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PROVINCIAL TREASURY CIRCULAR NO. 9 OF 2016

TO:

THE CHIEF EXECUTIVE OFFICER: MPUMALANGA GAMBLING BOARD (MR B MLAMBO)
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY
(MR XGS SITHOLE)
THE ACTING CHIEF EXECUTIVE OFFICER: MPUMALANGA TOURISM AND PARKS
AGENCY (MR A SIBIYA)
THE ACTING CHIEF EXECUTIVE OFFICER: MPUMALANGA REGIONAL TRAINING TRUST
(MR R OOSTHUIZEN)

TO:

THE CHIEF FINANCIAL OFFICER: MPUMALANGA GAMBLING BOARD (MR L MASEKO)
THE CHIEF FINANCIAL OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY
(MR E POTGIETER)
THE ACTING CHIEF FINANCIAL OFFICER: MPUMALANGA TOURISM AND PARKS
AGENCY (MR M MAPHIWA)
THE CHIEF FINANCIAL OFFICER: MPUMALANGA REGIONAL TRAINING TRUST
(MR MG JAFTA)

2015/16 YEAR END REPORTING REQUIREMENTS

According to the Public Finance Management Act of 1999 (PFMA) Section 55 (1) (c), the Accounting Authority for a Public Entity –

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

- (i) the auditor of the Public Entity for auditing.
- (ii) if it is a business enterprise or other Public Entity under the ownership control of the Provincial Government, to the relevant Treasury”

The latter is meant to enable the Provincial Treasury to prepare Consolidated Financial Statements in terms of Section 19.

AUDIT PROCESS

- Each Public Entity should ensure that the Audit Steering Committees are established at the beginning of the audit process. The terms of reference and the Constitution of the Audit Steering Committee are outlined in **Annexure A**
- **Annexure B** is a checklist to guide a compilation of the audit file.
- **Annexure C** is a work plan which provides guidance of when to complete the Annual Financial Statements and Performance Information.

PREPARATION OF FINANCIAL STATEMENTS

- A template to prepare the Annual Financial Statements has been issued to Entities and is also available on the website <http://oag.treasury.gov.za>. This will assist in ensuring that the Financial Statements are properly and timely compiled.
- All suspense accounts should be cleared by 31 March 2016 to enable the entities to provide complete financial information on expenditure and revenue.
- Stock counts and reconciliation of control accounts must be performed.
- All misallocation should be corrected to minimise material misstatement.
- All the supporting documentation for all the transactions, and other important records, should be made available for audit purposes.

FIRST SUBMISSION OF PERFORMANCE INFORMATION

The Auditor-General will be engaging in performance audit reviews for the financial year ended 31 March 2016. Public Entities are therefore required to submit the Performance Information as well as Annual Financial Statements and Human Resource oversight report, to the Office of the Auditor-General by 31 May 2016 to enable the Auditors to perform the necessary audit procedures before 31 July 2016.

SUBMISSION OF ANNUAL REPORT

The PFMA Section 55 (1) (d) requires that the Accounting Authority of a Public Entity must submit within five months of the end of a financial year to the relevant Treasury and to the Executive Authority:-

- (i) an annual report on the activities of the Entity during that financial year
- (ii) the Financial Statements for that financial year after those statements have been audited, and
- (iii) the auditor's report on those statements.

TABLING OF ANNUAL REPORT

Section 65 (1) (a) requires that the Executive Authority responsible for a Public Entity must table in the Provincial Legislature:-

- (a) The Annual Report, Financial Statements and Audit Report on those statements, within one month after the Accounting Authority for the Public Entity received the Audit Report.

It is crucial that institutions adhere to the applicable legislation.

Regards



1 MS NZ NKAMBA
HEAD OFFICIAL: PROVINCIAL TREASURY
DATE: 2/03/2016

ANNEXURE A

AUDIT STEERING COMMITTEE

TERMS OF REFERENCE

The aim of the Audit Steering Committee is to establish a formal communication channel between the Entity and the Office of the Auditor-General, in this way to accomplish a sound co-operation between the parties. Matters that may be discussed during the meetings of the Audit Steering Committee are, *inter alia*;

- Audit planning for the year -in other words which activities will be subjected to an audit and the reasons.
- Estimated audit costs of the auditing for the year must be furnished, as the entity must budget for the expenditure;
- Any deficiencies or irregularities revealed during audits.
- The Audit Steering Committee gives the parties the opportunity to discuss problems and in this way to prevent any unnecessary written communication, which can be time consuming and costly.
- Discussion of audit reports, Management letters and queries of a serious nature to obtain unanimity on the contents and to expedite the finalisation thereof.
- Problems emerging during audits, e.g. availability of records, etc.
- Create the opportunity for the Entity to give inputs in good time.
- The identification of contact persons for enquiries and mutual communication.

CONSTITUTION OF COMMITTEE

In order to ensure the efficient functioning of the Audit Steering Committee, the committee should consist of the following members:

- Chief Executive Officer
- Chief Financial Officer
- Departmental Managers
- Head of Internal Audit

- Representatives from the Office of the Auditor-General;
- Secretary - in order to ensure that proper minutes are taken of the meeting and are distributed to all members.

AFS REVIEW CHECKLIST

1. Audit file
 - 1.1 Trial balance
 - 1.2 Annual Report 2015/16
 - 1.3 General ledger report
 - 1.4 Copies of journals of unauthorised/fruitless expenditure
 - 1.5 Letter to Provincial Treasury that report irregular expenditure
 - 1.6 Copy of donation register
 - 1.7 Copy of commitments register
 - 1.8 Copy of investment register
 - 1.9 Copy of contingent register
 - 1.10 Copy of loan register
 - 1.11 Copy of lease agreements (Finance / Operational)
 - 1.12 Copies of debtors confirmation letters
 - 1.13 Copy of leave entitlement reports
 - 1.14 Copy of thirteenth cheque report
 - 1.15 Copy of performance awards
 - 1.16 Copy of capped leave commitments
 - 1.17 Copy of related party transactions
 - 1.18 Key management personnel record

2. Capital Reserve schedule must agree to the amount on the financial statements.

3. Disclosure of donations received/paid

4. Disclosure of the appropriated amount by the state

5. Disclosure of unauthorized/irregular/fruitless and wasteful expenditure

6. Cash and cash equivalents in the statement of financial position agree to the amount in the cash flow statement.

7. Proper record keeping for all work done by consultants.

ANNEXURE C

YEAR-END REPORTING WORKING PLAN- 2015/16

Activity	Due date	Responsibility	PFMA
Year end	31 Mar 2016	All Public Entities	
Correction of allocations and clearing of suspense accounts	13 Apr 2016		
Signing off of trial balance	13 Apr 2016	CFO	
Final trial balance	13 Apr 2016		
Capturing the prior year figures on the template	15 Apr 2016		
Final compilation of the Annual Financial Statements (AFS) in Excel spread sheet	10 May 2016		
Submission of AFS to Internal Auditors for audit	10-20 May 2016	IA	
Compilation of the AFS in word document	20 May 2016		
Compilation of Performance Information	12 May 2016	Planner	
Review of the AFS and Performance Information by the Chief Financial Officer (CFO)	19 May 2016	CFO	
Review of the AFS and Performance Information by the Chief Executive Officer (CEO)	20 May 2016	CEO	
Final corrections on the AFS and Performance Information	23 May 2016		
Signing off of AFS and Performance Information	25 May 2016	CEO	
Evaluation of AFS and Performance Information by Audit Committee	18 May- 22 July 2016	Audit Committee	TR 3.1.13
Submission of the AFS and Performance Information to Auditor-General (AG)	31 May 2016	CEO	sec 55 (1) (c) (i)
Compilation of the Annual Report (AR)			
Review and final approval of AR	01 Apr - 15 July 2016	Planner	
Report of the AG on the Entities AFS	29 July 2016	CEO/ Board	
Submission of (AR) printers proof to AG	29 July 2016	AG	
Printing of AR	05 Aug 2016	CFO & Communication	
Tabling of the departmental AR's to Legislature	15 Aug-19 Aug 2016	Communication	
	31 Aug 2016	MEC	sec 65 (1) (a)