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PROVINCIAL TREASURY CIRCULAR NO. 55 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: VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR PT NYONI)
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS (MS SP XULU)
THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (MR MW MKHIZE)
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 MTHOMBOTHI)
THE ACCOUNTING OFFICER: 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 (MR S 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 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: PROHIBITION OF SUNDRY PAYMENTS FOR PROCUREMENT OF GOODS AND SERVICES

1. Objective

The objective of this Circular is to prohibit all Mpumalanga Provincial Departments to use Sundry Payments when procuring goods and services and to repeal Provincial Treasury Circular 2 of 2010 (Discontinuation of Sundry Payments).

2. Background

Mpumalanga Provincial Administration has three transversal systems which are:

- a) Persal = Personnel and Salary System which is used for management and payments of all salary related transactions which caters for employees and non-employees (Periodic payments)
- b) Logis = Logistical information system is a procurement and provisioning system which is used for the procurement of all goods and services.
- c) BAS = Basic Accounting System is a financial system which may be used for payments (sundry payments) which may not be paid either in Persal or Logis which includes but are not limited to transfer payments, refunds and re-issue of payments made in Persal.

3. Prohibition of Sundry Payments for the procurement of goods and services

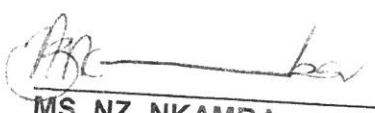
Logis as a procurement system does not only issue Purchase Orders which are given to vendors for the procurement of goods and services but it also adequately better serves the Departments in provisioning (warehouse management) and asset management as all the goods and services procured are recorded in the correct modules where assets are recorded in the asset register and store items are recorded in stores/warehouses and BAS does not have that capability. Goods and services that are bought as sundry payments (BAS) will not update the asset register neither will they update the warehouses/stores of the Departments. Similarly any employee's claims or salary related payments that are made in BAS as sundry payment and not in Persal will not update the employee service records and the employee IRP5 as required by SARS. It is because of the above mentioned reasons that sundry payments are prohibited for the procurement of goods and services and for employee related transactions.

It must be emphasised that the prohibition of sundry payments does not apply to the following:

- a) Transfers and subsidy payments to institutions, individuals or businesses
- b) Refund or re-issue of payments originally made in the relevant system e.g. re-issue of a rejected salary which was made in Persal.
- c) Tribunal members allowances

Departments are urged to comply with this Circular without exception as no exemption will be granted to any Department.

Your co-operation in this regard is appreciated.


MS. NZ. NKAMBA
HEAD: PROVINCIAL TREASURY
DATE 9 11 2016