



PROVINCIAL TREASURY CIRCULAR NO. 10 OF 2019

TO:

DIRECTOR GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA (ACTING): VOTE 1 (MR KM MOHLASEDI)
HEAD: VOTE 3: PROVINCIAL TREASURY (ACTING) (MS GM MASHITENG)
HEAD: VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR PT NYONI)
HEAD: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS (ACTING) (MS LS MONARENG)
HEAD: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (ACTING) (MR NM SEBITSO)
HEAD: VOTE 7: EDUCATION (MS MOC MHLABANE)
HEAD: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (ACTING) (MS SL XULU)
HEAD: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIAISON (MR W MTHOMBOHI)
HEAD: VOTE 10: HEALTH (DR S MOHANGI)
HEAD: VOTE 11: CULTURE, SPORT AND RECREATION (ACTING) (MR GS NTOMBELA)
HEAD: VOTE 12: SOCIAL DEVELOPMENT (MR MV MAHLALELA)
HEAD: 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: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS (MR MA LETSWALO)
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (ACTING) (MS H THRUSH)
THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (ACTING) (MR A THELA)
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 (ACTING) (MR PP MAMOGALE)
THE CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE, SPORT AND RECREATION (MR M THOBELA)
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MR JB MBATHA)
THE CHIEF FINANCIAL OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR SB NYOKA)

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

PROHIBITION OF SUNDRY PAYMENTS FOR PROCUREMENT OF GOODS AND SERVICE

1. Objective

The objective of this Circular is to inform all Mpumalanga Provincial Departments that it is prohibited to use Sundry Payments when procuring goods and services. This Circular must be read in conjunction with Provincial Circular No. 55 of 2016 as it repeals the last paragraph of that Circular and further adds additional exceptions on paragraph 3.

2. Background

Mpumalanga Provincial Administration has three transversal systems which are:-

- a) Persal = Personnel and Salary System which is used for management and payment of all salary related transactions which caters for employees and non-employees (Periodic payment)
- 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 Payment 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 assets 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 paid for through sundry payments (BAS) will not update the asset registers or 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's 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) Transfer and subsidies 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
- d) Travel and Subsistence re-imburement and compensation made to non-employees
- e) Petty Cash Payments as per Departmental policies
- f) Claims against the State
- g) Payment to former employees whose IRP5 had been closed on Persal as SARS no longer allows for IRP5's to be re-opened.

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It has been discovered through requests from Departments that technical problems and unforeseen circumstances sometimes necessitate Departments to use Sundry Payments as an alternative to avoid penalties and interest. It is because of this reason that the "No exemption will be granted for any Department" from Provincial Circular No. 55 of 2016 is repealed and replaced with the paragraph below.

Exemption will be granted on request where the Department will be required to state reasons and submit any evidence should it be requested as to why the Department is unable to follow the normal system procurement processes as stipulated by this Circular. Provincial Treasury will consider each application individually and respond accordingly.

Your cooperation will be highly appreciated.

Kind Regards,



MS GUGU MASHITENG
ACTING HEAD: PROVINCIAL TREASURY
DATE: 20/03 /2019