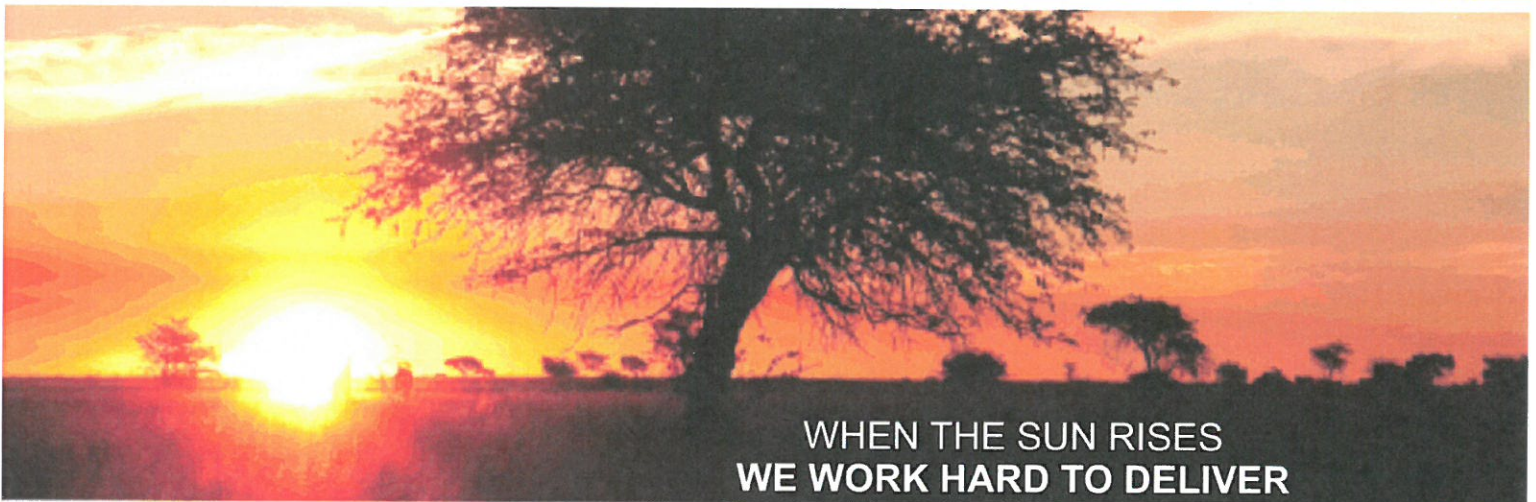




provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

POLICY & PROCEDURE MANUAL



WHEN THE SUN RISES
WE WORK HARD TO DELIVER



MPUMALANGA
THE PLACE OF THE RISING SUN

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1 Introduction

1.1 Vision and value statement

A dynamic Department leading in service excellence.

We commit ourselves to the following core values:

- *Batho Pele* and *Ubuntu* principles.
- Dedication: To perform our tasks in a dedicated manner to ensure accelerated and quality service delivery.
- Excellence: To perform our responsibilities with professional excellence.
- Integrity: To conduct business in a consistent, objective, honest, fair, just and trustworthy manner.
- Accountability: To be accountable in the performance of our duties.

1.2 Mission

The equitable allocation and optimal utilisation of provincial resources to ensure a quality and better life for all through:

- Quality financial advice and support to departments, public entities and municipalities.
- Efficient financial management and fiscal discipline.
- Effective monitoring of resource utilisation.

2 Definitions and abbreviations

Definitions:

“**accounting officer**” means the Head of the Department of Finance appointed in terms of Section 36 of the Act

“**Act**” means Public Finance Management Act, 1999 (Act No. 1, 1999)

“**chief financial officer**” means a person designated in terms of Treasury Regulation 2.1

“**financial year**” means the financial year ending 31 March

“**the department**” means the Department of Finance

“**the province**” means Mpumalanga Provincial Government

“**provincial treasury**” means the Programmes in the Department of Finance responsible for treasury functions

Abbreviations:

GRAP : Generally Recognised Accounting Practice

3 Purpose of the Guidelines

The purpose of this manual is to provide an overview of the procedure for the consolidations of Annual Financial Statements of departments and entities in the Province.

The Department should perform the procedures set out in this manual to ensure the effective consolidation of Annual Financial Statements.

4 Scope of Application

Accounting Officer

Senior Managers and Managers

Any other officials designated by the accounting officer

5 Legislative Framework

The Department's operations are governed by an array of different acts and this manual should be understood within that context.

The following Acts and prescripts are central in defining departmental boundaries and areas of influence:

- Public Finance Management Act, 1999 (Act 1 of 1999)
- National Treasury Regulations
- National Treasury guidelines and prescripts

6 Principles

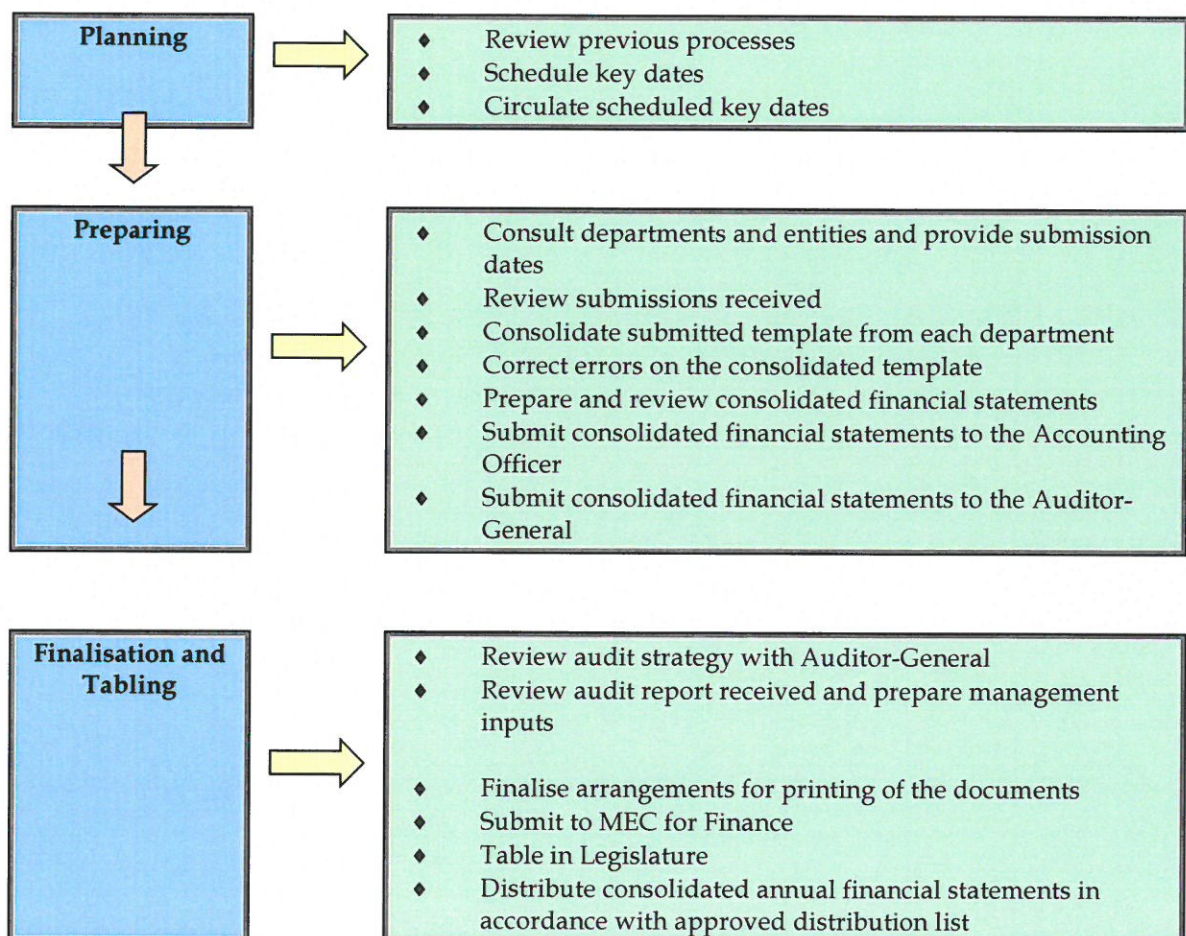
- 6.1 Consolidated financial statements must be prepared in accordance with **Generally Recognised Accounting Practice**.
- 6.2 Consolidated financial statements must be prepared for provincial **departments** in the Province, **public entities** under the ownership control of the Provincial Executive of the Province, the **Provincial Legislature** and the Revenue Fund of the Province.
- 6.3 Departments prepare financial statements on a **modified cash basis** of accounting, which consists of the cash basis of accounting, supplemented with additional disclosure items. Public entities, trading entities and constitutional institutions prepare financial statements on the **accrual basis**.
- 6.4 The consolidated financial statements should provide **information** on the financial performance as well as Government's ability to meet current and future obligations by:
 - ◆ describing the monetary values presented in the consolidated financial statements; (assets, liabilities, revenue and expenditure);
 - ◆ improving the users' understanding of public sector financial management in order to enhance the achievements of the Government's social objectives and priorities; and
 - ◆ creating uniformity in the presentation and analysis of public sector financial information.

7 Consolidated financial statements Guidelines

7.1 Consolidation process

The consolidated financial statements must be prepared by the Provincial Treasury and submitted to the Auditor-General on or before 30 June. The Auditor-General must submit an audit report on the consolidated statements to the Provincial Treasury on or before 30 September. The MEC for Finance must submit the consolidated financial statements and the audit report to the Provincial Legislature for tabling in the Legislature on or before 31 October.

7.2 Preparation and submission of consolidated financial statements



7.3 Step 1: Planning

Review previous processes

The previous processes implemented to manage the consolidation of financial information must be reviewed to determine whether these processes were effective. The processes must be amended where necessary to be in line with any new developments with regard to the consolidation of financial information and to ensure that consolidated financial statements are submitted in terms of the Act.

Schedule key dates

Key dates for submission of annual financial statements by departments and entities must be determined and communicated to all stakeholders. This schedule must be monitored to ensure that all stakeholders keep to the framework of due dates.

Circulate scheduled key dates

The schedule of key dates must be circulated and communicated during the 2nd week of March to all departments and entities in the Province with a Treasury Circular addressing year-end matters. This Circular must be communicated as widely as possible by utilizing all communication tools available to the Provincial Treasury.

7.4 Step 2: Preparing

Consult departments and entities and provide submission dates

A consultation process must take place to ensure that all departments and entities are updated on developments regarding the consolidated financial statements. Submission dates for amended financial statements must be compiled and communicated to all stakeholders *Review submissions received*

Departments and entities must submit the financial statements as audited by the Auditor-General and must ensure that information is updated and amended where needed. Amended financial statements received from departments and entities must be reviewed and referred back to the relevant stakeholder where information

provided is incorrect or incomplete. A due date for re-submission must be provided and strictly adhered to.

Prepare and review consolidated financial statements

The Accounting Services Unit in the Department prepares the consolidated financial statements by utilizing the submissions received from departments and entities. The Senior Manager: Accounting Services must review the consolidated financial statements and ensure that all information disclosed, is correct.

Submit consolidated financial statements to the Accounting Officer

The consolidated financial information must be submitted to the Accounting Officer of the Department with a letter to the Auditor-General. The Accounting Officer of the Department will sign the letter to indicate approval of the consolidated financial information.

Submit consolidated financial statements to the Auditor-General

The signed letter with the consolidated financial statements for departments must be submitted to the Office of the Auditor-General for auditing.

7.5 Step 3: Finalisation and Tabling

Review audit plan with Auditor-General

The audit strategy plan compiled by the Office of the Auditor-General to audit the consolidated financial information, should be discussed with the management of the Department and timelines, approach should be agreed on and signed by the Accounting Officer of the Department

Review audit report received and prepare management inputs

The audit report received from the Auditor-General's Office must be reviewed and management inputs prepared by the Accounting Services Unit. A letter in response to the audit report and recommendations must be prepared for signature by the Accounting Officer of the Department.

Finalise arrangements for printing of the documents

The Communications Unit in the Department must be requested to support the process to obtain a supplier to print the consolidated financial statements. The printer's proof of the documents must be read and signed-off by the Senior Manager: Accounting Services and also by the Office of the Auditor-General.

Submit to MEC for Finance

The letter to the Legislature must be submitted to the MEC for Finance for final approval of the consolidated financial information and signature.

Table in Legislature

The letter signed-off by the MEC for Finance and the required number of copies of the consolidated financial statements, must be submitted to the Legislature on or before 31 October.

Distribute consolidated annual financial statements in accordance with approved distribution list

A distribution list must be compiled by the Accounting Services Unit and the Senior Manager: Accounting Services must ensure that adequate number of copies is printed for distribution in terms of the list.

8 Roles and Responsibilities

8.1 The MEC for Finance

- (1) The MEC for Finance must-
 - (a) submit the consolidated financial statements and the audit report, within one month of receiving the report from the Auditor-General, to the Provincial Legislature for tabling in the Legislature.

8.2 The accounting officer

- (1) The accounting officer must-
 - (a) provide the MEC for Finance with the administrative support, resources and information necessary for the tabling of consolidated financial statements in the Legislature.

8.3 Other officials

- (1) The management and officials of the Financial Governance Branch must assist the accounting officer of the Department in managing and coordinating the consolidation of financial information.

9 Monitoring, Evaluation and Reporting

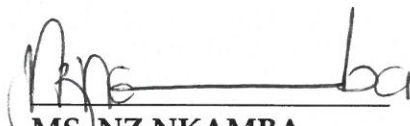
Responsibility	Timeframe	Report to	Report detail
Accounting Services Unit	1 - 15 August	Senior Manager: Accounting Services	Progress in terms of review of financial statements submitted by departments and entities
Accounting Services Unit	16 - 31 August	Senior Manager: Accounting Services	Progress in terms of consolidations of financial information received from departments and entities
Senior Manager: Accounting Services	1 - 30 September	General Manager: Financial Governance	Matters raised in the Audit management letter and responses. Progress in terms of the audit of the consolidated financial information
General Manager:	1 - 7 October	Accounting Officer of the	Issues addressed on the audit report received on the consolidated financial information and responses

Responsibility	Timeframe	Report to	Report detail
Financial Governance		Department	
Senior Manager: Accounting Services	7 - 21 October	General Manager: Financial Governance	Progress in terms of printing of the consolidated financial statements

10 Implementation

The Consolidated financial statements Policy and Procedure will be implemented and adopted after approval thereof by the Head of the Department.

Approved:


 MS. NZ NKAMBA
 HEAD OFFICIAL
 DATE: 13/10/2015