

WESTERN CAPE PROVINCIAL TREASURY INSTRUCTIONS



Western Cape Provincial Treasury

CONTENTS

	Page
PART 1: DEFINITIONS, APPLICATION, REPEAL OF INSTRUCTIONS AND DATE OF COMMENCEMENT	
<i>Chapter 1: General definitions, Application, Repeal of instructions and Date of commencement</i>	
1.1 General definitions	2
1.2 Application	2
1.3 Repeal of instructions	2
1.4 Date of commencement	2
PART 2: MANAGEMENT ARRANGEMENTS	
<i>Chapter 2: Corporate management</i>	
2.1 Acting Chief Financial Officers	4
2.2 Certificate by Chief Financial Officer	4
<i>Chapter 3: Internal control</i>	
3.1 Internal Audit	5
3.2 Internal Audit Methodology and Guidance	5
3.3 Quality Assurance	6
3.4 Enterprise Risk Management	6
<i>Chapter 4: Financial misconduct</i>	
4.1 See Chapter 4 of the Treasury Regulations and Chapter 10 of the Public Finance Management Act	8
PART 3: PLANNING AND BUDGETING	
<i>Chapter 5: Strategic planning</i>	
5.1 See Chapter 5 of the Treasury Regulations	10
<i>Chapter 6: Budgeting and related matters</i>	
6.1 See Chapter 6 of the Treasury Regulations	11

PART 4: REVENUE AND EXPENDITURE MANAGEMENT

Chapter 7: Revenue management

7.1.	Tariffs	13
7.2.	Recording of receipts	13

Chapter 8: Expenditure management

8.1	Payments and vouchers	14
8.2	Method of dealing with costs, penalties, fines, exchange transactions, legal costs and recoveries.	17
8.3	Date of payment is date of charge	18
8.4	Recovery, disallowance and adjustment of payments	18
8.5	Orders and official order forms	19
8.6	Compensation of employees	20
8.6.1	Method of paying salaries, wages and allowances	20
8.6.2	Recall of deposits	20
8.6.3	Adjustment of errors	20
8.6.4	Control of payroll reports	21
8.6.5	Certificates to be given on payroll reports	21
8.6.6	Advances and claims in respect of subsistence and other relevant incidental expenses	21
8.6.7	Persons temporarily seconded by one department to another	22
8.6.8	Compensation of employees and allowances in the case of transfers	22
8.7	Preliminary payments	23

Chapter 9: Unauthorised, irregular, fruitless and wasteful expenditure

9.1	Accounting treatment	24
-----	----------------------	----

PART 5: ASSET AND LIABILITY MANAGEMENT

Chapter 10: Asset management

10.1	See Chapter 6 of the Treasury Regulations	26
------	---	----

Chapter 11: Management of debtors

11.1	Collection of debts due to the department	27
11.2	Liaison with Department of the Premier (Chief Directorate: Legal Services)	27

Chapter 12: Management of losses and claims

12.1	Definitions	28
12.2	Responsibility for loss control	29
12.3	Processes for managing loss control	30
12.4	Liaison with Department of the Premier (Chief Directorate: Legal Services)	30
12.5	Reporting of losses and damages	30
12.6	Disciplinary measures	31
12.7	Losses or damages occurring between departments	31
12.8	Claims against the State through acts or omissions	31
12.9	Claims by said persons against the State	33
12.10	Recovery of losses and damages	33
12.11	Losses and damages through major and other unavoidable causes	33
12.12	Losses or damages through criminal acts or omissions	33
12.13	Recovery in respect of losses or damages to inventory item and equipment	34

Chapter 13: Loans, guarantees and other commitments

13.1	See Chapter 13 of the Treasury Regulations	36
------	--	----

Chapter 14: Money and property held in trust

14.1	Trust money other than that defined in Treasury Regulation 14.2.1	37
------	---	----

PART 6: FRAMEWORKS

Chapter 15: Banking, cash management and investment

15.1	Post-dated cheques received	39
15.2	Blank cheques received	39
15.3	Persons who may receive provincial government moneys	39
15.4	Crossing of cheques, banker's drafts, etc. on receipt	40
15.5	Issue of receipts	40
15.6	Instructions by accounting officers in respect of the issue of machine receipts	41
15.7	Moneys received which cannot be allocated immediately	41

15.8	Date of issue on face value, embossed and franked forms	42
15.9	Indication of means of payment	42
15.10	Issue of a receipt or face value form in respect of every cheque deposited	42
15.11	Cash surplus	42
15.12	Deficiencies	42
15.13	Depositing of provincial government moneys	43
15.14	Cash withdrawals from and deposits at a bank	43
15.15	Verification of moneys and face value instruments	43
15.16	Recoveries debited to an account which has been finally closed	44
15.17	Use of safes	44
15.18	Sharing of safes and safe custody receptacles	44
15.19	Petty Cash	44

Chapter 16: Public-private partnerships

16.1	Role of the Provincial Treasury	46
------	---------------------------------	----

Chapter 16A: Supply chain management

16A1	Demand management	47
16A2	Acquisition Management	47
16A2.1	Threshold values for the invitation of price quotations and competitive bids	47
16A2.2	Bid committees	48
16A2.3	Delegations	51
16A.2.4	Transversal contracts	51
16A2.5	Procurement of goods and services	52
16A3	Logistics management	54
16A4	Disposal management	55
16A5	Risk management	56
16A6	Breach of Contract	56
16A7	Regular assessment of supply chain performance	57
16A7.2	Reporting	57
16A8	Objections and complaints	57

PART 7: ACCOUNTING AND REPORTING REQUIREMENTS

Chapter 17: Basic accounting records and related issues

17.1	Financial administration systems	60
17.2	Maintenance of certain basic accounting records	60
17.3	Control accounts and bookkeeping	61
17.4	Method of dealing with costs, penalties, fines, exchange transactions, legal costs and recoveries	62
17.5	Date of payment is date of charge	62
17.6	Recovery, disallowance and adjustment of payments	62
17.7	Keeping of records	62
17.8	Erasers, correction fluid and use of ink	62
17.9	Safe Custody	63

Chapter 18: Monthly and annual reports

18.1	See Chapter 18 of the Treasury Regulations	64
------	--	----

PART 8: MISCELLANEOUS

Chapter 19: Trading entities

19.1	See Chapter 19 of the Treasury Regulations	66
------	--	----

Chapter 20: Commissions and committees of inquiry

20.1	Accounts and claims for allowances and expenses	67
20.2	Transport and travelling	67
20.3	Incidence of expenditure	67
20.4	Dissolution of commissions or committees	68
20.5	Interdepartmental services	68

Chapter 21: Gifts, donations and sponsorships

21.1	See Chapter 21 of the Treasury Regulations	69
------	--	----

Chapter 22: Payments, refunds and remissions as an act of grace or favour

22.1	See Chapter 22 of the Treasury Regulations	70
------	--	----

Chapter 23: Government payroll deductions

23.1	See Chapter 23 of the Treasury Regulations	71
------	--	----

PART 9: PUBLIC ENTITIES

Chapter 24: Public entities

24.1	See Chapter 19 of the Treasury Regulations	73
------	--	----

PART 10: GENERAL

Chapter 25: General

25.1	Stamps, face value and other forms with a potential value and bulk stocks	74
25.2	Reserve stocks	76
25.3	Deficiencies and losses	78
25.4	Disposals, cancellations and returns	78
25.5	Postage stamps for official purposes	78
25.6	Securities to the State	79
25.7	Postal and delivered articles	80
25.8	Shares	82
25.9	Legal advice regarding contract implications	82
25.10	Submissions to Treasury	83

PART 1

DEFINITIONS, APPLICATION, REPEAL OF INSTRUCTIONS AND DATE OF COMMENCEMENT

CHAPTER 1

1. DEFINITIONS, APPLICATION, REPEAL OF INSTRUCTIONS 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 (Act 1 of 1999), the Treasury Regulations published in Government Gazette No. 27388, issued on 15 March 2005, and Government Gazette No. 29644, issued on 20 February 2007, has the same meaning as in these documents.

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 21 and 24
 - (c) Provincial Government business enterprises: chapter 24

1.3 REPEAL OF INSTRUCTIONS

- 1.3.1 Western Cape Provincial Treasury Instructions issued in terms of section 18(2)(a) of the Public Finance Management Act (Act 1 of 1999) prior to the commencement date of these instructions, as set out below in Provincial Treasury Instruction 1.4.1, are hereby repealed.

1.4 DATE OF COMMENCEMENT

- 1.4.1 These Treasury Instructions take effect from the 2 November 2009.

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 his or her functions, or during a vacancy, the person acting in his or her place must perform the functions 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 or through the chief financial officer, the person acting on his/her behalf or a delegate.

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

"I, the undersigned, do hereby certify that I have evaluated the submission and that I can advise the accounting officer that the application/request satisfies the following requirements:

- i. it complies with the relevant prescriptions;
- ii. it can be accommodated within the approved budget framework;
- iii. it supports the attainment of the department's tabled strategic objectives and budget programmes; and
- iv. the submission is therefore in order."

Additional comments:

CHIEF FINANCIAL OFFICER
(Signature)

NAME IN PRINT

Date: _____

CHAPTER 3

3. INTERNAL CONTROL

DEFINITIONS IN TERMS OF INTERNAL CONTROL

In this Chapter, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Enterprise Risk Management Framework, has the same meaning, and

“**Assurance providers**” are professional bodies who perform objective examinations of evidence for the purpose of providing an independent assessment of risk management strategies and practices, management control frameworks and practices and information for decision making and reporting.

“**Chief audit executive**” refers to the official appointed by the Provincial Treasury responsible for prescribing the internal audit methodology and quality assurance standards in the province.

“**CRO**” means the chief risk officer.

“**ERM**” means enterprise risk management.

“**ERM strategy**” means a two year plan directing the scope of the ERM unit to achieve its goals and objectives and includes a fraud prevention plan. The ERM strategy directs internal audit priorities and determines the skills required of managers and staff to improve controls and manage identified risks.

“**Internal audit methodology**” refers to the prescribed framework used by the internal audit function to execute internal audits.

“**Internal audit tool**” means the prescribed internal audit software.

3.1 INTERNAL AUDIT

3.1.1 The internal audit function of the Provincial Government of the Western Cape may consist of shared and non-shared units, as determined by the Provincial Treasury.

3.2 INTERNAL AUDIT METHODOLOGY AND GUIDANCE

3.2.1 The chief audit executive must approve the internal audit methodology and internal audit tool.

3.2.2 The internal audit methodology should be reviewed collectively by all internal audit units annually.

3.3 QUALITY ASSURANCE

3.3.1 The chief audit executive must conduct periodic assessments to monitor:

- (a) The application of the approved internal audit methodology in the Province.
- (b) The application of the approved quality assurance standards in the Province.

3.3.2 (a) The chief audit executive must ensure that an external quality review is conducted on the internal audit function in the Province every five years.
(b) Each internal audit unit must take and ensure corrective action based on the outcomes of this external quality review.

3.4 ENTERPRISE RISK MANAGEMENT

3.4.1 The accounting officer must ensure that:

- (a) The department has and maintains an:
 - (i) Enterprise risk management strategy;
 - (ii) Enterprise risk management committee;
 - (iii) Enterprise risk management unit under the control and direction of the ERM committee, which can be combined with a Corporate Governance Unit; and an
 - (iv) ERM unit, which does not participate in any other function that will have an adverse effect on the unit's primary duties as ERM practitioners.
- (b) The institution's risk data are captured on the prescribed software and data platform.
- (c) A complete risk management cycle is conducted within a two year period in the department.
- (d) A consolidated inherent risk report is forwarded to the relevant internal audit unit annually by 31 January.

3.4.2 If considered feasible, the accounting officer of a department may decide to perform the ERM requirements as listed in Provincial Treasury Instruction 3.4.1 above on behalf of public entities under his/her control. If such a decision is made, the Provincial Treasury must be informed within 30 (thirty) days of such a determination.

3.4.3 The ERM process must be subjected to independent assessment by the internal audit function at least every two years.

3.4.4 The Provincial Treasury must:

- (a) prescribe and monitor the implementation of enterprise risk management norms and standards in the Province; and
- (b) approve the prescribed data platform and software as indicated in Provincial Treasury Instruction 3.4.1(b) above.

CHAPTER 4

4. FINANCIAL MISCONDUCT

- 4.1 Details pertaining to financial misconduct can be found in Chapter 4 of the Treasury Regulations and Chapter 10 of the Public Finance Management Act (Act 1 of 1999).

PART 3

PLANNING AND BUDGETING

CHAPTER 5

5. STRATEGIC PLANNING

- 5.1 Details pertaining to strategic planning can be found in Chapter 5 of the Treasury Regulations published in Government Gazette No. 29644, issued on 20 February 2007, as well as the annual budget circulars.

CHAPTER 6

6. BUDGETING AND RELATED MATTERS

- 6.1 Details and requirements pertaining to budgeting and related matters can be found in Chapter 6 of the Treasury Regulations and the national and provincial annual budget circulars issued 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 as approved by the Provincial Treasury within 10 (ten) days after 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 and 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. The Provincial Treasury should be consulted before any proposed new or revised provincial tariff structure is submitted to the Cabinet for approval.

7.1.3 Where applicable, the following aspects must be taken into consideration during the determination and/or revision of the provincial tariff structure of all fees and 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 RECEIPTS

7.2.1 Measures must be instituted and regularly revised to ensure that receipts are allocated to the appropriate receipt items in a consistent manner. Any request for new receipt item codes and the amendment of existing Standard Chart of Accounts (SCoA) item codes may only be done in concurrence with the Provincial Treasury.

CHAPTER 8

8. EXPENDITURE MANAGEMENT

(This chapter must be read with Provincial Treasury Instruction 16A3.)

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 them from being submitted long after services have been rendered.
- 8.1.2 Where a claim, account or invoice in terms of a contract or agreement cannot be obtained timeously to expedite payment in order to take advantage of any permissible discount, the voucher for such payment must be supported by a certificate from a duly authorised official stating that the supplier is entitled to the payment indicated on the payment voucher.
- 8.1.3 Monthly accounts and statements of outstanding balances from suppliers to departments must be verified with the department's records. Any discrepancies must be taken up in writing with the supplier concerned immediately.
- 8.1.4 Certificates in support of vouchers must be issued by persons who have actual knowledge of the goods supplied and/or the services rendered.
- 8.1.5 A person issuing an inaccurate certificate resulting in irregular payment or overpayment may be liable for any loss or damage suffered.
- 8.1.6 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, that they were correct and in good condition on receipt and that the receipt for the supplies were 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 carried out satisfactorily, and that the charges are according to the relative tariff, contract or agreement, or otherwise fair and reasonable, and that the supplier is entitled to payment.

- (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 specific to certain departments -**
as set out in the instructions by the departments concerned.

8.1.7 Before a payment is made, the person verifying the voucher for payment must ensure that the certificate in support of the voucher is in order. If a certificate appears to be defective for any reason, 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 the certificates to make the necessary enquiry if they feel that a certificate is inconsistent with the facts.

8.1.8 The person verifying the voucher for payment must be authorised by delegation. The delegated official must certify the voucher accordingly and make sure that the following requirements have been complied with before proceeding with the payment, namely that the claim is -

- (a) a proper charge against Provincial Government moneys and has not been paid already;
- (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 their absence; and
- (g) generally in order.

8.1.9 A pre-payment or partial payment may 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 the inventory item or equipment already delivered and/or services already rendered.

8.1.10 A pre-payment or partial payment in terms of a written contractual agreement 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 written contractual agreement;
 - (b) show the total amount of all previous payments under such written contractual agreement;
 - (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 written contractual agreement.
- 8.1.11 Payments for supplies, services or work done under written contractual agreement must be supported by certificates from competent persons stating that such payments are in accordance with the terms of the written contractual agreement and, where applicable, that work to the value of the amount to be paid has been done properly.
- 8.1.12 Where consultants are contracted to perform work on behalf of a department, a certificate for a partial payment must first be obtained from duly authorised persons before a payment can be made.
- 8.1.13 Final payment on the completion of a contract must be supported by a certificate from a duly authorised person in the department stating that the terms of the contract have been complied with properly in every respect.
- 8.1.14 Payments may only be made to persons to whom they are due or to their duly authorised representatives. The person responsible for making the actual payment must be satisfied that the representatives concerned are duly authorised by means of a power of attorney or other proper authority to receive such payments.
- 8.1.15 Where an error or overcharge is made in an invoice or claim, or where such invoice or claim contains an item that 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.
- 8.1.16 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.
- 8.1.17 Payments can only be made following an invoice and the reconciliation of the payment on the appropriate system must be made against the statement.

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

8.2.1 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.

8.2.2 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.

8.2.3 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 as follows:

(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*

Debit the vote with the value of the property disposed of and credit revenue by journal entry.

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*

Debit the vote with the value of the property received and credit revenue by journal entry.

Recover the balance from the other party for payment to revenue.

8.2.4 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.

8.3 DATE OF PAYMENT IS DATE OF CHARGE

(These instructions must be read with Provincial Treasury Instruction 16A3.)

- 8.3.1 The rule of state accounting, namely that the date of payment is the date of charge, must be strictly observed. All payments made must be accounted for by the department concerned in the financial year in which the payments are made.
- 8.3.2 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.
- 8.3.3 Amounts received after the last day of a financial year must be brought into account in the new financial year.
- 8.3.4 Every effort must be made to ensure that payment for all authorised services provided and supplies received is made before the end of the financial year. Provision for the payment of such supplies and services must be made from funds appropriated for that year. Deliberate deferring of payment to the following financial year must be refrained from.

8.4 RECOVERY, DISALLOWANCE AND ADJUSTMENT OF PAYMENTS

- 8.4.1 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 to the main division originally debited either directly or by journal entry. Any amounts that are recovered after the closing off of the books for a financial year and that have not been disallowed must be allocated to revenue.
- 8.4.2 If at any time it is found, either during an audit or otherwise, that a payment is not a legitimate charge against a vote, such payment must be removed from the relative account immediately and charged to an account in terms of the National Treasury's "Guide for preparation of annual reports" until such time as the amount is recovered or an adjustment is authorised. These guides are updated annually and are available on the National Treasury website of the office of the accountant general (OAG) under the publication link.
- 8.4.3 If the financial year has already been closed, the amount must be disallowed to the relevant asset or liability SCoA account.
- 8.4.4.1 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 latter 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 8.4.3 must only be reversed on the withdrawal of the disallowance.

8.4.4.2 Accounting officers must recover or adjust disallowances in their accounts and ensure that priority attention is given to such recoveries or adjustments to finalise them as soon as possible after the disallowances have been raised.

8.5 ORDERS AND OFFICIAL ORDER FORMS

8.5.1 Orders for the purchase of goods and requisitions for the supply of services must only be made on the forms or via the purchasing system approved by the Provincial Treasury. These forms constitute an essential part of any vouchers submitted in support of payment.

8.5.2 When supplies or services are required urgently and 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.

8.5.3 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.

8.5.4 The payment copy of the order form must be retained by the issuing institution until the invoice with the necessary certifications is received. The payment voucher must then be submitted for payment.

8.5.5 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 in the book copy of the order form must be dispatched to the recipient of the goods or service by the issuing office for certification that the goods have been received and are as ordered, or that the service has been carried out satisfactorily.
- (b) When the certified order form is returned to the issuing office, the book copy of the order form must be endorsed as follows in addition to the requirements of Provincial Treasury Instruction 8.5.6:
"Original payment copy mislaid – not paid previously."
- (c) A photocopy or duplicate of the book copy must be used to serve as the payment copy as well as proof that the order has been executed, and the certified form must be attached and submitted together with the invoice for payment.

8.5.6 Where order form books are utilised, these must be examined at regular intervals to ensure that all accounts have been received and forwarded for payment. The number of the electronic fund transfer, payment number, date on which the account is passed for payment or on which the account is finally disposed of or paid must be endorsed on all office copies of order forms issued.

8.6 COMPENSATION OF EMPLOYEES

8.6.1 METHOD OF PAYING SALARIES, WAGES AND ALLOWANCES

8.6.1.1 The salaries, wages and allowances of persons in the public service must be paid 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.

8.6.1.2 With regard to Provincial Treasury Instruction 8.6.1.1 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 the magnetic tape service is used, it is extremely important that banking details are absolutely correct.

8.6.2 RECALL OF DEPOSITS

8.6.2.1 A recall is defined as a withdrawal of a deposit made into a bank account of a staff member. The correction of the incorrect deposit made on PERSAL, IRP 5 and salary records is defined as a reversal. A reversal always follows a recall.

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

- (a) Should the beneficiary request that the deposit be recalled in his/her interest, the cost for recall is 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 cost 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 cost for recall in that particular instance must be debited against the SCoA item "bank charges".

8.6.3 ADJUSTMENT OF ERRORS

8.6.3.1 Where computerised systems are used, the following instructions apply:

- (a) When a recall is done and written back on the system where an error is discovered *before payday*, the necessary transactions will be done automatically.

- (b) Where an error is discovered *after payday*, 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) If the person is still in service, the overpayment must be deducted from the following month's salary.

8.6.4 CONTROL OF PAYROLL REPORTS

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

8.6.5 CERTIFICATES TO BE GIVEN ON PAYROLL REPORTS

- 8.6.5.1 Where computerised systems are used, the following certification must be printed at the bottom of the last page of the payroll report in respect of each pay point and signed by the person in charge of the respective pay point before payday:

"I hereby certify that, unless otherwise indicated, all persons listed on the payroll report are entitled to payment."

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

- 8.6.6.1 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 as approved and paid ceases to exist, it must be repaid immediately.
- 8.6.6.2 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 still exists.
- 8.6.6.3 A subsistence claim 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 where a claim is less than the advance, the difference must be repaid by the person concerned immediately.

Suitable records must be maintained to avoid double payment of claims or portions thereof.

- 8.6.6.4 (a) Whenever a department requests the services of an official(s) in the service of another department, any remuneration paid to that official(s) must be paid by the department on which payroll the official(s) reflects. In turn, the remuneration and other expenses can be claimed from the department who requested the services of such official(s).
- (b) Approved subsistence and other expenses must be debited against the relevant SCoA item. 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 accounting officers concerned 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.

8.6.6.5 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 of 1994 (as amended). This must be accounted for against the votes of their departments.

8.6.6.6 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 such meeting after specific authorisation by the provincial minister concerned.

8.6.7 PERSONS TEMPORARILY SECONDED BY ONE DEPARTMENT TO ANOTHER

8.6.7.1 A person temporarily seconded by one department to another must receive his/her emoluments from the receiving department unless the departments concerned agree otherwise, or the Provincial Treasury approves another arrangement.

8.6.7.2 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.

8.6.8 COMPENSATION OF EMPLOYEES AND ALLOWANCES IN THE CASE OF TRANSFERS

8.6.8.1 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 the day on which the

person relinquished actual duty in his/her previous department for the purpose of being transferred; 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.

8.6.8.2 In cases where a person leaves his/her previous station on a day on which he/she was actually employed on official duty, or on a day on which he/she was absent on leave authorised by his/her previous department, the day of relinquishment of duties must be that same day.

8.6.8.3 When a person is transferred from one department to another, his/her new department will be liable for the payment of abnormal living expenses incurred at either the previous or the new station.

8.6.8.4 When a person is transferred from one department to another, and that person's service record was not transferred properly, a salary or allowance must not be paid to such person unless the last pay certificate has been received from the department from which he/she was transferred.

8.6.8.5 Any deviations from Provincial Treasury Instructions 8.6.8.1 to 8.6.8.4 may take place if both departments agree or if the Provincial Treasury's approval is obtained for such deviations.

8.7 PRELIMINARY PAYMENTS

8.7.1 If the supplier is based outside the borders of the Republic of South Africa, payment must be made to the supplier in terms of the official provincial banker's prescribed procedure.

CHAPTER 9

9. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

- 9.1 Accounting treatment of the above-mentioned unauthorised, irregular, fruitless and wasteful expenditure must be done according to the guidelines for the preparation of annual reports for national and provincial departments, issued by the National Treasury. These guidelines are updated annually and are available on the National Treasury website of the office of the accountant general (OAG) under the publication link.
- 9.2 The balance in the “unauthorised expenditure account” must be carried over to the following financial year and if the provincial parliament appropriates an amount in respect of the unauthorised expenditure on the recommendation of the Standing Committee on Public Accounts, a requisition in which reference is made to the Finance Bill must be submitted to the Provincial Treasury by the department concerned (after the finance bill concerned has been promulgated).

PART 5

ASSET AND LIABILITY MANAGEMENT

CHAPTER 10

10. MOVABLE ASSET MANAGEMENT

- 10.1 Details pertaining to asset management can be found in Chapter 10 of the Treasury Regulations, as well as the Provincial Asset Management Guidelines issued by the Provincial Treasury.

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 to ensure that, where applicable, viable claims in respect of such debts are lodged timely against deceased or insolvent estates.

11.2 LIAISON WITH CHIEF DIRECTORATE: LEGAL SERVICES

- 11.2.1 The referral of a matter to the State Attorney as contemplated in Treasury Regulation 11.2.1(b) must be done via the Chief Directorate: Legal Services.

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, damages or prejudice to the state or a said person and, without derogating from or limiting the concept, also shortages, damages and fruitless or wasteful expenditure and compensations.

“Other persons” means any natural or legal person with the exception of a “said person”.

“Said person” means any person who is or was in the employ of the state and notwithstanding the above, also a person who renders/rendered voluntary services to the state on a full- or part-time basis or who holds honorary appointments or any other person who is/was compelled by law or a court order to render services to or 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 the said office in accordance with the provisions of the State Attorneys Act (Act 56 of 1975).

12.1.1 GENERAL NOTE

- (a) Notwithstanding the fact that 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 and National Government, the State Attorney is obliged to act for the National Government. In such cases the Provincial Government can appoint a private attorney via the Chief Directorate: Legal Services 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 appointed in writing with the duties attached to loss control (hereafter 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 Chief Directorate: Legal Services, monitoring claims to prevent prescription; and
- (d) issuing departmental directives, instructions etc. to periodically draw the attention of all those concerned to the fact that all possible efforts must 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.

12.2.3 The loss register must show at least the following:

Date of loss:	The date on which the claim, loss, etc. occurred or was discovered. (This is not the date on which the loss was reported to the loss control officer.)
Date received/reported:	The date on which the loss control officer received the case.
Departmental loss register serial number:	The serial number allocated to a case by the loss control officer. Serial numbers must be allocated numerically in each financial year.
File number:	The file number of the office where the case is being handled.
Details of loss:	Factual description of the claim, loss, etc. and the name of the place where it occurred and the person responsible, if this is known.
Amount:	The amount of the claim, loss, etc.
Amount written off:	The amount authorised for writing off the claim.
Amount recoverable:	The amount to be recovered from the relevant person or institution.

Authorised by:	The rank of the person who, in accordance with the delegated authorities, authorised writing off the loss or payment of a claim.
Authorisation number:	The number allocated to the delegated power according to which the authorisation was granted.
Remarks/follow-up:	The latest progress with regard to a case must be indicated briefly. Full particulars of progress made with a case must be indicated in the relevant case file.

- 12.2.4 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 PROCESSES FOR MANAGING LOSS CONTROL

- 12.3.1 Processes for managing loss control must cater for the following:
- (a) procedures on reporting losses and damages;
 - (b) form and content of reports by officials reporting losses and damages;
 - (c) reviewing and investigating losses and damages;
 - (d) the form and content of a loss/damages register;
 - (e) recovery and review procedures; and
 - (f) updated asset registers and inventory records.

12.4 LIAISON WITH CHIEF DIRECTORATE: LEGAL SERVICES

- 12.4.1 For the purposes of this instruction, any interaction with the State Attorney must be done in consultation with the Chief Directorate: Legal Services.

12.5 REPORTING OF LOSSES AND DAMAGES

- 12.5.1 Any official who becomes aware of a loss or damage to state property must report such loss or damage in writing to the loss control officer immediately. The latter 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. When 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 of whether or not money is recovered in terms of these instructions, disciplinary measures in terms of the Public Service Act of 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, inventory items 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 one 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 Treasury Regulations, the State Attorney may, if requested by the said person, deal with claims or actions on the said person's behalf if the State Attorney feels that the state has an interest in the case. The case must then be dealt with on the express understanding that all legal costs and expenditure incurred by the State Attorney must be repaid to the state by the said person.

12.8.2 Departments receiving claims must furnish the following when approaching the State Attorney in pursuance of paragraph 12.8.1:

- (a) full particulars of the claim and the events and circumstances that gave rise to the claim;
- (b) the statements of all those involved in which all the relevant information is set out in full;
- (c) all other relevant documentation, statements by witnesses and other 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 his/her behalf, the department must request the State Attorney accordingly and furnish him 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 choose to deal with the case without state assistance, that person is free to do so, but will be held responsible for legal costs and no claim for reimbursement of these costs will be considered. The state will, however, accept liability for the amount of the judgement against such person, provided that the state is vicariously liable and such person has not forfeited cover.
- 12.8.5 Subject to 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 be debited against the SCoA item "Thefts and losses".
- 12.8.6 The State Attorney will inform the relevant department of the final outcome of the matter. The department must then provide the State Attorney with a payment for the amount due plus the legal costs payable to the claimant, if applicable, and this amount and the legal costs of the State Attorney must be charged to the relevant department's vote without reference to the Provincial Treasury, provided that if a civil action is instituted against a said person in his/her own name or as co-defendant, and the State Attorney, after consultation with the accounting officer concerned, is of the opinion that the said person has forfeited the protection of paragraph 12.2.1 of the Treasury Regulations or that 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 said person. The State Attorney may then withdraw from the case as the said person's attorney, but may, on behalf of the state, recover any amounts paid on behalf of the said person.
- 12.8.7 Subject to 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. Should this be the case, such amounts must be recovered from the said person, as contemplated in Treasury Regulation 12.7.1.
- 12.8.8 The procedure set out in Provincial Treasury Instruction 12.8 must be followed by both parties mutatis mutandis when dealing with interdepartmental claims. The State Attorney may be requested to act as arbitrator and his decision will be binding on the parties concerned. Prescription or maturity dates do not apply for the purposes of this 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 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 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 ensure immediately that investigations are instituted. All the necessary written statements must be obtained in order to determine the liability of the said person whose act or omission may have caused the loss or damage or contributed to it.

12.11 LOSSES AND DAMAGES DUE TO 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 or facilitated or aggravated it and that no said person or other person can be held liable for the loss or damage or a part of this.

12.12 LOSSES OR DAMAGES THROUGH CRIMINAL ACTS OR OMISSIONS

- 12.12.1 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 must report the matter and any further particulars that are available to the State Attorney for consideration and advice regarding the method to be followed by the accounting officer for the recovery of the money or property, or otherwise for safeguarding the interests of the state. The matter need not be reported to the State Attorney if the accounting officer can recover the loss or damage and has taken or is taking 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 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 (Act 51 of 1977).

12.12.2 Subject to 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 any other action is not considered before the final police report has been received;
- (c) consideration has been given to approach the State Attorney for advice.

12.12.3 Once the write-off of a loss has been approved, the asset registers and/or inventory lists must be adjusted where applicable.

12.13 RECOVERY IN RESPECT OF LOSSES OR DAMAGES TO ASSETS, INVENTORY ITEMS AND EQUIPMENT

12.13.1 Where said persons or other persons are involved in the loss of assets, inventory items and equipment, the amount to be recovered from them 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;
- (c) articles other than those referred to in (a) and (b) above
 - (i) articles described as new at 90% of the replacement value;
 - (ii) articles described as good at 75% of the replacement value;
 - (iii) articles described as fair at 50% of the replacement value;
 - (iv) articles described as poor at 20% of the replacement value.

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

ANNEXURE A

APPLICATION AND UNDERTAKING IN TERMS OF PTI 12.8.3

I, _____, the undersigned, hereby request the State Attorney in terms of PTI 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 Treasury Regulations.
2. I hereby authorise the state to deduct from my salary in one payment or any number of payments that 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 (Act 29 of 1979) regarding deductions in terms of this section from any annuity or benefit payable to me upon my retirement or dismissal in terms of the Government Employees Pension Law (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 of _____ 20_____.

Signature

Witnesses:

1. _____
2. _____

RECOMMENDATION

I, _____ in my capacity as _____ declare that, on the basis of the information at my disposal, I am 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 should be accepted and that the official's defence should be undertaken by the State Attorney as requested.

Dated at _____ on this _____ day of _____ 20_____.

Accounting officer

CHAPTER 13

13. LOANS, GUARANTEES, LEASES AND OTHER COMMITMENTS

- 13.1 Details pertaining to loans, guarantees and other commitments can be found in Chapter 13 of the Treasury Regulations.

CHAPTER 14

14. MONEY AND PROPERTY HELD IN TRUST

14.1 TRUST MONEY OTHER THAN THAT DEFINED IN TREASURY REGULATION 14.2.1

- 14.1.1 In this context, trust money refers to money that is taken from a member of the public for safekeeping while such person is placed in the custody of a Provincial Government department or an authorised person, or one 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 be deposited in a personal account with a financial institution (including the post office) with due regard to the period of safekeeping and at the discretion of the owner. Where such choice is unreasonable or is not exercised, Provincial Treasury Instruction 14.1.3 must be applied *mutatis mutandis*.
- 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 accounted for separately.

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, this charge must not be met from Provincial Government funds, but must be recovered from the responsible person.

15.2 BLANK CHEQUES RECEIVED

- 15.2.1 Blank cheques may be accepted in good faith with the written approval of the accounting officer, provided that all regulations concerning the receipt, safe-keeping and depositing of state money, as stipulated, are strictly adhered to and that the following procedure is followed:

- (a) Blank cheques received shall be entered as such in the remittance register by the official responsible for opening of the post.
- (b) The accounting officer, other than the official responsible for issuing the receipt, shall determine the amount of the drawers liability, complete the cheque and at the same time enter the amount in the appropriate column opposite the relative entry in the remittance register.
- (c) The official who completed the cheque shall make and sign an appropriate annotation on the relative page of the remittance register with, if possible, a reference to the file or document relating to the particular remittance.
- (d) In the event of the transaction not going through or, if the accountability of the drawer can not be found, such and blank cheque must be cancelled immediately and sent back to the drawer. A note to this effect must be made in the register.

15.3 PERSONS WHO MAY RECEIVE 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.
- 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, payments and cash books or the corresponding control accounts in the case of computerised systems must be checked and balanced and the correctness of the balances and cash on hand must be certified by the signatures of the person being relieved, the person taking over and the supervisor. If the person being relieved is not able to certify this for any reason, a third person must, where possible, be called upon to certify the correctness of the balance by adding his/her signature.
- 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

Cheques, banker's 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 on receipt be stamped with the words "not transferable" between two parallel transverse lines immediately.

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 issuing an official receipt.
- 15.5.2 Alterations must not be made to the name of the payer, the amount in words or the amount in figures in any official receipt, licence, face value form or any other form having a potential value, and no erasers of any kind are permitted. Any receipt, licence, face value form or other form having a potential value which has been filled in incorrectly 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 be completed in permanent ink or with a non-erasable ballpoint pen, unless such forms have been prepared by a machine.

15.5.4 If a receipt, licence, 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 arrange for suitable departmental instructions to be drawn up providing for financial control measures to be applied regarding the use of the particular machines in their departments in addition to the security measures regarding the collection, custody, depositing and disbursement of public moneys embodied in these instructions.

15.6.2 In the drafting of such instructions, the following aspects must be covered inter alia:

- (a) the determination of responsibility at all times;
- (b) the defining of duties to prevent unauthorised access to machines and machine records;
- (c) the written designation of a responsible person, who may not be the cashier or machine operator, by the head of the office to be in charge of the machine codes that give 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, as well as the closing off and balancing at the end of each working day; and
- (g) the defining of the supervisor’s duties.

15.7 MONEYS RECEIVED WHICH CANNOT BE ALLOCATED IMMEDIATELY

15.7.1 Moneys received that cannot be allocated immediately must be credited to a suitable SCoA account after an official receipt has been issued. When the remittance can be allocated, the adjustment must be made by journal entry or by such method as approved for computerised systems. The SCoA account must be cleared before month end.

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.

15.9 INDICATION OF MEANS OF PAYMENT

15.9.1 Persons issuing official receipts, licences or face value forms must indicate the following:

- (a) the purpose for which the payment was made;
- (b) the type of remittance received (cheque, cash or other); and
- (c) the name of the drawer of the cheque if it is presented for payment by a person other than the drawer.

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 is issued for every cheque included in a bank deposit.

15.11 CASH SURPLUS

15.11.1 Any surplus of cash discovered must be brought into account as surplus cash immediately 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 Treasury Regulation 12.7, "Losses or damages through acts committed or omitted by officials", and Chapter 12 of the Provincial Treasury Instructions. A suitable note must be made in the relevant record.

15.13 DEPOSITING 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 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.
- 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 the attached schedule) 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 in separate summaries, the totals of which should agree with the amounts appearing on the slip concerned, and must be attached to the orders. The total number of cheques and 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 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 a bank official by the person referred to in Provincial Treasury Instruction 15.14.1 before he/she leaves the bank premises. Any surplus or deficiency must be brought to the attention of the bank officials immediately.
- 15.14.3 Where required by local circumstances, 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 accounting officer must carry out a verification of all moneys and face value instruments at least once a week. This is to ensure that the amount on hand is correct, that moneys which should have been banked have not been held back 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 issued correctly for all moneys received; and
- (c) moneys which should have been banked have not been held back.

15.16 RECOVERIES DEBITED TO AN ACCOUNT WHICH HAS BEEN CLOSED

- 15.16.1 Amounts recovered in respect of overpayments that were debited to an account that has been closed and not 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. Under 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 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.
- 15.18.2 Dishonoured cheques are to be dealt with in terms of Provincial Treasury stipulations as issued from time to time.

15.19 PETTY CASH

- 15.19.1 The reimbursement of petty cash must be dealt with as stipulated by the Provincial Treasury.
- 15.19.2 Where sufficient need exists to have cash available in an office for the immediate payment of petty expenditure, the written approval of the accounting officer must be obtained for the establishment of petty cash facilities.
- 15.19.3 Funds for petty cash are regarded as advances which must be accounted for to the accounting officer on a monthly basis, and until such an advance has been accounted for, a petty cash payment must not be treated as a final charge.

- 15.19.4 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 such person must enter all payments and replenishments in the petty cash register immediately.
 - (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 separately from other Provincial Government moneys, but not necessarily in separate safes.
 - (e) The petty cash register must be balanced weekly (in the case of bigger departments) or monthly (in the case of smaller departments) and must be verified with the actual cash on hand by the head of the office or section concerned or a person nominated by him/her in writing.

CHAPTER 16

16. PUBLIC-PRIVATE PARTNERSHIPS

Details pertaining to public-private partnerships (PPP) can be found in Chapter 16 of the Treasury Regulations.

16.1 ROLE OF THE PROVINCIAL TREASURY

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

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

CHAPTER 16A

SUPPLY CHAIN MANAGEMENT

16A1 DEMAND MANAGEMENT

- 16A1.1 The accounting officer must ensure that the supply chain management system provides for an effective and efficient system of demand management. The said system must ensure that the resources required to support the strategic and operational commitments of the institution are delivered timeously, at the location required and at the best possible price.

16A2 ACQUISITION MANAGEMENT

16A2.1 THRESHOLD VALUES FOR THE INVITATION OF PRICE QUOTATIONS AND COMPETITIVE BIDS

- 16A2.1.1 Accounting officers may procure requirements up to an estimated value of R2 000,00 (inclusive of VAT) through petty cash.
- 16A2.1.2 Accounting officers may procure requirements up to an estimated value of R2 001,00 to R10 000,00 (inclusive of VAT) against three verbal quotations, of which the accepted quotation must be in writing.
- 16A2.1.3 Accounting officers must procure goods and services valued between R10 001,00 and R500 000,00 (inclusive of VAT) by means of the designated purchasing system, unless:
- (a) goods and services relate to construction contracts, and/or
 - (b) formal exemptions were given by the Provincial Treasury.
- 16A2.1.4 Above the estimated value of R500 001,00 (inclusive of VAT) accounting officers must invite competitive bids for a department's procurement requirements, subject to Provincial Treasury Instruction 16A2.1.5.
- 16A2.1.5 Accounting officers may deviate from Provincial Treasury Instruction 16A2.1.4 should it not be practical to invite competitive bids for a specific procurement. The supply chain management system of a department must determine the circumstances that may warrant such deviation. The supply chain management system of a department must also determine the processes to be followed in respect of the approval and recording of such deviations.
- 16A2.1.6 The Provincial Treasury is responsible for the management of a credible database of suppliers to be utilised by provincial departments.

16A2.2 BID COMMITTEES

16A2.2.1 The supply chain management system must provide for a -

- a) committee system for competitive bids consisting of at least
 - (i) a bid specification committee;
 - (ii) a bid evaluation committee; and
 - (iii) a bid adjudication committee.

16A2.2.2 A bid specification committee must ensure the compilation of unbiased bid specifications for each procurement undertaken by the department.

- (a) Specifications -
 - (i) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods and services;
 - (ii) must take account of accepted standards which the equipment, material or workmanship should comply with, such as those issued by Standards South Africa (SABS), the International Standards Organisation or an authority accredited or recognised by the South African National Accreditation System;
 - (iii) should, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (iv) may not create trade barriers in contract requirements in the form of specifications, plans, drawings, designs, test methods, packaging and marking or labelling of conformity certification;
 - (v) may not refer to any particular trade mark, name, patent, design, type, specific origin or manufacturer, unless there is no other sufficiently precise or intelligible way of describing the characteristics of work, in which case such reference must be accompanied by the word “equivalent”;
 - (vi) must indicate each specific goal for which points may be awarded in terms of the points system set out in the supply chain management system of the departments; and
 - (vii) must be approved by the accounting officer prior to the publication of the invitation for bids;
- (b) Compiling bid documents;
- (c) Requesting proposals (if applicable);
- (d) Drawing up terms of reference;
- (e) Drawing up evaluation criteria;
- (f) Including special conditions (if applicable);

- (g) Incorporating specific needs of any department in the case of transversal bids invited by the Provincial Treasury; and
- (h) Recommending to the departmental bid evaluation committee.

16A2.2.3 A bid evaluation committee is responsible for the evaluation of bids received, which include verification of the capability of the bidder to execute the contract, the tax clearance certificate issued by the South African Revenue Services and National Industrial Participation programme requirements, where applicable.

The bid evaluation committee must -

- (a) evaluate bids in accordance with the specifications for a specific procurement, the points system as set out in the supply chain management system of the department/s and as prescribed in terms of the PPPFA by:
 - (1) compliance with conditions (legitimacy tests);
 - (2) compliance with specification;
 - (3) consideration of latent and other factors that might have an influence on the award of the bid;
 - (4) comparison of prices and allocation of preference points for the price and soci-economic objectives;
 - (5) scrutinising bids for completeness and technical correctness;
 - (6) checking all other registers for completeness and correctness;
 - (7) verifying supplier detail;
 - (8) verifying claims in terms of preference points and status;
 - (9) awarding points in terms of the evaluation criteria and preference claims;
 - (10) calculating points awarded;
 - (11) completing a list of competitive bids; and
 - (12) making a recommendation to the bid adjudication committee;
- (b) evaluate each bidder's ability to execute the contract;
- (c) submit to the adjudication committee a report and recommendations with regard to the awarding of the bid or any other related matter; and
- (d) re-evaluation of bids in cases where bid recommendations have been referred back to the bid evaluation committee by the bid adjudication committee.

16A2.2.4 A bid adjudication committee is responsible for considering the reports and recommendations made by the bid evaluation committee and, depending on the delegations granted by the accounting officer, make a recommendation to the accounting officer to make the final award.

- (a) A bid adjudication committee must -
 - (i) consider the report and recommendations of the bid evaluation committee; and
 - (ii) either -
 - (aa) depending on its delegations, make a recommendation to the accounting officer to make the final award; or
 - (bb) make an alternate recommendation with the necessary rationale to the accounting officer on how to proceed with the procurement process.
- (b) The bid adjudication committee must ensure that:
 - (i) all necessary bid documents have been submitted;
 - (ii) disqualifications are justified and that valid and accountable reasons/motivations were furnished for passing over of the bid;
 - (iii) scoring has been fair, consistent and correctly calculated and applied; and
 - (iv) bidders' declarations of interests have been taken cognisance of.
- (c) The bid adjudication committee must also consider and rule on all recommendations/reports regarding the amendment, variation, extension, cancellation or transfer of contracts awarded.
- (d) The bid adjudication committee may also, if and when required to do so, consider for approval the recommendations of the bid specifications committee in order to ensure that:
 - (i) a proper and unbiased specification was compiled for specific requirement;
 - (ii) proper terms of reference were drawn up for the service required, clearly indicating the scope of the requirement, the ratio between price and functionality, the evaluation criteria, as well as weights and values;
 - (iii) strategic sourcing principles were applied and that the market was properly researched and analysed;
 - (iv) the necessary funds are available;
 - (v) if and when applicable, in addition to the general terms and conditions of contract appropriate, the special conditions of contract are specified;
 - (vi) the preference point system is prescribed and appropriate goals are identified, and the points allocated for these goals are consistent with the requirements of the Preferential Procurement Regulations; and

- (vii) where appropriate, ranges have been set (indicating breakdown of the points/percentages as provided for in the relevant sliding scales for the selected specified goals).
- (e) Neither a member of the bid specification committee nor a member of the bid evaluation committee, nor an adviser or person assisting the bid specification/evaluation committee may be a member of the bid adjudication committee.

16A2.3 DELEGATIONS

- (a) The power to engage in supply chain management activities is vested in the accounting officer, who may delegate his/her powers in writing to any official in that department in terms of section 44 of the PFMA.
- (b) Such delegation must take account of the legislative framework and the relevant accounting officer system to ensure efficient and effective execution thereof. Procurement activities should, as far as possible, be performed by supply chain management officials only.
- (c) The execution of any delegated power is subject to the provisions of the PFMA, the requirements of just administrative action as provided for in the Promotion of Administrative Justice Act (Act 3 of 2000) and general administrative principles, including the principle of *functus officio*.
- (d) The accounting officer may, at any stage of a bidding process, refer any recommendation made by the evaluation or adjudication committee back to such committee for reconsideration of the recommendation.
- (e) When the accounting officer disagrees with the recommendation made by a bid committee, the decision should be justified and the reasons for such decision must be well documented and should preferably be referred back to the bid adjudication committee for reconsideration.

16A2.4 TRANSVERSAL CONTRACTS

- (a) Where transversal contracts will result in lower unit costs/economies of scale, the Provincial Treasury must facilitate and arrange such transversal term contracts as required in terms of National Treasury Regulations 16A6.5.
- (b) Contracts so procured will utilise strategic sourcing methodology and leveraged buying power to achieve economies of scale and will be governed by the current requirements for supply chain management as envisaged by these Instructions.

16A.2.5 PROCUREMENT OF GOODS AND SERVICES THROUGH OTHER MEANS THAN THE INVITATION OF A COMPETITIVE BIDDING PROCESS

16A2.5.1 PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE

The supply chain management system must make provision for the accounting officer to procure goods and services under a contract secured by another organ of state only if -

- (a) the contract secured by the other organ of state by means of a competitive bidding process is applicable to that organ of state;
- (b) the department has no reason to doubt that such contract was not procured validly;
- (c) there are demonstrable discounts or benefits for the department in doing so;
- (d) the other organ of state and the provider have consented to such procurement in writing;
- (e) the party seeking to join the contract contracts for the same terms and conditions as envisaged in the original contract; and
- (f) this process is not utilised as a result of poor planning and to forego the competitive bidding process.

16A2.5.2 LIMITED BIDDING

16A2.5.2.1 The forms of limited bidding are:

- (a) **Multiple source bidding:** This form of bidding is used in the case where the market has been tested and it is proven as a fact that there are only a few prospective service providers that are able to make a proposal. A current detailed market analysis report, or proof that the market has been tested adequately, must be available as motivation.
- (b) **Single source bidding:** This form of bidding requires a pre-selection process that identifies only one amongst a few prospective bidders to be requested to submit a final formal bid/proposal. Reasons for the decision must be documented and readily available to give effect to the promotion of the Promotion of Administrative Justice Act (Act 3 of 2000).
- (c) **Closed bidding:** This form of bidding is used when only one supplier is afforded the opportunity to quote. As this system imposes a limitation on the provision for openness, it must be used responsibly and to substantiate its utilisation, it must be well documented.

- (d) **Sole sourcing:** If there is no competition and only one bidder exists (for example sole distribution rights). A “sole source” means a sole provider of a licensed or patented service or goods, which may include the following:
 - (i) sole provider of items that are compatible with existing equipment, inventory items, systems, programmes or services;
 - (ii) sole provider of goods and services for which the department has established a standard; or
 - (iii) sole provider of a factory-authorized warranty service.
- (e) **Urgent/emergency bidding:**
 - (i) In urgent cases and emergencies, a department may dispense with the invitation of bids and may obtain the required goods or services by means of quotations by preferably making use of the database of prospective suppliers.
 - (ii) Urgent cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical.
 - (iii) Emergencies are cases where immediate action is necessary in order to avoid a dangerous or risky situation or misery.
 - (iv) The reasons for the urgency/emergency and for dispensing of competitive bids should be clearly recorded and approved by the accounting officer.

16A2.5.2.2 Any deviation from a competitive or open bidding process will be regarded as limited bidding. A departmental supply chain management system must take into account the following criteria to determine limited bids:

1. that compelling reasons exist why the particular supplier(s) is/are the only one that could supply the particular goods/services required;
2. that the goods/services have to be procured urgently and that the consequences will be dire/detrimental to the department if the goods or services are not procured urgently;
3. whether the same goods or services were previously procured from the same prospective supplier(s); and if yes, the standard and value of services/goods so provided, the term period of contract validity and whether or not goods or services were secured through a competitive bidding process; and
4. what the consequences will be should a competitive process be followed.

16A2.5.2.3 All limited bids over the value of R5 (five) million (inclusive of VAT) must be executed in conjunction with the Provincial Treasury prior to the award being made by a department.

16A2.7.3 UNSOLICITED BIDS

16A2.7.3.1 An unsolicited bid is an offer that has been received outside of a normal bidding process.

16A2.7.3.2 A department is not obliged to consider unsolicited bids received outside the normal bidding process. If such offers are considered, it should be done within the ambit of the existing departmental bidding process, regulation and prescripts.

16A.2.6 APPOINTMENT OF CONSULTANTS

16A2.6.1 A supply chain management system may allow the accounting officer to procure consulting services in line with National and Provincial Treasury guidelines.

**16A3 LOGISTICS MANAGEMENT
(This instruction should be read with Provincial Treasury Instruction Chapter 8.)**

16A3.1 The accounting officer must ensure that the supply chain management system provides for an effective system of logistics management in order to provide for setting inventory levels, placing orders, receiving and distributing goods, inventory item and warehouse management, expediting orders, transport management, vendor management, maintenance and contract administration.

16A3.2 The accounting officer must -

- a) ensure that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical and transparent use of the department's resources, whilst maintaining effective financial and management controls;
- b) maintain a proper record of all the applicable assets or groups of assets under the control of the department, ensuring that preventative mechanisms are in place to eliminate theft, losses, wastage and misuse of assets;
- c) account for all damage to and losses of assets in accordance with Treasury Regulation 12 ("Management of losses and claims") issued in terms of the PFMA; and
- d) investigate all damages to and losses of resources and assets with a view of possible recovery.

16A3.3 The accounting officer must ensure that -

- a) strategies for maintaining the appropriate level of service for existing assets are developed, using a planned approach to maintenance that will ensure the delivery of maintenance services, such as:
 - i) routine inspections and servicing;

- ii) corrective maintenance; and
- iii) preventative maintenance;
- b) a mechanism is established which determines the type and maximum or minimum levels of stock, whilst allowing for a safety margin to be added to the minimum level and embracing the concept of just-in-time delivery to lower the cost of storage and associated risks;
- c) the reliability of suppliers in terms of delivery periods, quantity and quality is monitored and underperforming suppliers are reported and acted upon;
- d) systems are in place to verify all supplies received for quality and quantity against the ordering documentation;
- e) all legislative requirements, including municipal by-laws and safety regulations, are complied with when items are being stored;
- f) stock and equipment are systematically positioned and stored to facilitate the necessary inventory control and management (to minimise/eliminate the possibility of damage, exposure, deterioration and perishing);
- g) a stock-taking/asset verification of all assets in stock or on distribution is conducted at least once a year and differences are accounted for; and
- h) reconciliation between the financial system in use and the movement on the actual asset register takes place on at least a monthly basis and any discrepancies found are rectified immediately.

16A3.3 Handing-over certificate

- (a) Where a change in person responsible for direct control of an inventory item, equipment or livestock takes place, a handing-over certificate must be completed by person responsible for direct control of an inventory item, equipment or livestock and a copy retained for record and audit purposes.
- (b) If for any reason the above-mentioned person from whom the inventory item, equipment or livestock is being taken over is not available, an impartial official must be nominated in writing to assist the person taking over with the verification of the inventory item, equipment or livestock and the certification of any discrepancies.
- (c) In case of failure to comply with the requirements of a handing-over certificate, the official taking over may be held liable for any shortages, unless it can be established that the shortages existed prior to the official taking over.

16A4 DISPOSAL MANAGEMENT

- 16A4.1 The accounting officer must ensure that the supply chain management system provides for an effective system of disposal management including those assets deemed unserviceable, redundant or obsolete.

16A4.2 Officials may only proceed with disposal using a procedure provided for by the department's supply chain management system after the feasibility and desirability of using one or more of the following alternative disposal options, which is in the best interests of the state, has been considered:

- a) transfer to another institution in terms of section 42 of the PFMA;
- b) transfer to another institution at a market-related value;
- c) transfer to another institution free of charge, bearing in mind that the assets cannot be transferred to a sub-office or school without the approval of the head office of the institution under whose jurisdiction such sub-office or school falls;
- d) recycling or re-use of component materials;
- e) disposal by means of dumping at an authorised dump site, burning or demolition; and
- f) selling to the highest bidder or at an auction.

16A4.3 The reasons for adopting a specific disposal option must be recorded and available for audit purposes.

16A5 RISK MANAGEMENT

16A5.1 The accounting officer must ensure that the supply chain management system provides for an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management process.

16A5.2 The risk management system must include -

- a) the allocation of risks to the official best suited to manage such risks;
- b) the acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- c) the management of risks in a pro-active manner and the provision of adequate cover for residual risks;

16A6 BREACH OF CONTRACT

For both departmental and transversal contracts, in the event a supplier breaches any of the material terms and conditions of contract(s) and/or the service level agreement(s), the relevant department(s) must inform the Provincial Treasury and the Chief Directorate: Legal Services immediately on discovery of the breach.

16A7 REGULAR ASSESSMENT OF SUPPLY CHAIN PERFORMANCE

16A7.1 The accounting officer must ensure that the supply chain management system provides for an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes are being followed and whether the desired objectives are being achieved.

16A7.1.1 The accounting officer must ensure that assessments of the performance of the supply chain management system are done regularly, focussing on inter alia:

- a) the achievement of goals within the supply chain management system;
- b) compliance with the Regulatory Framework;
- c) vendor performance;
- d) value for money;
- e) cost variance per item;
- f) non-compliance with contractual conditions and requirements; and
- g) inventory item/warehouse efficiency.

16A7.2 REPORTING

16A7.2.1 An accounting officer must provide the Provincial Treasury with information on the awarding of all bids by a department on a monthly basis.

16A7.2.2 The prescribed reporting format issued by the Provincial Treasury must be signed and submitted to the Provincial Treasury within 10 (ten) working days after the end of each month. A nil-return, where applicable, must also be submitted.

16A7.2.3 All bids to the procurement value of R1(one) million (inclusive of VAT) and above must be reported to the Provincial Treasury and the Auditor-General at the conclusion of such bids.

16A7.2.4 An accounting officer must ensure that details of bids/quotations awarded via the DPS must be captured on the prescribe system to ensure credibility of the data.

16A8 OBJECTIONS AND COMPLAINTS

16A8.1 The supply chain management system of a department must allow persons aggrieved by decisions or actions taken by the department in the implementation of its supply chain management system to lodge a complaint against such decision or action in the form of a written objection to the department within 14 (fourteen) days of the decision or action. The accounting officer must

institute a mechanism to record and deal with such alleged grievances or complaints adequately.

16A8.2 The accounting officer may appoint an independent, impartial person who is not directly involved in the supply chain management process:

- (a) to assist with the resolution of disputes between the department and other persons regarding -
 - (i) any decisions or actions taken by the department in awarding a contract in the course of its supply chain management system; or
 - (ii) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

16A8.3 The accounting officer is responsible for assisting the appointed person to perform his/her functions effectively.

16A8.4 The appointed person must -

- (a) strive to resolve all disputes, objections, complaints or queries received promptly; and
- (b) submit reports on all disputes, objections, complaints or queries received, attended to or resolved to the accounting officer.

16A8.5 A dispute, objection, complaint or query may be referred to the Provincial Treasury if the dispute, objection, complaint or query is not resolved within 60 (sixty) days of receipt thereof.

16A8.6 This mechanism must not be read as affecting a person's right to approach a court at any time.

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 Treasury Regulation 17.3.1, submissions requesting the Treasury's approval with regard to financial administration systems must be sent via the Provincial Treasury.
- 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 the preliminary investigation report, functional specifications and purchase of programme packages are processed or implemented further, they 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 their control.
- 17.2.2 The main ledger must contain at least the following:
- (a) General account of the fund/vote;
 - (b) Exchequer issues account;
 - (c) Paymaster-general's account;
 - (d) Electronic fund transfer, outstanding payments, deposit account;
 - (e) General account of revenue;
 - (f) Control accounts for banking, salaries, claims, debts and disallowances;
 - (g) ACB control account in respect of electronic bank transfer payments; and
 - (h) Any ledger accounts as prescribed by the Provincial Treasury.

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 furnished 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 at ensuring maximum safety and control over Provincial Government moneys and property. Entrusting these duties relating to the handling of cheques, whether used or unused, to only one person must be avoided.

17.3.2 BASIC LEDGER ACCOUNTS AND THE CLOSING OF SUCH ACCOUNTS

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; and
 - (ii) *debited* the total final expenditure charged to the accounts of the approved services (main divisions).
- (b) *Exchequer grant 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 the surplus to be surrendered to the Provincial Treasury; and
 - (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; and
 - (ii) *credited* the daily total of all cheques paid and all direct debits by the Provincial Treasury.
- (d) Any ledger accounts as prescribed by the Provincial Treasury.

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 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 grant account. A credit balance in the exchequer grant account will be reflected on the income statement of the department as a surplus to be surrendered to the provincial revenue fund.

17.3.2.4 Where computerised accounting systems are used, the closing off of accounting procedures will be transacted automatically and where these procedures deviate 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 with 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

Moved to Chapter 8: Expenditure Management.

17.5 DATE OF PAYMENT IS DATE OF CHARGE

Moved to Chapter 8: Expenditure Management.

17.6 RECOVERY, DISALLOWANCE AND ADJUSTMENT OF PAYMENTS

Moved to Chapter 8: Expenditure Management.

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 they have been examined.

17.8 ERASERS, CORRECTION FLUID AND THE USE OF INK

17.8.1 Erasers and the use of correction fluid must not be permitted in books of account or registers. 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, records and registers must be made with blue or black permanent ink only.

17.9 SAFE CUSTODY

17.9.1 Adequate precautions must be taken to safeguard all accounting records of transactions and supporting documentation against loss through 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, stating the date of disposal;
- (b) the records are arranged neatly and systematically in order to facilitate reference to such records;
- (c) no records are removed without proper authority; and
- (d) storage space is utilised as economically and efficiently as possible.

CHAPTER 18

18. MONTHLY AND ANNUAL REPORTS

- 18.1 Details pertaining to monthly and annual reports are contained in Chapter 18 of the Treasury Regulations as well as Provincial Treasury circulars.

PART 8

MISCELLANEOUS

CHAPTER 19

19. TRADING ENTITIES

- 19.1 Details pertaining to trading entities are contained in Chapter 19 of the 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 must 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, apart from the salary and personal allowances of an official member. These 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 in 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, as well as 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 statement of financial performance.

20.4 DISSOLUTION OF COMMISSIONS OR COMMITTEES

- 20.4.1 The controlling department must ensure that, following 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.

20.5 INTERDEPARTMENTAL SERVICES

- 20.5.1 When a commission or committee requires services that are provided by a department, the requisitions for such services should be submitted by the controlling department to the department that is required to provide the service.

CHAPTER 21

21. GIFTS, DONATIONS AND SPONSORSHIPS

21.1 INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO DEPARTMENTS, PUBLIC ENTITIES, TRADING ENTITIES, CONSTITUTIONAL INSTITUTIONS, OFFICIALS OR OTHER ROLE - PLAYERS IN TERMS OF TREASURY REGULATION 16A8.3(d)

21.1.1 No person who is a provider or prospective provider of goods or services to a department or public entity, or a recipient or prospective recipient of goods disposed of by a department or public entity, may offer or grant either directly or through a representative or intermediary promise -

- (a) any inducement or reward to the department or public entity for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to -
 - (1) an official of the department or public entity; or
 - (2) any other role player involved in the implementation of the supply chain management policy of the department or public entity.

21.1.2 Whilst small gifts or hospitality extended not exceeding R350,00 may be accepted without prior written approval, such gifts must be noted in a gift register kept by the department and public entities for audit purposes. The gift register must contain the following information:

- (a) the name, identity and persal number of the receiver;
- (b) the name, address and telephone number of the donor and contact person in case of a company;
- (c) the nature and description of the gift/invitation;
- (d) the estimated value;
- (e) the date of receipt; and
- (f) the details of the persons who authorised the acceptance of the gift (if applicable).

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 22 of the Treasury Regulations.

CHAPTER 23

23. GOVERNMENT PAYROLL DEDUCTIONS

- 23.1 Details pertaining to government payroll deductions are contained in Chapter 23 of the Treasury Regulations.

PART 9

PUBLIC ENTITIES

CHAPTER 24

24. PUBLIC ENTITIES

- 24.1 Details pertaining to public entities are contained in Chapters 24 to 33 of the Treasury Regulations, as well as 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

25.1 STAMPS, FACE VALUE AND OTHER FORMS HAVING A POTENTIAL VALUE AND BULK STOCKS

- 25.1.1 Bulk stocks of postage and revenue stamps, receipts, licences, and face value or other forms that have a potential value must be kept in strongrooms or safes under the control of persons appointed in writing to distribute them.
- 25.1.2 The persons referred to in Provincial Treasury Instruction 25.1.1 must keep a main stock book or register for entering the number and value of stamps or face value forms received and issued and any other information as may be necessary with regard to forms having a potential value under each denomination. On each occasion of either a receipt or issue, such a stock book must be signed by the person in charge and by any other persons appointed to have joint charge of the stock book. Such a 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 to whom this duty is delegated. 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 Excess accumulation of bulk stocks of postage and revenue stamps, receipts, licences, cheques and face value or other forms having a potential value (without due regard for the estimated demand) must be avoided.

25.2 RESERVE STOCKS

- 25.2.1 All persons (excluding those appointed for the purpose of distribution of bulk inventory items in terms of Provincial Treasury Instruction 25.1.1) entrusted with the safe-keeping of a reserve stock of stamps, receipts, licences and 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 for entering under each denomination the number and value of stamps or face value forms received and issued and any other information with regard to forms having a potential value. 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 who require such stamps or forms 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 must be verified by the accounting officer at least once a year. A certificate of such verification must be recorded in the stock book or register.
- 25.2.3 Reserve stocks of stamps and 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 must be duly recorded and supported by the signature of the person to whom they were 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 by the person in charge of the office or by a person to whom this duty is delegated at least once a month. The stock book or register must be signed and dated to indicate that this has been done.
- 25.2.5 When taking charge of a receipt, licence, face value form or other forms having a potential value, persons entrusted with their safe-keeping or use must ensure that the number of forms taken into stock is correct.
- 25.2.6 Receipts, licences and face value or other forms having a potential value must be numbered and supplied in an approved manner 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, receipts, licences and 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. Both the person relieved and the person taking over from him/her must certify this in writing and sign their names and ranks on a handing-over certificate, verifying that the stock of stamps and forms are in order. The handing-over certificate must be signed by the supervisor as well to acknowledge that the handing-over was done in his/her presence.
- 25.2.8 Issues of stamps and 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 and 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 supplied by the departmental head office to regional users, the latter must submit the following monthly return to their head office:

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.										SIGNATURE _____ DATE _____							
FOOTNOTE: If necessary, the reverse side must be used.										DESIGNATION _____							

25.3 DEFICIENCIES AND LOSSES

- 25.3.1 Any deficiency in, destruction of, damage to or loss of stamps and unused or cancelled receipts, licences and face value or other forms having a potential value must be reported by the responsible person to the accounting officer immediately. 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 or 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 receipts, licences or 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 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 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 as well as all such cancelled original forms, copies and counterfoils must be kept for inspection.
- 25.4.2 All obsolete receipts, licences and face value or other forms having a potential value must be returned to and destroyed by the head office of the 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 not be sold or otherwise disposed of under any circumstances.
- 25.5.2 Requisitions for postage stamps for official purposes must be submitted to the person authorised 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 filling in the register must be allocated in writing to a particular person.

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 that 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 be kept in a safe or strongroom, unless physically impractical.

25.6.3 DESIGNATION OF A 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) the consecutive number (which must also be endorsed on the security);
- (b) the date of issue of the security;
- (c) the date of receipt;
- (d) the period of validity of the security given;
- (e) the period for which the security is required;
- (f) the nature of the security;
- (g) the purpose of the security;
- (h) by whom and in whose favour the security was given;
- (i) the law, regulation or authority under which the security was given;
- (j) the amount or estimated value of the security;
- (k) the names and addresses of sureties;
- (l) the date and particulars of release, substitution, amendment or cancellation; and
- (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 must ensure that the securities under his/her control are examined at least once in each financial year and must verify that:

- (a) all securities are recorded in the register of securities correctly;
- (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; and
- (e) the securities are generally in order.

25.6.4.2 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

All postal articles must be collected from the post office by a responsible person, and:

- (a) in the case of departments renting private bags, conveyed in a bag sealed or locked by postal officials; and
- (b) in the case of departments renting post boxes, be removed directly from the post boxes into a case or bag supplied by the department for conveyance.
- (c) On receipt of the post in the registry office or other office of the department, the persons referred to in Provincial Treasury Instruction 25.7.10 must establish whether the private bag is still properly sealed or locked before the postal articles are removed.

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

25.7.3 On receipt of the list or slip the persons referred to in 25.7.10 must enter the number of every registered or certified article and the name of the office of dispatch in the register for 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.

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

25.7.5 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 must be alerted immediately, and the person responsible 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.

- 25.7.6 The persons referred to in 25.7.10 must open the articles and record the name of the sender and the details of the contents of the envelope or package in the register opposite the numbers which have already been recorded. If the articles contain remittances or negotiable instruments, they must be entered in the remittance register.
- 25.7.7 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.
- 25.7.8 Before a remittance register is brought into use, the head of the office or a person designated in writing by him/her must ensure that all pages are consecutively numbered and verify that pages have not been removed from the register.
- 25.7.9 Provided that where the number of entries per day are more than one, the signatures in accordance with (h) and (i) below need to be affixed only once per page or part thereof, while the signature in accordance with (k) must in all cases be affixed only once per page. The following detail in respect of each separate item must be recorded in the remittance register:
- (a) the date of receipt;
 - (b) how the item was received (by ordinary, certified or registered post or by delivery book);
 - (c) from whom the item was received;
 - (d) the address of the sender;
 - (e) the nature of remittance;
 - (f) the purpose for which the item was received;
 - (g) the amount of the remittance (where applicable);
 - (h) the signatures of the persons present at the opening of the mail;
 - (i) the signature of the person to whom the mail was handed over;
 - (j) the number of the receipt issued or other manner of disposal; and
 - (k) the signature of the person responsible for the verification of the register and the date on which such verification took place.
- 25.7.10 The duty of receiving and opening mail and recording in the remittance register the 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 accounting officer. Where possible, a second person should be nominated in writing to assist in this duty.

25.7.11 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 him-/herself that all items recorded in it were immediately and properly dealt with and where brought into account appropriately, and must sign and date the register in the last column 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.

25.7.12 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

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
 - (iii) total value as at 31 March of each year.
- (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 from the Chief Directorate: Legal Services must first be obtained before executing any contract or any standard contract that is materially altered and which can have financial implications or implied financial implications (excluding interstate and intergovernmental agreements) on behalf of the Provincial Government.

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) Comprehensive motivation.
- (d) Financial implications with additional resource requirements, availability of funds, etc. if the requested approval is granted.
- (e) Other institutions consulted.

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

25.10.3 The contents of the submissions must be limited to the matter for which Treasury's approval is required and must 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 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 must be furnished where applicable. If in principle approval 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 the case 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 annexure having a direct bearing on the matter.

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 must be mentioned and if it is not clear from the rest of the submission, the gist of the query must be given briefly.
- 25.10.9 All submissions to the Treasury must be signed by the accounting officer. The certificate by the chief financial officer must also be furnished as indicated in Provincial Treasury Instruction 2.2.
- 25.10.10 Submissions received directly from the head of a department's regional or branch offices will not be considered by Treasury.
- 25.10.11 All submissions to the Treasury must be sent via the Provincial Treasury.