

WESTERN CAPE PROVINCIAL TREASURY INSTRUCTIONS

*Issued in terms of section 18(2)(a) of the
Public Finance Management Act, 1999 (Act 1 of 1999)*



Western Cape Provincial Treasury

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PART 1

**DEFINITIONS, APPLICATION, REPEAL OF
DIRECTIVES AND DATE OF
COMMENCEMENT**

CHAPTER 1

1 GENERAL DEFINITIONS, APPLICATION, REPEAL OF DIRECTIVES AND DATE OF COMMENCEMENT

1.1 GENERAL DEFINITIONS

1.1.1 In these Provincial Treasury Instructions, unless the context indicates otherwise, a word or expression, to which a meaning has been assigned in the Public Finance Management Act, 1999 (Act 1 of 1999) and the National Treasury Regulations, has the same meaning.

1.2 APPLICATION

1.2.1 These Provincial Treasury Instructions apply only to Provincial Departments, Provincial Public Entities and Provincial Government Business Enterprises of the Western Cape to the extent indicated below:

- (a) provincial departments: chapters 1 to 25,
- (b) provincial public entities: chapter 24,
- (c) provincial government business enterprises: chapter 24.

1.3 REPEAL OF DIRECTIVES

1.3.1 The Western Cape Provincial Treasury Directives issued in terms of section 18(2)(i) of the Public Finance Management Act, 1999 (Act 1 of 1999) on 1 June 2000 is hereby repealed.

1.4 DATE OF COMMENCEMENT

1.4.1 These Treasury Instructions take effect from 1 December 2001.

PART 2

MANAGEMENT ARRANGEMENTS

CHAPTER 2

2 CORPORATE MANAGEMENT

2.1 ACTING CHIEF FINANCIAL OFFICERS

2.1.1 When a Chief Financial Officer is absent or otherwise unable to perform the functions of Chief Financial Officer, or during a vacancy, the functions of Chief Financial Officer must be performed by the person acting in the place of the Chief Financial Officer.

2.2. CERTIFICATE BY CHIEF FINANCIAL OFFICER

2.2.1 All departmental submissions with financial implications must be directed to the Chief Financial Officer or the person acting on his/her behalf in terms of Provincial Treasury Instruction 2.1.1 for consideration and comment. The Chief Financial Officer must ensure that any applicable financial statutory requirements are complied with.

2.2.2 In pursuance of paragraph 2.2.1 above, the following certificate must be completed:

“I, the undersigned, do hereby certify that, in terms of Provincial Treasury Instruction 2.2.1:

- the financial implications of this submission have been noted,
- the submission complies with all applicable financial statutory requirements, and
- the submission is therefore in order.”

Additional comments:

CHIEF FINANCIAL OFFICER (Signature)

NAME IN PRINT

Date:.....

CHAPTER 3

3 INTERNAL CONTROL

- 3.1** Details pertaining to internal control can be found in Chapter Three of the National Treasury Regulations.

CHAPTER 4

4 FINANCIAL MISCONDUCT

- 4.1** Details pertaining to financial misconduct can be found in Chapter Four of the National Treasury Regulations and Chapter Ten of the Public Finance Management Act, 1999 (Act 1 of 1999).

PART THREE

PLANNING AND BUDGETING

CHAPTER 5

5 STRATEGIC PLANNING

- 5.1** Details pertaining to strategic planning can be found in Chapter Five of the National Treasury Regulations.

CHAPTER 6

6 BUDGETING AND RELATED MATTERS

- 6.1** Details pertaining to budgeting and related matters can be found in Chapter Six of the National Treasury Regulations, as well as the annual budget circulars, as issued by the Western Cape Provincial Treasury from time to time.

PART 4

REVENUE AND EXPENDITURE MANAGEMENT

CHAPTER 7

7 REVENUE MANAGEMENT

7.1 TARIFFS

7.1.1 A tariff register must be kept as stipulated by the Provincial Treasury. Tariff registers must be updated with the tariffs, as approved by the Provincial Treasury, within ten days after receipt of such approval. Tariff registers must be made available to the Provincial Treasury on request.

7.1.2 Proposed new or revised provincial tariff structures of all fees, charges or the rates, scales or tariffs of fees and charges that are fixed by any law and that relate to revenue accruing to the Provincial Revenue Fund, must be submitted to the Cabinet via the Provincial Treasury. It is recommended that consultation takes place with the Provincial Treasury before any proposed new or revised provincial tariff structure is submitted to Cabinet for its approval.

7.1.3 The following aspects must, where applicable, be taken into consideration during the determination and/or revision of the provincial tariff structure of all fees, charges or the rates, scales or tariffs of fees and charges that are not or cannot be fixed by any law and that relate to revenue accruing to the Provincial Revenue Fund:

- types of products and/or services provided,
- direct and indirect costs incurred to provide the products and/or services,
- nationally prescribed tariff structures and policies,
- exemptions and discounts,
- free products and/or services, and
- any aspects of material influence.

7.2 RECORDING OF REVENUE RECEIPTS

7.2.1 Measures must be instituted and regularly revised to ensure that revenue receipts are consistently allocated to the appropriate revenue items. The registration of new revenue item codes and any amendment of existing item code structure may only be done in concurrence with the Provincial Treasury.

CHAPTER 8

8 EXPENDITURE MANAGEMENT

PAYMENTS OUT OF VOTED AND OTHER PROVINCIAL GOVERNMENT MONEYS

8.1 PAYMENTS AND VOUCHERS

- 8.1.1 Suitable arrangements must be made to ensure that all claims payable are received within a reasonable period to prevent claims being submitted long after services have been rendered. Where a claim, account or invoice cannot be obtained timeously in order to expedite payment so as to take advantage of any permissible discount, the voucher for such payment may be supported by a certificate from a duly authorised official to the effect that the supplier is, in terms of a contract, tender, quotation or agreement, entitled to the payment indicated on the payment voucher.
- 8.1.2 Monthly accounts and statements of outstanding balances rendered by suppliers to departments must be verified with the records of the department. Any discrepancies must immediately be taken up in writing with the supplier concerned.
- 8.1.3 Certificates in support of vouchers must be given by persons who have actual knowledge of the goods supplied and the services rendered.
- 8.1.4 A person furnishing an inaccurate certificate resulting in an irregular payment or overpayment may be liable for any loss or damage suffered.
- 8.1.5 The following must be certified in respect of the various services and claims:
- (a) **Goods supplied -**
that the supplies were in fact required for official purposes and for an approved service, were on receipt correct and in good condition and that the receipt of the supplies had been entered in the records;
that the rates are in accordance with a contract or that they are fair and reasonable and that the supplier is entitled to payment.
 - (b) **Services rendered -**
that the services rendered were necessary for official purposes and were satisfactorily carried out, and that the charges are according to the relative tariff, contract or agreement, or otherwise are fair and reasonable and that the supplier is entitled to payment.

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- (c) **Subsistence and other allowances -**
as provided on the approved form.
 - (d) **Claims for small payments (petty cash) -**
that the expenses were actually incurred and paid on behalf of the department.
 - (e) **Expenditure peculiar to certain departments -**
as set out in instructions by the departments concerned.
- 8.1.6 Prior to a payment being made, the person verifying the voucher for payment must ensure that the certificate in support of the voucher is in order. If for any reason a certificate is found to be defective, or if there are reasonable grounds for doubting its accuracy, the certificate must be returned to the person who issued it, who must amend the mistake and initial the correction. It remains the duty of persons who examine them to institute the necessary enquiry if in their opinion a certificate is inconsistent with the facts.
- 8.1.7 The person verifying the voucher for payment must thereafter certify it accordingly and make sure that the following requirements have been complied with before proceeding with the payment, viz. that the claim is -
- (a) a proper charge against Provincial Government moneys and has not already been paid;
 - (b) in accordance with a law, regulation, tariff or agreement or that it is fair and reasonable;
 - (c) covered by competent authority;
 - (d) correct in respect of the period covered by the claim;
 - (e) correct with regard to computations;
 - (f) supported, where applicable, by the necessary documents or an explanation of its absence; and
 - (g) in general, in order.
- 8.1.8 A progress or part payment must not be made unless it is supported by a certificate indicating that the amount of the payment requested is fully covered by or equal to stores or equipment already so delivered and for the services already so rendered.
- 8.1.9 An initial or progress payment in terms of a contract or written agreement must not be considered an advance but must be brought into account against the appropriate vote or service and a voucher for such payment must-
- (a) show the total amount payable in terms of the contract or agreement;
 - (b) show the total amount of all previous payments under the contract or agreement;

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- (c) show the total payments to date, including the payment being made by the voucher;
 - (d) show the balance due; and
 - (e) be supported by a certificate from a duly authorised person that the supplier is entitled to the payment in terms of the contract or agreement.

- 8.1.10 Payments for supplies or services or for work done under contract or agreement must be supported by certificates from competent persons to the effect that such payments are in accordance with the terms of the contract or agreement and, where applicable, that work to the value of the amount to be paid has been properly performed.

- 8.1.11 Where the services of consultants are contracted to perform work on behalf of the Department, a certificate that a progress payment has become due under the contract must first be obtained from such consultants before a payment can be effected.

- 8.1.12 A final payment upon the completion of a contract must be supported by a certificate from a duly authorised person in the department that the terms of the contract have been properly complied with in every respect.

- 8.1.13 Payments may only be made to persons to whom they are due or to their duly authorised representatives. The person responsible for making of the actual payment must satisfy themselves that the representatives concerned are duly authorised by means of a power of attorney or other proper authority to receive such payments.

- 8.1.14 Where an error or overcharge is made in an invoice or claim, or where such invoice or claim contains an item which is not acceptable as a charge against provincial moneys, and the payment voucher differs from the account submitted, the correct amount due must be paid and the supplier or claimant notified accordingly.

- 8.1.15 Where requisitions, invoices or statements are the supporting documents to a payment voucher, sufficient detail must be given on the voucher to ensure that the expenditure can be identified should the requisitions, invoices or statements become detached or removed.

- 8.2 ORDERS AND OFFICIAL ORDER FORMS**

- 8.2.1 Orders for the purchase of goods and requisitions for the supply of services must only be made on the forms approved by the Provincial Treasury, such forms constituting an essential part of any vouchers submitted in support of payment. Where a service is rendered regularly in terms of a standing contract

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or where a continuing service such as the supply of water and electricity is provided by a local authority, order forms are not required. In such cases suitable departmental records must be kept to avoid double payments.

- 8.2.2 When supplies or services are urgently required and are ordered by facsimile or telephone, the order form number must be given to the supplier. The official order form must then be forwarded to the supplier as soon as possible after the order has been placed.
- 8.2.3 Where the issue of an official order form for the supply of goods or services has been overlooked and the omission is only discovered later, the order form must nevertheless be completed to avoid double payments. In such cases the supplier's copy, after having been suitably endorsed, must be placed in the order book under the date on which the goods were purchased and a suitable endorsement made on the order book copy.
- 8.2.4 The payment copy of the order form must be retained in the issuing office until the invoice with the necessary certifications are received, whereafter the payment voucher must be submitted for payment.
- 8.2.5 To prevent double payments in cases where the payment copy of an order form has been mislaid, the following procedure must be followed:
- (a) The details appearing on the book copy of the order form must be dispatched by the issuing office to the recipient of the goods or service for certification that the goods have been received and are as ordered, or that the service has been satisfactorily carried out.
 - (b) When the certified order form is received back in the issuing office, the book copy of the order form must in addition to the requirements of Provincial Treasury Instruction 8.2.6 be endorsed as follows:
"Original payment copy mislaid - not previously paid".
 - (c) Thereafter a photostat copy or a duplicate of the book copy must be used to serve as the payment copy and, as proof that the order has been executed, the certified form must be attached and submitted together with the invoice for payment.
- 8.2.6 Order formbooks must be examined at regular intervals to ensure that all accounts have been received and forwarded for payment. The number of the cheque/Electronic Fund Transfer or the payment number, or the date on which the account is passed for payment, or the date the account is finally disposed of or paid must be endorsed on all office copies of order forms issued.

8.3 PERSONNEL COSTS

8.3.1 METHOD OF PAYING SALARIES, WAGES AND ALLOWANCES

8.3.1.1 The salaries, wages and allowances of persons in the Public Service must be paid as follows:

- (a) By crediting, via the salary system, with due regard to the risks which may be involved, the beneficiary's personal account or the account of such person's husband/wife at a bank.
- (b) If this method of payment is not feasible, payment must be made by cheque.
- (c) By cash, only in extraordinary circumstances, with the prior approval of the Provincial Treasury.

8.3.1.2 With regard to Provincial Treasury Instruction 8.3.1.1(a) above, provision must be made on the applicable form for an impression of the bank's name stamp as confirmation that the correct account number appears on the form. Where use is made of the magnetic tape service it is of the utmost importance that banking details be absolutely correct.

8.3.2 RECALL OF DEPOSITS

8.3.2.1 Where remuneration is deposited into the banking accounts of staff and a deposit is recalled or must be recalled for some reason, the following procedure must be followed in accounting for the moneys payable for recall:

- (a) Should the beneficiary request that the deposit be recalled in his/her interest, the moneys for recall are payable by him/her;
- (b) Should a person in the employ of the Provincial Government be responsible for an erroneous deposit that needs to be recalled, the recovery of the money for such recall may be recovered from that person.
- (c) In cases where the recall is done in the interest of the Provincial Government, the moneys for recall in that particular instance must preferably be dealt with as a debit against the objective(s) from which the person's salary is paid or, alternatively, against an objective in the Administration programme.

8.3.3 ADJUSTMENT OF ERRORS

8.3.3.1 Where computerised systems are in use, the following Instructions apply:

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- (a) When a recall and written back are done on the system where an error is discovered *before pay-day*, the necessary transactions will be done automatically.
- (b) Where an error is discovered *after pay-day*, the following procedure must be adhered to:
 - (i) A supplementary payroll report must be compiled in respect of the correct period for the recovery of such deductions or amended deductions (mainly pension contributions) as are necessary.
 - (ii) In cases of resignation, the overpayment will be deducted from pensions or any other remuneration.
 - (iii) When the person is still in service, the overpayment must be deducted from the following month's salary.

8.3.4 CONTROL OF PAYROLL REPORTS

- 8.3.4.1 Payroll reports, certifying that the persons listed thereon are in fact entitled to receive the salaries or wages as indicated, must be filed in chronological order and be available for audit and inspection purposes.

8.3.5 CERTIFICATES TO BE GIVEN ON PAYROLL REPORTS

- 8.3.5.1 Where computerised systems are in use, the following certification must be printed at the bottom of the last page of the payroll report in respect of each paypoint and signed prior to pay-day by the person in charge of the respective paypoint:

"I certify that, unless otherwise indicated, all persons listed on the payroll report in respect of this paypoint, were employed during the period indicated and entitled to such payment as indicated."

8.3.6 ADVANCES AND CLAIMS IN RESPECT OF SUBSISTENCE AND OTHER RELEVANT INCIDENTAL EXPENSES

- 8.3.6.1 Where justified by circumstances standing advances may be granted in respect of subsistence and other relevant expenses, provided that as soon as the necessity for an advance, so approved and paid, ceases to exist, it must be repaid immediately.
- 8.3.6.2 A standing advance in respect of subsistence and other expenses must be reviewed annually in order to determine whether the amount needs to be revised or whether the necessity therefore still exist.

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- 8.3.6.3 A claim in respect of subsistence and other relevant expenses must be submitted immediately after the person's return to his/her office and monthly by someone absent on extended duty. Advances, which are not standing advances, must be offset against claims for subsistence and other expenses and in the event of a claim being less than the advance, the difference must immediately be repaid by the person concerned.
- 8.3.6.4 Suitable records must be maintained to avoid the double payment of claims or portions thereof.
- 8.3.6.5 A department inviting an official in the service of another department, for whatever reason, may pay subsistence and other related expenditure.
- 8.3.6.6 Approved subsistence and other expenses must be brought as a charge against the sub-item concerned. In the case of a Provincial Minister who holds more than one portfolio, his/her subsistence and other expenses must normally be charged to the vote which pays his/her salary, except where the applicable Accounting Officers mutually agree that expenditure specifically incurred by the Minister on behalf of another vote, e.g. foreign travelling expenses, may be borne by the other vote.
- 8.3.6.7 Persons in the employ of the Provincial Government who serve as members of boards, committees or other bodies, whether or not constituted by law or by deed of agreement, must be paid subsistence and other expenses in terms of the Public Service Act, 1994 (as amended), which must be accounted for against the votes of their departments.
- 8.3.6.8 Should any person who is not remunerated from a vote or who is not attached to a department attend meetings convened by Provincial Ministers, subsistence and transport expenditure may be accepted against the vote benefiting from the meeting after specific authorisation by the Provincial Minister concerned.
- 8.3.7 PERSONS TEMPORARILY SECONDED BY ONE DEPARTMENT TO ANOTHER**
- 8.3.7.1 A person temporarily seconded by one department to another must receive his/her emoluments from the recipient department, unless both departments agree otherwise, or the Provincial Treasury approves another arrangement.
- 8.3.7.2 The subsistence and other expenses of a person seconded by one department to another must in all cases be paid at the same rate and under the same conditions as if such official were in the service of his/her own department.

8.3.8 PAYMENT OF SALARIES AND ALLOWANCES IN THE CASE OF TRANSFERS

- 8.3.8.1 When a person is transferred from one department to another, his/her new department must accept liability for -
- (a) payment of such a person's salary and allowances -
 - (i) from the first day of the month (irrespective of whether that day is a Saturday, Sunday or public holiday) following that on which the person relinquished actual duty in his/her previous department for the purpose of proceeding on transfer; or
 - (ii) from the first day of the month (irrespective of whether that day is a Saturday, Sunday or public holiday) following the day on which any period of leave authorised by the person's previous department expires;
 - (b) the expenditure which may be met from Provincial Government funds in connection with the transfer of the person.
- 8.3.8.2 In cases where a person departs from his/her previous station on a day on which the person was actually employed on official duty, or on a day on which the person was absent on leave authorised by his/her previous department, the day of relinquishment of duty must be that day.
- 8.3.8.3 When a person is transferred from one department to another, the person's new department must be liable for the payment of abnormal living expenses incurred at either the previous or the new station.
- 8.3.8.4 Where a person is transferred from one department to another during the course of a month, the person's previous department must pay his/her salary and allowances up to the end of the particular month.
- 8.3.8.5 Where a person is transferred from one department to another, and that person's service record was not transferred programmatically, a payment of salary or allowance must not be made to such person unless a last pay certificate has been received from the department from which he/she was transferred.
- 8.3.8.6 Any deviations from Provincial Treasury Instructions 8.3.8.1 to 8.3.8.4 may take place if both departments agree thereto, or if the Provincial Treasury's approval is obtained for such deviations.

CHAPTER 9

9 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

9.1 UNAUTHORISED EXPENDITURE

9.1.1 Unauthorised expenditure must, provided the books for the financial year in which it is incurred have not been finally closed, be reflected in the accounts of that financial year as follows:

- (a) An account named “Unauthorised Expenditure Account 20--/20-- (applicable financial year)” must be opened. After the final expenditure for the year (which must include any unauthorised expenditure) has been transferred to the “General Account of the Vote” and, before this account is closed off for the financial year, the total amount of the unauthorised expenditure must be journalised as follows:

Debit: Unauthorised Expenditure Account 20--/20--

Credit: General Account of the Vote

- (b) If the “General Account of the Vote” shows a credit balance after the entry referred to in (a) above has been passed, the account must be closed off by transferring the relative balance to the “Exchequer Issues Account”.

- (c) The balance in the “Unauthorised Expenditure Account” must be carried over to the following financial year and if the Provincial Parliament, on the recommendation of the Standing Committee on Public Accounts, appropriates an amount in respect of the unauthorised expenditure, a requisition must be submitted to the Provincial Treasury by the Department concerned (after the relative Finance Bill has been promulgated) in which reference is made of the Finance Bill. The resultant credits granted by the Provincial Treasury against the Department’s Bank Account and after the bank interface has taken place in the Department’s books, must be cleared as follows:

Debit: Deposit Account

Credit: Unauthorised Expenditure Account 20--/20--

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9.1.2 Unauthorised expenditure originating after the books of a department have been closed, i.e. in respect of any previous financial year, must be dealt with in the current financial year as follows:

The amount must be –

- (a) disallowed by debiting “Unauthorised Expenditure Account” and crediting the “Exchequer Issues Account”, and
- (b) repaid to the Provincial Treasury for credit to the Provincial Revenue Fund as a surrender in respect of the unauthorised expenditure for the relative financial year by debiting the “Exchequer Issues Account”.

Should the expenditure be authorised by the Provincial Parliament, the amount must be requisitioned in the usual manner and brought to account in accordance with paragraph 9.1.1(c) above.

9.1.3 In the Income Statement for the financial year in which unauthorised expenditure is incurred, the amount must be reflected as –

- (a) “surplus to be surrendered” pertaining to expenditure must be the same as the final credit balance in the “General Account of the Vote” as transferred to the “Exchequer Issues Account”, and
- (b) “deficit to be voted” pertaining to expenditure must agree with the amount with which the “General Account of the Vote” has been credited and in respect of which a corresponding amount has been debited to the “Unauthorised Expenditure Account” for the financial year.”

PART 5

ASSET AND LIABILITY MANAGEMENT

CHAPTER 10

10. ASSET MANAGEMENT

10.1 RECORDING OF ASSETS

10.1.1 A record of all assets under a department's control, including information deemed necessary in respect of an asset or a category of assets, must be readily available for audit and inspection purposes.

10.2 MARKING OF PROVINCIAL GOVERNMENT PROPERTY

10.2.1 All stores and equipment which are capable of being marked and which have not already been suitably marked, must be marked with the state ownership mark.

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10.2.2 All domestic livestock, except registered pedigree stock and horses which do not bear a mark of Provincial Government ownership, must be branded in terms of the Livestock Brands Act, 1962 (Act No. 87 of 1962), to denote Provincial Government ownership. Pedigree stock and horses must be marked in accordance with applicable requirements.

10.2.3 Upon disposal, other than by issue for Provincial Government use -

- (a) the Provincial Government mark on stores and equipment must be cancelled with a cross ("X") to show that Provincial Government ownership has ceased; and
- (b) the brand on livestock must be dealt with in terms of the Livestock Brands Act, 1962 (Act No. 87 of 1962).

10.3 HANDING-OVER

10.3.1 Where a change in persons in direct control of stores, equipment or livestock takes place, a handing-over certificate must be completed and a copy retained for record and audit purposes.

10.3.2 If for any reason the person from whom the stores, equipment or livestock are being taken over is not available, an impartial person must be nominated, in writing, to assist the person taking over with the verification of the stores, equipment and livestock and the certification of any discrepancies.

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10.3.3 In case of failure to comply with the requirements of a handing-over certificate, the person taking over may be held liable for any shortages, unless it can be established that the shortages existed prior to the person taking over.

10.4 UNAUTHORISED USE AND TRANSACTIONS

10.4.1 During the requisitioning, consideration, acceptance or allocation of tenders/quotations or any offer, no person employed by the Provincial Government or any person who acts on behalf of the Provincial Government may exercise or use his/her discretion, official powers or position in such a manner as to obtain for himself/herself or for any other person or legal person an unlawful or unauthorised advantage or an advantage that serves to unlawfully prejudice the interests of the Provincial Government or any other person or legal person.

10.4.2 Stores must only be kept in accommodation designated by the Accounting Officer.

10.4.3 Stores and equipment must only be used for official purposes.

CHAPTER 11

11 MANAGEMENT OF DEBTORS

11.1 COLLECTION OF DEBTS DUE TO THE DEPARTMENT

11.1.1 Persons responsible for the collection of debts due to the department must examine the estate notices in the Government Gazettes regularly in order to ensure that, where applicable, claims in respect of such debts are lodged in time against deceased or insolvent estates, if such claims are deemed viable.

11.2 LIAISON WITH BRANCH: LEGAL SERVICES

11.2.1 The referral of a matter to the State Attorney as contemplated in National Treasury Regulation 11.2.1(b), must be done via the Branch: Legal Services of the Provincial Government.

CHAPTER 12

12 MANAGEMENT OF LOSSES AND CLAIMS

12.1 DEFINITIONS IN RESPECT OF MANAGEMENT OF LOSSES AND CLAIMS

"**claim**" means a lawsuit, action, interdict, arbitration, inquest or dispute and also includes an intended lawsuit, action, interdict, arbitration, inquest or dispute;

"**losses**" means any material loss or damages or prejudice to the State or a said person and, without derogating from or limiting the concept, also shortages, damages, fruitless or wasteful expenditure and compensations;

"**other persons**" means any natural person or legal person with the exception of a "said person";

"**said person**" means all persons who are or were in the employ of the State and, notwithstanding the above also persons who on a full-time or part-time basis render/rendered voluntary services to the State or who hold honorary appointments or any other persons who are/were compelled by law or a court order to render services to/on behalf of the State (this includes persons who render/rendered services in terms of a contract if this instruction has been made applicable to the contractor);

"**State Attorney**" means the State Attorney or any person in charge of an office of the State Attorney or employed as an attorney in said office in accordance with the provisions of the State Attorneys Act, 1975 (Act 56 of 1975).

12.1(A) GENERAL NOTE

Notwithstanding the fact that National Treasury Regulation 12 provides for the role of the State Attorney in respect of the management of losses and claims, it should be noted that in instances of a conflict of interest or a potential conflict of interest between the Provincial Government and the National Government, the State Attorney is obliged to act for the National Government. In such cases the Provincial Government may, via Legal Services, appoint a private attorney if the State Attorney cannot act for the Provincial Government. Any reference to the State Attorney in Provincial Treasury Instruction 12 may therefore include a reference to a private practitioner, as the case may be.

12.2 RESPONSIBILITY FOR LOSS CONTROL

12.2.1 An official must be charged in writing with the duties attached to loss control (hereinafter referred to as the Loss Control Officer). The Loss Control Officer must be responsible for, amongst other things, the following:

- (a) obtaining all details, statements, etc., in connection with claims and losses and entering all claims and losses in a loss register;
- (b) following up and settling such cases;
- (c) liaising with the Office of the State Attorney via the Branch: Legal Services of the Provincial Government;
- (d) monitoring claims to prevent prescription;
- (e) issuing of departmental directives, instructions etc., to periodically draw the attention of all persons to the fact that all possible efforts must continually be made to prevent claims from arising against the State or the State sustaining losses, and that all acts and omissions which may result in claims against, or losses to the State should be reported.

12.2.2 A Loss Control Officer must keep a register, in which particulars of all losses are recorded.

12.3 ELEMENTS OF LOSS CONTROL

12.3.1 Records of losses must include the:

- (a) value of the loss as determined in paragraph 12.13.1;
- (b) amount recovered;
- (c) amount written off;
- (d) authority/reference for adjustment; and
- (e) updated asset registers and inventory records.

12.3.2 Processes for managing loss control must cater for the:

- (a) procedures on reporting losses and damages;
- (b) form and content of reports by officials reporting losses and damages;
- (c) reviewing and investigating of losses and damages;
- (d) the form and content of a Losses/Damages register; and
- (e) recovery and review procedures.

12.4 LIAISON WITH BRANCH: LEGAL SERVICES

12.4.1 For the purposes of this Instruction, any interaction with the State Attorney must be done in consultation with the Branch: Legal Services of the Provincial Government.

12.5 REPORTING OF LOSSES AND DAMAGES

12.5.1 An official, who becomes aware of a loss or damage to State property, must report such loss or damage immediately in writing to the Loss Control Officer. The Loss Control Officer must investigate the matter or have it investigated without delay and, if requested, must ensure that the identity of the person or persons who reported the irregularity to him/her, is not made known. In cases in which a person who is aware of an irregularity, suspects that his/her identity may become known or that the Loss Control Officer is involved, he/she must report the irregularity to the Accounting Officer or, if the Accounting Officer is involved in the irregularities, to the Office of the Auditor General.

12.6 DISCIPLINARY MEASURES

12.6.1 Regardless as to whether or not money is recovered in terms of these Instructions from the said persons, disciplinary measures in terms of the Public Service Act, 1994 (as amended) or other relevant legislation and collective agreements must always be considered.

12.7 LOSSES OR DAMAGES OCCURRING BETWEEN DEPARTMENTS

12.7.1 Whenever State money, stamps, face value forms and forms having a potential value, securities, equipment, stores or any other State property is lost, destroyed or damaged while in use or under the control of the user department, the user department must bear the loss. If, however, it can be proven that the owner department is responsible for the damages or loss, the owner department must bear the loss. The user department will always be responsible for conducting the necessary investigations. Disputes between lending/borrowing departments must be referred to the Provincial Treasury for a final decision.

12.8 CLAIMS AGAINST THE STATE THROUGH ACTS OR OMISSIONS

12.8.1 Where only a said person is held liable by another person for damage to property or for injuries to or the death of a person arising from the handling or use of mobile State implements and where such person has forfeited the cover contemplated in the National Treasury Regulations, the State Attorney may, if so requested by the said person, deal with claims or actions on the said person's behalf, should the State Attorney be of the opinion that the State has an interest in the case. In such an event, the case must be dealt with on the express understanding that all the legal costs and expenditure incurred by the State Attorney must be repaid to the State by the said person.

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- 12.8.2 Institutions receiving claims must, when approaching the State Attorney in pursuance of paragraph 12.8.1, furnish the following:
- (a) full particulars of the claim and of the events and circumstances that gave rise to the claim;
 - (b) the Statements of the said person and others in which all the relevant information is set out in full; and
 - (c) all other relevant documentation, Statements by witnesses and information.
- 12.8.3 Where the claim is instituted against the said person personally or against the said person as co-defendant with the State, and the said person desires the State Attorney to act on the said person's behalf, the department must request the State Attorney accordingly and furnish the State Attorney with an undertaking (Annexure A) completed by the said person. The State retains the right to recover the amounts disbursed by it in respect of such claims and costs from the said person whose acts and omissions gave rise to the claims or actions.
- 12.8.4 Should a person elect to deal with the case without State assistance, that person is free to do so, but will be responsible for legal costs and no claim for reimbursement thereof will be considered favourably by the State. The State will, however, accept liability for the amount of the judgement against such person provided the State is vicariously liable and such person has not forfeited cover.
- 12.8.5 Subject to National Treasury Regulation 12.2.4, if the Accounting Officer agrees with the opinion of the State Attorney, the Accounting Officer may instruct the State Attorney either to dispute the claim or to settle it as advantageously as possible, as the case may be. Payments in pursuance of a settlement are not regarded as *ex gratia* payments, but will form a debit against the expenditure item: Thefts and Losses.
- 12.8.6 The State Attorney will inform the relevant department as to the final outcome of the matter. The department must forthwith furnish the State Attorney with a payment for the amount payable plus the legal costs payable to the claimant, if applicable, and this amount as well as the legal costs of the State Attorney must be charged to the applicable department's vote without reference to the Provincial Treasury: Provided that, if a civil action is instituted against a said person in the said person's own name or as co-defendant and the State Attorney, at any time during the proceedings, after consultation with the Accounting Officer concerned, is of the opinion that the said person against whom a claim is being made has forfeited the protection of paragraph 12.2.1 of the National Treasury Regulations or the matter does not fall within the scope of these Provincial Treasury Instructions, the capital and costs payable in terms of settlement or a court order must not be paid from public moneys but by the

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said person. In that case the State Attorney may withdraw as the said person's attorney from the case, but may recover on behalf of the State any amounts paid on behalf of the said person.

12.8.7 Subject to National Treasury Regulation 12.2, when a claim has been paid, it must be considered whether the said person can be held liable for the amount paid to the claimant as well as the legal costs. If so, such amounts must be recovered from the said person, as contemplated in National Treasury Regulation 12.7.1.

12.8.8 The procedure set out in Provincial Treasury Instruction 12.8 must *mutatis mutandis* also be followed by both parties when dealing with inter-departmental claims. The State Attorney may be requested to act as arbitrator and the State Attorney's decision will be binding on the parties concerned. Prescription or maturity dates do not apply for the purposes of this Provincial Treasury Instruction.

12.9 CLAIMS BY SAID PERSONS AGAINST THE STATE

12.9.1 Where a said person institutes a claim against the State and the Accounting Officer is uncertain whether he/she should settle or oppose the matter, the Accounting Officer must submit all the relevant documents and statements to the State Attorney, on whose opinion the Accounting Officer may decide whether the claim is to be paid, settled or opposed. Such a claim must be dealt with in accordance with Provincial Treasury Instruction 12.8.

12.10 RECOVERY OF LOSSES AND DAMAGES

12.10.1 When it appears that deficiencies, losses or damage for the State (including losses of/or damage to mobile state implements, the direct cause of which do not arise from the handling or use thereof) were caused or could have been caused by the acts or omissions of said persons, the Accounting Officer must immediately ensure that such investigations are to be instituted and all such written statements to be obtained as, in the circumstances, may be necessary in order to determine the liability of the said person whose act or omission may have caused the loss or damage or contributed thereto.

12.11 LOSSES AND DAMAGES THROUGH VIS MAJOR AND OTHER UNAVOIDABLE CAUSES

12.11.1 The amount of the loss or damage may not be written off or the case disposed of before a thorough investigation has been carried out and it has been found that no act or omission by a said person or any other person contributed to the loss or damage taking place or facilitated or aggravated it and that no said person or other person can be held liable for the loss or damage or for part thereof.

12.12 LOSSES OR DAMAGES THROUGH CRIMINAL ACTS OR OMISSIONS

12.12.1 Directly after the identity and whereabouts of the said person or person whose alleged unlawful act caused the loss, or the whereabouts of any stolen money or property or any assets alleged to have been acquired by means of such money or property, become known, the Accounting Officer may report the matter, together with such further particulars as may be available, to the State Attorney for consideration and advice as to the method to be adopted by the Accounting Officer for the recovery of the money or property or for otherwise safeguarding the interests of the State. Provided that the matter need not, however, be reported to the State Attorney if the Accounting Officer can recover the loss or damage and has taken steps or is taking such steps either by means of a deduction from the person's salary or pension fund contributions or by requesting the public prosecutor who is taking criminal action against the person concerned or against the receiver of the stolen property, to apply to court on behalf of the State for compensation or restitution in terms of section 300 of the Criminal Procedure Act, 1977 (Act No 51 of 1977).

12.12.2 Subject to National Treasury Regulation 12.5, losses or damages referred to in paragraph 12.12.1 may be dealt with by Accounting Officers provided that:

- (a) the amount of the loss or damage is not written off before a thorough investigation has been carried out and it has been found that it is irrecoverable;
- (b) writing-off or other action is not considered before the final Police report has been received; and
- (c) consideration has been given to approach the State Attorney for advice.

12.13 RECOVERY IN RESPECT OF LOSSES OR DAMAGES TO STORES AND EQUIPMENT

12.13.1 Where said persons or other persons are involved in the loss of stores and equipment, the amount to be recovered from such persons must be calculated as follows:

- (a) articles with a long lifespan where practically no depreciation occurs, at current value, i.e. the cost or price of a similar article;
- (b) articles that have an accepted basis of depreciation (e.g. a certain percentage per annum), at the depreciated value; and
- (c) articles other than those referred to in (a) and (b) above
 - (i) articles described as new @: 90% of the replacement value;
 - (ii) articles described as good @: 75% of the replacement value;

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- (iii) articles described as fair @: 50% of the replacement value; and
- (iv) articles described as poor @: 20% of the replacement value.

12.13.2 No percentage charge must be levied to cover transport, postage, handling or other overhead costs.

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**ANNEXURE A
APPLICATION AND UNDERTAKING IN TERMS OF P T I 12.8.3**

I,....., the undersigned, hereby request the State Attorney in terms of P T I 12.8.3 to defend the action instituted against me by

1. I hereby undertake on demand to refund to the State all costs (including attorney's and client's costs) involved in the case, including the claimant's costs, if the State has paid them, and any other amounts the Department may have disbursed on my behalf in terms of any settlement of the claim or any court order against me if the State Attorney, after consultation with the Accounting Officer, finds that I have forfeited the cover referred to in Chapter 12 of the National Treasury Regulations.
2. I hereby authorise the State to deduct from my salary in one payment or in any number of payments the Accounting Officer may think fit any amount due in accordance with this agreement. I also cede to the State all rights and claims to any legal costs I may obtain in terms of a court order.
3. I declare that I am aware of the provisions of section 2(3)(a) of the General Pensions Act, 1979 (Act 29 of 1979), regarding deductions in terms of and according to that section from any annuity or benefit payable to me upon my retirement or dismissal in terms of the Government Employees Pension Law, 1996 (Proclamation 21 of 1996) in respect of an amount due from me to the State owing to a decision contemplated in this agreement.

Signed at on this day of20.....

.....
Signature

Witnesses:

1.
2.

RECOMMENDATION

I,.....in my capacity asdeclare that I am, on the basis of the information at my disposal, of the opinion that the official has not forfeited the aforementioned cover and that his/her defence by the State Attorney is in the State's interest, and I therefore recommend that the above-mentioned application be accepted and that the official's defence be undertaken by the State Attorney, as requested.

Dated at on this day of20.....

.....
Accounting Officer

CHAPTER 13

13 LOANS, GUARANTEES AND OTHER COMMITMENTS

- 13.1** Details pertaining to loans, guarantees and other commitments can be found in Chapter Thirteen of the National Treasury Regulations.

CHAPTER 14

14 MONEY AND PROPERTY HELD IN TRUST

14.1 TRUST MONEY OTHER THAN THAT DEFINED IN NATIONAL TREASURY REGULATION 14.2.1

14.1.1 Trust money in this context refers to money that is taken from a member of the public for safe-keeping whilst such a person is placed in the custody of a Provincial Government department, or an authorised person, or who is in the care of the last mentioned person or where the last mentioned person acts as guardian or agent to ensure the surveillance/care of a member/members of the public, or where the said authorised person acts on behalf of the Provincial Government in another way by virtue of delegated powers.

14.1.2 Trust money may with due regard to the period of safe-keeping, at the choice of the owner, be deposited in a personal account with a financial institution (including the Post Office). Where such choice is unreasonable or is not exercised, Provincial Treasury Instruction 14.1.3 must *mutatis mutandis* be applied.

14.1.3 Where private recreational or other funds on behalf of persons under surveillance/care are authorised by the Accounting Officer, such funds must be separately accounted for in the books of the department.

PART 6

FRAMEWORKS

CHAPTER 15

15 BANKING, CASH MANAGEMENT AND INVESTMENT

(RECEIPT OF PROVINCIAL GOVERNMENT MONEY)

15.1 POST-DATED CHEQUES RECEIVED

15.1.1 Where payment is made to the Provincial Government by means of a post-dated cheque, an official receipt must not be issued before the date of such cheque. If a bank charges a handling fee for a post-dated cheque that was presented for payment, said charge may not be met from Provincial Government funds and must be recovered from the responsible person.

15.2 BLANK CHEQUES RECEIVED

15.2.1 Blank cheques may be accepted if, in the opinion of the head of the office, such action is justified and provided that all instructions regarding the receipt, safe custody and disposal of Provincial Government moneys are strictly adhered to.

15.3 PERSONS WHO MAY TAKE RECEIPT OF PROVINCIAL GOVERNMENT MONEYS

15.3.1 The duties of persons responsible for the collection and receipt of Provincial Government moneys must be assigned to them in writing by the head of the office.

15.3.2 Any person whose duties include the receipt or disbursement of Provincial Government moneys must be responsible for the safe custody of all such moneys under his/her control.

15.3.3 Persons entrusted with the receipt and handling of Provincial Government moneys should preferably be rotated at regular intervals.

15.3.4 If a person entrusted with the receipt, payment or collection of Provincial Government moneys is relieved of his/her duties, either temporarily or permanently, his/her receipts and payments and cash books, or in the case of computerised systems the corresponding control accounts, must be checked and balanced and the correctness of the balances and cash on hand certified by the signatures of the person being relieved, the person taking over and the supervisor. If the person being relieved is for any reason not able to so certify, a third person must, where possible, be called upon to certify the correctness of the balance by appending his/her signature.

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15.3.5 When a person is relieved as contemplated by Provincial Treasury Instruction 15.3.4, a list must be compiled of the contents of any safe or cash register handed over and this list must be certified by the persons referred to in that Instruction.

15.4 CROSSING OF CHEQUES, BANKERS DRAFTS, ETC. UPON RECEIPT

15.4.1 Cheques, bankers drafts, money orders, postal orders and other negotiable instruments of payment received by a person on behalf of and made out to the Provincial Government, must immediately on receipt thereof be stamped with the words "not transferable" between two parallel transverse lines.

15.5 ISSUE OF RECEIPTS

15.5.1 Except as provided in Provincial Treasury Instruction 15.8, all moneys received must be brought into account by the issuing of an official receipt.

15.5.2 Alterations must not be made to the name of the payer, the amount in words and the amount in figures in any official receipt, licence, face-value form or any other form having a potential value, while no erasers of any kind must be permitted. Any receipt, licence, face-value form or other form having a potential value which has been incorrectly filled in, must be cancelled and dealt with in the manner outlined in Provincial Treasury Instruction 15.5.4.

15.5.3 All receipts, licences, face-value forms or other forms with a potential value must, unless such forms have been prepared by a machine, be completed in permanent ink or with a non erasable ball point pen.

15.5.4 If a receipt, licence, cheque, face-value or other form having a potential value is cancelled, the word "CANCELLED" must be endorsed by means of a rubber stamp or in bold writing in ink across the face of the original form as well as the copies and counterfoils, and must be kept for inspection and audit purposes (original plus copies).

15.6 INSTRUCTIONS BY ACCOUNTING OFFICERS IN RESPECT OF THE ISSUE OF MACHINE RECEIPTS

15.6.1 Where machine receipts are issued, Accounting Officers must, in addition to the security measures regarding the collection, custody, depositing and disbursement of public moneys embodied in these Instructions, arrange for suitable departmental instructions to be drawn up providing for financial control measures to be applied in connection with the use of the particular machines in their departments.

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- 15.6.2 In the drafting of such instructions the following aspects must, *inter alia*, be covered:
- (a) The determining of responsibility at all times;
 - (b) the defining of duties so as to prevent unauthorised access to machines and machine records;
 - (c) the designation in writing by the head of the office of a responsible person, who must not be the cashier or machine operator, to be in charge of the machine codes giving access to the totals, audit or cash roll, duplicate receipt holder and the numerical sequence numbering mechanism;
 - (d) the obtaining of signatures at the handing over of machine control keys;
 - (e) where applicable, procedures in connection with the deletion and creation of codes;
 - (f) procedures for the adjustment of errors, safekeeping of cancelled receipts and other records, the closing off and balancing at the end of each working day; and
 - (g) the defining of the duties of the supervisor.

15.7 MONEYS RECEIVED WHICH CANNOT BE ALLOCATED IMMEDIATELY

- 15.7.1 Moneys received that cannot immediately be allocated must be credited to a suitable "suspense account" after an official receipt has been issued. When the remittance can be allocated, the adjustment must be made by cheque, journal entry or on such method as approved for computerised systems as the case may be. If the adjustment is made by cheque, care must be taken to ensure that a second receipt is not issued in favour of the person or authority from whom the remittance was originally received, but in favour of the drawer of the adjusting cheque.

15.8 DATE OF ISSUE ON FACE-VALUE, EMBOSSED AND FRANKED FORMS

- 15.8.1 When payment is made to the Provincial Government in respect of a licence or the purchase of a face-value form or form on which the amount payable is embossed or franked, the person receiving such payment in his/her official capacity must issue and date such licence or form. The licence or form then takes the place of the official receipt. The official date appearing on the licence or form must be regarded as the date of issue for accounting purposes.

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15.9 INDICATION OF MEANS OF PAYMENT

- 15.9.1 Persons issuing official receipts, licences or face-value forms must indicate thereon:
- (a) The purpose for which the payment was made;
 - (b) type of remittance received (cheque, cash or other); and
 - (c) if a cheque is presented for payment by a person other than the drawer thereof, also the name of the drawer of the cheque.
- 15.9.2 Under no circumstances may more than one original receipt be issued for the same payment. If a further original receipt is issued in error, it must be cancelled as indicated in Provincial Treasury Instruction 15.5.4.

15.10 ISSUE OF A RECEIPT OR FACE-VALUE FORM IN RESPECT OF EVERY CHEQUE DEPOSITED

- 15.10.1 It is the duty of the responsible person referred to in Provincial Treasury Instruction 15.3.1 to ensure that a receipt or face-value form has been issued for every cheque included in a bank deposit.

15.11 CASH SURPLUSES

- 15.11.1 Any surplus of cash discovered must immediately be brought into account as surplus cash and must be allocated to Revenue.

15.12 DEFICIENCIES

- 15.12.1 Any deficiency discovered in cash, stamps or face-value forms must be dealt with in accordance with National Treasury Regulation 12.7 "Recovery of losses and damages" and Chapter 12 of the Provincial Treasury Instructions. A suitable note must be made in the relevant record.

15.13 DEPOSITING OF PROVINCIAL GOVERNMENT MONEYS

- 15.13.1 The number of the Provincial Paymaster-General's Account or the name of the official banking account to be credited and the department or office of the depositor, must be clearly indicated by means of a rubber stamp impression on the reverse side of all warrant vouchers, cheques or other negotiable instruments (excluding bank-notes) deposited at a bank.
- 15.13.2 All amounts received must be banked on the date of receipt. Where any deviation as contemplated in National Treasury Regulation 15.5.1 is considered, factors such as the availability of banking facilities, facilities for the safe custody of moneys, the economical utilisation of transport, etc., must be taken into account.

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15.13.3 Deposits made at a bank for credit of a Provincial Paymaster General's Account must be made on the official credit transfer/deposit slip for the relevant account.

15.13.4 The amount of each cheque included in a deposit must be listed on the deposit slip (or a schedule attached thereto) and the total value of postal orders as well as money orders included in a deposit must be entered separately. In addition, the number and total amount of each denomination of postal and money orders must be listed on separate summaries, the totals of which should agree with the amounts appearing on the slip concerned, and attached to the orders. The total number of cheques, postal and money orders, included in the deposit must be shown in the space provided on the slip.

15.14 CASH WITHDRAWALS FROM AND DEPOSITS AT A BANK

15.14.1 The duty of drawing cash from a bank or of depositing cash must be assigned to a responsible person in the department, preferably on the fixed establishment of the department.

15.14.2 Cash drawn at a bank must be checked and verified in the presence of an official of the bank by the person referred to in Provincial Treasury Instruction 15.14.1 before he/she leaves the bank premises. Any surplus or deficiency must immediately be brought to the notice of the bank officials.

15.14.3 Where local circumstances so require, any other precautionary measures which may be necessary to safeguard cash en route between the bank and the office concerned must also be taken.

15.15 VERIFICATION OF MONEYS AND FACE-VALUE INSTRUMENTS

15.15.1 The head of the office or a responsible person designated by him/her in writing must at least once a week carry out a verification of all moneys and face-value instruments to ensure that the amount on hand is correct, that moneys which should have been banked have not been withheld and that the instructions regarding the receipt, custody and disposal of Provincial Government moneys have been carried out.

All registers of receipts and relevant records must be verified daily in large offices and weekly in small offices by the responsible supervisors, who must ensure that -

- (a) moneys on hand are correct;
- (b) appropriate receipts have been correctly issued for all moneys received;
- (c) moneys which should have been banked have not been held back.

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15.16 RECOVERIES DEBITED TO AN ACCOUNT WHICH HAS BEEN FINALLY CLOSED

15.16.1 Amounts recovered in respect of overpayments that were debited to an account that has been closed off and not being disallowed, must be allocated to Revenue.

15.17 USE OF SAFES

15.17.1 Except where required for immediate use or temporarily held in the course of collection under the direct control of the person handling it, money must be kept in a safe and not be left in tills or drawers, even though locked. In no circumstances must anyone in charge of a safe leave it unlocked in his/her absence.

15.18 SHARING OF SAFES AND SAFE CUSTODY RECEPTACLES

15.18.1 The sharing of safes or other safe custody receptacles should in normal circumstances not be permitted, but if circumstances necessitate such sharing, arrangements must be made to ensure that it is possible at all times to fix responsibility for the safe custody and security of Provincial Government moneys, etc.

15.19 OFFICIAL CHEQUES

15.19.1 An official cheque is an order to pay, drawn on a bank against an official banking account.

15.19.2 Cheques issued manually must be prepared in permanent ink or with a ballpoint pen (with exception of an erasable ball-point pen). In the case of such issues as well as in the case of mechanical issues, the amount in words and in figures must be neatly written or printed, with the figures as near as possible and to the left-hand margin of the space provided, and the unused portion crossed out. A hyphen must separate the rands from the cents, and not a comma. The issuing of cheques, whether manual, mechanical or by computer, must be done in such a manner so that any subsequent alteration will be noticed immediately.

15.19.3 No alterations may be made on any cheque and no erasers of any nature may be used.

15.19.4 Any cheque incorrectly filled in must be cancelled and dealt with in the manner outlined in Provincial Treasury Instruction 15.5.4.

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- 15.19.5 Before signing a cheque by hand, each signatory must properly examine the documents or vouchers supporting a payment and be satisfied that -
- (a) the payment is a correct charge against the account concerned;
 - (b) the payment has been duly authorised;
 - (c) the cheque has been prepared in the manner outlined in Provincial Treasury Instruction 15.19.2;
 - (d) the cheque bears the correct date; and the banking account number is clearly stated.
- 15.19.6 If the controls referred to in Provincial Treasury Instruction 15.19.5 cannot be applied to computer or mechanically processed cheques which are put through a cheque signing machine for the imprinting of facsimile signatures, the departmentally approved controls of the relevant Department will apply.
- 15.19.7 Cheques on which facsimile signatures are to be imprinted by means of a cheque signing machine must be dealt with strictly in accordance with the departmental procedures and control measures drawn up by the Accounting Officers concerned in terms of Provincial Treasury Instruction 15.25.1.
- 15.19.8 The person responsible for the dispatch of cheques must satisfy himself/herself that they have been properly signed and countersigned.

15.20 RE-ISSUE OF CHEQUES.

15.20.1 REQUIREMENTS IN CONNECTION WITH THE ISSUE OF REPLACEMENT CHEQUES

- 15.20.1.1 The re- issue of a cheque that has been lost, destroyed or stolen and of which the validity has not expired, is left to the discretion of the Accounting Officer, subject to due consideration being given to such factors as the lapse of time from the date of issue, the integrity and financial status of the payee and after -
- (a) in the case of a cheque *not* received by the payee -
 - (i) a written declaration has been obtained from the payee to the effect that the relative cheque was not received by him/her and that should it be received at a later date, it will be returned to the department; and
 - (ii) it has been established that the relative cheque has not already been negotiated;
 - (b) in the case of a cheque which has been lost, destroyed or stolen after receipt by the payee -
 - (i) a written affidavit or solemn affirmation has been obtained from the payee to the effect that the relative cheque was lost, destroyed or stolen after its receipt, and not negotiated by him/her;

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- (ii) it has been established that the relative cheque has not already been negotiated; and
- (iii) an indemnity has been obtained, guaranteed if necessary by an acceptable person or authority, against any loss which may be sustained by the Provincial Government as a result of the lost or stolen cheque being negotiated.

15.21 STOPPING PAYMENT OF CHEQUES WHICH HAVE BEEN LOST, STOLEN OR DESTROYED

15.21.1 If a cheque has been lost, stolen or destroyed, the Accounting Officer or other person who operates on an official banking account at a branch of the relevant bank, or any other bank, must provide full details thereof direct to the branch of the bank on which the cheque has been drawn, with the request that payment thereof be stopped.

15.21.2 If the payment of a cheque is to be stopped and an acknowledgement of receipt of the notice of stoppage has been obtained from the bank concerned, a replacement cheque may be issued.

15.21.3 In terms of the Bills of Exchange Act, 1964 (Act 34 of 1964) a cheque must be presented for payment within a reasonable time, which the banking sector considers as a best practice to be six months.

15.21.4 The time period whereafter the placement of stop payments on outstanding cheques are done is left to the discretion of departments. The prevention of cheque fraud, however, must be taken into consideration.

15.22 STALE CHEQUES: PAYMENT OF AMOUNTS TO REVENUE

15.22.1 When an outstanding cheque has gone stale, the amounts thereof must be allocated to Revenue. If the amount so credited is subsequently claimed, payment must be made as a drawback from current revenue collections.

15.23 REPORTING THE LOSS OF UNUSED CHEQUES OR CHEQUE FORMS

15.23.1 Subject to the provisions of Chapter 12 of the National Treasury Regulations, the loss of an unused cheque form must immediately be reported in writing to the Accounting Officer, who must immediately take remedial steps.

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15.24 **PETTY CASH**

- 15.24.1 The reimbursement of petty cash must be dealt with as stipulated by the Provincial Treasury.
- 15.24.2 Where sufficient need exists in an office or section to have cash available for the immediate payment of petty expenditure, the written approval of the Accounting Officer must be obtained for the establishment of petty cash facilities.
- 15.24.3 Funds for petty cash are deemed to be advances which must be accounted for to the Accounting Officer monthly and until such an advance has been accounted for, a petty cash payment must not be treated as a final charge.
- 15.24.4 The following Instructions must be complied with:
- (a) The keeping of a petty cash register must be entrusted to a responsible person in writing by the head of the office or section concerned and the said person must immediately enter all payments and replenishments in the petty cash register.
 - (b) A supporting voucher must be obtained for each payment.
 - (c) Private cheques may not be cashed from petty cash.
 - (d) Petty cash moneys must be kept apart from other Provincial Government moneys, but not necessarily in separate safes.
 - (e) The petty cash register must be balanced monthly and verified by the head of the office or section concerned, or a person nominated by him/her in writing, and verified with the actual cash on hand.

15.25 **MECHANICAL SIGNING OF CHEQUES**

15.25.1 **PROCEDURES AND CONTROL MEASURES FOR THE USE OF CHEQUE SIGNING MACHINES**

- 15.25.1.1 Departments must ensure that there are proper procedures and control measures in place for the types of machines in use in their departments, in order to ensure optimum safeguards against misuse and malpractices.
- 15.25.1.2 These procedures and control measures must, *inter alia*, make provision for the safe handling and custody of signature dies, continuous supervision while the machines are in use, watertight control over the number of cheques which have to be signed and the number upon which facsimile signatures are imprinted.

15.26 CHEQUE SIGNING MACHINES

15.26.1 HOUSING OF AND SUPERVISION OVER MACHINES

15.26.1.1 A machine must be so housed that unauthorised access thereto is not possible.

15.26.1.2 A responsible person, who is not connected with the issue or safe custody of cheques, must by written instruction be placed in charge of the machine. The key of the room in which the machine is kept, as well as the key for the locking and unlocking of the machine (where applicable), must, when not in use, be locked in a safe by the person in charge of the machine. The person in charge of the machine must ensure that it is not tampered with and that the machine is only put into operation in his/her presence.

15.27 SIGNATURE DIES

15.27.1 SIGNATURE DIES OF AUTHORISED PERSONS

15.27.1.1 There must at no time be more signature dies made than are necessary for the efficient functioning of the signing procedure.

15.27.1.2 Persons to whom signing authority is granted must preferably not be of a rank lower than that of assistant accountant or equivalent grade. A person with signing authority must not at the same time be in control of the signature dies, be in charge of the reserve stock of cheques or the cheque signing machine.

15.27.2 SAFE CUSTODY OF SIGNATURE DIES

15.27.2.1 Signature dies not in use must at all times be kept in a locked drawer of a safe outside the machine room. A senior person must be personally responsible for the safe custody of the dies and must keep the key of the safe drawer.

15.27.2.2 The master key of the safe in which the dies are stored must be kept by another independent person.

15.27.2.3 Where a safe is kept/installed which has two keys, such keys must be separated and kept by the person in charge of the safe and another senior person.

15.27.2.4 The master key with regard to the setting of the machine must be held by the Accounting Officer or his/her delegate.

15.27.3 CONTROL OF SIGNATURE DIES

15.27.3.1 The signature die register, with headings as indicated below, must be maintained and kept in safe custody by the senior person referred to in Provincial Treasury Instruction 15.27.2.1.

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1	2		3		4	
Date	Nominated signatories		Signatures for receipt of dies		Signature of receipt of returned dies	
	Countersigner	Signer	Countersigner	Signer	Date	Signature

- 15.27.3.2 When the senior person in control of the signature dies is advised that cheques are ready for signature, he/she must peruse the register in order to nominate a signer and a countersigner. The senior person must nominate the persons at short notice to ensure that it will not be known a long time in advance whose dies are to be used, and he/she must enter their names and the date in the register. The nomination of persons must be varied.
- 15.27.3.3 The dies of the nominated persons must be handed to them simultaneously against acknowledgement of receipt in column 3 of the register.
- 15.27.3.4 Immediately upon completion of the signing process the dies must be returned to the senior person, who must, in the presence of the nominees, acknowledge receipt by means of his/her signature in column 4 of the register.
- 15.27.3.5 If a die falls into disuse it must be destroyed by an independent senior person in the presence of the person in charge of the dies and, where possible, the person(s) whose signature appears on the die. A certificate to the effect that the die has been destroyed in such a manner that it can no longer be put to use, must be signed by these persons and placed in an appropriate file.

15.28 CHEQUES AND THE MACHINE SIGNING REGISTER

15.28.1 RESERVE STOCKS

- 15.28.1.1 Attention is also directed to the requirements of Provincial Treasury Instruction 25.2 in addition to this Instruction.
- 15.28.1.2 The reserve stock of cheques must be kept by a person not connected with the mechanical signing of cheques.
- 15.28.1.3 When the reserve stock register established in terms of Provincial Treasury Instruction 25.2 is verified, it must be compared with the machine signing register (see Provincial Treasury Instruction 15.29.3) to ensure that the number of unused forms in the hands of the supervisor of the pay section and computer bureau concerned, and the number of forms accounted for in the machine signing register, agree with the total number of forms withdrawn from the reserve stock.

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15.29 ISSUE OF CHEQUE FORMS AND THE MACHINE SIGNING REGISTER

15.29.1 Cheque forms for normal use will be issued on request by the person referred to in Provincial Treasury Instruction 15.28.1.2 to the supervisor of the section concerned or the supervisor of the computer bureau against a proper acknowledgement of receipt in the approved register.

15.29.2 As soon as the person in charge of the signing machine receives the used and cancelled cheque forms, he must enter the commencing and last number in column 3 and the total in column 4 of the machine signing register and arrange with the senior person in charge of the signature dies for signing.

15.29.3 The machine signing register must be drawn up as follows and be kept by the person in charge of the signing machine:

1	2	3		4	5		6	7		8	
Date	Section	Cheque serial nos.		Total number	Meter readings		Total number signed	Remarks	Signatories		
		Com-mencing number	Last number		Commencing number	Last number		Quantity and numbers of cancelled Cheques removed from the series referred to in column 3	Counter signer	Signer	

15.29.4 The person in charge of the signing machine must remain responsible for used and cancelled forms handed to him/her until they are, together with the cash book sheets where applicable, handed to the supervisor of the section dealing with the despatch of cheques pursuant to Provincial Treasury Instruction 15.30.1.7.

15.30 THE SIGNING PROCESS AND HANDLING OF SIGNED CHEQUES

15.30.1 SIGNING PROCEDURE

15.30.1.1 After the senior person in charge of the signature dies has been advised that the cheques are ready for signature, he/she must proceed according to the requirements of Provincial Treasury Instruction 15.29.

15.30.1.2 Following the receipt of their dies, and prior to the commencement of the signing process, the signer and countersigner must verify the correctness of the entries in columns 3 and 4 of the machine signing register.

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- 15.30.1.3 Prior to the commencement of the signing process, i.e. after all necessary control checks have been carried out on the machine, the person nominated as signer must enter the commencing meter reading in column 5 of the machine signing register.
- 15.30.1.4 The signer and countersigner must be present during the entire signing process to ensure that their dies are not used for unauthorised purposes, and to control all processes jointly and severally. The persons referred to are not responsible for the correctness of the payments, but are responsible to ensure that Provincial Treasury Instruction 15.30.1.5 is strictly adhered to.
- 15.30.1.5 When the signing process has been completed, the signer must enter the final meter reading in column 5 and the total number of cheques signed in column 6 of the machine signing register. The total in column 6 plus the number of cancelled cheques shown in column 7, must agree with the number of cheques previously entered in column 4 of the register. The signer and countersigner must sign the machine signing register and, in the case of manual and certain mechanised systems as contemplated by the first part of Provincial Treasury Instruction 15.30.1.2, also place their signatures opposite the commencing and last numbers on the cash book sheet as evidence that they are satisfied that the cheques which have been signed agree with the cash book.
- 15.30.1.6 The signer and countersigner must thereafter take possession of their dies, hand the signed cheques and, where applicable, the cash book sheets, to the person in charge of the signing machine, and return the dies to the senior person as contemplated by Provincial Treasury Instruction 15.27.3.4.
- 15.30.1.7 The person in charge of the signing machine must then hand the signed cheques, together with the cash book sheets, where applicable, to the supervisor of the pay section handling the dispatch who must acknowledge receipt thereof by signing column 2 of the machine signing register.
- 15.30.1.8 Persons concerned with the paying or signing process must, where practical, not be allowed access to signed cheques.

CHAPTER 16

16 PUBLIC-PRIVATE PARTNERSHIPS

16.1 ROLE OF THE PROVINCIAL TREASURY

16.1.1 All submissions to the National Treasury to obtain the latter's approval as contemplated in Chapter 16 of the National Treasury Regulations, must be submitted via the Provincial Treasury. The Provincial Treasury must be given sufficient time for, inter alia, the assessment of –

- (a) affordability for the institution;
- (b) the transfer of appropriate financial, technical and operational risk to the private party; and
- (c) whether the project provides value for money.

PART 7

**ACCOUNTING AND REPORTING
REQUIREMENTS**

CHAPTER 17

17. BASIC ACCOUNTING RECORDS AND RELATED ISSUES

17.1 FINANCIAL ADMINISTRATION SYSTEMS

17.1.1 In accordance with National Treasury Regulation 17.3.1, submissions requesting the National Treasury's approval with regard to financial administration systems must be sent via the Provincial Treasury. Provincial Treasury Instructions 17.1.2 to 17.1.4 must also be complied with.

17.1.2 The Provincial Treasury must be consulted before a preliminary investigation is launched for the creation of a financial administration system.

17.1.3 Before it is processed further or implemented, the preliminary investigation report, functional specifications and purchase of programme packages must be submitted to the Provincial Treasury for comment.

17.1.4 Any proposed amendments to the functional specifications must be submitted to the Provincial Treasury for comment.

17.2 MAINTENANCE OF CERTAIN BASIC ACCOUNTING RECORDS

17.2.1 Departments must maintain a Main Ledger for all voted money under his/her control.

17.2.2 The Main Ledger must contain at least the following:

- (a) General Account of the Vote;
- (b) Exchequer Issues Account;
- (c) Paymaster-General's Account;
- (d) Cheque Payable Account;
- (e) Deposit Account;
- (f) General Account of Revenue;
- (g) Control Accounts for Banking, Salaries, Claims, Debt and disallowances, and
- (h) ACB Control Account i.r.o. Electronic Fund Transfer Payments

17.3 CONTROL ACCOUNTS AND BOOKKEEPING

17.3.1 WRITTEN NOTIFICATION OF DUTIES

17.3.1.1 The duties attached to each post in an accounting division or other office where accounting duties are performed must be notified in writing by the head of the office to the persons occupying such posts. Care must be taken to ensure that the allocation of such duties is aimed to ensure the maximum safety of Provincial Government moneys and property. The entrusting of various duties relating to the handling of cheques, whether used or unused, to one person only must be avoided.

17.3.2 BASIC LEDGER ACCOUNTS AND THE CLOSING THEREOF

17.3.2.1 The following basic ledger accounts must be kept by Accounting Officers:

- (a) *General Account of the Vote* to which must be -
 - (i) *credited* the total amount of the parliamentary appropriation(s) as shown in the relative financial year's Appropriation Act and Adjustments Appropriation Act;
 - (ii) *debited* the total final expenditure charged to the accounts of the approved services (main divisions).
- (b) *Exchequer Issues Account* to which must be -
 - (i) *debited* the total amount of the parliamentary appropriation(s) as shown in the relative financial year's Appropriation Act and Adjustments Appropriation Act, and surplus to be surrendered to the Provincial Treasury;
 - (ii) *credited* the monthly amounts granted by the Provincial Treasury on requisitions.
- (c) *Paymaster-General's Account* to which must be -
 - (i) *debited* the daily total of all amounts received for credit of the relative vote or deposit account, as shown in the register of receipts;
 - (ii) *credited* the daily total of all cheques paid and all direct debits by the Provincial Treasury.
- (d) *Cheque Payable Account* to which must be -
 - (i) *debited* each individual cheque paid and daily total of direct debits by the Provincial Treasury;
 - (ii) *credited* each cheque issued as reflected in the register of payments.

17.3.2.2 The account of the appropriate main division must be debited with disbursements forming a legitimate charge against the main division. Credits

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in respect of any adjustments or amounts which may be credited to a vote must similarly be allocated to the appropriate main division.

- 17.3.2.3 At the end of a financial year, and after the necessary permission has been granted by the Provincial Treasury, the individual main division accounts of the vote must be closed off by transferring the final total expenditure on these accounts to the "General Account of the Vote". Any credit balance in the latter account must be transferred to the "Exchequer Issues Account". A credit balance in the "Exchequer Issues Account" will be reflected on the Income Statement of the department as surplus to be surrendered to the Provincial Revenue Fund.
- 17.3.2.4 Where computerised accounting systems are used the closing off accounting procedures will be transacted automatically and where these procedures deviates from these instructions or computer systems user manual, the systems closing off accounting procedures will apply, provided that the accounting system has been approved in accordance Treasury Instruction 17.1.
- 17.3.2.5 In addition to the accounts referred to in the preceding Instructions, such disallowance and suspense accounts as may be necessary must be kept.

17.4 METHOD OF DEALING WITH COSTS, PENALTIES, FINES, EXCHANGE TRANSACTIONS, LEGAL COSTS AND RECOVERIES

- 17.4.1 All costs in connection with the purchase or hire of property, which form a legitimate charge against Provincial Government moneys, must be defrayed out of the vote which provides for such purchase or rent.
- 17.4.2. When a penalty or fine is deducted from an amount payable in terms of a contract, the gross amount of the contract must be brought into account against the vote by paying the net amount to the contractor and by crediting the penalty or fine to Revenue.
- 17.4.3 In the case of the exchange of Provincial Government property, the transaction is regarded as a purchase (property received) and a sale (property sold). The procedure to be followed in connection with exchange transactions is:
- (a) *Exchange of property of equal value*
Debit the vote and credit Revenue by journal entry with the value of the property.
 - (b) *Exchange of property where the values differ but it is mutually agreed that compensation will not be payable to either party*
Debit the vote with the amount of the property with the highest value and credit Revenue by journal entry.
 - (c) *Exchange where the property received has a higher value than the property disposed of*

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- (i) Debit the vote with the value of the property disposed of and credit Revenue by journal entry.
- (ii) Pay the difference to the other party as a charge to the vote.
- (d) *Exchange where the property received has a lower value than the property disposed of*
 - (i) Debit the vote with the value of the property received and credit Revenue by journal entry.
 - (ii) Recover the balance from the other party for payment to Revenue.

- 17.4.4 The following procedure must be followed in respect of legal costs:
- (a) Legal costs incurred by the State Attorney are recovered from the principal department.
 - (b) All expenses in respect of legal costs recovered from opposing parties must be paid to Revenue.

17.5 DATE OF PAYMENT IS DATE OF CHARGE

- 17.5.1 The rule of State accounting, namely that the date of payment is the date of charge, must be strictly observed and all payments made must be accounted for by the department concerned in the financial year in which the payments were made.
- 17.5.2 A payment after the last day of the financial year must not be charged in the accounts of that financial year. This Instruction must be strictly adhered to.
- 17.5.3 All cheques in payment of commitments relating to a financial year must be issued on or before the last day of the financial year for acceptance as a charge in that financial year and must be signed and countersigned not later than the first succeeding working day.
- 17.5.4 If, however, on 31 March of a financial year transactions are being fed into a computer and processing has already begun but cannot be completed because of a breakdown in the computer for whatever reason, the processing of such transactions may be resumed as soon as the computer is in working order. Cheques thus issued must be dated 31 March of the relative financial year and must be signed not later than the first succeeding working day following resumption.
- 17.5.5 Amounts received after the last day of a financial year must not be brought into account in that financial year.
- 17.5.6 Every effort must be made to ensure that payments are made before the end of the financial year for all authorised services provided and supplies received,

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provision having been made for the payment of such supplies and services out of sums appropriated for that year.

17.6 RECOVERY, DISALLOWANCE AND ADJUSTMENT OF PAYMENTS

- 17.6.1 Unless otherwise determined by any law or by the Provincial Treasury, amounts charged to voted funds and recovered in the financial year in which payment was made, or before the closing off of the books for that financial year, must be credited either direct or by journal entry to the main division originally debited. Such amounts, which are recovered after the closing off of the books for a financial year and which have not been disallowed, must be allocated to Revenue.
- 17.6.2 If at any time it is found, whether in the course of audit or otherwise, that a payment is not a legitimate charge against a vote, such payment must immediately be removed from the relative account and charged to a disallowance account or suspense account until such time as the amount is recovered or an adjustment is authorised.
- 17.6.3 If the financial year has already been closed, the amount to be disallowed must be debited to the applicable disallowance account and credited to a suitable control account preferably Disallowances: Previous Years until such time that the amount is recovered or the disallowance is withdrawn. Should the amount be recovered, it must be allocated to Revenue and the accounting transactions concerned must be reversed.
- 17.6.4 If a disallowance is withdrawn, the charge must be reinstated in the account of the vote or service out of which the disallowance was made: Provided that if the disallowance was made in respect of a financial year for which the books had already been closed, the original transactions in accordance with Provincial Treasury Instruction 17.6.3 must only be reversed on the withdrawal of the disallowance.
- 17.6.5 Accounting Officers must recover or adjust disallowances in their accounts and must ensure that priority attention is continuously given to such recoveries or adjustments to finalise them as soon as possible after the disallowances have been raised.

17.7 KEEPING OF RECORDS

- 17.7.1 Persons assigned in writing to examine records, must sign and date the relevant books and records as evidence that these have been examined.

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17.8 ERASERS AND USE OF INK

- 17.8.1 Erasers must not be permitted in books of account. Any alterations must be made by ruling out the incorrect amount, with a single line and inserting the correct amount above it. The person who made the entry as well as the person verifying the entry, must initial such correction or alteration.
- 17.8.2 All handwritten entries in accounting books and records must be made with blue or black permanent ink. Green ink must not be used.

17.9 SAFE CUSTODY

- 17.9.1 Adequate precautions must be taken to safeguard all accounting books and records against loss by fire and unauthorised access or removal.
- 17.9.2 The person responsible for the control over and care of used records must ensure that:
- (a) the records are clearly labelled and also stating the date of disposal;
 - (b) the records are neatly and orderly arranged in order to facilitate reference thereto;
 - (c) no records are removed without proper authority; and
 - (d) that storage space is utilised as economical and efficiently as possible.

CHAPTER 18

18. MONTHLY AND ANNUAL REPORTS

- 18.1** Details pertaining to monthly and annual reports are contained in Chapter Eighteen of the National Treasury Regulations.

PART 8

MISCELLANEOUS

CHAPTER 19

19 TRADING ENTITIES

- 19.1** Details pertaining to trading entities are contained in Chapter Nineteen of the National Treasury Regulations.

CHAPTER 20

20 COMMISSIONS AND COMMITTEES OF INQUIRY

20.1 ACCOUNTS AND CLAIMS FOR ALLOWANCES AND EXPENSES

20.1.1 All claims for payments/reimbursements must be supported by original vouchers.

20.1.2 All claims may only be certified by the chairperson before being submitted to the controlling department for payment.

20.2 TRANSPORT AND TRAVELLING

20.2.1 Prior approval of itineraries must be obtained from the chairperson for all transport or travelling by members of a commission or committee.

20.2.2 For journeys to foreign countries, prior approval must be obtained from the relevant Executive Authority.

20.3 INCIDENCE OF EXPENDITURE

20.3.1 All expenditure of a commission or committee (except the cost of recognised free services provided by other departments) must be met by the vote of the controlling department, except the salary and personal allowances of an official member which must be met from the vote of the department in which that person is normally employed.

20.3.2 All subsistence and transport expenses incurred by a member while engaged on the work of a commission or committee, the cost of any temporary assistance required by that member's department by reason of that member's absence, and other expenses of a commission or committee (except the cost of recognised free services rendered by other departments), must be met from the vote of the controlling department.

20.3.3 The controlling department must maintain records of all expenditure on commissions or committees for submission to the Provincial Parliament for inclusion in the notes to the Income Statements.

20.4 DISSOLUTION OF COMMISSIONS OR COMMITTEES

- 20.4.1 The controlling department must ensure that, soon after the dissolution of a commission or committee, it receives any stationery, computers, publications, furniture, equipment and supplies in the possession of the commission or committee, as well as any minute books, correspondence, files, registers, documents and other material in the possession of the commission or committee for filing.

20.5 INTERDEPARTMENTAL SERVICES

- 20.5.1 Where a commission or committee requires services that are provided by a department, such services should be sought from the department concerned. In all cases, the requisitions for such services should be submitted through the controlling department to the department that is required to provide the service.

CHAPTER 21

21. GIFTS, DONATIONS AND SPONSORSHIPS

- 21.1** Details pertaining to gifts, donations and sponsorships are contained in Chapter Twenty-One of the National Treasury Regulations.

CHAPTER 22

22. PAYMENTS, REFUNDS AND REMISSIONS AS AN ACT OF GRACE OR FAVOUR

- 22.1** Details pertaining to payments, refunds and remissions as an act of grace or favour are contained in Chapter Twenty-Two of the National Treasury Regulations.

CHAPTER 23

23. GOVERNMENT PAYROLL DEDUCTIONS

- 23.1** Details pertaining to Government payroll deductions are contained in Chapter Twenty-Three of the National Treasury Regulations.

PART 9

PUBLIC ENTITIES

CHAPTER 24

24. PUBLIC ENTITIES

- 24.1** Details pertaining to public entities are contained in Chapters Twenty-Four to Thirty-Three of the National Treasury Regulations, as well as National Treasury Regulation 6.1.2.

PART 10

GENERAL

CHAPTER 25

25. GENERAL

OBTAINING, SAFE-KEEPING AND HANDLING OF STAMPS, FACE-VALUE AND OTHER FORMS HAVING A POTENTIAL VALUE, SECURITIES, POSTAL AND DELIVERED ARTICLES, SHARES, LEGAL ADVICE AND SUBMISSIONS TO TREASURY

STAMPS, FACE-VALUE AND OTHER FORMS HAVING A POTENTIAL VALUE

25.1 BULK STOCKS

- 25.1.1 Bulk stocks of postage and revenue stamps, receipts, licences, cheques, face-value or other forms having a potential value must be kept in strongrooms or safes under the control of persons appointed in writing for the purpose of distributing such.
- 25.1.2 The persons referred to in Provincial Treasury Instruction. 25.1.1 must keep a main stock book or register in which must be entered, under each denomination, the number and value of stamps or face-value forms received and issued and such information as may be necessary with regard to forms having a potential value. On each occasion of either a receipt or issue, such stock book must be signed by the persons in charge and by any other persons appointed to have joint charge with them. Such stock book or register must be balanced regularly and verified at least once a month by the person in charge of the office or by a person delegated for this duty. The stock book or register must be signed and dated to indicate that this has been done.
- 25.1.3 Stamps, face-value forms and forms having a potential value must be issued by the persons referred to in Provincial Treasury Instruction 25.1.1 on requisition of duly authorised persons. Receipt must be acknowledged by all persons to whom issues are made.
- 25.1.4 All advices of issue of stamps, face-value forms or forms having a potential value received and all receipts for issues of such stamps and forms must be retained for inspection and audit purposes.
- 25.1.5 The excess accumulation of bulk stocks of postage and revenue stamps, receipts, licences, cheques, face-value or other forms having a potential value (without due regard for the estimated demand) must be avoided.

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25.2 RESERVE STOCKS

- 25.2.1 All persons (not being persons appointed for the purpose of distribution of bulk stores in terms of Provincial Treasury Instruction 25.1.1) entrusted with the safe-keeping of a reserve stock of stamps, receipt, licence, cheque, face-value or other forms having a potential value or being used for acknowledgement of receipt or payment of public moneys must keep a stock book or register in which must be entered, under each denomination, the number and value of stamps or face-value forms received and issued and such information as may be necessary in regard to forms having a potential value and they must be accountable for such reserve stocks which must be kept in a safe or strongroom and must be in the custody of a person other than those by whom such stamps or forms are required for use.
- 25.2.2 All used receipts must be kept neatly and in the same sequence as recorded in the stock register, for audit purposes. The used receipts must be checked regularly and at least once a year it must be verified by the head of the office or his/her delegate. A certificate of such verification must be recorded in the stock book or register.
- 25.2.3 Reserve stocks of stamps, face-value or other forms having a potential value must be kept at the minimum normal requirements. All stocks received must be counted in detail and taken on charge immediately. All issues therefrom must be duly recorded and supported by the signature of the person to whom issued and the person referred to in Provincial Treasury Instruction 25.2.4 must be notified of such issues.
- 25.2.4 The stock book or register of reserve stocks must be balanced regularly and verified with the stock on hand at least once a month by the person in charge of the office or by a person delegated for this duty. The stock book or register must be signed and dated to indicate that this has been done.
- 25.2.5 When taking charge of receipt, licence, face-value, cheque or other forms having a potential value, persons entrusted with the safe-keeping or use thereof, must ensure that the number of forms taken into stock are correct.
- 25.2.6 Receipt, licence, cheque, face-value or other forms having a potential value must be numbered and supplied in such manner as may be approved and such forms must be used in consecutive numerical order and the originals, copies and/or counterfoils of cancelled forms and the copies and/or counterfoils of used forms must not be removed from the relevant books but kept for inspection purposes.
- 25.2.7 Whenever a person, entrusted with the safe-keeping or use of stamps, receipt, licence, cheque, face-value or other forms having a potential value, is relieved of his/her duties, such person's stock of stamps and forms must be verified by the person taking over the duties. Both the 'relieved' person and the person

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taking over from him/her, must certify in writing and sign their names and ranks, on a handing-over certificate, verifying that the stock of stamps and forms are in order.

- 25.2.8 Issues of stamps, face-value or other forms having a potential value to counter clerks or any other authorised person must not exceed their immediate requirements, and when not in use such stamps or forms must be kept locked in a safe.

- 25.2.9 Counter clerks and other authorised persons must maintain a record of all stamps, face-value and other forms having a potential value issued to them. These records, together with any stamps and forms in their possession, must be made available for inspection by the person verifying the daily cash.

- 25.2.10 The person who is responsible for verifying the daily cash must maintain a record of all receipt books and other forms issued from the reserve stock to the counter clerks.

- 25.2.11 Where face-value or other forms having a potential value are being supplied by the departmental head office to regional users, the latter must submit the following monthly return to their head office in respect of such forms:

MONTHLY STATEMENT OF FACE VALUE FORMS AND FORMS WITH A POTENTIAL VALUE RECEIVED, ISSUED/USED AND ON HAND																Fin.213		
MONTHLY STATEMENT FOR THE MONTH OF _____										DISTRIBUTION:								
A	B	C			D	E			F			G		H			I	
DESCRIPTION AND FACE VALUE OF FORMS	NO. OF FORMS ON HAND FROM PREVIOUS MONTH	FORMS RECEIVED/BOUGHT DURING MONTH			TOTAL OF COLUMNS B & C	FORMS CANCELLED OR OTHERWISE DISPOSED OF			FORMS USED			VALUE OF FACE VALUE FORMS SOLD		NUMBER OF FORMS ON HAND AT END OF MONTH COLUMN D LESS (E AND F)			REMARKS	
		NO. OF FORMS	SERIAL NUMBERS			NO. OF FORMS	SERIAL NUMBERS		NO. OF FORMS	SERIAL NUMBERS		R	C	NO. OF FORMS	SERIAL NUMBERS			
			FROM	TO			FROM	TO		FROM	TO				FROM	TO		
I certify that this is a true reflection and that the physical stock on hand, i.e. reserve stock as well as that which has been issued for use, has been checked by me and that no duplicated forms are in use and that the correct amount in respect of forms sold has been accounted for. FOOTNOTE: If necessary, the reverse side must be used.										SIGNATURE _____ DATE _____ DESIGNATION _____								

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25.3 DEFICIENCIES AND LOSSES

- 25.3.1 Any deficiency in or destruction of, or damage to or loss of stamps and unused or cancelled receipt, licence, cheque, face-value or other forms having a potential value must immediately be reported by the responsible person to the Accounting Officer for possible action. Written proof of the action of the Accounting Officer must be available for audit purposes at the point where the deficiency or destruction originated.
- 25.3.2 Any loss of used counterfoils or any receipt, licence, cheque, face-value or other forms having a potential value or copies thereof must be reported to the Accounting Officer for further action.
- 25.3.3 Any loss of public moneys resulting from the misuse of unused or cancelled receipt, licence, cheque, face-value or other forms having a potential value and any loss of stamps or postal orders must be dealt with in terms of Chapter 12 of the National Treasury Regulations and Provincial Treasury Instructions.

25.4 DISPOSALS, CANCELLATIONS AND RETURNS

- 25.4.1 Where for any reason it becomes necessary to cancel a receipt, licence, cheque, face-value or other form having a potential value, the word "CANCELLED" must be endorsed by means of a rubber stamp or in bold writing in ink across the face of the original form, and the copies or counterfoils of the form, and all such cancelled original forms, copies and counterfoils must be kept for inspection.
- 25.4.2 All obsolete cheques books, receipt, licence, face-value or other forms having a potential value must be returned to and destroyed by the head office of a department concerned.

25.5 POSTAGE STAMPS FOR OFFICIAL PURPOSES

- 25.5.1 Postage stamps must be used solely for the prepayment of postage on official mail matter and may under no circumstances be sold or otherwise disposed of.
- 25.5.2 Requisitions for postage stamps for official purposes must be submitted to the authorised person for purchasing from the relevant Post Office or supplier.
- 25.5.3 All stamps received and issued must be recorded in a register.
- 25.5.4 The custody of the stamps and the duty of writing up of the register must be allocated in writing to a particular person.
- 25.5.5 The register referred to in Provincial Treasury Instruction 25.5.3 must be balanced weekly and the person referred to in Provincial Treasury Instruction 25.5.4 must verify the amount of stamps in his/her possession. Another person

must be appointed in writing to initial the register that the aforementioned was verified as correct.

25.6 SECURITIES TO THE STATE

25.6.1 DEFINITION

25.6.1.1 For the purpose of these instructions the word "security" means any cash or document which is given as a security or guarantee in respect of the fulfilment of a contract or for any other purpose.

25.6.2 SAFE CUSTODY

25.6.2.1 All securities held by a department must, unless physically impractical, be kept in a safe or strongroom.

25.6.3 DESIGNATION OF RESPONSIBLE PERSON AND THE REGISTER OF SECURITIES

25.6.3.1 A person responsible for the custody of securities must keep a register containing the following minimum particulars:

- (a) Consecutive number (which must also be endorsed on the security);
- (b) date of issue of the security;
- (c) date of receipt;
- (d) period of validity of security given;
- (e) period for which security is required;
- (f) nature of the security;
- (g) purpose of security;
- (h) by whom given and in whose favour;
- (i) under what law, regulation or authority given;
- (j) amount or estimated value of security;
- (k) names and addresses of sureties;
- (l) date and particulars of release, substitution, amendment or cancellation;
- (m) departmental references.

25.6.3.2 The consecutive number of a security held in respect of a loan, advance or debt must also be recorded on the page of the relevant account in the register of loans, advances or debts.

25.6.4 EXAMINATION OF SECURITIES

25.6.4.1 The Accounting Officer or his/her nominee(s) must ensure that the securities under the control of the Accounting Officer are examined at least once in each financial year and satisfy himself/themselves that -

- (a) all securities are correctly recorded in the register of securities;
- (b) the amount or value of each security is adequate in each case;
- (c) no security is in danger of prescription;
- (d) no issuer of a document of security or guarantee has died or is legally incompetent;
- (e) the securities in general are in order.

A certificate in confirmation of such examination must be given, signed and dated in the register of securities.

25.7 POSTAL AND DELIVERED ARTICLES

25.7.1 RECEIPT OF POST

25.7.1.1 All postal articles must be collected from the post office by a responsible person, and in the case of –

- (a) departments renting private bags, conveyed in a bag sealed or locked by postal officials;
- (b) departments renting post boxes, be removed directly from the post boxes into a case or bag, supplied by the department, for conveyance.

Upon receipt of the post in the registry office or other office of the department, the persons referred to in Provincial Treasury Instruction 25.7.2.4 must establish whether the private bag is still properly sealed or locked before the postal articles are removed.

25.7.1.2 A list or slip in respect of registered or certified postal articles is prepared in triplicate by the post office, and the original and one copy are placed in the postal bag or post box of the department concerned.

25.7.1.3 Upon receipt of the list or slip the persons referred to in paragraph 25.7.2.4 must enter the number of every registered or certified article and the name of the office of dispatch in the register of registered and certified post, sign the original of the list or slip and collect the articles at the post office or arrange for them to be collected by a trustworthy person. All registered or certified articles must be conveyed in locked containers.

25.7.1.4 The articles received must be compared to the list or slip to verify that all the articles signed for have been received.

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25.7.1.5 The articles must then be examined to ascertain whether or not they have been tampered with. If they have been tampered with, the post office's attention must immediately be drawn to the fact, and he/she will arrange for his/her supervisor to be present at the opening of an article which has been tampered with to establish its contents, whether anything is missing and what further action is necessary.

25.7.1.6 The persons referred to in paragraph 25.7.2.4 must open the articles and record the name of the sender and details of the contents of the envelope or package in the register opposite the numbers which have already been recorded therein. If the articles contain remittances or negotiable instruments they must be entered in the remittance register.

25.7.2 REMITTANCE REGISTER AND OPENING OF POST

25.7.2.1 All moneys and other negotiable instruments received through the post or by hand delivery, must immediately be entered into the approved remittance register, and brought into account. An acknowledgement of receipt must be obtained in the relative column of the remittance register.

25.7.2.2 Before a remittance register is brought into use, the head of the office or a person designated by him/her in writing, must ensure that all pages are consecutively numbered throughout and verify that pages have not been removed from the register.

25.7.2.3 The following detail in respect of each separate item must be recorded in the remittance register: provided that, where the number of entries per day number more than one, the signatures in accordance with (h) and (i) need be affixed only once per page or part thereof, while the signature in accordance with (k) need, in all cases, only be affixed once per page:

- (a) Date of receipt;
- (b) how received (by ordinary, certified or registered post or by delivery book);
- (c) from whom received;
- (d) address of sender;
- (e) nature of remittance;
- (f) the purpose for which received;
- (g) amount of the remittance (where applicable);
- (h) signatures of persons present at the opening of the mail;
- (i) signature of person to whom handed over;
- (j) number of receipt issued or other manner of disposal; and
- (k) signature of person responsible for the verification of the register and date on which the verifying thereof took place.

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- 25.7.2.4 The duty of receiving and opening mail and recording in the remittance register details of all remittances and other negotiable instruments received through the post or by delivery book must be assigned, in writing, to a responsible person by the head of the office. Where possible a second person should be nominated in writing to assist in this duty.
- 25.7.2.5 The head of the office or a responsible person designated by him/her in writing must verify the approved remittance register at least once a week and satisfy himself/herself that all items recorded therein were immediately and properly dealt with and, where applicable, brought into account, and must sign and date the register in the last column thereof to indicate that all Instructions were complied with. In addition, the aforementioned responsible person must verify that pages have not been removed from the register.
- 25.7.2.6 Persons receiving remittances or negotiable instruments delivered by hand must verify the contents of the letter or package and if entered in a delivery book must sign the entry in that book in acknowledgement of receipt and enter or cause the remittance or negotiable instruments to be entered in the remittance register.

25.8 SHARES

25.8.1 SHAREHOLDING BY THE PROVINCIAL GOVERNMENT

Details of shares held by departments on behalf of the Provincial Government, must be recorded in a register under the following headings:

- (a) Name of institution in which shares are held;
- (b) Authorised share capital of the institution;
- (c) Total share capital issued;
- (d) Shares held by the Provincial Government under the following headings -
 - (i) Number of shares;
 - (ii) Issue price; and
 - (iii) Total value as at 31 March 20...;
- (e) Amounts paid for shares yet to be issued to the Provincial Government;
- (f) Dividends/profits received during the year; and
- (g) Dividends/profits converted or capitalised into shares during the year.

25.9 LEGAL ADVICE REGARDING CONTRACT IMPLICATIONS.

25.9.1 Legal advice must first be obtained before executing on behalf of the Provincial Government any contract, or any standard contract that is materially altered, which have financial implications or implied financial implications (excluding inter-state and inter-governmental agreements).

25.10 SUBMISSIONS TO TREASURY

25.10.1 Submissions to Treasury must be presented in the following form:

- (a) Heading in which reference must be made to the programme, objective, responsibility and item where applicable;
- (b) Purpose of the submission, which must include the authority/applicable prescript in terms of which Treasury's approval is requested;
- (c) Complete motivation;
- (d) Financial implications with additional manpower requirements, availability of funds etc. if the requested approval is granted; and
- (e) Other institutions consulted.

25.10.2 Arguments must be laid out seriatimly and paragraphs containing different arguments or points must be numbered.

25.10.3 The contents of the submissions must on the one hand be limited to the matter for which Treasury approval is required and on the other hand contain sufficient information on the service or project so that the full financial implications may be considered by the Treasury. Apart from the expected direct expenditure, an indication must, where applicable, be furnished of any other expenditure such as the cost of additional staff and accommodation, stationery, telephone services, etc., which would occur if Treasury approval is granted. If approval in principle has already been granted by a Provincial Minister, this fact must be mentioned and particulars of the conditions and provisions, if any, to which such approval is subject, must be furnished.

25.10.4 In view of possible enquiries by the Treasury, the name of the person to whom such enquiries may be directed and his/her telephone number must always be furnished. The Treasury's reference number must be quoted in cases of an existing Treasury approval or where correspondence with the Treasury on the matter has already taken place.

25.10.5 Where it is considered essential to attach documents to a submission, which may be of use to the Treasury when considering a case, the relevant facts must be set out briefly and clearly in the submission with appropriate references to those parts of the annexures having a direct bearing on the matter.

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- 25.10.6 The financial implications must be set out clearly in the submission. In cases where funds are not available on the relevant subdivision or even main division, full particulars of expected savings on other subdivisions or main divisions must be furnished. When approval for the utilisation of savings is requested, a concise indication must be given of the financial position of the vote as reflected, or to be reflected, in the estimates of expenditure.
- 25.10.7 Previous correspondence between the Department and the Provincial Treasury must be indicated in the submission, as well as any Cabinet resolutions that relate to the matter at hand.
- 25.10.8 If a submission to the Treasury results from an audit query, this fact must be mentioned and if it is not clear from the rest of the submission, the gist of the query must be briefly given.
- 25.10.9 All submissions to the Treasury must be signed by the Accounting Officer or such delegated person. The certificate by the Chief Financial Officer must also be furnished as indicated in Provincial Treasury Instruction 2.2.
- 25.10.10 Submission.s received direct from the head of a department's regional or branch offices will not be considered by Treasury.
- 25.10.11 All submissions to the National Treasury must be sent via the Provincial Treasury.