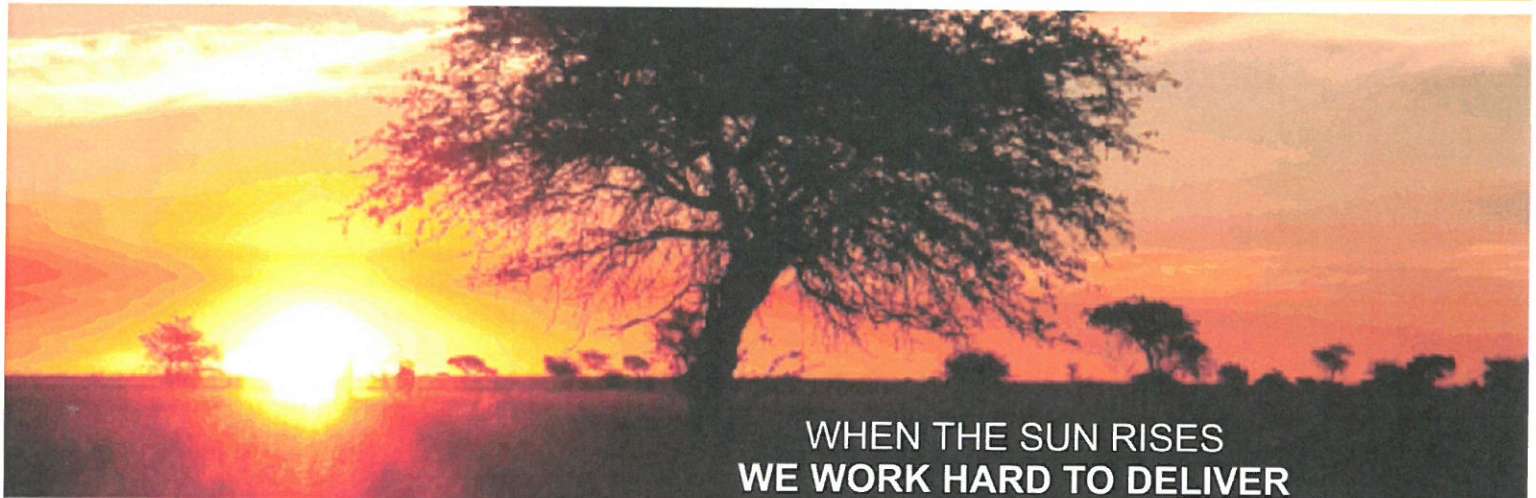




provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

PROCEDURE FOR TREASURY FUNCTION TO MONITOR TRIAL BALANCE



WHEN THE SUN RISES
WE WORK HARD TO DELIVER

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1 Definitions and abbreviations

Definitions:

“Act” means Public Finance Management Act, No. 1 of 1999

“Accounting Officer” (AO) means the HOD of the Department

“Chief Financial Officer (CFO) means a person designated in terms of section 80(2) (a)

“Provincial Treasury” means a treasury established in terms of section 17 of the Act

2 Purpose

To provide guidance on monitoring of department’s trial balances.

3 Back ground

The Provincial Treasury is responsible for assisting and monitoring Provincial Departments in order to improve the efficiency and effectiveness of financial management.

4 Scope of application

To provide guidance to Provincial Treasury officials on how to monitor the trial balances of other departments.

5 Legislative framework

The Department’s operations are governed by a collection of different acts and this manual should be understood within that context.

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

- ❖ Public Finance Management Acts
- ❖ Treasury regulations
- ❖ National Treasury guidelines and prescripts

6 Principles

- ❖ Accounting manual for departments.
- ❖ Modified Cash Standards.
- ❖ Systems of internal controls are in place.

7 Process

The process will be amended where necessary to be in line with any new developments with regard to the monitoring of trial balance and to ensure that there is proper management of financial record and transactions.

7.1 Trial balance meetings

The schedule for trial balance meeting is prepared at the beginning of each and every financial year and circulated to departments.

The following officials/ divisions should form part of the meeting:

- ❖ Chief Financial Officer to chair and provide direction during the meeting and should request one official from department to take minutes
- ❖ Asset and Inventory Management
- ❖ Bookkeeping
- ❖ System controller
- ❖ Revenue Management
- ❖ Salary Administrations
- ❖ Budget and expenditure management

The meetings are held on quarterly basis after the closure of the books and the following should be considered:

- ❖ Print out Trial balance to be available for discussion.
- ❖ All suspense accounts which are supposed to have zero balance should be cleared.

Expenditure

- ❖ Expenditure should not appear on credit side but debit side.
- ❖ Verify if there is proper allocation of items

Revenue

- ❖ Compare total revenue collected with the General Account of Revenue to ensure regular transfer of funds Provincial Treasury. The transfer is made through sundry payment.

Accounting entries are as follows:

Dr .General Account of Revenue
Cr. Revenue items

Budget

- ❖ At the beginning of the financial year verify whether the budget allocated agrees with the appropriated one in budget estimates book.
- ❖ Verify if the total budget after budget adjustment if it agrees with Adjustment Appropriation Amendment Act

Cash and cash equivalents

- ❖ Verify if the consolidated bank account if is favourable, in case of unfavourable balance (credit balance), verify if Department has developed internal controls to avoid overdraft.

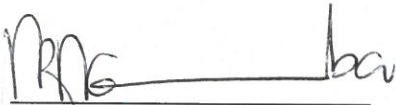
Assets

- ❖ Ensure that linkage of asset related items as per category is done correctly

7.2 Monitoring of Ledger Reports

- ❖ Departments submit ledger reconciliation accounts to Provincial Treasury on monthly basis
 - ❖ Departments provide explanation on uncleared balance
 - ❖ Reports are signed by Accounting Officer or delegated official.
 - ❖ Provincial Treasury analyse and give the recommendations on the movement of the ledger accounts
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- ❖ Provincial Treasury make follow-up telephonically with the relevant officials on implementation of recommendations and by requesting corrected trial balances for discussion of recommended issues in the next meeting.

Approved:



MS. NZ NKAMBA
HEAD OFFICIAL

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