

Reference: RCS/C.6

## TREASURY CIRCULAR NO. 7/2021

THE PREMIER

THE MINISTER OF AGRICULTURE

THE MINISTER OF COMMUNITY SAFETY

THE MINISTER OF CULTURAL AFFAIRS AND SPORT

THE MINISTER OF EDUCATION

THE MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES

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

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (DR H MALILA)

THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R ADAMS)

THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MR D SAVAGE)

THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (ADV. Y PILLAY)

THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR BK SCHREUDER)

THE ACCOUNTING OFFICER: VOTE 6: HEALTH (DR K CLOETE)

THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (DR R MACDONALD)

THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MS J SAMSON)

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 (DR M SEBOPETSA)

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 (MR G PAULSE)

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 (MS A SMIT)

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 S KAYE)

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 A GAFFOOR) (ACTING)

THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (ADV. C SMITH)

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 ACCOUNTING AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MR D LAKAY)

THE ACCOUNTING AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD

THE ACCOUNTING AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR M SPICER)

THE ACCOUNTING AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (DR J STEGMANN)

THE ACCOUNTING AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI)

THE ACCOUNTING AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MS J MOLELEKI)

THE ACCOUNTING AUTHORITY: WESTERN CAPE HERITAGE (MR M DLAMUKA)

THE ACCOUNTING AUTHORITY: CASIDRA (MR A MOOS)

THE ACCOUNTING AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (ADV. T SIDAKI)

THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS)

THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (DR R OMAR)

THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR T HARRIS)  
 THE CHIEF EXECUTIVE OFFICER: SALDANHA BAY IDZ LICENCING COMPANY (MS K BEUKES)  
 THE CHIEF EXECUTIVE OFFICER: CASIDRA (MR S SYMINGTON)  
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LIQUOR AUTHORITY (ADV. L PETERSEN) (ACTING)  
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MS Z SIWA)  
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MR M BHAYAT)  
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MS K ZAMA)  
 THE CHIEF FINANCIAL OFFICER: SALDANHA BAY IDZ LICENCING COMPANY (MR H BONESCHANS)  
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS B RUTGERS)  
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LANGUAGE COMMITTEE (MS B RUTGERS)  
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE HERITAGE (MS B RUTGERS)  
 THE CHIEF FINANCIAL OFFICER: CASIDRA (MR F VAN ZYL)  
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LIQUOR AUTHORITY (MR S GCWABE)  
 THE DIRECTOR: GOVERNMENT MOTOR TRANSPORT (MR R WIGGILL)  
 THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR D SAVAGE)  
 THE DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES (DR R HAVEMANN)  
 THE DEPUTY DIRECTOR-GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MS J GANTANA)  
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MR M BOOYSEN) (ACTING)  
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (DR R HAVEMANN) (PRO TEM)  
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR S KENYON)  
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MR I SMITH)  
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)  
 THE CHIEF FINANCIAL OFFICER (MS A SMIT)  
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS C GREEN)  
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR P PIENAAR)  
 THE DIRECTOR: FINANCIAL GOVERNANCE (MS M VAN NIEKERK)  
 THE DIRECTOR: FISCAL POLICY (DR N NLEYA)  
 THE DIRECTOR: INFRASTRUCTURE (MR K LANGENHOVEN)  
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR F SALIE)  
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR D CRONJE) (ACTING)  
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR C MAPEYI)  
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MS E WENN) (ACTING)  
 THE DIRECTOR: LOCAL GOVERNMENT MFMA COORDINATION (MR EJ JOHANNES) (ACTING)  
 THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MS A ABOO)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS T VAN DE RHEEDE) (ACTING)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)  
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS N ISMAIL)  
 THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A MAZOMBA)  
 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: 2020/21 ANNUAL FINANCIAL STATEMENTS**

### **PURPOSE**

1. To provide **direction and guidance** to departments on the compilation of the Annual Financial Statements (AFS) process for the year ending **31 March 2021**.
2. This circular replaces Treasury Circular 18 of 2020 dated 2 April 2020, in its entirety.

### **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 1 of 2021, Guidelines for the Financial Year-end Closure: 2020/21 and the National Treasury Circular: 2021 Financial Year End Procedures, Closure and Submission Date for All Public Finance Management Act (PFMA) Compliant institutions dated 24 March 2021 (Annexure 2).

4. Departments should note that the 2020/21 financial year reporting framework on the annual financial statements is covered by the updated **Modified Cash Standard (MCS)** with Guidance provided in the **Accounting Manual for Departments (AMD)** and **Specimen AFS** dated February 2021.
5. The latest information applicable to the 2020/21 AFS is available on the [Office of the Accountant-General > Publications > 01. Annual Financial Statements > 03. For Prov. And Nat. Departments > GRAP for Departments for year ending 31 March 2021.](#)
6. Any further changes and developments on the MCS, AMD and Specimen AFS will be communicated to departments.

## LEGAL FRAMEWORK

7. In terms of sections 40(1)(b), (c) & (d) of the Public Finance Management Act (PFMA) (Act 1 of 1999), accounting officers and executive authorities must prepare financial statements in terms of general recognized accounting practice and submit within two (2) months after the end of the financial year, Annual Financial Statements (AFS) to -

- (i) Auditor -General for auditing; and
- (ii) Relevant treasury to enable the treasury to prepare consolidated financial statements in terms of Section 19;

In terms of sections 40(1)(d) of the Public Finance Management Act (PFMA) (Act 1 of 1999), accounting officers and executive authority of a department, trading entity or constitutional institution must submit within five (5) months after the end of the financial year-

- (i) an annual report on the activities of that department, trading entity or constitutional institution during that financial year;
- (ii) the financial statements for that financial year after those statements have been audited; and
- (iii) the Auditor - General's report on those statements;

8. 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:

- 8.1 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 prescribed or agreed period.
- 8.2 Treasury Regulation 8.2.3 stated that "Unless determined otherwise in a contract or other 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."
- 8.3 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 centres on a monthly basis".

## ANNUAL FINANCIAL STATEMENTS (AFS)

### Comparative figures (2019/20)

9. Where necessary, comparative (2019/20) figures must be restated to conform to changes in the presentation of the 2020/21 AFS as prescribed in the MCS and AMD. The Provincial Treasury Directorate: Provincial Government Accounting and Compliance requests departments and entities to submit their comparative AFS information as loaded on the 2020/21 AFS template before or on 31 March 2021 (Electronic copy of Excel template). The Provincial Treasury Directorate: Provincial Government Accounting and Compliance will check the comparative information of departments against the published AFS to identify changes or discrepancies.

### Audit Working File

10. As conveyed in **Treasury Circular No. 06/2021, 4 March 2021**, 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.

### Submission of AFS

11. Information presented in the AFS must be reviewed by the CFO against the relevant supporting documentation and comply with the Modified Cash Standard and be in line with the accounting policies included in the 2020/21 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.
12. The Modified Cash Standard, Accounting Manual for Departments, prescribed formats in MS Word, Excel templates and any macros issued for the preparation of the 2020/21 AFS for departments is made available on the National Treasury website: [https://oag.treasury.gov.za/Publications/Annual Financial Statements/National and Provincial Departments](https://oag.treasury.gov.za/Publications/Annual%20Financial%20Statements/National%20and%20Provincial%20Departments). 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.

### Irregular expenditure

13. Departments are required to apply the MCS and AMD on the Updated Framework on Unauthorised, Irregular, Fruitless and Wasteful Expenditure (**May 2019**) on the principles as well as the procedures of recording the irregular expenditure.

### Preview of AFS

14. In order to improve the quality of information in the 2020/21 AFS, the Provincial Treasury Directorate: Provincial Government Accounting and Compliance requests departments to submit an **electronic copy** of their AFS **before or on Monday, 17 May 2021, as per the Treasury Circular No. 06/2021, 4 March 2021**. A combined AFS review session with departments will be conducted on **Wednesday, 19 May 2021** to discuss and resolve the AFS issues for 2020/21. The Provincial Treasury Directorate: Provincial Government Accounting and Compliance will conduct a preview and provide feedback before the final submission date of 31 May 2021.

### Submission to the AGSA and PT (Unaudited)

15. **On Monday, 31 May 2021**, 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:
- Confirmation certificate signed by the AO; and
  - Electronic copy of Excel & Word.

### Submission to PT (Audited)

16. **On Friday, 30 July 2021**, departments must submit their audited AFS to the Provincial Treasury in both Excel and Word formats. Departments are required to submit to Provincial Treasury:
- Confirmation certificate signed by the AO;
  - Electronic copy of (Word stamped by AGSA and Excel); and
  - External confirmation certificate from AGSA to confirm review of AFS Excel template.

### Exemption

18. Any request for exemption from the MCS must please be directed to the WC Provincial Accountant General, for the attention of Ms A Aboo.

### Audit Process

19. Departments and Trading/Public Entities are urged to correct immaterial misstatements in the AFS as these may impact on the consolidated AFS of departments.

Departments requesting assistance on accounting and/or audit issues must address them to [PT.helpme@westerncape.gov.za](mailto:PT.helpme@westerncape.gov.za).

### 20. Important Dates

Action	Date	Reporting authority
Submit comparative AFS information (Departments and entities).	<b>31 March 2021</b>	PT: PG Accounting and Compliance
Submit full set of provisional AFS (Departments) for review.	<b>17 May 2021</b>	PT: PG Accounting and Compliance
Departmental AFS Consistency Workshop	<b>19 May 2021</b>	PT: PG Accounting and Compliance
Submit full set of unaudited AFS and AFS template to external auditor and PT (Departments).	<b>31 May 2021</b>	PT: PG Accounting and Compliance
Submit full set of audited AFS (Departments).	<b>30 July 2021</b>	PT: PG Accounting and Compliance
Submit audited AFS and audit report	<b>Not later than 31 August 2021</b>	PT: PG Accounting and Compliance
Tabling of Annual report and AFS to Parliament or Relevant Legislature	<b>30 September 2021</b>	PT: PG Accounting and Compliance

## PT OFFICIALS

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

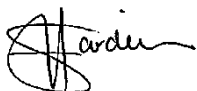
Department/Entity	Name	Telephone number	E-mail address
Education Economic Development and Tourism	Shaun Manuel	483-6600	<a href="mailto:Shaun.Manuel@westerncape.gov.za">Shaun.Manuel@westerncape.gov.za</a>
Health Cultural Affairs and Sport Provincial Revenue Fund	Neil Schippers	483-8666	<a href="mailto:Neil.Schippers@westerncape.gov.za">Neil.Schippers@westerncape.gov.za</a>
TPW Provincial Treasury	Yolanda Solomons	483-6415	<a href="mailto:Yolanda.Solomons@westerncape.gov.za">Yolanda.Solomons@westerncape.gov.za</a>
Provincial Parliament Social Development	Mogamat Faker	483-6950	<a href="mailto:Mogamat.Faker@westerncape.gov.za">Mogamat.Faker@westerncape.gov.za</a>
Environmental Affairs and Development Planning Premier	Vurge van Rayner	483-4583	<a href="mailto:Vurge.vanRayner@westerncape.gov.za">Vurge.vanRayner@westerncape.gov.za</a>
Agriculture Community Safety	Loyiso Faniso	483-5171	<a href="mailto:Loyiso.Faniso@westerncape.gov.za">Loyiso.Faniso@westerncape.gov.za</a>
Human Settlements Local Government	Aslam Abrahams	483-6802	<a href="mailto:Aslam.Abrahams@westerncape.gov.za">Aslam.Abrahams@westerncape.gov.za</a>

22. Departments should ensure that public entities and trading entities under their control comply with the prescripts regarding Annual Reports and Annual Financial Statements.

23. Attached for your information and ease of reference are the following Annexures:

- Annexure 1: Year-end procedures relating to BAS, LOGIS and PERSAL;
- Annexure 2: OAG Final Year End Communication March 2021;
- Annexure 3: BAS Notice Number 1 of 2021;
- Annexure 4: LOGIS Financial Year End Procedure Action Plan; and
- Annexure 5: System Reports

Your co-operation in this regard would be highly appreciated.



**MR A HARDIEN**  
**PROVINCIAL ACCOUNTANT-GENERAL**

**DATE:** 30 March 2021