



provincial treasury

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

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PROVINCIAL TREASURY CIRCULAR NO. 11 OF 2022

TO:

**DIRECTOR-GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA
SECRETARY OF THE MPUMALANGA LEGISLATURE
HEADS OF DEPARTMENTS
CHIEF FINANCIAL OFFICERS OF DEPARTMENTS**

2021/22 YEAR END REPORTING REQUIREMENTS

1. LEGISLATED REQUIREMENTS

1.1 REPORTING ON ANNUAL FINANCIAL STATEMENTS

According to the Public Finance Management Act, No. 1 of 1999 (PFMA), Section 40(1)(c), the Accounting Officer for a Department –

“(c) must submit the financial statements within two months after the end of the financial year to:

- (i) the Auditor-General for auditing
- (ii) the relevant treasury to enable that Treasury to prepare Consolidated Financial Statements in terms of Section 8 and 19.”

1.2 SUBMISSION OF ANNUAL REPORT

The PFMA, Section 40(1) (d) requires that the Accounting Officer of a department to submit within five months of the end of a financial year to the relevant treasury-

- (i) an annual report on the activities of the department during that financial year
- (ii) the financial statements for that financial year after those statements have been audited, and
- (iii) the Auditor-General's report on those statements.

1.3 TABLING OF ANNUAL REPORT

According to Section 65(1) of the PFMA the Executive Authority responsible for the Department must table in the Provincial Legislature the annual report, Financial Statements and Audit Report on those statements, within one month after the Accounting Officer of the Department received the audit report.

1.4 REQUEST FOR ROLLOVERS

In terms of Section 6.4.2 of Treasury Regulation “Requests for rollovers must be submitted to the relevant treasury on or before the last working day of April, in a format determined by the National Treasury and must include-

- a) the purpose for which the funds were appropriated;
- b) the reasons why the funds were not spent;
- c) proposed changes to the use of the funds, if any; and;
- d) a disbursement schedule indicating the month(s) in which the expenditure is expected to be incurred.”

Section 6.4.3 states that “funds for a specific purpose may not be rolled over for more than one financial year, unless approved in advance by the relevant treasury.

1.5 UNSPENT CONDITIONAL GRANTS.

In terms of Section 22 of the 2021 Division of Revenue Act (Act No. 9 of 2021), as amended, each vote with conditional grants must submit to Provincial Treasury:

- a) Total amount of unspent funds for each relevant conditional grant as at 31 March 2022;
- b) The amount of unspent funds for the relevant grant not committed to identifiable projects;
- c) The amount of funds currently committed to identifiable projects;
- d) Given that Section 22 (2) of the Act requires proof of commitments, departments must submit a list of the projects referred to and clearly stipulate the tender details (pricing and numbers) relating to each ongoing project or invoices awaiting payment. Proof of commitments means an order and/or invoice received.

Conditional grants requests should be listed separately per conditional grant. The list should clearly state the order number, order date, invoice number (if applicable) and invoice date and the amount requested. The list should be supported by copy of the order and/or invoice (not the batch).

Departments that have applications for rollovers on conditional grants should submit their requests to Provincial Treasury on or before **22 April 2022** without failure.

1.5.1 UNSPENT EQUITABLE SHARE

Departments are thus required (if there are any funds to be rolled over) to complete the rollover template annexures A, B, C (see attached) and the rollover order lists (which must comprise of supplier name, order or invoice number, its date and amount). These must be submitted with the supporting documents (copies of orders and/or invoices) for approval by the Provincial Treasury **on or before 30 April 2022**.

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The Provincial Treasury would thus like to advise departments to ensure that the following issues are attended to:-

2. CLOSURE DATE OF BOOKS ON BASIC ACCOUNTING SYSTEM (BAS)

2.1 PRELIMINARY CLOSURE

Provincial Treasury has set **14 April 2022** as a preliminary day of closure and that date had been communicated and agreed with National Treasury. **All Departments are urged to close their books on or before 14 April 2022 and failure to that will result in a Department being forced closed.** When preliminary closure has been initiated, no journal can be posted to the closed year. The balances are confirmed and signed off by the Chief Financial Officer.

Any changes of the figures thereafter require an approval by both the Provincial Office of the Accountant-General and the Office of the Auditor-General. The two Offices must agree on the reasonability of the changes before the journals could be effected. Changes in the system should be performed by an official with post journal user identification.

2.2 AUDIT FINAL CLOSURE DATE ON BAS

Final closure of the year is performed after the Auditor-General has issued the final audit report. After audit final closure, no changes can be made to any transactions in the BAS system for the financial year under review. Based on the above all Departments must perform the final audit closure on or before **31 October 2022**.

3. CUT OFF DATES FOR 2021/22 FINANCIAL YEAR

Date	Activity
14 February 2022 to 25 February 2022	Follow up and settlements of all outstanding purchase orders De-commit incomplete purchase orders and clear commitments, which are not going to be paid in Logis and BAS. Upload all purchase orders to Invoice Tracking System
28 February 2022 to 11 March 2022	Follow up and settlement of all outstanding invoices Urging suppliers to submit their invoices through the suppliers portal
11 March 2022	Last date of creating new orders. No new orders must be created after this date
11 March 2022 to 25 March 2022	Paying all outstanding and current invoices
25 March 2022	Last day for payments to be processed for 2021/22 financial year. No payments must be processed after this day. Upload all payment stubs to invoice tracking system
28 March 2022 to 1 April 2022	Switching of bankers from Standard Bank to ABSA Stopping all disbursement (payments) on the transversal systems No payment can be made during this period because of the migration Upload all payment stubs to invoice tracking system

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Date	Activity
08 April 2022	Year end close transactions for Vulindlela Reporting No books must be close but transctions must be finalised for Vulindlela reporting purposes
14 April 2022	Provincial Force Closure date of the financial year in BAS
31 May 2022	Submission of AFS and performance report

4. PREPARATION OF FINANCIAL STATEMENTS

- a) A template to prepare the annual financial statements will be issued to Departments and is also available on the website <http://oag.treasury.gov.za>. This will assist in ensuring that the Financial Statements are properly and timely compiled.
- b) All suspense accounts should be cleared to zero by 31 March 2022 to enable departments to provide complete financial information on expenditure and revenue.
- c) Stock counts and reconciliation of assets between BAS and LOGIS systems must be performed.
- d) The expenditure management report should be scrutinized to ensure that all expenditure is properly allocated to the budget appropriated.
- e) All the supporting documentation for all the transactions, and other important records, should be made available for audit purposes.

Attached is the AFS review checklist for other issues to be made available for audit purposes. **(Annexure A)**

A work plan is also attached as **Annexure B** to provide guidance of when to complete the annual financial statements.

5. AUDIT PROCESS

Departments should ensure that the Audit Steering Committees are established at the beginning of the audit process. The terms of reference and the constitution of the Audit Steering Committee are outlined in **Annexure C**.

6. FIRST SUBMISSION OF PERFORMANCE INFORMATION

The Auditor-General will be engaging in performance audit reviews for the financial year ended 31 March 2022. Departments are therefore required to submit the performance information as well as Annual Financial Statements and Human Resource oversight reports, to the Auditor-General by 31 May 2022 to enable the auditors to perform the necessary audit procedures before 31 July 2022.

Your co-operation is always appreciated.

Regards


MS GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 10/1/2022



AFS REVIEW CHECKLIST

1. Audit file
 - a. Copy of budget adjustment
 - b. Trial balance – long and short
 - c. Annual Report 2020/21
 - d. Programme expenditure control reports
 - e. Copies of journals of unauthorised/fruitless expenditure
 - f. Letter to Treasury that report irregular expenditure
 - g. Copy of donation letter
 - h. Copy of commitments report
 - i. Copy of a list of accruals
 - j. Copy of lease agreements
 - k. Copies of debtors confirmation letters
 - l. Copy of leave entitlement
 - m. Copy of thirteenth cheque report
 - n. Copy of performance awards
 - o. Copy of capped leave commitments
 - p. Copy of related party transactions
 - q. Key management personnel record
2. The total balance of the trial balance is zero on actual, adjustment and final columns.
3. Total amount on the Appropriation statement agrees to Adjustment budget.
4. Total amount on the Appropriation statement agrees to Performance statements
5. Appropriation funds are distributed into:
 - a. Annual appropriation
 - b. Statutory appropriation
 - c. Unauthorized expenditure
 - d. Local/foreign aid assistance
6. Disclosure of donations receive
7. Disclosure of donations made
8. Disclosure of unauthorized/fruitless expenditure as per the difference in the total of programmes in the appropriation statement
9. The amount of unauthorized/fruitless is debited to increase the current assets and credited on add back unauthorized expenditure
10. Disclosure of irregular expenditure and steps to recover the expenditure
11. Cash and cash equivalents in the statement of financial position agree to the amount in the cash flow statement.
12. Voted funds to be surrendered agree to total variance in the appropriation statement
13. Revenue to be surrendered agrees to revenue accrual in the trial balance

ANNEXURE B

AUDIT STEERING COMMITTEE

TERMS OF REFERENCE

The aim of the Audit Steering Committee is to establish a formal communication channel between the Department and the Office of the Auditor-General, in this way to accomplish a sound co-operation between the parties. Matters that may be discussed during the meetings of the Audit Steering Committee are, *inter alia*;

1. Audit planning for the year in other words which activities will be subjected to an audit and the reasons.
2. Estimated audit costs.
3. The estimated costs of the auditing for the year must be furnished, as the Department must budget for the expenditure;
4. Any deficiencies or irregularities revealed during audits.
5. The Audit Steering Committee gives the parties the opportunity to discuss problems and in this way to prevent any unnecessary written communication, which can be time consuming and costly.
6. Discussion of audit reports, Management letters and queries of a serious nature to obtain unanimity on the contents and to expedite the finalisation thereof.
7. Problems emerging during audits, e.g. availability of records, etc.
8. Create the opportunity for the Department to give inputs in good time.
9. The identification of contact persons for enquiries and mutual communication.

CONSTITUTION

In order to ensure the efficient functioning of the Audit Steering Committee, the committee should consist of the following members:

1. Head of the Department
2. Chief Financial Officer
3. Programme Managers
4. Chief Audit Executive
5. Chief Risk Officer
6. Representatives from the Office of the Auditor-General;
7. Secretary - in order to ensure that proper minutes are taken of the meeting and are distributed to all members.

ANNEXURE B

YEAR-END REPORTING WORKING PLAN - 2021/22

Activity	Due date	Responsibility	PFMA
Year end	31 Mar 2022	All Departments	
Correction of allocations and clearing of suspense accounts	11 Apr 2022	CFO	TR 17.1
Signing off of trial balance	11 Apr 2022	CFO	
Final trial balance	11 Apr 2022	CFO	
Capturing the prior year figures on the template	14 Apr 2022	CFO	
Preliminary Closure of books - year-end	14 Apr 2022	All Departments	
Final compilation of the Annual Financial Statements (AFS) in Excel spread sheet/ Caseware	09 May 2022	CFO	
Submission of AFS to Internal Auditors for audit	09-13 May 2022	IA	
Submission of AFS to Provincial Treasury (Financial Governance) for review	16 -24 May 2022	PT	
Compilation of Performance Information	09 May 2022	Planner	
Review of the AFS and Performance Information by the Chief Financial Officer (CFO)	19 May 2022	CFO	
Review of the AFS and Performance Information by the Head of Department (HOD)	24 May 2022	HOD	
Final corrections on the AFS and Performance Information	26 May 2022	CFO and Planner	
Signing off of AFS	27 May 2022	HOD	
Evaluation of AFS by Audit Committee	31 May 2022	Audit Committee	TR 3.1.13
Submission of the AFS and Performance Information to Auditor-General (AG)	31 May 2022	HOD	sec 40 (1) (c)
Compilation of the Annual Report (AR)	03 Apr - 08 July 2022	Planner	
Evaluation of Audit report	22 July 2022	Audit Committee	
Review and final approval of AR	27 July 2022	HOD/MEC	
Report of the AG on the departmental AFS	29 July 2022	AG	sec 40 (2)
Submission of (AR) printers proof to AG	12 Aug 2022	CFO & Communication	
Printing of AR	19 Aug 2022	Communication	
Tabling of the departmental AR's to Legislature	31 Aug 2022	MEC	sec 65 (1) (a)

ANNEXURE C

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