



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

SigcinaMafa SesiFundza

UmNyango weeMali ZesiFunda

Provinsiale Tesourie

Enquiries : Lucky Radebe X4380  
Ref : MPT 14/6/1

## PROVINCIAL TREASURY CIRCULAR NO. 14 OF 2016

### TO:

THE ACCOUNTING OFFICER : VOTE 1: OFFICE OF THE PREMIER (MR T MDAKANE)  
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MS NZ NKAMBA)  
THE ACCOUNTING OFFICER (ACTING): VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR G NTOMBELA)  
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS (MS SP XULU)  
THE ACCOUNTING OFFICER: VOTE 6 (ACTING): ECONOMIC DEVELOPMENT AND TOURISM (MR JS MGIDI)  
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)  
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MR KM MOHLASEDI)  
THE ACCOUNTING OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIAISON (MR W MTHOMBOHI)  
THE ACCOUNTING OFFICER (ACTING): VOTE 10: HEALTH (DR S MOHANGI)  
THE 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 CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR SS SHONGWE)  
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR MA KHOZA)  
THE CHIEF FINANCIAL OFFICER: VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR SEB MATSEBULA)  
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS (MS F NGOBENI)  
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (MR CT DLAMINI)  
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 7: EDUCATION (MS TF NTULI)  
THE CHIEF FINANCIAL OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MS HN MDAKA)  
THE CHIEF FINANCIAL OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIAISON (MS SA SEFALA)  
THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MR CB MNISI)  
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 11: CULTURE, SPORT AND RECREATION (MR NC MAMARU)  
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MR JB MBATHA)  
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 13: HUMAN SETTLEMENTS (MR TC MASHILE)

THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT  
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT  
THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE

**SUBJECT: MONTH/YEAR-END CLOSURE PROCEDURES FOR 2015/2016 FINANCIAL YEAR END**

**The objective**

The objective of this circular is to advise all Mpumalanga Provincial Departments of the year end processes for 2015/16 financial year.

**Period Closure**

The objective of this functional area is to provide the process that is required to close the financial accounts at year-end..

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.

At year-end, 31 March, the Departmental delegated officials will initiate the year-end procedure on the system (BAS).

From 1 April 2016 to 22 April 2016, 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.

**Preliminary Closure Date**

Provincial Treasury has set **22 April 2016** as a preliminary day of closure and that date had been communicated and agreed with National Treasury. **All Departments are urged to close their books on or before 22 April 2016 and failure to that will result in a Department being forced closed.** When preliminary 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. Any changes of 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 could be effected. Changes in the system should be performed by an official with post journal user identification.

**Audit Final Closure Date**

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. Based on the above all Departments must perform the final audit closure on or before **31 October 2016**.

## General

The following issues need to be addressed before the 22 April 2016:

- a) Exceptions must be cleared. All PMG, Telkom, PERSAL and all other Department-specific interface exceptions must be cleared before closing a year.
- b) All manual cheque payments must be into the system.
- c) 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.
- d) 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 Reports on all suspense accounts to investigate balances on the Trial Balance.
  - Request expenditure Control Reports and Detailed Reports to investigate incorrect allocations.
- e) All transactions with a status of "unauthorised" must be authorised or cancelled on regular basis.
- f) Ex-gratia payments and theft and losses must be reconciled with the relevant approvals.
- g) All revenue received should be allocated and paid over on a regular basis.
- h) Investment accounts of special funds must be balanced with bank statement accounts and must be reconciled for final statement purposes.
- i) 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

- a) The PMG Account balance must be reconciled with the balance as per the bank statement, on a monthly basis.
- b) Balances on the following must be zero (0) before closing a month. However, should there be a balance on one of these accounts, it must be declared to Provincial Treasury by departments:
  - BAS EBT Control
  - ACB Debit
  - PMG Adjustment
  - TELKOM Control
  - Debt Suspense
- c) 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.

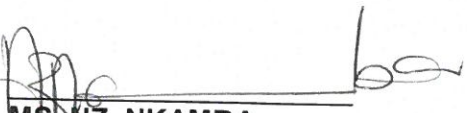
- a) Opening journals depicting the Statutory and Departmental budget as Appropriated must be captured.
- b) A journal to debit the Revenue Accrual Account and credit the respective income items with the amounts not paid over in the previous financial year must be generated and captured.

PROVINCIAL TREASURY CIRCULAR NO. 13 OF 2016

- c) 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).
- d) If the Exchequer Grant Account has a debit balance, the amount must be journalised to the Unauthorised Expenditure Account.
- e) Contingency liability on state guarantees must be quantified and verified with the appropriate financial institutions by the end of December each year.
- f) 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.
- g) The net results of the Financial Year-end transactions are that:
- All expense accounts have a zero (0) balance
  - All income accounts have a 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 paid over.
- h) FYE March Month End Downtimes for LOGIS
- Due to the March 2016 month-end run, the LOGIS system will not be available from 16h00 Thursday the 31<sup>st</sup> of March 2016 till 08h00 on Thursday the 7<sup>th</sup> of April 2016
  - Logis Business Information System (LBIS) will be available on Friday the 08<sup>th</sup> of April 2016 from 08h00 to enable Departments to print all necessary reports.

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

Your co-operation in this regard is appreciated.

  
MS. N.Z. NKAMBA  
HEAD OFFICIAL: PROVINCIAL TRAESURY  
DATE 3/3 /2016