

File Reference: T7/2/1
Enquiries: H Du Toit

TREASURY CIRCULAR NO. 10/2014

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

} For information

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

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 (MR R MACDONALD)
THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR M TSHANGANA)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR P VAN ZYL)
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MS J GOOCH)
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)

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THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS N PETERSEN)
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)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUYS)
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 (MS B SEWLALL-SINGH)

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THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR Z HOOSAIN)
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THE HEAD: LOCAL GOVERNMENT PUBLIC FINANCE (MR F SABBAT) (ACTING)
THE HEAD: ASSET MANAGEMENT (MR IG SMITH)

THE HEAD: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)
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 THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR F SABBAT)
 THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)
 THE SENIOR MANAGER: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR TL RADEBE)
 THE SENIOR MANAGER: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)
 THE SENIOR MANAGER: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS M KORSTEN)
 THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)
 THE SENIOR MANAGER: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)
 THE SENIOR MANAGER: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)
 THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
 THE PROVINCIAL AUDITOR
 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
 THE DEPUTY DIRECTOR-GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

GUIDELINES: 2013/14 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 2013/14 financial year.
2. To note that PT Circular 39 of 2003 has been repealed and the content included in paragraph 5 Legal Frameworks.

BACKGROUND

3. 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 5 of 2014, Guidelines for the Financial Year-end Closure: 2013/14 (Annexure 1)** and the **National Treasury Circular: Financial Year End Procedures, Closure and Submission Date for All Public Finance Management Act (PFMA) Compliant institutions dated** (Annexure 2) also available on NT OAG website.
4. Departments should note that the 2013/14 financial year reporting framework on the annual financial statements is covered by the **Modified Cash Standard with Guidance provided in the Accounting Manual for Departments**, issued by National Treasury.

LEGAL FRAMEWORK

5. 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 38 (1)(f) of Public Finance Management Act 1999 (Act 1 of 1999) (PFMA) requires that the accounting officer for a department, trading entity or constitutional institution must settle any contractual obligations and pay all money owing, including intergovernmental claims within the prescribes or agreed period.

In terms of Treasury Regulation 8.2.3, unless determined otherwise in a contract or an agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice, or in case of civil claims, from the date of settlement or court judgement.

Furthermore, Treasury Regulation 17.1.2(b) prescribes that amounts included in clearing accounts or suspense accounts are cleared and correctly allocated to the relevant cost centers on a monthly basis.

- 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

6. Accounting transactions pertaining to the 2013/14 financial year must be accounted for in the correct financial year. The following requires particular attention:

Beneficiary payments

6.1 Beneficiary payments made on the Bank system on 31 March 2014 may be captured and authorised on BAS at a later date, but the settlement date must be back-dated to the date when it was captured and authorised on the bank system, thus on or before

31 March 2014.

BAS and LOGIS EBT payments and receipts

- 6.2 The settlement date for payments against the current financial year's budget must be no later than 31 March 2014. Payments with a settlement date after 31 March 2014 will only be posted in the new financial year.
- 6.3 It is strongly recommended that the last payments in respect of 2013/14 financial year for BAS and LOGIS be captured and approved by **28 March 2014** and payments thereafter up to 31 March 2014 should be the exception rather than the rule. This is to prevent any bottle necks or risks of not processing of payments.

Deferred payments

- 6.4 To improve the accuracy of information in the 2013/14 annual financial statements, deferred payments should be avoided and it is thus imperative to note that Section 38 (1) (f) of Public Finance Management Act 1999 (Act 1 of 1999) (PFMA) requires that the accounting officer for a department, trading entity or constitutional institution must settle any contractual obligations and pay all money owing, including intergovernmental claims within the prescribes or agreed period.

Deposits

- 6.5 Monies received and receipted on the last working day of the financial year, i.e. 31 March 2014, must be banked on the same day. BAS manual receipts must be issued in respect of monies received after banking hours on 31 March 2014 and must be dated 1 April 2014. The words "Received after banking hours" must be endorsed on such receipts for audit purposes. These receipts must be banked on 1 April 2014 and captured on BAS.

Petty cash expenditure

- 6.6 All petty cash expenditure up to 31 March 2014 and especially reimbursements by means of payment advices must be accounted for during March 2014.

Accounting month March (03) Transactions

- 6.7 It is imperative that the correct accounting month is used at all times, when transactions in respect of the 2013/14 financial year are being processed. Departments

should also ensure that the necessary control measures are in place to avoid the processing of any 2013/14 payment transactions in accounting month April (04).

Inter- departmental balances

6.8 Departments are urged to clear all inter – departmental balances before year end. When a claim has been settled and the receipt accounted for after 1 April 2014, an explanation note must be included in the annexure in terms of PT Circular 42 of 2013 dated 20 November 2013 (enclosed).

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

Payment type	Payment Date
BAS and LOGIS EBT'S	31 March 2014
PERSAL	All PERSAL runs will be paid by 31 March 2014.

NB: Departments are strongly advised not to delay capturing of payments until 31 March 2014 as this may cause a system overload.

6.10 The date set by National Treasury for final book-closure for the 2013/14 financial year on BAS is 30 April 2014.

NB: Departments that fail to close before 16h00 on 30 April 2014 will be force-closed and will not be able to log into BAS the next working day.

FINANCIAL YEAR-END PROCEDURES

7. The measures stipulated in paragraph 5 of BAS Notice 5 of 2013/14 (**Annexure 1**) serves as guidelines to assist departments to successfully close the 2013/14 financial year within the set target dates.

Asset and liability accounts

8. Every attempt must be made to follow-up and clear outstanding amounts currently in the asset and liability accounts. **Annexure 1 appended to BAS Notice 5 of 2013/14** contains the accounts that must/preferably have a zero balance at financial year-end.

9. **The following procedures should be strictly adhered to on the day departments close**

their financial year:

- 9.1 Request two trial balances (**totals on Fund 2, Item 3, Item 6 and Item 11**) as at 31 March 2014 (one immediate and one deferred) after capturing and authorising the month closure, but before the year-end batch run.
- 9.2 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).

PERSAL RELATED REPORTS

- 10. **NB: All departments have the functionality on PERSAL to draw all PERSAL reports to compile the AFS as at 31 March.**

Report Name	Purpose	Report no.	Note
State Guarantee Liability	To compile: - Contingent Liabilities: Housing Loan Guarantees	7.11.12 as at 31 March	Information being supplied by Nedbank.
Leave in monetary value	Employee benefits: Leave entitlement	7.11.13 as at 31 March	All Leave forms must be submitted to CSC by the 15th April 2014 to update all leave records on PERSAL (Capped leave included).

XX7013 for leave captured early and late.	Leave forms captured early and late.	XX7013 that should be used in conjunction with the PERSAL report 7.11.13.	Developed by PT Systems and will be made available to departments by 9 May 2014.
Service Bonus Liability	Employee benefits: 13th cheque	7.11.14 as at 31 March	
Key Management Personnel	Key Management Personnel: Salaries	XX1105 as at 31 March	CSC to make available information to departments to be signed off by the AO.

- 10.1 CSC will forward a list of all Key Management personnel of departments via PT that must be confirmed by the Accounting Officers of the respective department. Information on PERSAL Report xx1105 will be updated and made available to departments.
- 10.2 The CSC will confirm by 30 April 2014 that all leave forms received by 15 April 2014 has been captured.
- 10.3 Information on Compensation of Employees: Internships will be provided to departments by CSC.
- 10.4 Departments to draw **Report SR 0031 as at 30 April** for all payments (i.e T&S) related to March that was paid in April. The department to please note that information not captured as at 30 April will not be reflected on this report.

10.5 The Departments of Health and Education must request the prescribed reports on contingent liabilities and employee benefit provisions from PERSAL on 31 March 2014

11. **The following procedures should be executed after the departments have closed the financial year:**

11.1 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.

11.2 Additional reports required for compiling the AFS include, *inter alia* debtor's reports, detail reports on expenditure and revenue, etc. as at 31 March 2014 should be requested as soon as the closure of the financial year is authorised.

11.3 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.

11.4 **Final Audit Closure**

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.

11.5 Important to note that each Department is requested to submit to the Provincial Treasury: Provincial Government Accounting and Compliance a confirmation letter certifying that the accounting month for March (03) has been finally closed on BAS.

ANNUAL FINANCIAL STATEMENTS (AFS)

12. **LOGIS Reports**

12.1 The LOGIS Financial Year-end 2013/14 Action Plan is available on the LOGIS Website <http://logis.pwv.gov.za/logisweb/Procedures> > **Business**

Support > Functional > Year End, Annexure 3, and users are reminded to follow the complete Guideline of the National Treasury.

- 12.2 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 2013/14 with regard to the weighted average price variance. This variance adjustment must be added to the adjustments total (value).

Comparative figures (2012/13)

13. If necessary, comparative (2012/13) figures must be restated to conform to changes in the presentation of the 2013/14 AFS as prescribed in the "Modified Cash Standard and Accounting Manual for Departments" 2013/14. The Provincial Treasury Directorate: Provincial Government Accounting and Compliance requests departments and entities to submit their comparative AFS information as loaded on the 2013/14 AFS template **before or on 31 March 2014 (Electronic format of Excel template on CD)**.

Audit Working File

14. As conveyed in PT Circular 9/2014, dated 27 March 2014, 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.

15. Submission of AFS

- 15.1 Information presented in the AFS must be reviewed by the CFO against the relevant supporting documentation and comply with the Modified Cash Standard and in line with the accounting policies included in the 2013/14 AFS Word Specimen. In order to prevent material misstatements, the supporting information used must be reviewed by the CFO to ensure full and proper disclosure of information.
- 15.2 The Modified Cash Standard, Accounting Manual for Departments, prescribed formats in MS Word, Excel templates, MS Word, Excel templates and any macros issued for the preparation of the 2013/14 AFS for departments is made available on the National Treasury website: [http://oag.treasury.gov.za/Publications/Annual Financial](http://oag.treasury.gov.za/Publications/Annual_Financial)

Statements/National and Provincial Departments.

- 15.3 Please note that the formats (lay-out, sequence, headings, etc.) of the statements as presented in the MS Word Specimen cannot be altered. If a note on the Excel template has nil balance, it will not appear when printed. For assistance in this regard refer to the Guide on the Completion of the AFS template on the NT OAG website.
- 15.4 It is also important to note that in terms of the Modified Cash Standard, irregular expenditure condoned before 31 March 2014 must be disclosed as such. If condoned after 31 March 2014, it becomes an event after reporting date and cannot be disclosed in the irregular expenditure disclosure note as condoned.

Departments and entities are advised to look at the draft irregular guide (**Annexure 4**) for the principles and procedures to condone the irregular expenditure.

- 15.5 In order to improve the quality of information in the 2013/14 AFS, the Provincial Treasury Directorate: Provincial Government Accounting and Compliance requests departments to submit their AFS on a **CD before or on Friday, 16 May 2014, Excel format and one hard copy**. The Provincial Treasury Directorate: Provincial Government Accounting and Compliance will conduct a preview and provide feedback before the final submission date of 30 May 2014. **On Friday, 30 May 2014**, departments must submit their unaudited AFS 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 with Excel & Word and a signed confirmation certificate**.

Exemption

16. Any request for exemption from the Modified Cash Standard must please be directed to the Provincial Accountant General, PT for the attention of Mr H du Toit.

17. Audit Process

- 17.1 Departments and entities are urged to correct **immaterial misstatements** in the AFS as these may impact on the consolidated AFS of departments and entities.
- 17.2 Departments requesting assistance on accounting and/or audit issues must address them to **PT.helpme@westerncape.gov.za**

ENTITIES

18. The annual financial statements of entities must be prepared in terms of the applicable GRAP Reporting Framework for 2013/14. This is contained in Directive 5 issued by the Accounting Standards Board as well as the reporting requirements and guidance as issued by the National Treasury. Please refer to the National Treasury website: <http://oag.treasury.gov.za> for templates and guidance. Directive 5 on Determining the GRAP Reporting Framework outlines the list of standards and other pronouncements that must be applied by entities in preparing their financial statements. The appendices to Directive 5 outline the specific Standards and pronouncements to be applied by entities for a particular reporting period. Annexure H is applicable for the 2013/14 financial year. It, *inter alia* includes the Standards of GRAP which were revised as well as the IGRAPs that must be complied with. These documents are available on the **ASB website: <http://www.asb.co.za>**.
19. In order to improve the quality of information in the 2013/14 AFS, the Provincial Treasury Directorate: Provincial Government Accounting and Compliance requests entities to submit their AFS on a **CD before or on Friday, 16 May 2014, Excel format and one hard copy**. The Provincial Treasury Directorate: Provincial Government Accounting and Compliance will conduct a preview and provide feedback before the final submission date of 30 May 2014. **On Friday, 30 May 2014**, entities must submit their unaudited AFS to the Auditor-General and to the Provincial Treasury in both Excel and Word formats. Entities are required to submit to Provincial Treasury **5 hard copies (Word), CD with Excel & Word and a signed confirmation certificate**.
20. 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.	28 March 2014	4.3	Departments
Settlement date for current payments.	31 March 2014	4.2	Departments
BAS and LOGIS EBT'S.	31 March 2014	4.9	Departments

PERSAL last run.	Up to 21 March 2014	4.9	Departments
Final book-closure date on BAS.	30 April 2014 before 16h00.	4.10	Departments
Request two trial balances.	31 March 2014	7.1	Departments
Request PERSAL reports.	As at 31 March 2014	7.3	Departments
Health and Education request reports on contingent liabilities and employee benefits on PERSAL.	31 March 2014	7.4	Departments
Submit confirmation letter certifying accounting month March (03) closed on BAS.	After audit has been finalized.	8.5	PT: PG Accounting and Compliance
Submit comparative AFS information (Departments and entities).	31 March 2014	10.1	PT: PG Accounting and Compliance
Submit full set of provisional AFS (Departments and entities) for review.	16 May 2014	12.2	PT: PG Accounting and Compliance
Submit full set of final AFS (Departments and entities).	30 May 2014	12.2	PT: PG Accounting and Compliance
Submit full set of final AFS (Departments and entities).	30 May 2014	12.2	Auditor-General

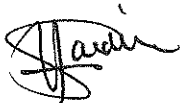
PT Officials responsible

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

Department/Entity	Name	Telephone number	e-mail address
Education Economic Development and Tourism Wesgro Liquor Authority Destination Marketing Organisation	Shaun Manuel	483-6600	Shaun.Manuel@westerncape.gov.za
Health	Neil Schippers	483-8666	Neil.schippers@westerncape.gov.za
Human Settlements Local Government WC HDF	Zukiswa Mbadu	483-5427	Zukiswa.Mbadu@westerncape.gov.za
Transport and Public Works Government Motor Transport Provincial Revenue Fund Provincial Treasury Western Cape Gambling and Racing Board	Yolanda Solomons	483-6415	Yolanda.solomons@westerncape.gov.za
Provincial Parliament Cultural Affairs and Sport	Luthando Botshobana	483-3884	Luthando.botshobana@westerncape.gov.za

Cultural Commission Language Commission Heritage			
Premier Environmental Affairs & Development Planning Cape Nature	Boniswa Lurwayi	483-8835	Boniswa.Lurwayi@westerncape.gov.za
Agriculture Casidra	Lee-Anne Cupido	483-6017	Lee-Anne.Cupido@westerncape.gov.za
Community Safety Social Development	Cindy Prins	483-6289	cindy.prins@westerncape.gov.za

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



PROVINCIAL ACCOUNTANT-GENERAL

DATE: 28 March 2014