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Ref : PT13/6/2/1

## PROVINCIAL TREASURY CIRCULAR NO. 11 OF 2017

TO:-

**DIRECTOR GENERAL: VOTE 1: OFFICE OF THE PREMIER MPUMALANGA (MR T MDAKANE)**  
**SECRETARY: VOTE 2: PROVINCIAL LEGISLATURE (MR L MWALE)**  
**HEAD: VOTE 3: PROVINCIAL TREASURY (MS NZ NKAMBA)**  
**HEAD: VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR PT NYONI)**  
**HEAD: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIROMENTAL AFFAIRS:**  
**(MS S XULU)**  
**HEAD: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (MR MW MKHIZE)**  
**HEAD: VOTE 7: EDUCATION (MS MOC MHLABANE)**  
**HEAD: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MR KM MOHLASEDI)**  
**HEAD: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIASON (MR W MTHOMBOTHI)**  
**HEAD: VOTE 10: HEALTH (DR S MOHANGI)**  
**HEAD: VOTE 11: CULTURE, SPORT AND RECREATION (MR W MNISI)**  
**HEAD: VOTE 12: SOCIAL DEVELOPMENT (MS NL MLANGENI)**  
**HEAD: VOTE 13: HUMAN SETTLEMENTS (MR K MASANGE)**

**THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER: (MR S SHONGWE)**  
**THE ACTING CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL LEGISLATURE: (MR C MABUNDA)**  
**THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY: (MR M KHOZA)**  
**THE CHIEF FINANCIAL OFFICER: VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL**  
**AFFAIRS: (MR SEB MATSEBULA)**  
**THE ACTING CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT,**  
**LAND AND ENVIROMENTAL AFFAIRS: (MR SM MASEKO)**  
**THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM:**  
**(MR CT DLAMINI)**  
**THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION: (MS G MASHITENG)**  
**THE CHIEF FINANCIAL OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT:**  
**(MS HN MDAKA)**  
**THE CHIEF FINANCIAL OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIASON:**  
**(MS SA SEFALA)**  
**THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH: (MR C MNISI)**  
**THE ACTING CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE, SPORT AND RECREATION:**  
**(MR NC MAMARU)**  
**THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT: (MR JB MBATHA)**  
**THE ACTING CHIEF FINANCIAL OFFICER: VOTE 13: HUMAN SETTLEMENTS: (MR TC MASHILE)**

## 2016/17 YEAR END REPORTING REQUIREMENTS

According to the Public Finance Management Act, No. 1 of 1999 (PFMA), Section 40(1)(c), the Accounting Officer for a Department –

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

- (i) the Auditor-General for auditing
- (ii) the relevant treasury to enable that Treasury to prepare Consolidated Financial Statements in terms of Section 8 and 19.”

The Provincial Treasury would thus like to advise departments to ensure that the following issues are attended to:-

### AUDIT PROCESS

Departments 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**.

### PREPARATION OF FINANCIAL STATEMENTS

- a) The departments are required to use the template that they were using to prepare the interim financial statement for preparation of annual financial statements. They must change the period to quarter 4 on the cover page and automatically the period will change to annual financial statements.
- b) All suspense accounts should be cleared to zero by 31 March 2017 to enable departments to provide complete financial information on expenditure and revenue.
- c) Stock counts and reconciliation of assets between BAS and LOGIS systems must be performed.
- d) The expenditure management report should be scrutinized to make sure that all expenditure is properly allocated to the budget appropriated.
- e) All the supporting documentation for all the transactions, and other important records, should be made available for audit purposes.

Attached is a checklist for other issues to be made available for audit purposes. (**Annexure B**)

A work plan is also attached as **Annexure C** to provide guidance of when to complete the annual financial statements.

### FIRST SUBMISSION OF PERFORMANCE INFORMATION

The Auditor-General will be engaging in performance audit reviews for the financial year ended 31 March 2017. Departments are therefore required to submit the performance information as well as Annual Financial Statements and Human Resource oversight report, to the Auditor-General by 31 May 2017 to enable the auditors to perform the necessary audit procedures before 31 July 2017.

### SUBMISSION OF ANNUAL REPORT

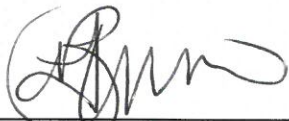
The PFMA, Section 40(1) (d) requires that the Accounting Officer of a department to submit within five months of the end of a financial year to the relevant treasury-

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

### TABLING OF ANNUAL REPORT

According to Section 65(1) of the PFMA the Executive Authority responsible for the department must table in the Provincial Legislature the annual report, Financial Statements and Audit Report on those statements, within one month after the Accounting Officer of the department receive the audit report.

Your co-operation in this regard is appreciated.



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MS NZ-NKAMBA  
HEAD: PROVINCIAL TREASURY  
DATE: 1 103 /2017

## ANNEXURE A

### AUDIT STEERING COMMITTEE

#### TERMS OF REFERENCE

The aim of the Audit Steering Committee is to establish a formal communication channel between the Department and the Auditor-General South Africa, 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*;

1. Audit planning for the year in other words which activities will be subjected to an audit and the reasons.
2. Estimated audit costs.
3. The estimated costs of the auditing for the year must be furnished, as the Department must budget for the expenditure;
4. Any deficiencies or irregularities revealed during audits.
5. 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.
6. Discussion of audit reports, Management letters and queries of a serious nature to obtain unanimity on the contents and to expedite the finalisation thereof.
7. Problems emerging during audits, e.g. availability of records, etc.
8. Create the opportunity for the Department to give inputs in good time.
9. The identification of contact persons for enquiries and mutual communication.

#### CONSTITUTION

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

1. Head of the Department
2. Chief Financial Officer
3. Programme Managers
4. Head of Internal Audit
5. Representatives from the Auditor-General South Africa;
6. 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
  - a. Copy of budget adjustment
  - b. Trial balance – long and short
  - c. Annual Report 2016/17
  - d. Programme expenditure control reports
  - e. Copies of journals of unauthorised/fruitless expenditure
  - f. Letter to Treasury that report irregular expenditure
  - g. Copy of donation letter
  - h. Copy of commitments report
  - i. Copy of a list of accruals
  - j. Copy of lease agreements
  - k. Copies of debtors confirmation letters
  - l. Copy of leave entitlement
  - m. Copy of thirteenth cheque report
  - n. Copy of performance awards
  - o. Copy of capped leave commitments
  - p. Copy of related party transactions
  - q. Key management personnel record
2. The total balance of the trial balance is zero on actual, adjustment and final columns
3. Total amount on the Appropriation statement agrees to Adjustment budget.
4. Total amount on the Appropriation statement agrees to Performance statements
5. Appropriation funds are distributed into:
  - a. Annual appropriation
  - b. Statutory appropriation
  - c. Unauthorized expenditure
  - d. Local/foreign aid assistance
6. Disclosure of donations received
7. Disclosure of donations made
8. Disclosure of unauthorized/fruitless expenditure as per the difference in the total of programmes in the appropriation statement
9. The amount of unauthorized/fruitless is debited to increase the current assets and credited on add back unauthorized expenditure
10. Disclosure of irregular expenditure and steps to recover the expenditure
11. Cash and cash equivalents in the statement of financial position agree to the amount in the cash flow statement.

12. Voted funds to be surrendered agree to total variance in the appropriation statement
13. Revenue to be surrendered agrees to revenue accrual in the trial balance

## YEAR-END REPORTING WORKING PLAN- 2016/17

Activity	Due date	Responsibility	PFMA
Year end	31 Mar 2017	All Departments	
Correction of allocations and clearing of suspense accounts	14 Apr 2017	CFO	TR 17.1
Signing off of trial balance	14 Apr 2017	CFO	
Final trial balance	14 Apr 2017	CFO	
Capturing the prior year figures on the template	17 Apr 2017	CFO	
Provincial closure for year end	20 Apr 2017	FG	
Force closure for year end	04 Apr 2017	NT	
Final compilation of the Annual Financial Statements (AFS) in Excel spread sheet	10 May 2017	CFO	
Submission of AFS to Internal Auditors for audit	10-19 May 2017	IA	
Submission of AFS to Financial Governance (FG) for review	16-23 May 2017	FG	
Compilation of the AFS in word document	22 May 2017	CFO	
Compilation of Performance Information	12 May 2017	Planner	
Review of the AFS and Performance Information by the Chief Financial Officer (CFO)	18 May 2017	CFO	
Review of the AFS and Performance Information by the Head of Department (HOD)	22 May 2017	HOD	
Final corrections on the AFS and Performance Information	25 May 2017	CFO and Planner	
Signing off of AFS	26 May 2017	HOD	
Evaluation of AFS by Audit Committee	18 May- 21 July 2017	Audit Committee	TR 3.1.13
Submission of the AFS and Performance Information to Auditor-General (AG)	31 May 2017	HOD	Sec 40 (1) (c)
Compilation of the Annual Report (AR)	03 Apr - 14 July 2017	Planner	
Review and final approval of AR	28 July 2017	HOD/MEC	
Report of the AG on the departmental AFS	28 July 2017	AG	Sec 40 (2)
Submission of (AR) printers proof to AG	04 Aug 2017	CFO & Communication	
Printing of AR	14 Aug-18 Aug 2017	Communication	
Tabling of the departmental AR's to Legislature	31 Aug 2017	MEC	Sec 65 (1) (a)