's annual report and financial statements fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned?</p> <p>Does the annual report and financial statements include:</p> <ul style="list-style-type: none"> • Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year; • Any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; • Any losses recovered or written off; • Any financial assistance received from the state and commitments made by the state on its behalf; • The financial statements of subsidiaries. 				
65			<p>Did the executive authority table the annual report and financial statements within one month after the accounting authority received the audit report?</p> <p>If no, did the executive authority table an explanation in the Legislature setting out the reasons why the annual report and financial statements were not tabled?</p>				
	TR 27.1.7		Does the annual report contain a disclosure to the effect that the audit committee has adopted a formal terms of reference				
	TR 27.1.10		Did the audit committee comment on its evaluation of the public entity's financial statements?				

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
	TR 28.1.1		Does the financial statements include a report by the accounting authority that discloses the emoluments of all directors and executive members of the public entity and its subsidiaries?				
	TR 28.1.2		<p>If yes, to above, does the disclosure include?</p> <ul style="list-style-type: none"> • Fees for services as a director or executive member; • Basic salary; • Bonuses and performance related payments; • Sums paid by way of expense allowances; • Contributions made to any pension fund, medical aid, insurance scheme, etc; • Any commission, gain or profit sharing arrangements; • Any share options, including their strike price and period; and • Any other material benefits received. 				
	TR 28.1.3		Has your public entity adjusted its financial year in accordance with the table in TR 28.1.3?				
	TR 28.2.1		Does the annual report provide details of the materiality/significant framework applied during the financial year?				

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CASH MANAGEMENT, BANKING AND INVESTMENT

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
1.	51(1)(b)(iii) TR 31.1	Cash Management	<p>Are systems, procedures and processes in place in the public entity to ensure efficient and effective banking and cash management, which includes?</p> <ul style="list-style-type: none"> • Collecting and banking revenue promptly; • Making payment no earlier than necessary with due regard for efficient, effective and economical programme delivery and the public entity's normal terms for account payments; • Avoiding prepayments for goods and services unless required by the contractual arrangements with the supplier; • Accepting discounts to effect early settlement; • Pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the public entity are collected and banked promptly; • Accurately forecasting the public entity's cash flow requirements; • Timing the in and out flow of cash; • Recognising the time value of money, i.e. economically, efficiently, and effectively managing cash; 				

NO.	SECTION	DESCRIPTION	ACTION	YES	NO	N/A	COMMENTS
			<ul style="list-style-type: none"> • Taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the optimum level for efficient and effective programme delivery, and selling surplus or under utilised assets; • Performing bank reconciliations at least weekly; • Making regular cash forecasts; and • Alignment of the approved budget with monthly cash flows; • Variance analyses of actual cash flow with the approved budget 				
2.	TR 31.2.1	Banking	Does the public entity submit a list of all its banking accounts to the National Treasury by 31 May of each year?				
3.	TR 31.3.1 TR 31.3.2	Investment	<p>Does the public entity have an investment policy?</p> <p>If yes to the above, does the investment policy include the:</p> <ul style="list-style-type: none"> • selection of counter-parties through credit risk analyses; • establishment of investment limits per institution; • establishment of investment limits per investment instrument; • monitoring of investments against limits; • reassessment of investment policies on a regular basis; • reassessment of counter-party credit risk based on credit ratings; and • reassessment of investment instruments based on liquidity requirements. 				

THE PFMA AND TREASURY REGULATION COMPLIANCE REPORTING SCHEDULE

No	Schedule	Report or document	Authority	Date	Section/Reg	Y/N
1	2, 3	Any documents, returns etc required	Relevant treasury; AG	When required	S 54(1)	
2	2, 3	AFS	Auditors (treasury if business entity)	Within 2 months after year-end	S 55(1)(c)	
3	2, 3	Annual report	Executive authority; relevant treasury (& AG if didn't perform the audit)	Within 5 months after year end	S 55(1)(d)	
		Audited AFS				
		Auditors report				
4	2, 3	Financial misconduct procedures report	Executive authority, relevant treasury, AG	Annually	TR 33.3.1	
5	3A, 3C	Budget of estimated revenue and expenditure for the year	Executive authority	6 months prior to start of financial year	S 53(1)	
6	3A, 3C	Report on actual revenue and expenditure for the quarter	Executive authority	Within 30 days of the end of the quarter	TR 26.1	
		Report on compliance to the PFMA	Executive authority	Quarterly	TR 26.1.2	
7	3A, 3C	Strategic plan	Executive authority	6 months prior to start of financial year	TR 30.1.1	
8	2, 3B, 3D	Projection of revenue, expenditure and borrowings	Accounting officer & relevant treasury	1 month prior to start of financial year	S 52	
	2, 3B, 3D	Corporate plan	Executive authority	1 month prior to start of financial year	S 52, TR 29	
9	2, 3B, 3D	Three year borrowing plan with corporate plan	National Treasury	Quarterly	TR 29.1.3 TR 29.1.4	
	2, 3B, 3D	Quarterly reports on above reflecting actual borrowings	National Treasury	Quarterly	TR 29.1.3 TR 29.1.4	
10	2, 3B, 3D	Shareholders compact	Executive authority	Annually	TR 29.2.1	