



Department of Finance *Office of the Head of Department*

Litiko LeteTimali

UmNyango weZeemali

Departement van Finansies

Kgoro ya Matlotlo

Enquiries : Ms N Nkamba ext 766-4564
REF: DOF 12/1/1

PROVINCIAL TREASURY CIRCULAR NO 5 OF 2013

TO:

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (DR NONHLANHLA MKHIZE)
THE **ACTING** ACCOUNTING OFFICER: VOTE 2: PROVINCIAL LEGISLATURE (MR J SILINDA)
THE **ACTING** ACCOUNTING OFFICER: VOTE 3: FINANCE (MR JB MBATHA)
THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR D MAHLOBO)
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION (MS NL SITHOLE)
THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (DR V DLAMINI)
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 & LIAISON (MR T SIBUYI)
THE ACCOUNTING OFFICER: VOTE 10: HEALTH (MR RM MNISI)
THE ACCOUNTING OFFICER: VOTE 11: CULTURE SPORT AND RECREATION (MS SP MJWARA)
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS NL MLANGENI)
THE **ACTING** ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR S MTSWENI)

THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR T NKOJOANA)
THE **ACTING** CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL LEGISLATURE (MR S SANYANE)
THE CHIEF FINANCIAL OFFICER: VOTE 3: FINANCE (MS P SEMENYA)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR MD SHIPALANA)
THE CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION (MR C DLAMINI)
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (MS JP HLATSWAYO)
THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (MR C. MNISI)
THE **ACTING** CHIEF FINANCIAL OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR S MATSEBULA)
THE CHIEF FINANCIAL OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY & LIAISON (MR BH NGOMA)
THE **ACTING** CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MS B MOJAPELO)
THE **ACTING** CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE SPORT AND RECREATION (MS P KHOZA)
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS P MORGAN)
THE **ACTING** CHIEF FINANCIAL OFFICER: VOTE 13: HUMAN SETTLEMENTS (MS S SEFALA)

PREPARATION AND SUBMISSION OF CASHFLOW PROJECTIONS FOR 2013/14 FINANCIAL YEAR BY ALL DEPARTMENTS AS WELL AS PROVINCIAL PUBLIC ENTITIES

1. PURPOSE

- 1.1 To give effect to the provisions of section 40(4)(a) of the PFMA (Act No.1 of 1999) as amended as well as Treasury Regulation 15.10.2, on the preparation and submission of cashflow projections for 2013/14 financial year.

2. LEGAL REQUIREMENTS

- 2.1 In terms of section 40(4)(a) of the PFMA (Act No.1 of 1999) as amended as well as Treasury Regulation 15.10.2, the Accounting Officer of a department must annually before the beginning of a financial year provide the relevant treasury with a breakdown per month of the anticipated revenue and expenditure in the format determined by the National Treasury no later than the last day of February preceding the financial year to which it relates.
- 2.2 This information per vote and consolidation must balance and match the 2013 Budget to be appropriated.

3. PROCEDURE

- 3.1 To give effect to the above legal requirement the following procedure must be applied:
- 3.1.1 Due to the ongoing demand for proper cash management in government, and particularly from a national borrowing perspective, provincial departments are requested to submit their consolidated drawings on the Provincial Revenue Fund (the expenditure side of the Budget) in the format attached (similar to the In-year Management, Monitoring and Reporting system (IYM)) to the Provincial Treasury (consolidated per department but also per provincial department and per economical classification).
- 3.1.2 In order to give effect to this requirement, departments must indicate by 28 February 2013 to the Provincial Treasury in writing the information indicated on section 3 of this correspondence.
- 3.1.3 What is critical and in line with the Budget Reform agenda, is that provincial departments submit their drawings on the provincial revenue fund demonstrating explicitly how they intend to link this information with the targets set in their 2013/14 Annual Performance Plans.

- 3.1.4 Quarterly targets on performance have been set specifically in the provincial Annual Performance Plan formats with the intention to expand the publication of quarterly performance information to other sectors (the health, social development and agriculture sectors are currently published quarterly), alongside with financial information during the new financial year.
- 3.1.5 What is key is provincial departments' ability to cost activities accurately and plan the timing of the activities accordingly as to limit any negative impact on available cashflows.
- 3.1.6 This information will be used for cash flow purposes as well as to lock a set of numbers in the 2013/14 IYM and will also assist to produce the Steps of Comparison exercise.
- 3.1.7 As Provincial Treasuries we will engage with yourselves regarding these cashflow projections prior to finalisation of the 2013 payment schedule, hence the sessions that will be held departmental teams on 4 - 5 March 2013.
- 3.1.8 Provincial Treasuries must submit to the National Treasury by the 15th working day of March, projections of provincial proposed expenditures.
- 3.1.9 The proposed 2013 payment schedule (the Revenue side of the Budget (transfers from National)) will be made available to provincial departments as part of the consultation process envisaged in Sections 4(3) and 22(1)(a) of the DRAFT Division of Revenue Bill, 2013 by not later than 26 March 2013.
- 3.1.10 Once such amounts have been approved, modified as necessary after consultation with the relevant Treasury, the Accounting Officer may not draw from the revenue fund more than the amount approved for a particular month, without approval from the relevant treasury.
- 3.1.11 Should the accounting officer need to adjust the approved projections, the proposed adjustments must be motivated to the relevant treasury for evaluation against the availability of funds in the Provincial Revenue Fund.

4. CONCLUSION

- 4.1 This circular seeks to provide clarity on the application of section 40(4)(a) of the PFMA (Act No.1 of 1999) as amended as well as Treasury Regulation 15.10.2.
- 4.2 Templates in support of this circular have been forwarded to the recipients of the circular on 18 February 2013.

5. APPLICABILITY

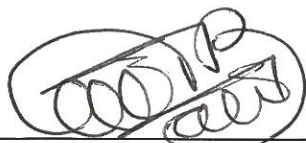
- 5.1 This circular applies to all provincial departments as well as Public Entities with the understanding that Public Entities will work with their parent departments and that

the cashflow requirements will be included in those of parent departments.

Any enquiries should be directed to Ms Thobile Magwaza at TMagwaza@mpg.gov.za or ext (013) 766 4286.

Your support is always highly appreciated.

Kind regards,

A handwritten signature in black ink, appearing to read 'JB Mbatha', enclosed within a hand-drawn oval.

Mr JB MBATHA
ACTING HEAD OF DEPARTMENT
DATE: 20/02/2013