

**PROVINSIALE TESOURIE • PROVINCIAL TREASURY •  
UNONDYEBO WEPHONDO**



Verwysing  
Reference  
Isalathiso

F8/2/4-05/06

Navrae  
Enquiries  
Imibuzo

A Pick

**TREASURY CIRCULAR NO. 9/2006**

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 ENVIRONMENT, 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

THE SPEAKER: PROVINCIAL PARLIAMENT  
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

ALL OTHER MEMBERS OF 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 MAJIET)  
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)  
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 ACTING HEAD: OFFICE OF THE MINISTRY (MR G GESWINDT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

} For information

## ROLLOVER OF FUNDS: 2005/06 TO 2006/07: PRINCIPLES AND PROGRAMME

### PURPOSE

1. The purpose of this Circular, issued in terms of section 18(2)(i) and 31(2)(g) of the Public Finance Management Act, 1999 (No 1 of 1999) (PFMA) is to,
  - (a) inform accounting officers of the departure points, guiding statutory limitations, principles and process, and
  - (b) provide accounting officers with the programme and formats for submission of requests

regarding the roll-over of funds from the 2005/06 financial year to the 2006/07 financial year.

### GUIDING STATUTORY LIMITATIONS

2. In terms of section 31(2)(g) of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), an adjustments budget of a province may provide for the roll-over of unspent funds from the previous financial year.
3. In terms of Treasury Regulation 6.4.1, funds appropriated but not spent in a particular financial year may be rolled over to a subsequent year subject to approval of the relevant treasury. Such approval will be guided by the following limitations:
  - (a) *Payments for capital assets:* Unspent funds on payments for capital assets may only be rolled over to finalise projects or asset acquisitions still in progress.
  - (b) *Transfers and subsidies:* Savings on transfers and subsidies may not be rolled over for purposes other than originally voted for.
  - (c) *Current payments:* Savings on compensation of employees may not be rolled over. A maximum of five per cent of a department's payments for goods and services may be rolled over.
4. In terms of Treasury Regulation 6.4.2 requests for roll-overs must be submitted to the relevant treasury on or before the last working day of April, and must include-
  - (a) the purpose for which the funds were appropriated;
  - (b) the reasons why the funds were not spent;
  - (c) proposed changes to the use of the funds, if any, and
  - (d) a disbursement schedule indicating the month(s) in which the expenditure is expected to be incurred.

5. Funds for a specific purpose may not be rolled over for more than one financial year, unless approved in advance by the relevant treasury in terms of Treasury Regulation 6.4.3.
6. Section 36 of the Division of Revenue Act, 2005 (Act 1 of 2005) (DORA), stipulates that a Schedule 5 allocation (national conditional grant) that is not committed to identifiable projects at the end of a financial year, including any interest earned thereon, reverts to the National Revenue Fund. It further states that the National Treasury may approve roll-overs from conditional allocations to the next financial year.
7. In terms of the Western Cape Direct Charges Amendment Act, 2003 (No. 9 of 2003), an Accounting Officer may, after approval of the roll-over funds by the Provincial Treasury, but before appropriation thereof in an adjustments appropriation act, spend such roll-over funds for the approved purpose or purposes, as a direct charge against the Provincial Revenue Fund.

## PRINCIPLES

8. The departure point for the rollover of funds from 2005/06 to 2006/07 will be Cabinet Minute 257/2005 dated 9 November 2005. Cabinet resolved that any savings/underspending realised by departments at the end of the 2005/06 financial year would in principle be forfeited. However, the rollover of savings/underspending on national conditional grants will not be limited and the Treasury may consider one per cent of the Provincial Equitable Share (PES) and own revenue 2005 Main Budget for rollover to 2006/07.
9. All requests for the roll-over of funds from 2005/06 to 2006/07 will be considered in terms of the following principles:
  - 9.1 That all unspent funds with regard to Schedule 4 national conditional grants (i.e. CASP, HPTDG, NTSG, PIG and Integrated Social Development Services Grant) be rolled over, subject to a full explanation why the funds were not spent and with a clear indication of the remedial steps.
  - 9.2 That all committed unspent funds with regard to Schedule 5 national conditional grants be recommended to National Treasury for rollover, subject to departments providing documentary evidence of such commitments.
  - 9.3 That, after deducting the amounts referred to in paragraphs 9.1 and 9.2 above and taking into account the statutory and policy requirements, the net balance of unspent funds be considered for roll-overs, provided that there will not be an unfinanced/increased deficit for the financial year.
  - 9.4 That the guidelines and limitations in Treasury Regulation 6.4 be strictly applied.
  - 9.5 That savings/underspending intentionally created through shifts and virements on capital or current expenditure to increase the magnitude of permissible roll-over, not be taken into account for roll-over purposes.

9.6 That the following will form a first liability against the contemplated maximum one per cent of the PES and own revenue of the 2005 Main Budget as per Cabinet Minute 257/2005:

- (a) Under collection in own revenue.
- (b) Unauthorised expenditure.
- (c) Intergovernmental debt if not budgeted for in the next financial year.
- (d) Trade entity net debt if not budgeted for in the next financial year.

With regard to points (c) and (d) above, Accounting Officers are requested to quantify and elaborate on these amounts in the covering letter of their rollover submission.

## PROCESS

- 10. Departments must submit their requests for the roll-over of Schedule 5 national conditional grants by 18 April 2006, to allow the Provincial Treasury sufficient time for assessment and submission to National Treasury prior to the legislated deadline of 28 April 2006. For verification purposes, such requests must be substantiated by the necessary supporting documentation.
- 11. In compliance with Treasury Regulation 6.4.2, departments must submit the remainder of their requests by 28 April 2006, in the format attached hereto as Annexures A, B, C and D.
- 12. After the preliminary closure of the books on 30 April 2006, the 2005/06 financial results/position will be determined, and suitably adjusted and firmed up by the end of May 2006.
- 13. The Provincial Treasury will consider the requests in terms of the statutory requirements and the principles as set out above.
- 14. The Provincial Treasury will finalise the approvals in liaison with the Head Treasury and provide accounting officers with the allocations.
- 15. Departments must reflect allocations of rollover approvals, in their in-year monitoring system and also take it up in the 2006/07 adjustments estimate.

## FORMATS


- 16. Requests, in the attached formats, Annexures A, B, C and D, must be submitted to the Provincial Treasury on the date as per the programme below. The formats will be provided to the CFO's electronically.
- 17. Please note that certain cells in Annexures A and B have been protected. Any problems experienced with the completion of the annexures must be taken up with Ghalib Tombey at telephone (021) 483-5613 or e-mail Gtombey@pgwc.gov.za.

**PROGRAMME**

18. The programme for the roll-over process is as follows:

ACTION	DATE
Distribute Treasury Circular for submission of requests.	5 April 2006
Accounting officers to submit their Schedule 5 requests.	18 April 2006
Accounting officers to submit their remaining requests.	28 April 2006
Provincial Treasury to clear approved requests with the Provincial Minister of Finance and Tourism.	June 2006
Provincial Treasury to provide accounting officers with roll-over allocation letters.	30 June 2006

19. In order to allow the Treasury to make informed decisions and give effect to Cabinet Minute 257/2005 (paragraph 8 above), Annexure B, which includes, inter alia, explanations for the underspending and remedial steps instituted, must be fully completed and motivated. Furthermore any supporting/additional documentation, which supports the rollover request, can be submitted with Annexure B.
20. The timeous submission of roll-over requests as per programme (paragraph 18), under cover of a letter signed by both the accounting officer and the chief financial officer, will be much appreciated.
21. Your co-operation is appreciated.

  
**PROVINCIAL TREASURY**  
**HEAD: PUBLIC FINANCE**  
 DATE: 5 April 2006

REQUEST SUMMARY: ROLL-OVER OF FUNDS FROM 2005/06 TO 2006/07: WESTERN CAPE

VOTE ... : .....	CURRENT PAYMENTS			TRANSFER AND SUBSIDIES R'000	PAYMENTS FOR CAPITAL ASSETS R'000	TOTAL R'000
	Compensation of Employees R'000	Goods and Services R'000	Other R'000			
<b>Expenditure</b>						
1. Adjusted budget 2005/06						
2. Actual expenditure						
3. Underspending (+) / Overspending (-)						
4. Unspent balances of Conditional Grants: (Specify) (Request no. ....)	0	0	0	0	0	0
(Specify) (Request no. ....)	0	0	0	0	0	0
(Specify) (Request no. ....)						
(Specify) (Request no. ....)						
(Specify) (Request no. ....)						
5. Surrendering of compulsory savings indicated in 2005/06:	0	0	0	0	0	0
- (See note A)						
- (See note A)						
- (See note A)						
- (See note A)						
- (See note A)						
6. Adjusted underspending/overspending 2005/06						
7. Amounts in Suspense accounts which will form a liability against underspending (See note B)						
8. Sacrifice in terms of guiding statutory limitations (NTR 6.4.1(c))						
9. Permissible in terms of NTR 6.4						
10. Permissible amount adjusted for underspending	0	0	0	0	0	0
11. Forfeited in terms of Cabinet Minute 257/2005	0	0	0	0	0	0
12. Permissible amount in terms of Cabinet Minute 257/2005 (1 per cent)						
13. First liability against 1% allowable roll-over:						
- Undercollection in own revenue						
- Unauthorised expenditure						
- Intergovernmental debt not budgeted for in 2006/07						
- Net trade account debt not budgeted for in 2006/07						
14. Maximum amount allowed for roll-over						
15. Requested for roll-over (See note C)						
<b>16. Requested for roll-over inclusive of Conditional grants</b>	0	0	0	0	0	0
17. Remainder surrendered to Provincial Revenue Fund	0	0	0	0	0	0
<b>CALCULATION OF 1 PER CENT (CAB MINUTE 257/2005)</b>	<b>Total</b>	<b>One per cent</b>				
PES per 2005 Main Budget (table 4.1 - Summary of receipts)	R'000	R'000				
Own Revenue per 2005 Main Budget (table 4.1 - Summary of receipts)						
<b>TOTAL</b>	0	0	0	0	0	0

Notes:

- A Specify the application for the use of the funds.
- B This amount does not influence the calculations, however, an indication of the nature of the suspense and when it will be cleared must be indicated in the covering letter.
- C The department's request for Current Payments - Goods and Services per line 15 must not exceed the permissible amount for Current Payments - Goods and Services per line 10.

ROLL-OVER REQUEST NO. \_\_\_\_\_

CURRENT PAYMENTS												
Programme number	Service/project	Compensation of employees	Goods and services	OTHER	Transfers and Subsidies		Payments of Capital Assets	TOTAL	CURRENT PAYMENTS			
					Provinces and Municipalities	OTHER			Compensation of employees	Goods and services	OTHER	
(a)												
(b)												
(c)												
TOTAL		0	0	0	0	0	0	0	0	0	0	0
CURRENT PAYMENTS												
Programme number	Service/project	Compensation of employees	Goods and services	OTHER	Transfers and Subsidies		Payments of Capital Assets	TOTAL	CURRENT PAYMENTS			
					Provinces and Municipalities	OTHER			Compensation of employees	Goods and services	OTHER	
(a)												
(b)												
(c)												
TOTAL		0	0	0	0	0	0	0	0	0	0	0
Alignment (Indicate with an X)												
Government Priorities	2005 Strategic Plan	Increasing the rate of growth and productive investment	Promoting economic and social mobility	Social development, income support, human resources	Improving states' capacity to promote growth	International relations for development	2005 Strategic Plan	CURRENT PAYMENTS				
								Compensation of employees	Goods and services	OTHER	Payments of Capital Assets	
(a)												
(b)												
(c)												

\* Also indicate whether this was previously rolled over.

ROLLOVER FUNDS DISBURSEMENT SCHEDULE

Vote .....	April-06	May-06	June-06	July-06	August-06	September-06	October-06	November-06	December-06	January-07	February-07	March-07	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total Requests</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensation of employees	0	0	0	0	0	0	0	0	0	0	0	0	0
Goods and services	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers and subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0
Provinces and Municipalities	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments for capital assets	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Request no 1:</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensation of employees	0	0	0	0	0	0	0	0	0	0	0	0	0
Goods and services	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers and subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0
Provinces and Municipalities	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments for capital assets	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Request no 2:</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensation of employees	0	0	0	0	0	0	0	0	0	0	0	0	0
Goods and services	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers and subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0
Provinces and Municipalities	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments for capital assets	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Request no 3:</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensation of employees	0	0	0	0	0	0	0	0	0	0	0	0	0
Goods and services	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers and subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0
Provinces and Municipalities	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments for capital assets	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Request no 4:</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensation of employees	0	0	0	0	0	0	0	0	0	0	0	0	0
Goods and services	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers and subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0
Provinces and Municipalities	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments for capital assets	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Request no 5:</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensation of employees	0	0	0	0	0	0	0	0	0	0	0	0	0
Goods and services	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers and subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0
Provinces and Municipalities	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments for capital assets	0	0	0	0	0	0	0	0	0	0	0	0	0



APPLICATION OF ROLL-OVER FUNDS (2006/07)

VOTE .. : .....	CURRENT PAYMENTS				Transfers and subsidies		Payment of Capital Assets R'000	TOTAL R'000
	Compensation of employees R'000	Goods and services	OTHER R'000	Provinces and Municipalities	OTHER			
<b>Programme</b>								
1. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
2. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
3. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
4. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
5. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
6. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
7. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
8. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
9. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
10. XXXXXXXXXXXX Request 1	0	0	0	0	0	0	0	0
Request 2								
Request 3								
TOTAL FOR VOTE	0	0	0	0	0	0	0	0