

Reference: T7/2/1

## TREASURY CIRCULAR NO. 6/2014

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 (DR R MACDONALD)  
THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR T MGULI)  
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)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR D BASSON)  
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)

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 Z HOOSAIN)  
THE HEAD: PUBLIC POLICY SERVICES (MR H MALILA) (PRO TEM)  
THE HEAD: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)  
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)  
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)  
THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS T EVANS)

THE SENIOR MANAGER: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)  
THE SENIOR MANAGER: FINANCIAL GOVERNANCE (MR B VINK)  
THE SENIOR MANAGER: FISCAL POLICY (MR H MALILA) (PRO TEM)  
THE SENIOR MANAGER: INFRASTRUCTURE (MS JD GANTANA) (PRO TEM)  
THE SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING (MS N OLIPHANT)  
THE SENIOR MANAGER: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)  
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)

## **PAYMENT OF ONCE-OFF ADVANCE ALLOWANCE TO INTERNS**

### **1. PURPOSE**

- 1.1 To provide guidance to Accounting Officers and Chief Financial Officers of departments on the procedure and the accounting treatment for once-off advance payments made to interns against their first stipend.

### **2. BACKGROUND**

- 2.1 The Directorate: People Empowerment, in collaboration with the 13 Western Cape departments has recruited 750 new interns for the Premier's Advancement of Youth (PAY) project. They will undergo Work Readiness Training (WRT) from 1-4 April 2014.
- 2.2 It has become apparent that some of the interns experienced financial difficulties that rendered it impossible for them to come to work regularly during the first month of employment. Some stayed away from work due to lack of proper attire.
- 2.3 When the Learning Cape Initiative (LCI) was part of the PAY partnership the interns received a grant of R500 at the end of the WRT week. This assisted them until they received their first stipend at the end of the first working month.
- 2.4 Since the LCI is no longer a pay partner, other means have to be devised to address the above – mentioned challenge. During a CFO Forum meeting in December 2013, it was agreed that a Standard Operating Procedure (SOP) would be drafted as a Guide to all Western Cape Departments on how the R500 advance to interns would be processed.
- 2.5 The Director-General has in-principle approved the granting of advances to interns against the first stipend paid.

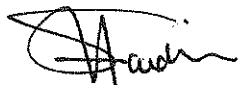
3. **PROCEDURE AND ACCOUNTING TREATMENT FOR ADVANCE PAYMENTS**

- 3.1 The procedure and the accounting treatment for the once-off advance payment made to interns against the first stipend paid is covered in the attached Guide as adapted from the SOP developed by the Department of Community Safety (See attached Annexure A).
- 3.2 Also attached as annexure B is a copy of a draft agreement entered into by and between the Department and the intern which must be duly signed by both parties prior to the payment of the advance.

4. **REQUIRED**

- 4.1 Accounting Officers and Chief Financial Officers are required to follow the Circular and the attached Guidelines provided when making once-off advance payments to interns against their first stipend.

Your co-operation in this regard will be greatly appreciated.



Mr A Hardien

**PROVINCIAL ACCOUNTANT - GENERAL**

DATE: 20 March 2014

March 2014

## Annexure A

# Standard Operating Procedures: Guideline for stipend payments

Department of .....



## STANDARD OPERATING PROCEDURES

Standard Operating Procedures (SOPs) help organizations achieve maximum operational efficiency.

SOPs are 'detailed, written instructions to achieve uniformity of the performance of a specific function.' If an operational plan operationalizes an organization's strategy, then a SOP is an operationalisation to the lowest level of an operational plan.

A well-written SOP can be used to satisfy compliance and performance requirements and is recommended as a training tool for new and existing employees. The value of SOP's lies in its applicability, that is, it must be consistently updated and maintained to allow for practical implementation.

Standard Operating Procedures (SOPs) lets you 'operationalize' documents such as plans, regulation, compliance, and policies. SOPs distil requirements contained in these documents into a format that can be used by staff members in their work environment.

- **Process Improvement** - writing SOPs provides opportunities to refine current processes. Feedback received during this activity helps identify the limitations of the current processes and potential problems that may arise.
- **Regulatory requirements** - SOPs help address legislative and regulatory requirements. Developing and maintaining SOPs is an effective way to address matters of compliance.
- **Staff Performance** - SOPs clearly describe what is expected of staff in terms of performance in the workplace. SOPs remove ambiguity and provide an objective mechanism for evaluating their performance.
- **Standardization** - SOPs identify roles and responsibilities. SOPs clarify decision-making requirements and chain of commands.

Standard Operating Procedure: Guideline for stipend payments

- **Training material** - SOPs can be used in training programs, workshops and exercises. SOPs improve the understanding of work requirements and identify potential problems.

<b>Function</b>	<b>Once off advance stipend payment to Interns</b>
<b>Objective</b>	Providing guidelines on the payment procedure and accounting treatment for advance payments made to Interns against their first stipend.
<b>Process</b>	<b>Capturing of stipend payments through BAS as Beneficiary payments</b>  Administrative processes to be followed in ensuring effective and efficient monitoring of these payments

**Sub-process**

**Background**

The Directorate: People Empowerment, in collaboration with the 13 Western Cape departments has recruited 750 new interns for the Premier's Advancement of Youth (PAY) project. They will undergo Work Readiness Training (WRT) from 1-4 April 2014.

It has become apparent that some of the interns experienced financial difficulties that rendered it impossible for them to come to work regularly during the first month of employment. Some stayed away from work due to lack of proper attire.

When the Learning Cape Initiative (LCI) was part of the PAY partnership, the interns received a grant of R500 at the end of the WRT week. This assisted them until they received their first stipend at the end of the first working month.

Since the LCI is no longer a pay partner, other means have to be devised to address the above – mentioned challenge. During a CFO Forum meeting in December 2013, it was agreed that a Standard Operating Procedure (SOP) would be drafted as a Guide to all Western Cape Departments on how the R500 advance to interns would be processed.

The DG has in-principle approved the granting of advances to interns against the first stipend paid.

**Procedure**

The following procedures to be followed for processing of the advance payment:

- An excel spreadsheet to be prepared with the following information of the intern: name, surname, i.d. number, banking details, amount, all these information will have to be provided by the CRU or HR unit based on the contracts signed.
- This excel sheet will still have to be checked and verified by supervisory personnel in CRU/HR unit. Thereafter documentation will be handed over to the Financial Accounting Section for the payment of a once-off advance to interns against their first stipend.
- Alternatively the above information can be transposed into the beneficiary payment schedule and submitted to Provincial Treasury (Cash Management) for importing directly into the NedBank System (see annexure A1) . This arrangement should be made directly between the department and Provincial Treasury (Cash Management).



Standard Operating Procedure: Guideline for stipend payments

<b>Resources (People, Technology, Process)</b>	Staff, computers
<b>Applicable Regulatory Framework</b>	PFMA and National Treasury Regulations
<b>Frequency</b>	Annually with a new intake of interns.



Standard Operating Procedure: Guideline for stipend payments

Procedure to be followed by CFO	Timeline	Responsibility	Tools
<b>Step 1: request for authorization of Beneficiary payment.</b>	When required	Capturer/clerk	Share-drive, persal
Send daily cash management report to PT with all the summary data relating to Nedbank balance of the particular day's expenditure to be made via BAS.			
Expenditure to be made via Beneficiary payment as well as reflecting the funds requested for the day. The cash management report needs to be captured and checked daily.			
The document is emailed to PT. Once the email has been sent, authorisation document specifically for Beneficiary payments is also sent to PT via fax. On approval of the daily cash management, the authorisation document is sent back to the department via fax with the authorisation number, authorising the beneficiary payments /transfers.			

Standard Operating Procedure: Guideline for stipend payments

<b>Step 2: Recording and processing of data on Nedbank business banking system</b>	<b>Daily or when needed</b>		
<p>The payment information, namely contact details, amount, description/reference of service provided or what the amount is for. Once information has been captured, the capturer clicks on the system button "add payment to list" where the batch is created. Once created with a unique batch number, the payment is pre-authorised. The supervisor logs into the Nedbank Business Banking (EFT) system via his/her own Nedbank devise with his/her password and username. He /she checks the batch to be approved for final authorisation with the supporting documents and thereafter approve the payments.</p>			

Standard Operating Procedure: Guideline for stipend payments

<p><b>Step 3: Recording and processing of data on Nedbank business banking system</b></p>	<p>Once daily as required</p>		
<p>The initial request for once off advance payments of stipends would entail a number of payments. The department should make a single capture and payment transaction to avoid errors. The transaction data is imported via a CSV Nedbank template with all the payees details i.e. banking details, amount etc. Once information has been loaded onto the beneficiary payment system, a batch number is generated automatically. The capturer clicks on the system "submit batch". Once a batch has been submitted with a unique batch number, he/she pre-authorises the payment. The authoriser logs into the Nedbank beneficiary payment system via his own Nedbank device with his password and username. He/she checks the batch to be approved for final authorisation with the supporting documents and thereafter approves the payments.</p>			



Standard Operating Procedure: Guideline for stipend payments

<p><b>Step 4:</b>  <b>Obtain an understanding of the financial reporting process and control over journal entries and other adjustments</b></p>	<p>Daily or as needed</p>		
<p>Options for recording on accounting records:</p> <ul style="list-style-type: none"> <li>The department does Beneficiary journals for advance stipend payments. Their main purpose is to clear a suspense account – “Bank Adjustment Account”, which is created before interface takes place between BAS and Nedbank Business system.</li> </ul> <p>The journal entry will look as follow:  Dr: Salaries and Wages: Circumstantial the correct SCOA allocation is: S&amp;W:Cmpns/circm (res)  Cr: Bank Adjustment Account</p> <p>The expenditure is paid from the objective where the intern will be appointed.</p>			



**AGREEMENT**

**ENTERED INTO BY AND BETWEEN**

**THE GOVERNMENT DEPARTMENT**

**[HEREIN REFERRED TO AS "THE DEPARTMENT"]**

DULY REPRESENTED BY ..... IN HIS/HER CAPACITY AS

.....

duly authorised thereto

and

.....

(full name and identity number)

(HEREIN REFERRED AS THE INTERN").....(indicate post)

## **PREAMBLE**

**WHEREAS** the Intern requires practical work experience and application of academic learning; and

**WHEREAS** the Department is prepared and able to provide such an opportunity.

## **NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:**

### **1. APPOINTMENT**

- 1.1 The Department hereby appoints the Intern to perform the services set out in the job description attached as Appendix A for a fixed contract period commencing on 01 April 2014 and terminating on 31 March 2015, irrespective of the date of signing of this Agreement.
- 1.2 The Intern's employment and conditions of service shall be governed by the Public Service Act, 1994 (Proclamation 103 of 1994) (herein referred to as "the Act"), the Public Service Regulations, 2001, as amended from time to time (herein referred to as "the Regulations") and any other legal provisions applicable to the Intern.

### **2. REMUNERATION**

- 2.1 The Department shall pay the Intern an all-inclusive amount of R 2 810.58 per month. During the first month of employment when the Work Readiness Training is taking place, a once-off advance of R500 on the stipend will be paid to the Intern.
- 2.2 If the Intern is required to travel and subsist, in the course of his/her assigned duties, he or she shall be entitled to the normal subsistence and travelling allowance for which employees of the Department are eligible.
- 2.3 The Intern shall not be entitled to any payment for the duration of this Agreement or at its termination other than the payments—

- a) Provided for in clause 2.1 or 2.2; or
- b) Constituting a basic condition of employment in terms of the Basic Conditions of Employment Act, 1997 (Act 75 of 1997), and which may not be excluded or limited by way of an agreement.

### **3. WORKING HOURS AND LEAVE**

- 3.1 *The Intern shall work 40 hours per week and 8 hours per day (meal intervals excluded).*
- 3.2 All the prescripts regarding annual, sick, special, maternity, family responsibility leave and all other kinds of leave (if any) and related leave prescripts for employees appointed in a full-time capacity under the Act shall be applicable to the Intern.

### **4. OBLIGATIONS OF DEPARTMENT WITH REGARD TO INTERN'S PERFORMANCE**

- 4.1 The Department shall make every effort to ensure that the work assigned to the Intern is, insofar as practically possible, intellectually challenging and shall seek to draw out the intern's educational, technical and vocational skills to the full.
- 4.2 The Department shall ensure that at least one mentor is assigned to supervise the work of the Intern and to assess the performance of the Intern on a regular basis in accordance with the job description at Appendix A, for purposes of development only.
- 4.3 The Department shall, as soon as practicable—
  - a) Ensure that the Intern receives an appropriate induction, training and development programme; and
  - b) Furnish the Intern with all relevant and available information and access to relevant equipment necessary for the Intern to perform the duties and receive the experience agreed upon under this Agreement.
- 4.4 If, in the opinion of the Department, it will contribute to the performance of the work in the Department, the Department may grant financial assistance to the



Intern to attend training courses not exceeding a period of five days per training course.

## **5. CONDUCT**

5.1 The Intern shall comply with all the prescripts referred to in clause 1.2 and all internal financial and other workplace policies of the Department.

5.2 The Intern shall—

a) Faithfully and diligently devote his or her time to the service of the Department as agreed upon; and

b) Undertake duties in accordance with Appendix A, as any person duly authorised thereto by the Department for this purpose requires of him or her.

5.3 Obligations: The Intern may not during the period of this Agreement or anytime thereafter, disclose or use any record, or any part thereof, obtained as a result of his or her employment under this Agreement, except if—

a) The necessary written authorisation has been obtained; or

b) Required or permitted by law.

5.4 Any failure by the Intern to comply with clause 5.1, 5.2 or 5.3 during the term of this Agreement shall constitute misconduct.

5.5 Any alleged misconduct or inefficiency by the Intern shall be dealt with in accordance with the disciplinary and incapacity procedures applicable to the public service.

## **6. TERMINATION OF EMPLOYMENT/INTERNSHIP**

6.1 The term of service of the Intern shall terminate at a date referred to in Clause 1.1 or, if he or she resigns or is dismissed in terms of section 17 of the Act.

6.2 The Intern may resign any time before the end of his or her term of service by giving—

a) one week's notice, if the Intern has been employed for six months or less; or

b) two weeks, if the Intern has been employed for more than six months but not more than one year.

## **7. GENERAL TERMS AND CONDITIONS**

### **7.1 GOOD FAITH**

In the implementation of this Agreement, the parties undertake to observe the utmost good faith and they warrant in their dealing with each other that they shall neither do anything nor refrain from doing anything that might prejudice or detract from the rights, assets or interests of each other.

### **7.2 INTERPRETATION**

The interpretation of this Agreement shall be governed by the laws and legal principles applicable in the Republic of South Africa.

### **7.3 JURISDICTION OF THE COURTS**

The parties to this Agreement submit to the jurisdiction of the Courts of the Republic of South Africa in the event of any legal proceedings arising from the provisions of this Agreement.

### **7.4 VARIATION**

7.4.1 The Agreement constitutes the whole of the agreement between the parties to this Agreement relating to the subject matter of this Agreement, and save as otherwise provided, no amendment, alteration, addition or variation of any right, term or condition of this Agreement shall be of any force or effect unless reduced to writing and signed by the parties to this Agreement.

7.4.2 The parties agree that there are no other conditions, warranties or representations, whether oral or written and whether expressed or implied or otherwise, save those contained in this Agreement.

## 7.5 WAIVER

No waiver of any of the terms and conditions of this Agreement shall be binding for any purpose unless expressed in writing and signed by the party giving the same, and any such waiver will be effective only in the specific instance and for the purpose given. No failure or delay on the part of either party in exercising any right, power or privilege precludes any other or further exercise thereof or the exercise of any other right.

## 8. INABILITY TO PERFORM

It shall be not be a breach of the Agreement if a party to this Agreement is prevented from or hindered in the performance or observance of its obligations by any Act of Parliament or other action of the State or by any cause or event outside the control of that party

## 9. NOTICE AND DOMICILLIUM

9.1 The parties choose as their respective domicilium citandi et executandi (domicile of summons and execution) for the purpose of legal proceedings and for the purpose of giving or sending any notice provided for or necessary in terms of this Agreement, the following addresses:

### Department:

Physical address: 4 Dorp Street, Cape Town, 8000

Postal address: PO Box 659, Cape Town, 8001

Telephone Number:

Facsimile Number:

**Intern:**

Physical address: .....

.....

.....

Postal address: .....

.....

.....

Telephone Number: .....

Facsimile Number: .....

or at such other address, not being a Post Office box or poste restante, of which the party concerned may notify the other party in writing. Such change of address shall be effective immediately upon receipt of notice of the change by the other party.

- 9.2 All notices to be given in terms of this Agreement shall be given in writing and be delivered or sent by prepaid registered post or by telefax, and if—
- a) delivered, be presumed to have been received on the date of delivery;
  - b) sent by prepaid registered post, be presumed to have been received within three business days of posting unless the contrary is proved; or
  - c) sent by telefax, be presumed to have been received on the first business day following the date of sending of the telefax unless the contrary is proved.

Signed by the Department at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 2014

**DEPARTMENT:** \_\_\_\_\_

\_\_\_\_\_

1. WITNESS

\_\_\_\_\_

2. WITNESS

Signed by the Intern at CAPE TOWN on the \_\_\_\_\_ day of \_\_\_\_\_ 2014

**INTERN:** \_\_\_\_\_

\_\_\_\_\_

1. WITNESS

\_\_\_\_\_

2. WITNESS