

Reference number: RCS/C.6

Private Bag X9165
CAPE TOWN
8000

TREASURY CIRCULAR NO. 22/2020

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 EXECUTIVE AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MINISTER D MAYNIER)
THE EXECUTIVE AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (MINISTER A BREDELL)
THE EXECUTIVE AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MINISTER D MAYNIER)
THE EXECUTIVE AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (MINISTER D MAYNIER)
THE EXECUTIVE AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MINISTER A MARAIS)
THE EXECUTIVE AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MINISTER A MARAIS)
THE EXECUTIVE AUTHORITY: WESTERN CAPE HERITAGE (MINISTER A MARAIS)
THE EXECUTIVE AUTHORITY: CASIDRA (MINISTER IH MEYER)
THE EXECUTIVE AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (MINISTER A FRITZ)

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (DR H MALLA)
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 (MR G MORRIS)
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 (MS O SAMUELS)
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)

For information

THE ACCOUNTING AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MR D LAKAY)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (PROF. G MANEVELDT)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR B FIGAJI)
 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 A SEYMOUR)
 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 (MR AA PHILLIPS) (ACTING)
 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 (MS A PICK) (ACTING)
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (VACANT)
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
 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 (VACANT)
 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) (MR M SIGABI)
 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 (VACANT)
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS T VAN DE RHEEDE) (ACTING)
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK) (PRO TEM)
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS T RAKIEP) (ACTING)
 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)

FACILITATING THE RECEIPT, REPORTING AND ACCOUNTING OF IN-KIND AND CASH DONATIONS TO THE WESTERN CAPE GOVERNMENT DEPARTMENTS AND ENTITIES

1. PURPOSE

- 1.1 To retract Treasury Circular 14/2020 dated 26 March 2020: Facilitating the receipt, reporting and accounting of cash donations to the Western Cape Government Departments and Entities.
- 1.2 To **update** Western Cape Government institutions of arrangements related to cash and in-kind donations, budgeting, accounting and reporting in response to the COVID-19 pandemic. This Circular complements the Western Cape Disaster Budgeting Procurement and Accounting Framework and should further be read with Treasury Circular 11 of 2020: Western Cape Government's Procurement Requirements in response to the declaration of a National State of

Disaster due to the Coronavirus (COVID-19) Pandemic and Treasury Circular 21 of 2020: National Treasury Instruction No. 5 of 2020/21: Emergency Procurement in Response to National State of Disaster – COVID-19.

2. BACKGROUND

- 2.1 Since the communication of Treasury Circular 14/2020 by the Provincial Treasury, the National Treasury has communicated an RDP Fund Process Guide (attached as **Annexure A**) detailing the process that needs to be followed when augmenting public resources with donor funding or aid. This support can either be in-kind or cash.
- 2.2 Donor funds are paid into the Provincial Revenue Fund and can only be spent once the funds have been appropriated by an Appropriation Act.
- 2.3 Donors have the requirement of appropriate governance arrangements of their donations. These assurances include transparency and control over their donations and regular reporting on the achievements of the objectives of the projects that they sponsor.
- 2.4 This document is intended to assist provincial departments to maintain existing financial management and internal control frameworks while ensuring that the necessary disaster relief support can be provided timeously in the relevant circumstances.

3. DISCUSSION

Role of Accounting Officer

- 3.1 In terms of section 38 of the PFMA, the Accounting Officer for a department is responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution and must take effective and appropriate steps to —
 - i. collect all money due to the department, trading entity or constitutional institution;
 - ii. prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct; and
 - iii. manage available working capital efficiently and economically.

Disaster Management Act

- 3.2 The Disaster Management Act, 2002 (No. 57 of 2002), provides for —
 - i. an integrated and co-ordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery;
 - ii. the establishment of national, provincial and municipal disaster management centres;
 - iii. disaster management volunteers; and
 - iv. matters incidental thereto.
- 3.3 In terms of section 30 of this Act, the powers and duties of a provincial disaster management centre includes, inter alia, that it —
 - a. must make recommendations regarding the funding of disaster management in the province, and initiate and facilitate efforts to make such funding available; and

b. may exercise any powers and must perform any duties delegated and assigned to it in terms of section 14.

3.4 The Disaster Management Act does not prescribe any process to be followed regarding donations received in terms of a disaster.

Accepting donations

3.5 Donations may be in-kind or in cash. In terms of Treasury Regulation 21.2.1, the accounting officer may approve the acceptance of any gift, donation or sponsorship to the State, whether such gifts, donations or sponsorships are in-kind or cash.

3.6 Cash donations will broadly fall within three broad categories: special purpose; sector support, general purpose and that regular reporting on progress, as expected by relevant stakeholders.

3.7 If donated in cash, the money received must be paid into the RDP Fund. **Annexure A** outlines the requisition and transfer of funds from the RDP Fund account to the spending entity or requesting department. Annexure A further provides the background on funding flow prior to requisition and implementation; requisition and transfer of funds to implementing entities; reporting requirements and instructions for completing the Requisition Form. The entire process from payment into the RDP Fund to the transfer payment into the implementing entity's account **should take no longer than one week at most**; provided all relevant documentation has been submitted.

3.8 **Annexure B** outlines the conditions under which donations in-kind can be accepted/not accepted by all provincial departments and public entities as outlined by the draft Western Cape Disaster Budgeting Procurement and Accounting Framework.

3.9 **Annexure C** outlines the financial reporting and accounting on donor funding/aid and notes that departments should always use donor funding based on social government principles and, promote and enhance transparency to attract donors.

3.10 **Annexure D** outlines the Standard Operating Procedure relating to Donations and Sponsorships in terms of COVID-19. Its main purpose is to ensure responsibility and accountability in the acceptance and use of donations & sponsorships by provincial departments and provincial public entities for the prevention, alleviation, containment and/or minimisation of the effect of COVID-19. It further serves to outline the responsibility of each employee to ensure appropriate governance and uniformity in its application.



MR ANTHONY PHILLIPS

DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES (Acting)

DATE: 21 May 2020

THE REQUISITION AND TRANSFER OF FUNDS FROM THE RDP FUND ACCOUNT TO THE IMPLEMENTING AGENCY OR REQUESTING DEPARTMENT

This document:

- (I) Outlines the background on funding flow prior to requisition and implementation.
- (II) Requisition and transfer of funds to implementing entities
- (III) Reporting Requirements
- (IV) Instructions for completing the Requisition Form

A. BACKGROUND ON FUNDING FLOW PRIOR TO REQUISITION AND IMPLEMENTATION

1. Financing/Project Agreement is processed and signed by both the National Department and relevant Development Partner.
2. **A signed Letter of Allocation indicating what the funds are to be used for, will also be acceptable under extenuating circumstances i.e. those defined by the Disaster Management Act (DMA). It should be noted that the letter should also include a reference to the usage of interest should any be incurred.**
3. Deposits by the development partner/Donors are made into the RDP Fund account held at the South African Reserve Bank (SARB), Account No 8030-175-4. **Please note that a portfolio will only be opened upon the receipt of funding into the RDP fund.**
4. The development partner/Donor must notify National Treasury i.e. the Process Manager: IDC (Denise Marais) of the deposit.
5. Processing of payment - role of the National Treasury: After receiving the notification letter of deposit from the development partner, the Process Manager: IDC will notify the Office of the Accountant-General and the implementing agency.
6. The funds received are then allocated to a portfolio. **Each portfolio is specific to a project, development partner/donor and implementing agency (department).** This in effect ensure that the funds are ring-fenced for a specific project and as such can't be utilised for any other purpose.

B. REQUISITION AND TRANSFER OF FUNDS TO IMPLEMENTING ENTITIES

7. On receiving the notification letter of deposit from IDC, the implementing agency will then request the funding from National Treasury by completing the requisition form (**Annexure A1**). Also, to be included when submitting the requisition are the following documents:

- **Copy of the agreement/Letter of Allocation;**
- **Expenditure and progress report for the Programme thus far; and**
- **Workplan for requested draw down.**

Please note that no funds will be released until the above-mentioned documents have been received.

8. The requisition form must be signed off and dated by the Implementing Agency's Chief Financial Officer. If the requisition form is signed by an Acting Chief Financial Officer, a copy of his/her appointment letter must accompany it.
9. No E-mailed or facsimile Forms will be accepted as authorisation for the processing of transfer payments **unless dealt with under the auspices of the DMA.**
10. Audit requirements do not permit mistakes on forms. Should the information contained be found to be incorrect the form will be returned for resubmission.
11. Upon receipt of the requisition and required documentation, the relevant portfolio manager in IDC will scrutinise the documentation and if necessary, request comments from the relevant budget analyst in Public Finance. Only once all requirements have been adhered to, the Line Manager within IDC will approve the requisition and it will then be forwarded to the Office of the Accountant General for processing and transfer.
12. The entire process from payment into the account at (SARB) South African Reserve Bank to the transfer payment into the implementing entities account **should take no longer than one week at most**; provided all relevant documentation has been submitted.

C. COMPLETING THE REQUISITION FORM

13. These instructions include a copy of the Requisition Form.
14. The original form is not separated into distinct parts therefore for ease of reference each of the following sections corresponds with different parts of the form.

Section 1: Instructions for Completing Section 1

Section 1	
1.	DEPARTMENT:
2.	PROGRAMME/PROJECT:
3.	PORTFOLIO NUMBER:
4.	Please credit our PMG/PROVINCIAL EXCHEQUER/MUNICIPALITY account with the amount indicated in the table below
5.	PMG/PROVINCIAL EXCHEQUER/MUNICIPALITY account details are as follows:
6.	Bank:
7.	Branch:
8.	Account No:

1. Department or implementing agency enters full name
2. Department or implementing agency enters programme/project name
3. Select option as by type of requesting agency i.e. National Department, Provincial or municipality
4. Same as above
5. Provide Bank name
6. Provide branch XX
7. Provide account number, if it is a National Department requesting a transfer, then it would be a PMG account with an 8033 number XX

Section 2: Instructions for Completing Section 2, Table 1

Section 2					
Table 1					
Date	Donor	Amount deposited (R)	Paid to date \ (R)	Available (R)	Amount Requested (R)
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6

Column 1: Date: **Department or implementing agency enters date of requisition**

Column 2: Donor: **Department or implementing agency complete name of Donor**

Column 3: Amount Deposited:

Column 4: Paid to Date:

Column 5: Available:

Column 6: Amount Requested:

Section 3: Instructions for Completing Section 3, Table 2

Section 3			
Table 2	SPENDING AGENCY		NATIONAL TREASURY Approved by
	Requested by	Approved by (CFO of Department)	
Name	Row 1, Column A	Row 1, Column B	Row 1, Column C
Rank	Row 2, Column A		
Signature	Row 3, Column A		
Date	Row 4, Column A		
Contact number	Row 5, Column A		
E-mail	Row 6, Column A		

Row 1, Column A: Department/Spending agency completes the details of the Official requesting funds

Row 2, Column A: The Official of the Department/Spending Agency completes his/her Rank

Row 3, Column A: The Official of the Department/Spending Agency signs the requisition

Row 4, Column A: The Official of the Department/Spending Agency completes the date of the requisition

Row 5, Column A: The Official of the Department/Spending Agency provide contact number

Row 6, Column A: The Official of the Department/Spending Agency provide an e-mail address

Row 1, Column B: The CFO/Acting CFO of the Department/Spending Agency completes the required information

Row 1, Column C: The Official from Office of the Accountant General completes the required information.

Section 4: Instructions for Completing Section 4, Table 3

Section 4				
Table 3				
R1	Column A	B	C	D
R2				PREVIOUSLY SUBMITTED
R3		YES	NO	YES DATE
R4	Technical Assistance Agreement attached			
R5				
R6	Letter/Fax from Donor to confirm deposit of donation			
R7				
R8	In accordance with the agreement, if project is not completed at financial year end should outstanding funds be surrendered to RDP Fund.			
R9	If "no" , please indicate the applicable clause in the technical agreement.			
R10	If "yes" , I hereby undertake to reflect the amount of unspent funds in the AFS as a payable.	Signature CFO of Department		
		Date		

15. Section 4 serves to provide a tick box to (i) determine whether accompanying documentation to the requisition form is attached, and (ii) check if the notification of deposit from the donor was submitted.
- **Dealing with accompanying documentation** - as a part of a tick-box exercise the implementing agency must ensure that the technical assistance agreement is attached, and the deposit confirmation letter was submitted by the donor – R4 B and C and R6 B and C. Columns B and C provide for yes and no answer selections.
 - **Dealing with previously submitted documents** - the department must provide dates of previously submitted documentation if 2nd, 3rd and other rounds of tranche money are being requested i.e. indicated in Column D, R4 and R6. The Department/implementing agency must indicate whether the technical agreement and the deposit confirmation letter from the donor was submitted with the first tranche request and it must enter the date of this submission.
16. Section 4 also provides selections to determine the agreements provisions on unspent funds at the end of a financial year.
- The RDP Act stipulates that if funds transferred to departments is not spent by the end of the financial year it must in the absence of any provision to the contrary in the Technical Assistance Agreement (Financing Agreement/Memorandum of Understanding) be surrendered back to the RDP Fund and requested again.

- **Dealing with unspent funds**, R8 poses a question about whether or if project is not completed at financial year end should outstanding funds be surrendered to RDP Fund according to the agreement. It requires a yes or no selection from R8, Column B or C. Please note this does not refer to the surrender at the end of a project but at the end of each financial year.
 - With most of the funding the answer should be YES which in effect means that the CFO of the implementing agency must reflect the unspent funds as payable in the department's annual financial statements and the funds must be surrendered to the RDP fund.
17. Space is provided for the CFO of the Department requesting the funds from the RDP Fund Account to sign and date the form. The IDC line Manager approves the requisition by signing at the bottom of the requisition.

All queries should be directed to:

Denise Marais

Business Support: International Development Cooperation (IDC)

Email: Denise.Marais@treasury.gov.za

Telephone: 012 315 5968; **Fax:** 012 324 2456

TO: NATIONAL TREASURY

ATT: DIRECTORATE: NRF & ASB

DEPARTMENT:

PROGRAMME/PROJECT:

PORTFOLIO NUMBER:

Please credit our PMG/PROVINCIAL EXCHEQUER/MUNICIPALITY account with the amount indicated in the table below

PMG/PROVINCIAL EXCHEQUER/MUNICIPALITY account details are as follows:

Bank:**Branch:****Account No:**

Date	Donor	Amount deposited (R)	Paid to date (R)	Available (R)	Amount Requested (R)

	SPENDING AGENCY		NATIONAL TREASURY Approved by
	Requested by	Approved by (CFO of Department)	
Name			
Rank			
Signature			
Date			
Contact number			
E-mail			

	PREVIOUSLY SUBMITTED			
	YES	NO	YES	DATE
Technical Assistance Agreement attached				
Letter/Fax from Donor to confirm deposit of donation				
In accordance with the agreement, if project is not completed at financial year end should outstanding funds be surrendered to RDP Fund?				
If "no", please indicate the applicable clause in the technical agreement.				
If "yes", I hereby undertake to reflect the amount of unspent funds in the AFS as a payable.	Signature CFO of Department			
	Date			

Conditions under which donations in-kind can be accepted/not accepted

The draft Western Cape Disaster Budgeting Procurement and Accounting Framework provides extensive guidance to departments and entities as to the considerations when and how to accept donations in-kind.

Approval of acceptance

1. The Accounting Officer of a provincial department mandated to provide Humanitarian Relief or Disaster Relief (as the case may be) may approve the acceptance of any donations in-kind of essential goods or services required for the purposes of provincial disaster relief, if compliant with the requirements set out in Regulation 21.2 of the National Treasury Regulations (NTRs).
2. When a potential donor ("the offeror") comes forward with an offer to donate essential goods or services required for the purposes of Disaster Relief, the following process must be followed:
 - (a) The offer must be directed to the Accounting Officer of the Department of Local Government (DLG) for further consideration;
 - (b) Upon receipt of the offer, the Accounting Officer of the DLG must determine whether the offer should be considered for acceptance by the DLG or by another provincial department mandated to provide Disaster Relief in respect of a specific disaster. Where the Accounting Officer of the DLG is satisfied that the DLG is the appropriate provincial department to consider the offer, he or she shall consider the offer further. Where the Accounting Officer of the DLG considers it appropriate for the offer to be considered for acceptance by another provincial department mandated to provide Disaster Relief in respect of a specific disaster, he or she shall direct the offer to the accounting officer of such other provincial department for his or her further consideration;
 - (c) The accounting officer of the provincial department responsible for considering the offer pursuant to paragraph (a) above ("the responsible accounting officer") shall consider and decide whether it is feasible and appropriate in the circumstances for his or her department to accept such offer and to record such decision in writing.
 - (d) Feedback to be provided to the Provincial Top Management and Cabinet on a regular basis noting all donations received, accepted and rejected to ensure the completeness of the donations register.
3. When determining whether it is feasible and appropriate in the circumstances for the offer to be accepted, the responsible accounting officer must consider, amongst other, the following factors:
 - (a) The nature and scope of any disaster category that is or will become applicable in the Western Cape;
 - (b) Current or anticipated provincial Disaster Relief needs;
 - (c) The relevance of the offer to meet current or anticipated provincial Disaster Relief needs;
 - (d) The ability of the Western Cape Government to ensure that the goods or services that are the subject of the offer are directed at meeting current or anticipated provincial Disaster Relief needs effectively;

- (e) The costs to the Western Cape Government of accepting the offer and directing the goods or services that are the subject of such offer at meeting current or anticipated provincial Disaster Relief needs effectively (including, but not limited to, logistics and storage costs);
- (f) All financial, legal and other risks that the goods or services that are the subject of the offer may present to human life, the environment and critical infrastructure should the offer be accepted; and
- (g) The ability of the Western Cape Government to assume and mitigate all risks referred to in paragraph 3.4(i) above.

No offer shall be approved for acceptance unless:

4. The offeror warrants, in writing, to the Western Cape Government that the goods or services that are the subject of the offer are free from any defects and suitable in all respects for Disaster Relief purposes and, as such, do not present any material risks to human life, the environment or critical infrastructure.
5. The offeror assumes, in writing, full responsibility for any loss, damage or claim of any kind that may arise, whether directly or indirectly, from the deployment of the goods or services that are the subject of the offer for Disaster Relief purposes.
6. The offeror indemnifies, in writing, the Western Cape Government against any and all losses, damages or claims that may arise, whether directly or indirectly, from any defects in the goods or services that are donated by the offeror or from the negligence or fault on the part of the offeror and/or any agent, representative, contractor or employee of the offeror when giving effect to the donation in question (as the case may be).
7. The responsible accounting officer may negotiate with the offeror on any further conditions that he or she considers appropriate for the protection of citizens, the environment, critical infrastructure and the interests of the Western Cape Government and that should apply to the acceptance of the offer.
8. The responsible accounting officer must record in writing the reasons for approving or rejecting an offer.
9. The responsible accounting officer must ensure that the offeror is given written notice of whether the offer has been accepted and, if so, on what conditions.
10. Where the offer is approved for acceptance, the responsible accounting officer must take all reasonable steps to ensure that the goods or services that are the subject of the offer are directed at meeting current or anticipated provincial Disaster Relief needs effectively and timeously and with minimal risk to human life, the environment, critical infrastructure and the interests of the Western Cape Government.
11. Where the offer is approved for acceptance, the responsible accounting officer must obtain in writing from the donor an indication of whether the donor's identity may be noted in the relevant department's annual financial statements pursuant to Regulation 21.2.4 of the NTRs and also contain any conditions related to the donation. If the donor wishes to remain anonymous, the responsible accounting must comply with the requirements of Regulation 21.4.1 of the NTRs.
12. When a potential donor ("the offeror") comes forward with an offer to donate essential goods or services required for the purposes of Humanitarian Relief, the following process must be followed:

- (a) The offer must be directed to the accounting officer of the Department of Social Development (DSD);
 - (b) Upon receipt of the offer, the accounting officer of the DSD must determine whether the offer should be considered for acceptance by the DSD;
 - (c) The accounting officer of the DSD shall consider and decide whether it is feasible and appropriate in the circumstances for his or her department to accept such offer and to record such decision in writing;
13. When determining whether it is feasible and appropriate in the circumstances for the offer to be accepted, the accounting officer of the DSD must consider, amongst other things, the following factors:
- (a) The nature and scope of any disaster category that is or will become applicable in the Western Cape;
 - (b) Current or anticipated provincial Humanitarian Relief needs;
 - (c) The relevance of the offer to meeting current or anticipated provincial Humanitarian Relief needs;
 - (d) The ability of the Western Cape Government to ensure that the goods or services that are the subject of the offer are directed at meeting current or anticipated provincial Humanitarian Relief needs effectively;
 - (e) The costs to the Western Cape Government of accepting the offer and directing the goods or services that are the subject of such offer at meeting current or anticipated provincial Humanitarian Relief needs effectively (including, but not limited to, logistics and storage costs);
 - (f) All financial, legal and other risks that the goods or services that are the subject of the offer may present to human life, the environment and critical infrastructure should the offer be accepted; and
 - (g) The ability of the Western Cape Government to assume and mitigate all risks referred to in paragraph (f) above.

No offer shall be approved for acceptance unless:

- 14. The offeror warrants, in writing, to the Western Cape Government that the goods or services that are the subject of the offer are free from any defects and suitable in all respects for Humanitarian Relief purposes and, as such, do not present any material risks to human life, the environment or critical infrastructure.
- 15. The offeror assumes, in writing, full responsibility for any loss, damage or claim of any kind that may arise, whether directly or indirectly, from the deployment of the goods or services that are the subject of the offer for Humanitarian Relief purposes.
- 16. The offeror indemnifies, in writing, the Western Cape Government against any and all losses, damages or claims that may arise, whether directly or indirectly, from any defects in the goods or services that are donated by the offeror or from the negligence or fault on the part of the offeror and/or any agent, representative, contractor or employee of the offeror when giving effect to the donation in question (as the case may be).

17. The Accounting Officer of the DSD may negotiate with the offeror on any further conditions that he or she considers appropriate for the protection of citizens, the environment, critical infrastructure and the interests of the Western Cape Government and that should apply to the acceptance of the offer.
18. The Accounting Officer of the DSD must record in writing the reasons for approving or rejecting an offer.
19. The Accounting Officer of the DSD must ensure that the offeror is given written notice of whether the offer has been accepted and, if so, on what conditions.
20. Where the offer is approved for acceptance, the Accounting Officer of the DSD must take all reasonable steps to ensure that the goods or services that are the subject of the offer are directed at meeting current or anticipated provincial Humanitarian Relief needs effectively and timeously and with minimal risk to human life, the environment, critical infrastructure and the interests of the Western Cape Government.
21. Where the offer is approved for acceptance, the responsible accounting officer must obtain in writing from the donor an indication of whether the donor's identity may be noted in the relevant department's annual financial statements pursuant to Regulation 21.2.4 of the NTRs. If the donor wishes to remain anonymous, the responsible accounting must comply with the requirements of Regulation 21.4.1 of the NTRs.
22. When approving the acceptance of a donation contemplated in paragraph 1 above after following the relevant process set out in paragraph 3.3 -3.22, the accounting officer concerned must ensure that full details of such donation are recorded in a register of relief-related donations in-kind. Such register must be kept and maintained by the accounting officer concerned and shall assist the provincial department in question to disclose all relief-related donations in kind accepted by it in a note in that department's annual financial statements (in accordance with Regulation 21.2.4, read with Regulation 21.4.1, of the NTRs).
23. If a donor requests to remain anonymous, the relevant accounting officer must, in accordance with Regulation 21.4.1 of the NTRs, submit to the Provincial Treasury a certificate from both the Public Protector and the Auditor-General, which states that the identity of the donor has been revealed to them, that they have noted it and have no objection.
24. Once these certificates have been provided to the Provincial Treasury, the responsible accounting officer must ensure that his or her department's annual financial statements do not in any way disclose the identity of the donor concerned.
25. All gifts and donations received in-kind must be accounted for and disclosed in the financial statements as prescribed by the National Treasury in the Accounting Manual and the Modified Cash Standards.
26. Disposal of excess gifts and donations must be executed in accordance with WCG Donations and Volunteer Framework issued by the Provincial Treasury logistical policies and procedures.

Financial Reporting and Accounting on Donor Funding/Aid

Donor funding is made available by local and foreign donors that provide funds to be used for specific projects, requiring open end transparent feedback to the donor. Departments should always use donor funding based on social government principles and, promote and enhance transparency to attract donors. In the following sections the financial accounting and reporting of donor funding is addressed:

Legal requirements

1. The following legal requirements assist in the reporting and classification of donor funding:
2. Section 226 of the Constitution, states that:
 - 2.1 "There is a Provincial Revenue Fund for each province into which all money received by the provincial government must be paid, except money reasonably excluded by an Act of Parliament.
 - 2.2 Money may be withdrawn from a Provincial Revenue Fund only —
 - (a) in terms of an appropriation by a provincial Act; or
 - (b) as a direct charge against the Provincial Revenue Fund, when it is provided for in the Constitution or a provincial Act.
 - 2.3 Revenue allocated through a province to local government in that province in terms of section 214(1), is a direct charge against that province's Revenue Fund.
 - 2.4 National legislation may determine a framework within which -
 - (a) a provincial Act may in terms of subsection (2)(b) authorise the withdrawal of money as a direct charge against a Provincial Revenue Fund; and
 - (b) revenue allocated through a province to local government in that province in terms of subsection (3) must be paid to municipalities in the province.

[Subs. (4) added by s. 8 of the Constitution Seventh Amendment Act of 2001]

(Commencement date of s. 226: 1 January 1998)".
3. Section 22 of the PFMA states that:

"Deposit into Provincial Revenue Funds.—(1) All money received by a provincial government, including the province's equitable share, and grants made to it, in terms of the annual Division of Revenue Act, must be paid into the province's Provincial Revenue Fund, except money received by —

 - (a) the provincial legislature in the province;
 - (b) a provincial public entity in the province;
 - (c) the provincial government from **donor agencies** which in terms of legislation or the agreement with the donor, must be paid to the Reconstruction and Development Programme Fund; ;..."

4. Treasury Regulation 21.2 (issued in terms of section 76(1)(l) of the PFMA) states the following on the acceptance of gifts, donations and sponsorships to the state:
 - 21.2.1 The accounting officer may approve the acceptance of any gift, donation or sponsorship to the state, whether such gifts, donations or sponsorships are in cash or kind.
 - 21.2.2 All cash gifts, donations or sponsorships must be paid into the relevant revenue fund, except those donations received in terms of paragraph 21.2.5
 - 21.2.3 Where it is not apparent for what purpose a gift, donation or sponsorship should be applied, the relevant executive authority may decide how it must be utilised.
 - 21.2.4 All gifts, donations or sponsorships received during the course of the financial year must be disclosed as a note to the annual financial statements of the institution.
 - 21.2.5 Donor funding received in terms of the Reconstruction and Development Fund Act (Act 7 of 1994, as amended by Act 79 of 1998) must be dealt with as determined by the National Treasury from time to time."
5. The Modified Cash Standard (MCS) - Revenue Chapter Paragraph 0.15 states: "Transfers received can be in the form of appropriations and or donations (also referred to as donor funding or aid assistance). Appropriations (and to some extent donor funding) comprise of grants to acquire or construct capital assets, funds for the furtherance of national and provincial government policy objectives and general allocations to fund the costs incurred by departments in supplying/rendering goods and or services. Transfers (other than appropriations) are usually from local or international donors and are received under terms and conditions as agreed between the department and the donor."
6. Accounting Manual for Departments 2016 (AMD), Chapter on Revenue page 26, paragraph 6.4 states that:

"Aid assistance comprises amounts received from local or international donors via the RDP Fund. "CARA Fund Assistance" comprises of amounts specifically appropriated from the Criminal Asset Recovery Account (CARA). Donations must be paid into the RDP Fund as they are subject to "technical assistance agreements" entered into between the SA Government and the relevant donor(s). Transfers are made to the spending agency from the RDP Fund in accordance with the relevant technical assistance agreement".

Accounting for DONOR FUNDING in terms of the Standard Chart of Accounts (SCOA)

7. The Fund segment identifies the various sources of funding available to departments.

In the Standard Chart of Accounts (SCOA), provision is made for Donor Funding, under the Funding Segment as follows:

DONOR FUNDS	11	5999	N
LOCAL DONOR FUND	16	15999	N
DONOR AT RESEARCH FUND	22	906999	N
DONOR AT RESEARCH FUND	22	907999	N
AT RESEARCH FUND	16	910999	N
AT RESEARCH FUND	16	908999	N
GEN ACC OF DON AT RESEARCH FUND	31	909999	Y
GEN ACC OF DON AT RESEARCH FUND	31	911999	Y
DONOR THE AFRICAN DEVELOPM BANK	31	946999	N
DONOR THE AFRICAN DEVELOPM BANK	31	947999	N
ONE STOP BORDER POST POLICY	27	948999	N
GEN ACC THE AFRICN DEVELOPM BANK	32	949999	Y
DONOR CETA	10	925999	N
DONOR CETA	10	926999	N
CANDIDACY LEARNING PROGRAMME	28	927999	N
GEN ACC OF DON CETA	19	928999	Y
DONOR ELI LILLY	15	57999	N
DONOR ELI LILLY	15	139999	N
ELI LILLY (NC HEALTH)	21	295999	N
GEN ACC OF DON ELI LILLY	24	140999	Y
DONOR EWSETA	12	58999	N
DONOR EWSETA	12	141999	N
INTEGRATED NAT ELECTR PROG (INEP)	32	294999	N
GEN ACC OF DON EWSETA	21	142999	Y

- 7.1 Departments can also fund programmes through funds received from donor agencies, trading accounts, trust funds, agency services and the Criminal Asset Recovery Account (CARA). The purpose of the fund segment is to identify the various sources of funding from which spending maybe incurred.
- 7.2 The National Treasury, in consultation with key stakeholders, agreed to simplify the information disclosed in the notes to the annual financial statements on aid assistance. This is part of a broader simplification project aimed at the elimination of duplicate information and the provision of more concise information to the users of the financial statements.

8. **Accounting Treatment**

8.1 **Donations/Aid Assistance**

Donor funding received must be paid into the PRF and be allocated against the Fund of the relevant donor.

Level	Description
1	Agency Service (BAS code 664) <i>(Non posting)</i>
2	NSF Growth&Dev Strat (BAS code XXX) <i>(Non posting) (department to create)</i>
3	NSF Growth&Dev Strat Expenditure (BAS code XXX) <i>(Non posting) (department to create)</i>
4	NSF Growth&Dev Strat Expenditure (BAS code XXX) (posting)
3	NSF Growth&Dev Strat Ass&Liab (BAS code XXX) <i>(Non posting) (department to</i>
4	NSF Growth&Dev Strat Ass&Liab (BAS code XXX) (posting)
3	Gen Acc of NSF Growth&Dev Strat (BAS code XXX) <i>(Non posting) (department to</i>
4	Gen Acc of NSF Growth&Dev Strat (BAS code XXX) (Posting)

9. **In Year Monitoring Reporting (IYM) – Budget Model**

9.1 **Aid Assistance:**

9.1.1 Where donor funds have not been appropriated, it will not be reported on in the IYM report. Reporting on donor funding received and spent should be provided monthly in terms of annexure B.

10. **Annual Financial Statement Reporting**

10.1 **Donor funding:**

10.1.1 Funding received from Donors, expensed and the closing balance must be reported in Note 4 (Aid Assistance) of the AFS as well as Annexure 11.