



PROVINCIAL TREASURY

Provincial Government of the Western Cape

PROVINCIAL GOVERNMENT: ACCOUNTING SERVICES

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TREASURY CIRCULAR NO. 8 /2011

THE PREMIER

THE MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT
THE MINISTER OF COMMUNITY SAFETY
THE MINISTER OF CULTURAL AFFAIRS AND SPORT
THE MINISTER OF EDUCATION
THE MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND TOURISM
THE MINISTER OF HEALTH
THE MINISTER OF HUMAN SETTLEMENTS
THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING
THE MINISTER OF SOCIAL DEVELOPMENT
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

ALL OTHER MEMBERS OF PARLIAMENT

} For information

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (ADV B GERBER)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R HINDLEY)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (DR GA LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MS P VINJEVOLD)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KC HOUSEHAM)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MS K LUBELWANA)
THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR M TSHANGANA)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUYS)
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR J FOURIE)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR S FOURIE)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR B WALTERS)
THE ACCOUNTING OFFICER: VOTE 14: LOCAL GOVERNMENT (DR H FAST)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR D BASSON)
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R HINDLEY) (ACTING)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)
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 DEVELOPMENT (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR F DE WET) (ACTING)
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 (MS BG RUTGERS)
THE CHIEF FINANCIAL OFFICER: VOTE 14: LOCAL GOVERNMENT (MR F DE WET) (ACTING)

THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE PROVINCIAL DEVELOPMENT COUNCIL (MR E THERON)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR C SEPTEMBER)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE HOUSING DEVELOPMENT BOARD (MR DP DANIELS) (ACTING)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MS L MEYER)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR N FLAATTEN) (ACTING)
THE CHIEF EXECUTIVE OFFICER: CAPE TOWN ROUTES UNLIMITED (DMO) (MR C GILFELLAN)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LANGUAGE COMMISSION (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE HERITAGE COMMISSION (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER: CASIDRA (MS T MLONYENI) (ACTING)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LIQUOR BOARD (MR B ROBERTS)

THE CHIEF FINANCIAL OFFICER: WESTERN CAPE PROVINCIAL DEVELOPMENT COUNCIL (MR A SABAN)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE HOUSING DEVELOPMENT BOARD (MR D BASSON)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MR A PRESTSON)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR W DE JONGH) (ACTING)
THE CHIEF FINANCIAL OFFICER: CAPE TOWN ROUTES UNLIMITED (DMO) (MR H BONESCHANS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS B RUTGERS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LANGUAGE COMMISSION (MS B RUTGERS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE HERITAGE COMMISSION (MS B RUTGERS)
THE CHIEF FINANCIAL OFFICER: CASIDRA (MR F VAN ZYL)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LIQUOR BOARD (MS M ABRAHAMS)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
 THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)
 THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE)
 THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
 THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
 THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)
 THE HEAD: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
 THE CHIEF FINANCIAL OFFICER (MR A GILDENHUY)
 THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR A REDDY) (PRO TEM)
 THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MR A REDDY) (PRO TEM)
 THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)
 THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MS M SHERATON)
 THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)
 THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)
 THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR F SABBAT)
 THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)
 THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS C HORTON)
 THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)
 THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)
 THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS A SMIT)
 THE PROVINCIAL AUDITOR
 MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

GUIDELINES: 2010/11 BOOK CLOSURE AND ANNUAL FINANCIAL STATEMENTS

Purpose

1. To provide Accounting Officers/ Authorities and Chief Financial Officers of Departments and Entities with guidelines pertaining to the book-closure process and the compilation of the annual financial statements for the 2010/11 financial year.

Background

2. In order to ensure synergy with the annual financial statement process and the annual reporting process it is imperative that Departments as well as Trading Entities that are reliant on BAS, read this Circular in conjunction with **BAS notice number 2 of 2011, Guidelines for the Financial Year-end Closure: 2010/11 (Annexure 1)**, also available on the BAS website, <http://bas.pwv.gov.za/> and take note of the Provincial Treasury Guidelines issued on the Annual Report.

Legal Framework

3. The following sections of the Public Finance Management Act 1999 (Act 1 of 1999) (PFMA) and corresponding Treasury Regulations apply to the compilation of Annual Financial Statements (AFS) and should be noted:
 - Section 40: Accounting Officer's reporting responsibilities
 - Section 55: Public Entities: Annual report and financial statements
 - Treasury Regulation 18.2: Annual Financial Statements
 - Treasury Regulation 18.4: Additional annual reporting requirements for departments controlling trading entities and public entities

Book-closure requirements: Departments

4. Accounting transactions pertaining to the 2010/11 financial year must be accounted for in the correct financial year. The following requires particular attention:

4.1 **BENEFICIARY PAYMENTS – Previously referred to as NAPS payments**

Beneficiary payments made on the Bank system on 31 March 2011 may be captured and authorised on BAS on a later date, but the settlement date must be back-dated with the date when it was captured and authorised on the bank system thus on or before 31 March 2011.

4.2 **BAS AND LOGIS EBT PAYMENTS**

The settlement date for payments against the current financial year's budget must be no later than 31 March 2011. Payments with a settlement date after 31 March 2011 will only be posted in the new financial year.

- 4.3 It is strongly recommended that the last payments in respect of 2010/11 financial year for BAS and LOGIS be captured and approved by **25 March 2011** and payments thereafter up to 31 March 2011 should rather be the exception than the rule. The reason for this is to prevent any bottle necks or risks.

4.4 **Deferred payments**

In order to improve the accuracy of information in the 2010/11 annual financial statements, deferred payments should be avoided and it is thus imperative that this Circular be read in conjunction with PT Circular 39/2003 dated 16 February 2004.

4.5 **Deposits**

Monies received and receipted on the last working day of the financial year, i.e. 31 March 2011, must be banked on the same day. BAS manual receipts must be issued in respect of monies received after banking hours on 31 March 2011 and must be dated 1 April 2011. The words "Received after banking hours" must be endorsed on such receipts for audit purposes. These receipts must be banked on 1 April 2011 and captured on BAS.

4.6 **Petty cash expenditure**

All petty cash expenditure up to 31 March 2011, and especially reimbursements by means of payment advices, must be accounted for during March 2011.

4.7 **Accounting month March (03) Transactions**

It is imperative that the correct accounting month is used at all times, when transactions in respect of the 2010/11 financial year are being processed. Departments should also ensure that the necessary control measures are in place to avoid the processing of any payment transactions in respect of accounting month April (04).

4.8 Inter- departmental claims

Departments must ensure that certificates for inter-departmental claims i.r.o. receivables and payables are confirmed and cleared between departments in terms of PT Circular 40 of 2008 dated 26 September 2008.

4.9 The schedule below reflects the final settlement dates for payments:

Payment type	Payment Date
BAS and LOGIS EBT'S	31 March 2011
PERSAL	All PERSAL runs will be paid by 31 March 2011.

NB: Departments are strongly advised not to delay payments until 31 March 2011 as this may cause a system overload.

4.10. The date set by National Treasury for final book-closure for the 2010/11 financial year on BAS is **28 April 2011**.

NB: Departments that fail to close before 16h00 on 28 April 2011 will be force-closed and will not be able to log into BAS the next working day.

General Financial Year-End Procedures

5. The measures stipulated in paragraph 5 of BAS Notice 2 of 2010/11 (**Annexure 1**) serves as guidelines to assist departments to successfully close the 2010/11 financial year within the set target.

6. **Asset and Liability Accounts**

6.1 Every attempt must be made to follow-up and clear outstanding amounts currently in the asset and liability accounts. **Annexure 1** contains the accounts that must/preferably have a zero balance at financial year-end.

7. **The following procedures should be strictly adhered to on the day departments close their financial year:**

7.1 Request two trial balances (**totals on Fund 2, Item 2, Item 3, Item 6 and Item 11**) as at 31 March 2011 (one immediate and one deferred) after capturing and authorising the month closure, but before the year-end batch run.

7.2 Please remember to request all departmental-specific reports (i.e. trial balances) before capturing the month closure on BAS (Reports must be requested "immediate" to reflect the accounts before closure).

7.3. The Head of the Corporate Services Centre has been requested in writing to ensure that the following PERSAL reports and information be made available to Departments, excluding Health and Education:

Report Name	Purpose	Report no.	Report Name	Note
State Guarantee Liability	To compile: - Contingent Liabilities: Housing Loan Guarantees	7.11.12	State Guarantee Liability	Information being supplied by Nedbank.
Leave in monetary value	Employee benefits: Leave entitlement	7.11.13	Leave in monetary value	- Leave records to be updated on PERSAL - Includes capped leave.
Service Bonus Liability	Employee benefits: 13th cheque	7.11.14	Service Bonus Liability	

- 7.4 The Department's of Health and Education must request the prescribed reports on contingent liabilities and employee benefit provisions from PERSAL on 31 March 2011.
8. **The following procedures should be executed after the departments have closed the financial year:**
- 8.1 Departments should verify that the financial year-end closure-batch did process the trial balance report. This report should be kept safely as it would be cleared from the report log on BAS after a period of one week, and is required for the compilation of your AFS.
- 8.2 Additional reports required for compiling the AFS include inter alia debtor's reports, detail reports on expenditure and revenue, etc. as at 31 March 2011 should be requested as soon as the closure of the financial year is authorised.
- 8.3 If the net results of the financial year-end are not as follows, contact the Provincial Treasury BAS User Support:
- All EXPENDITURE (Payment) accounts must have a zero (0) balance;
 - All REVENUE (Receipt) accounts must have a zero (0) balance;
 - The General Account of Fund/Vote account must have a zero (0) balance and
 - The General Account of Revenue account must have a zero (0) balance.
- 8.4 Final Audit
- Once the Auditor-General of South Africa's report has been received and all adjustment journals (if applicable) have been captured, the Period Opening and Closing functionality in BAS must be used to finally close (audit closure) the financial year.
- 8.5 Important to note that each Department is requested to submit to the Provincial Treasury: Provincial Government Accounting Services a confirmation letter certifying that the accounting month for March (03) has been finally closed on BAS.

Annual Financial Statements (AFS)

9. LOGIS Reports

- 9.1 The **LOGIS Financial Year-end 2010/11 Action Plan** is available on the LOGIS Website (<http://logis.pwv.gov.za>), **Annexure 2**, and users are reminded to follow the complete Guideline of the National Treasury.
- 9.2 It is recommended that Departments compile manual reconciliations on opening and closing balances for major assets, minor assets and inventory based on the available LOGIS reports.

Please take note of the reporting requirements of Annexure 6 of the AFS template 2010/11 with regard to the weighted average price variance. This variance adjustment must be added to the adjustments total (value).

10. Comparative figures (2009/10)

- 10.1 If necessary, comparative (2009/10) figures must be restated to conform to changes in the presentation of the 2010/11 AFS as prescribed in the "Departmental Financial Reporting Framework Guide" 2010/11. The Provincial Treasury Directorate: Provincial Government Accounting Services requests departments and entities to submit their comparative AFS information as loaded on the 2010/11 AFS template **before or on 31 March 2011 (Electronic format of Excel template on CD)**.

11. Audit Working File

- 11.1 As conveyed in PT Circular 20/2010, dated 26 April 2010, it is important that an Audit Information File be made available for audit purposes. The necessary working/supporting documentation, BAS, LOGIS, PERSAL and other reports and calculations must be available for audit purposes. The aforementioned circular will be revised and re-issued in due course.

12. Submission of AFS

- 12.1 Information presented in the AFS must be reviewed by the CFO against the relevant supporting documentation and comply with the reporting requirements of the "Departmental Financial Reporting Framework Guide" (including the AFS) and in line with the accounting policies included in the 2010/11 AFS Word specimen. In most instances information contained in disclosure notes for the 2009/10 AFS were subjected to material corrections during the audit process. In order to prevent material corrections, the information used must be reviewed by the CFO to ensure full and proper disclosure of information.

- 12.2 In order to improve the accuracy of information in the 2010/11 AFS, the Provincial Treasury Directorate: Provincial Government Accounting Services requests departments and entities to submit their AFS on a **CD before or on Monday, 16 May 2011, Excel format and one hard copy plus certificate**. The Provincial Treasury will conduct a preview and provide feedback before the final submission date of 31 May 2011. **On Tuesday, 31 May 2011**, departments and entities must submit their statements to the Auditor-General and to the Provincial Treasury in both Excel and Word formats. Departments are required to submit to Provincial Treasury **5 hard copies (Word), CD and a signed confirmation certificate**.
- 12.3 The prescribed formats in MS Word, Excel templates, "Departmental Financial Reporting Framework Guide" (Chapters 1-10) and macros for the preparation of the 2010/11 AFS for departments is available on the National Treasury website: <http://oag.treasury.gov.za>.
- 12.4 Please note that the formats (lay-out, sequence, headings, etc.) of the statements as presented on the website cannot be altered. If an item on the trial balance or in the notes has nil balance, it will not appear on the printed statement. For assistance in this regard refer to the "Departmental Financial Reporting Framework Guide" 2010/11 or contact the relevant Provincial Treasury official as listed in paragraph 13.1
- 12.5 The financial statements of public entities must be prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. Reporting requirements of the Office of the Accountant General must also be complied with, including the latest Public Entity Guide for the Preparation of Annual Reports (issued February 2009), the disclosure note pertaining to the Reconciliation of the Budget Surplus and the Excel template for the 2010/11 financial year, as available on the National Treasury website: <http://oag.treasury.gov.za>.
- 12.6 The following table presents a summary of important dates that departments and entities must adhere to:

Action	Date	Paragraph reference	Reporting authority
Last payment date for BAS and LOGIS payments.	25 March 2011	4.3	
Settlement date for current payments.	31 March 2011	4.2	
BAS and LOGIS EBT'S.	31 March 2011	4.9	
PERSAL last run.	Up to 31 March 2011	4.9	
Final book-closure date on BAS.	28 April 2011 before 16h00.	4.10	
Request two trial balances.	31 March 2011	7.1	
Request PERSAL reports: Head of the Corporate Services Centre.	31 March 2011	7.3	Excluding Department's of Health and

			Education
Health and Education request reports on contingent liabilities and employee benefits on PERSAL.	31 March 2011	7.4	
Submit confirmation letter certifying accounting month March (03) closed on BAS.	After audit has been finalized.	8.5	PT: PG Accounting Services
Submit comparative AFS information (Departments and entities).	31 March 2011	10.1	PT: PG Accounting Services
Submit full set of provisional AFS (Departments and entities) for review.	16 May 2011	12.2	PT: PG Accounting Services
Submit full set of final AFS (Departments and entities).	31 May 2011	12.2	PT: PG Accounting Services
Submit full set of final AFS (Departments and entities).	31 May 2011	12.2	Auditor-General


13. **PT Officials responsible**

13.1 The following officials may be contacted for assistance during this process:

Department/Entity	Name	Telephone number	e-mail address
Environmental Affairs & Development Planning Cape Nature Provincial Revenue Fund	Kwandisa Dinga	483-6802	Kdinga@pgwc.gov.za
Education Economic Development and Tourism Wesgro Liquor Board Destination Marketing Organisation	Shaun Manuel	483-6600	Smanuel@pgwc.gov.za
Health WC Medical Supply Centre	Neil Schippers	483-6289	Nschippe@pgwc.gov.za
Premier Human Settlements	Latimer Jeffery	483-8621	Ljeffery@pgwc.gov.za

Local Government Provincial Development Council WC Housing Development Board			
Transport and Public Works Government Motor Transport	Yolanda Solomons	483-6415	Ysolomon@pgwc.gov.za
Provincial Parliament Provincial Treasury Cultural Affairs and Sport Western Cape Gambling and Racing Board Language Commission Heritage Cultural Commission	Luthando Botshobana	483-3884	Lbotshob@pgwc.gov.za
Community Safety Agriculture Social Development Casidra	Andrea Wolfaardt	483-6289	Awolfaar@pgwc.gov.za

14. Departments should ensure that public entities and trading entities under their control comply with the prescripts regarding Annual Reports and Annual Financial Statements.
15. Your co-operation in this regard is highly appreciated.



PROVINCIAL ACCOUNTANT-GENERAL

DATE: March 2011