

Reference: RCS/C.6

Private Bag X9165
CAPE TOWN
8000

TREASURY CIRCULAR NO. 18/2020

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
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MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
THE DEPUTY DIRECTOR-GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

GUIDELINES: 2019/20 BOOK CLOSURE AND ANNUAL FINANCIAL STATEMENTS FOR DEPARTMENTS

PURPOSE

1. To provide further **direction and guidance** to departments on the annual financial statements process for the year ending **31 March 2020** based on the implications of the exemptions provided for by the Minister of Finance in **Government Gazette 43188 dated 31 March 2020 (Annexure 1)**.

BACKGROUND

2. The COVID 19 pandemic has resulted in a **“National State of Disaster”** declared under Government Notice No. 313 of 15 March 2020 in terms of section 27(1) of the Disaster Management Act, 2002 (Act No. 57 of 2002). In Government Gazette 43148 dated 25 March 2020, regulations enforced a national lockdown that has also impacted on the AFS process.
3. The National lockdown has resulted in PFMA compliant institutions not being able to meet the PFMA timeframes for the 2019/20 AFS process. The Minister of Finance issued exemptions in Government Gazette 43188 dated 31 March 2020, extending the PFMA prescribed AFS process as indicated in paragraph 5 below.

LEGAL FRAMEWORK

4. Sections 40(1) and (2) of the Public Finance Management Act (PFMA) (Act 1 of 1999), prescribes the accounting officers reporting responsibilities –

“(a) must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards;

(b) must prepare financial statements for each financial year in accordance with general recognised accounting practice;

(c) must submit those financial statements within two (2) months after the end of the financial year to -

(i) Auditor -General for auditing; and

(ii) Relevant treasury to enable that treasury to prepare consolidated financial statements in terms of section 8 or 19;

(d) must submit within five (5) months after the end of the financial year to the relevant treasury and, in case of a department -

(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;

(e) must, in the case of a constitutional institution, submit to Parliament that institution's annual report and financial statements referred to in paragraph (d), and the Auditor-General's report on those statements, within one month after the accounting officer received the Auditor-General's audit report; and

(f) is responsible for the submission by the department or constitutional institution of all reports, returns, notices and other information to Parliament, the relevant provincial legislature, an executive authority, the relevant treasury or the Auditor-General, as may be required by this Act.

(2) The Auditor-General must audit the financial statements referred to in subsection (1) (b) and submit an audit report on those statements to the accounting officer within two months of receipt of the statements.

5. Government Gazette No. 43188 dated 31 March 2020 issued by the Minister of Finance provides for the exemption from the PFMA prescribed dates as follows:

Public Finance Management Act, 1999: Exemption from Act and Regulations:

"2. (1) Subject to subparagraph (2), the relevant functionary or institution is exempted, for the 2019/2020 financial year, from complying with the deadlines in—

(a) sections 8(1)(b), 8(5), 19(1)(b), 19(5), 40(1)(c), 40(1)(d), 55(1)(c), 55(1)(d) and 65(2) of the Act;

(b) a regulation made or instruction issued in terms of section 76 of the Act which is associated with the provisions referred to in paragraph (a).

(2) The relevant functionary or institution must comply with a provision referred to in subparagraph (1) within one month after the deadline in the applicable provision.

(3) If the lock-down regarding the movement of persons and goods as a result of the national state of disaster is extended, the relevant functionary or institution must comply with a provision referred to in subparagraph (1) within two months after the deadline in the applicable provision."

BOOK CLOSURE REQUIREMENTS

6. Accounting transactions pertaining to the 2019/20 financial year closed on 31 March 2020.
7. The date set by National Treasury for final book-closure for the 2019/20 financial year on BAS remains set for **30 April 2020. National Treasury has been requested to extend this date beyond 30 April 2020 to provide for final accounting transactions to be captured and all reconciliations finalised.**

Departments will be informed of any developments in this regard.

FINANCIAL YEAR-END PROCEDURES

8. The checklist provided in paragraph 5 of BAS Notice 1 of 2020 **serves as guidelines** to assist departments to successfully close the 2019/20 financial year within the set target dates.

Asset and liability accounts

9. Every attempt must be made to clear outstanding amounts in the asset and liability accounts. **Annexure 1, appended to BAS Notice 1 of 2020** contains a list of the accounts that must/preferably have a zero balance at financial year-end.

Year-end procedures

10. Departments should have requested two trial balances (**totals on Fund 2, Item 3, Item 6 and Item 11**) as at **31 March 2020** (one immediate and one deferred) after capturing and authorising the month closure, but before the year-end batch run.
11. 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

12. **NB: All departments should 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 2020	Standard PERSAL Report
Leave in monetary value	Employee benefits: Leave entitlement	7.11.13 as at 31 March 2020	All leave forms of departments must be submitted to Corporate Service Centre (CSC) by 31 March 2020 to update all leave records on PERSAL (Capped leave included). Department of Health and Education to make their own arrangements.
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 8 June 2020 . (Excluded Health and Education)
Service Bonus Liability	Employee benefits: 13 th cheque	7.11.14 as at 31 March	Standard PERSAL Report
Key Management Personnel	Key Management Personnel: Salaries	XX1015 as at 31 March	With the exception of Departments of Health and Education, CSC will make information available to departments to be signed off by the AO.

- 12.1 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 departments. Information on PERSAL Report xx1015 will be updated and made available to departments by 30 April 2020.

- 12.2 The CSC will confirm by **15 May 2020** if all leave forms received by **31 March 2020** has been captured.
- 12.3 Information on Compensation of Employees: Internships (excluding Health and Education) will be provided to departments by CSC.
- 12.4 Departments to utilise **Report SR 0031** printed during the month of April for all payments related to March that was paid in April.
- 12.5 Report XX1015 which will be provided by PT Systems by **8 June 2020**. Departments should note that information not captured as at **29 May 2020** will not be reflected on this report.

PROCEDURES FOR POST FINANCIAL YEAR-END CLOSURE

13. The following procedures should be executed after the departments have closed the financial year:
- 13.1 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.
- 13.2 Additional reports required for compiling the AFS include, *inter alia* debtor's reports, detail reports on expenditure and revenue, etc. as at **31 March 2020** that should be requested as soon as the closure of the financial year is authorised.
- 13.3 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.

FINAL AUDIT CLOSURE

14. Once the Auditor-General of South Africa's (AGSA) audit 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.

ANNUAL FINANCIAL STATEMENTS (AFS)

LOGIS Reports

15. The LOGIS Financial Year-end 2019/20 Preparation Plan, Action Plan and Checklist is available on the LOGIS Website:
- <https://logis.pwv.gov.za/logisweb/Procedures> > **Business Support** > **Functional** > **Year End**.
16. 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.

Audit Working File

17. As conveyed in **Treasury Circular No. 7/2020, 17 March 2020**, 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

18. Information presented in the AFS must be reviewed by the CFO against the relevant supporting documentation and comply with the Modified Cash Standard in line with the accounting policies included in the 2019/20 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.
19. The Modified Cash Standard, Accounting Manual for Departments, prescribed formats in MS Word, Excel templates and any macros issued for the preparation of the 2019/20 AFS for departments are 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).
20. Please note that the formats (lay-out, sequence, headings, etc.) of the statements as presented in the MS Word Specimen cannot be altered. For assistance, please refer to the Guide on the Completion of the AFS template on the NT OAG website.

Preview of AFS

21. In order to improve the quality of information in the 2019/20 AFS, the Provincial Treasury, Directorate Provincial Government Accounting and Compliance requests departments to submit an **electronic copy** of their AFS **before or on Friday, 19 June 2020, in Excel format**. A combined AFS review session with departments will be conducted to discuss and resolve the AFS issues for 2019/20. The Provincial Treasury, Directorate Provincial Government Accounting and Compliance will conduct a preview and provide feedback before the final submission date of **30 June 2020**.

Submission to the AGSA and PT (Unaudited)

22. **On Tuesday, 30 June 2020**, 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;
 - Electronic copy of Excel & Word, using <http://lift.pgwc.gov.za>.

Submission to PT (Audited)

23. **On Monday, 31 August 2020**, 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 Excel & Word, using <http://lift.pgwc.gov.za>.
 - External confirmation certificate from AGSA to confirm review of AFS Excel template

Exemption

24. Any request for exemption from the MCS must please be directed to the PT Provincial Accountant General, for the attention of Mr H. du Toit, email address Henri.duToit@westerncape.gov.za.

Audit Process

25. Departments are encouraged 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.

IMPORTANT DATES

26. The following table presents a summary of important dates that departments must adhere to:

Action	Date	Paragraph reference	Reporting authority
Final book-closure date on BAS.	30 April 2020 before 16:00 (subject to NT confirmation)	7	Departments
Request two trial balances.	31 March 2020	10	Departments
Request PERSAL reports.	As at 31 March 2020	12	Departments
Submit full set of provisional AFS (Departments) for review.	19 June 2020	21	PT: PG Accounting and Compliance
Submit full set of unaudited AFS (Departments).	30 June 2020	22	PT: PG Accounting and Compliance
Submit full set of audited AFS (Departments).	31 August 2020	23	Auditor-General

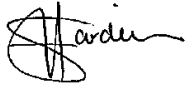
PT OFFICIALS

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

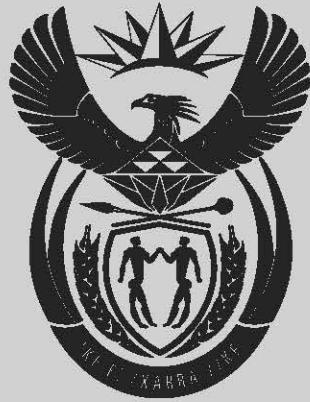
Department/Entity	Name	Telephone number	E-mail address
Education Economic Development and Tourism	Shaun Manuel	483-6600	Shaun.Manuel@westerncape.gov.za
Health Provincial Revenue Fund Cultural Affairs and Sport	Neil Schippers	483-8666	Neil.Schippers@westerncape.gov.za
TPW Provincial Treasury	Yolanda Solomons	483-6415	Yolanda.Solomons@westerncape.gov.za
Provincial Parliament Social Development	Claire La Vita	483-5427	Claire.LaVita2@westerncape.gov.za
Premier Environmental Affairs and Development Planning	Vurge van Rayner	483-4583	Vurge.vanRayner@westerncape.gov.za
Agriculture Community Safety	Loyiso Faniso	483-5171	Loyiso.Faniso@westerncape.gov.za
Human Settlements Local Government	Aslam Abrahams	483-6802	Aslam.Abrahams@westerncape.gov.za
Annual Consolidated Financial Statement	Yolanda Solomons	483 6415	Yolanda.Solomons@westerncape.gov.za

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

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



MR A HARDIEN
PROVINCIAL ACCOUNTANT-GENERAL
DATE: 3 April 2020



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GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

NATIONAL TREASURY

NO. 437

31 MARCH 2020

PUBLIC FINANCE MANAGEMENT ACT, 1999:
EXEMPTION FROM ACT AND REGULATIONS

I, TT Mboweni, hereby in terms of section 92 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), exempt institutions to which that Act applies as set out in the Schedule.



TT MBOWENI
MINISTER OF FINANCE

SCHEDULE

Definitions

1. In this Schedule—

“national state of disaster” means the national state of disaster declared under Government Notice No 313 of 15 March 2020 in terms of section 27(1) of the Disaster Management Act, 2002 (Act No. 57 of 2002); and

“the Act” means the Public Finance Management Act, 1999 (Act No. 1 of 1999), or any regulation made thereunder.

Exemption

- 2.(1) Subject to subparagraph (2), the relevant functionary or institution is exempted, for the 2019/2020 financial year, from complying with the deadlines in—
- (a) sections 8(1)(b), 8(5), 19(1)(b), 19(5), 40(1)(c), 40(1)(d), 55(1)(c), 55(1)(d) and 65(2) of the Act;
 - (b) a regulation made or instruction issued in terms of section 76 of the Act which is associated with the provisions referred to in paragraph (a).
- (2) The relevant functionary or institution must comply with a provision referred to in subparagraph (1) within one month after the deadline in the applicable provision.
- (3) If the lock-down regarding the movement of persons and goods as a result of the national state of disaster is extended, the relevant functionary or institution must comply with a provision referred to in subparagraph (1) within two months after the deadline in the applicable provision.

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