



Building No.4, No. 7 Government Boulevard, Riverside Park, Ext 2, Mbombela, 1200,  
Private Bag X 11205, Mbombela, 1200  
Tel: 013 766 4572, Fax: 013 766 4604, Int: +27 (13) 766 4572, Int: +27 (13) 766 4604

Litiko LeteTimali

UmNyango weZeemali

Departement van Finansies

Enquiries : Mr. LJ Radebe x 4380  
Ref : DoF 14/6/2/1

---

## PROVINCIAL TREASURY CIRCULAR NUMBER 7 OF 2015

---

TO:

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (DR NONHLAHLA MKHIZE)  
THE ACCOUNTING OFFICER: VOTE 3: FINANCE (MS NZ NKAMBA)  
THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL  
AFFAIRS (MR CM CHUNDA)  
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND  
ADMINISTRATION (MS SP XULU)  
THE ACTING ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM  
(MR T MDAKANE)  
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)  
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR KM  
MOHLASEDI)  
THE ACCOUNTING OFFICER: VOTE 9: COMMUNITY SAFETY SECURITY & LIASON (MR W  
MTHOMBOTHI)  
THE ACCOUNTING OFFICER: VOTE 10: HEALTH (DR AM MORAKE)  
THE ACTING ACCOUNTING OFFICER: VOTE 11: CULTURE SPORT AND RECREATION (MR  
W MNISI)  
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS NL MLANGENI)  
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR K MASANGE)

THE ACTING CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER: (MS P  
NGWENYA)  
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL LEGISLATURE: (MR S SANYANE)  
THE ACTING CHIEF FINANCIAL OFFICER: VOTE 3: FINANCE: (MS LC MLAMBO)  
THE CHIEF FINANCIAL OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND  
TRADITIONAL AFFAIRS: (MR S MATSEBULA)  
THE CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND  
LAND ADMINISTRATION: (MR CT DLAMINI)  
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM: (MS  
JP HLATSHWAYO)  
THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION: (MR C MNISI)  
THE ACTING CHIEF FINANCIAL OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT:  
(MS HN MDAKA)  
THE CHIEF FINANCIAL OFFICER: VOTE 9: COMMUNITY SAFETY SECURITY & LIASON: (MS  
SA SEFALA)  
THE ACTING CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH: (MR BP DLALISA)  
THE CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE, SPORT AND RECREATION: (MR NC  
MAMARO)  
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT: (MR CM MALELE)

## **SUBJECT: MONTH/YEAR-END CLOSURE PROCEDURES FOR 2014/2015 FINANCIAL YEAR END**

---

### **Objective**

The objective of this circular is to provide Departments with guidelines for financial year end procedures for 2014/15 financial year.

### **Period Closure**

The objective of this functional area is to provide the processing that is required to close the financial accounts at year-end and month end. At month-end the balances of various accounts need to be closed off and the information stored.

At year-end, the suspense account balances are transferred to the new financial year as opening balances. The revenue accounts for the current year are closed and the remainder transferred to the new financial year. All expenditure is cleared for the year by an automatic transaction performed by the Basic Accounting System (BAS). All suspense account balances that are not cleared are transferred to the new financial year as opening balances.

Before BAS is closed, Departments are given the chance to process corrections on the BAS system through journals. All journals should have 30 March as the posting date. Any journal beyond this date will not reduce or increase the ledger account concerned. The system will only post the journals to the relevant financial year as the posting date is captured. Any payment or receipt at the period will not reduce or increase the ledger account concerned.

### **Financial Year End (FYE) Closure Date**

This is the date the year is closed. National Treasury issued Notice 1 of 2015 that required provinces to set a proposed force closure date for 2014/15 financial year which must not be later than the National Force closure date which is 30 April 2015.

In consultation with all Departments through the BAS Forum, 16 April 2015 was set as the provincial force closure date and this date had been communicated to National Treasury. All Departments are therefore urged to close the financial year for 2014/15 on or before 16 April 2015.

When closure has been initiated, no journal can be posted to the closed year. The balances are confirmed and signed off by the Chief Financial Officer. If there are opened transactions that are not yet authorised, the bookkeeping section needs to clear them.

Annual Financial Statements are then prepared and submitted to the Office of the Auditor-General by 31 May 2015. Any changes to the figures thereafter require an approval by both the Provincial Office of the Accountant-General and the Office of the Auditor-General. The two Offices must agree on the reasonability of the changes before the journals can be affected. Changes in the system should be performed by an official with post journal user identification.

### **Audit Final Closure Date**

This is the date the year is finally closed. Final closure of the year is performed after the Auditor-General has issued the final audit report. After audit final closure, no changes can be made to any transactions in the BAS system for the financial year under review.

## General

### The following issues need to be addressed before the 16<sup>th</sup> April 2015:

- Exceptions must be cleared. All PMG, Telkom, PERSAL and all other Departments-specific interface exceptions must be cleared before closing a year.
- Statutory and departmental vote fund requisition journals must be captured when requesting funds for the month. When these funds are received, journals must be captured to reconcile the Fund Requisition Account.
- The Trial Balance, Matching Reports, Detail Reports and Expenditure Control Reports must be checked for incorrect allocations and any unreconciled balances on suspense accounts. The departmental delegated official must:
  - Request Matching/Detail Report on all suspense accounts to investigate balances on Trial Balance.
  - Request expenditure Control Reports and Detailed Reports to investigate incorrect allocations.
- All transactions with a status of "unauthorised" must be authorised or cancelled on regular basis.
- Ex-gratia payment and theft and losses must be reconciled with the relevant approvals.
- All revenue incurred should be allocated and paid over on a regular basis.
- Investment account of special funds must be balanced with bank statements and must be reconciled for final statement purposes.
- All claims and invoices received and all expenditure incurred on behalf of other departments and institutions must be paid or claimed as soon as possible, but not later than 31<sup>st</sup> March of any financial year.

## Bank Reconciliation

- i. The PMG Account balance must be reconciled with the balance, as per the bank statement, on a monthly basis.
- ii. Balances on the following must be zero (0) before closing a month. However, should there be a balance on one of this accounts, it must be declared to Provincial Treasury by departments:
  - BAS EBT Control
  - ACB Debit
  - PMG Adjustment
  - TELKOM Control
  - Debt Suspense
- iii. Balances on the following accounts must be zero (0) before closing a month:
  - Exception Account
  - Receipt Pending Control
  - Debt Receipt Control
  - Fund Requisition
  - Salary Interface Control
  - Salary Transfer Control

In addition to monthly procedures the following must be performed.

- i. Opening journals depicting the Statutory and Departmental budget as Appropriated must be captured.
- ii. A journal to debit the Revenue Accrual Account and credit the respective income items with the amounts not paid over in the previous financial year must be generated and captured.
- iii. If the Exchequer Grant Account has a credit balance as at year-end, the amount must be paid over to the Provincial Exchequer Account (Provincial Treasury).
- iv. If the Exchequer Grant Account has a debit balance, the amount must be journalised to the Unauthorised Expenditure Account.
- v. Contingency liability on state guarantees must be quantified and verified with the appropriate financial institutions by the end of December each year.
- vi. Financial Year End Mappings (after capturing new segments details):

- The financial year end mappings are required to drive the automatic process that transfers account balances once the closing of the financial year has been authorised (March month of each year is closed). The System Controller must check and verify that the mappings are correct.
  - The mapping is used to debit /credit accounts that need to be cleared at financial year-end. The following accounts needs to be cleared: General Account of the Vote Available, Exchequer Grant, all Income Funds, all Expenditure Funds, General Accounts of Revenue, Revenue Accrual Account, all Trading Expense Funds, all Trading Income Funds and all Revolving Funds.
- vii. The net results of the Financial Year-end transactions are that:
- All expense accounts have a zero (0) balance
  - All income accounts have zero (0) balance
  - The General Account of the Vote Available item has a zero (0) balance
  - The General Account of the Revenue item has a zero (0) balance
  - A credit balance on the Exchequer Grant Account indicates the amount to be paid over to the Exchequer Account, while a debit balance indicates unauthorised expenditure
  - The balance on the Revenue Accrual Account determines whether a department has paid over all the revenue received during the previous financial period or not. If the account has a debit balance –too much has been paid over and if it has a credit balance, the balance is still to be over.

#### Logis system downtime

- Due to the March 2015 month-end run, the LOGIS system will not be available from 20h00 Tuesday the 31<sup>st</sup> March 2015 till 08h00 Tuesday 07<sup>th</sup> of April 2015
- Logis Business Information System (LBIS) will be available on Wednesday the 08<sup>th</sup> of April 2015 from 08h00 to enable Departments to request necessary reports.

**Note: Close-off procedures are performed at head office and departments must contact Provincial Treasury: Interlinked Financial Systems Unit before Departments close the financial year.**

Your co-operation in this regard will be appreciated,

  
 MS. NZ. NKAMBA  
 HEAD OF DEPARTMENT  
 DATE 27/3/2015.