

PROVINSIALE TESOURIE • PROVINCIAL TREASURY •
UNONDYEBO WEPHONDO



Verwysing
Reference
Isalathiso

PT19/3/1

Navrae
Enquiries
Imibuzo

N. Karra / H du Toit

TREASURY CIRCULAR 5/2006

THE PREMIER

THE MINISTER OF AGRICULTURE
THE MINISTER OF COMMUNITY SAFETY
THE MINISTER OF CULTURAL AFFAIRS, SPORT AND RECREATION
THE MINISTER OF EDUCATION
THE MINISTER OF ENVIRONMENTAL AFFAIRS, DEVELOPMENT PLANNING AND ECONOMIC DEVELOPMENT
THE MINISTER OF FINANCE AND TOURISM
THE MINISTER OF HEALTH
THE MINISTER OF LOCAL GOVERNMENT AND HOUSING
THE MINISTER OF SOCIAL SERVICES AND POVERTY ALLEVIATION
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

For information

ALL MEMBERS OF PARLIAMENT (EXCLUDING PREMIER AND MINISTERS)

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (DR GA LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R HINDLEY) (ACTING)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (MR O VALLEY) (ACTING)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR RB SWARTZ)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KG HOUSEHAM)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL SERVICES AND POVERTY ALLEVIATION (MS VL PETERSEN)
THE ACCOUNTING OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MS S MAJJET)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T TOLMAY)
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR T MANYATHI)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS) (ACTING)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR B ROBERTS)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (DR L PLATZKY) (ACTING)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR H ARENDSE)
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS A SMIT) (ACTING)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR D ODENDAAL)
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL SERVICES AND POVERTY ALLEVIATION (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR PAE BREDEKAMP)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR A ASSIM)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
THE HEAD: RESOURCE MANAGEMENT (MS SMA ROBINSON)
THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)
THE HEAD: FINANCIAL GOVERNANCE (MR TC ARENDSE)
THE HEAD: PUBLIC FINANCE (MR H MALILA)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
THE SENIOR MANAGER: HUMAN RESOURCE MANAGEMENT (MS C PAUL)
THE SENIOR MANAGER: ACCOUNTING (MR A REDDY)
THE SENIOR MANAGER: NORMATIVE FINANCIAL MANAGEMENT (MS L MTUNZI)
THE SENIOR MANAGER: RISK MANAGEMENT AND GOVERNANCE SYSTEMS (MR L NENE)
THE CHIEF AUDIT EXECUTIVE (MS R JAFTHA)
THE SENIOR MANAGER: ECONOMIC ANALYSIS (MS B BOQWANA)
THE SENIOR MANAGER: FISCAL POLICY (MR A PHILLIPS)
THE SENIOR MANAGER: BUDGET OFFICE (MS AJ HICKEY) (ACTING)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MR DG BASSON)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (MR G PAULSE)
THE SENIOR MANAGER: PHYSICAL (FIXED) ASSETS AND PPPs (MR NB LANGENHOVEN)
THE SENIOR MANAGER: SUPPLY CHAIN MANAGEMENT (MR L MUNSAMY)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE HEAD: OFFICE OF THE MINISTRY (MS N MGAYIYA)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

REGISTER OF OPERATING LEASE AGREEMENTS

PURPOSE

1. The purpose of this circular is to provide Accounting Officers and Chief Financial Officers with a framework for an operating lease register; to be followed as a best practice.

BACKGROUND

2. Information of lease commitments must be disclosed in the annual financial statements as per disclosure note 29 (2005/06). The purpose of this disclosure note is to provide information of future commitments in respect of lease agreements.
3. The Auditor-General (A-G) experienced difficulty in auditing leases in the 2004/05 financial year and consequently issued qualified audit reports for non-compliance. In order to standardize the management of leases, an improved reporting framework has been developed in consultation with the National Treasury.

OBJECTIVE

4. This framework should assist in complying with the annual financial statement reporting requirements and the overall management of lease contracts.
5. It should also facilitate the audit of lease agreements as disclosed in the disclosure notes to the annual financial statements.

LEASE REGISTER REQUIREMENTS

6. The operating lease register should contain the following information as per category of leased assets:

6.1 Accountability

- 6.1.1 The component or office in which the leased asset is physically located;
- 6.1.2 Location of the component or office (i.e. actual floor or office number);
- 6.1.3 The custodian or person responsible for the leased asset;

6.2 General asset information

- 6.2.1 Description of the leased asset including the asset class (office equipment etc);
- 6.2.2 The serial number of the leased asset (actual barcode or number allocated by the department);
- 6.2.3 The model number;
- 6.2.4 Supplier details;

6.3 Accounting

- 6.3.1 Inception date of the lease contract;
- 6.3.2 Expiry date of the lease contract;
- 6.3.3 Escalation rate (if any);
- 6.3.4 Contract number;
- 6.3.5 Monthly lease installment;
- 6.3.6 Total amount to be paid in each financial year i.e. 2006/07, 2007/08, etc. This will assist departments in completing the disclosure notes;

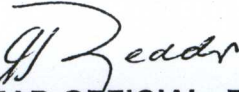
6.4 Performance information

Capacity of the leased asset (to assist in identifying any maintenance requirements).

7. REQUIRED

- 7.1 That departments, as from the effective date of this circular, compile and maintain an operating lease register containing all the above-mentioned information.
- 7.2 Departments with regional offices should consider decentralizing the lease register and only consolidate the total values per category for reporting in terms of the AFS requirements.
- 7.3 An electronic version of the lease report framework will be sent to all Chief Financial Officers via e-mail. An extract of the template is attached as annexure A1 and A2.
- 7.4 Any further enquiries in this regard may be directed to:

Henri du Toit	(021) 483 3023	hjdutoit@pgwc.gov.za
Nadia Karra	(021) 483 5900	nkarra@pgwc.gov.za


HEAD OFFICIAL: PROVINCIAL TREASURY
DATE: 10/3/2006

REGISTER OF OPERATING LEASE AGREEMENTS

Buildings

COMPONENT/ OFFICE	CUSTOMER	LOCATION	SERIAL NO	DESCRIPTION	MODEL	CAPACITY	EXP DATE	CONTRACT NR	SUPPLIER	EXPENDITURE PER MONTH	ESCALATION %	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
												R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00

Transport assets

COMPONENT/ OFFICE	CUSTOMER	LOCATION	SERIAL NO	DESCRIPTION	MODEL	CAPACITY	EXP DATE	CONTRACT NR	SUPPLIER	EXPENDITURE PER MONTH	ESCALATION %	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
												R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00

Computer equipment

COMPONENT/ OFFICE	CUSTOMER	LOCATION	SERIAL NO	DESCRIPTION	MODEL	CAPACITY	EXP DATE	CONTRACT NR	SUPPLIER	EXPENDITURE PER MONTH	ESCALATION %	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
												R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00

Furniture and office equipment

COMPONENT/ OFFICE	CUSTOMER	LOCATION	SERIAL NO	DESCRIPTION	MODEL	CAPACITY	EXP DATE	CONTRACT NR	SUPPLIER	EXPENDITURE PER MONTH	ESCALATION %	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
												R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00

Other machinery and equipment

COMPONENT/ OFFICE	CUSTOMER	LOCATION	SERIAL NO	DESCRIPTION	MODEL	CAPACITY	EXP DATE	CONTRACT NR	SUPPLIER	EXPENDITURE PER MONTH	ESCALATION %	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
												R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00

TOTAL

R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
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REGISTER OF OPERATING LEASE AGREEMENTS

Lease commitments	2005/06			2004/05		
	Buildings and other fixed structures	Machinery and equipment	Transport Assets	R'000	R'000	Total
Operating leases						
Not later than 1 year	R 0	R 0	R 0	R 0	R 0	R 0
Later than 1 year and not later than 5 years	R 0	R 0	R 0	R 0	R 0	R 0
Later than 5 years	R 0	R 0	R 0	R 0	R 0	R 0
	<u>R 0</u>	<u>R 0</u>	<u>R 0</u>	<u>R 0</u>	<u>R 0</u>	<u>R 0</u>