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ACCOUNTING OFFICERS / CHIEF FINANCIAL OFFICERS

PROVINCIAL TREASURY INSTRUCTION NOTE NO. 12

MANAGEMENT OF SUSPENSE ACCOUNTS

1. DEFINITIONS

In this Provincial Treasury Instruction Note, unless the context indicates otherwise, a word or expression, to which a meaning has been assigned in the PFMA and the National Treasury Regulations, has the same meaning; and –

“*BAS*” means the Basic Accounting System used by the KwaZulu-Natal Provincial Administration;

“*CFO*” means the Chief Financial Officer referred to in Chapter 2 of the National Treasury Regulations;

“*Delegated official*” means an official who has been delegated powers or instructed to perform any duties assigned by the accounting officer;

“*SARS*” means the South African Revenue Service; and

“*Suspense account*” means a temporary account to which transactions are posted, prior to analysis or identification to a permanent classification or an appropriate budget related revenue and expenditure.

2. OBJECTIVE

To provide a framework and guidance on the use, management and control of suspense accounts and to ensure that all suspense accounts, where applicable, are reconciled or cleared to a nil balance at month and year-end closure.

3. LEGAL FRAMEWORK

3.1 In terms of the PFMA, the Accounting Officer must:-

- a) Keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards, as per Section 40(1)(a); and
- b) Comply with any regulations issued by the National Treasury, as per Section 76(4)(b).

3.2 In terms of the National Treasury Regulations, the Accounting Officer must:-

- a) Ensure that all transactions of an institution are supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation, as per paragraph 17.1.1;
- b) Where necessary, account for revenue and expenditure transactions in a clearing or suspense account because the classification has not been resolved, and must ensure that:
 - i. The sources of transactions in clearing and suspense accounts are readily identifiable, as per paragraph 17.1.2 (a);
 - ii. Amounts included in clearing and suspense accounts are cleared and correctly allocated to the relevant cost centres on a monthly basis, as per paragraph 17.1.2 (b);
 - iii. Monthly reconciliations are performed to confirm the balance of each account, as per paragraph 17.1.2 (c); and
 - iv. Reports are provided on uncleared items on a monthly basis, as per paragraph 17.1.2 (d).
- e) Certify that the forecast/projection for the remainder of the financial year makes adequate provision for all amounts not cleared from clearing and suspense accounts.

4. CONTROL AND USE OF SUSPENSE ACCOUNTS

4.1 The duties relevant to the control and use of suspense accounts require compliance with the following minimum financial indicators:

- a) All transactions of a suspense account must be supported by authentic and verifiable source documents, which must be readily available;
- b) Amounts included in suspense accounts must be cleared and correctly allocated to the relevant cost centres on a monthly basis;
- c) The bank adjustment/exception account must be reconciled monthly;
- d) All bank reconciliations have been performed and reconciling items cleared;
- e) All deposits and receipts have been allocated and reconciled;
- f) All staff debts have been captured on BAS and reconciled;
- g) All inter-departmental balances and debts have been recorded, reconciled and paid within the prescribed or agreed period;
- h) All journals have been captured and authorised on BAS; and
- i) Reports are provided to the Accounting Officer about uncleared items and followed up on a monthly basis by the CFO.

5. MONTHLY RECONCILIATIONS

- 5.1 It is the responsibility of the CFO to ensure that all suspense accounts are cleared monthly. The CFO must complete the “Certificate of Compliance”, certifying that the financial management performance indicators inclusive of the aforementioned have been complied with, in accordance with the PFMA.
- 5.2 The completion of the approved certificate must be done on a monthly basis and submitted to Provincial Treasury ten days after the month-end closure on BAS.
- 5.3 If an Accounting Officer is unable to comply with any of the minimum prescribed performance indicators, this must be reported promptly to the Provincial Treasury with reasons, and action plans provided with time-frames to address the non-compliance.

6. DEDUCTION CONTROL ACCOUNTS

- 6.1 The following deduction control accounts must be cleared, where possible, on a monthly basis by the delegated official/s. After the closure of a current month, any outstanding transactions appearing on the following month’s matching report

must be cleared prior to the closure of that particular accounting month. All deduction control accounts should, where practical, reflect a nil balance at year-end closure.

- a) Sal: Pension Fund: CL
 - b) Sal: Medical Aid: CL
 - c) Sal: Bargaining Councils: CL
 - d) Sal: Official Unions: CL
 - e) Sal: Insurance Deductions: CL
 - f) Sal: UIF: CL
 - g) Sal: Garnishee Order: CL
 - h) Sal: Fin Institut Study Loans: CL
 - i) Sal: Finance Other Institutions: CL
 - j) Sal: Income Tax: CL
- 6.2 These accounts should, where possible be cleared before the month-end closure on BAS, once all Persal transactions have interfaced at month-end. All Persal transactions reflected on the BAS matching or detail report with reference “1FBS11BS” will interface programmatically. Any manual debit or credit balances reflected in a matching fields/accounting month must either be paid-over to, or claimed from the respective creditor/organisation. Manual transactions will be identified as “GJ, journal number, name, date” or any such reference.
- 6.3 A manual transaction (Credit balance) must be paid over to the respective creditor/organisation via an electronic funds transfer payment on BAS using the Sundry Payment (Payment of goods/services) form (Annexure A). The amount must be allocated to the correct fund, objective, responsibility, project, item, asset and regional identifier, with the applicable matching fields/accounting month. The creditor must be updated as an entity on BAS.
- 6.4 An amount owing to the Administration (Debit balance) must be claimed from the relevant creditor/organisation. The amount owing will be reflected on the Persal Report SR0003(01): Item Analysis and Reconciliation Statement, and the SR0003(02): Amount Recoverable from Outside Institutions.

- 6.5 Once the amount owing has been credited to the provincial department's bank account, it must be allocated as reflected on the BAS matching or detail report for that applicable matching fields/accounting month.
- 6.6 The creditor details can be obtained from the Persal Salary System, as per the following table:

DEDUCTION	TABLE NO.	PERSAL FUNCTION
Rent: Non-recoverable)	032	#6.2.9
Tuition Fees	034	#6.2.9
Medical Aid	057	#6.2.9
Pension	068	#6.2.9
UIF	077	#6.2.9
Insurance	114	#6.2.9
Official Association	119	#6.2.9
Teachers Union	139	#6.2.9
State Debt	151	#6.2.9
Garnishee	801	#6.10.12 (Creditor name)
Garnishee	801	#6.10.9 (Beneficiary code)

a) Pension Deduction: Item: Sal: Pension Fund: CL

- The amount deducted (Employee contribution) and the employer contribution must be paid over to, or claimed from National Treasury: Pensions Administration.
- The details pertaining to the employee/s are obtained from the journal or payment processed by the departments. This is required for reconciliation purposes and must be advised on a schedule (Annexure B), under cover of the department's official letterhead.
- A journal must be processed for each individual employee listed as per the schedule (Annexure C).
- On receipt of the funds, the amount will be allocated per accounting month and matching field/s as reflected on the matching report to clear the outstanding balance/s.

b) Medical Aid: Item: Sal Medical Aid: CL

- The amount deducted (Employee contribution) and employer contribution must be paid to, or claimed from the applicable organisation.
- The details pertaining to the employee/s are obtained from the journal or payment processed by the departments. This is required for reconciliation purposes and must be advised on a schedule (Annexure B), under cover of the department's official letterhead.
- A journal must be processed for each individual employee listed as per the schedule (Annexure C).
- On receipt of the funds, the amount will be allocated per accounting month and matching field/s as reflected on the matching report to clear the outstanding balance/s.

c) Bargaining Councils: Item: Sal Official Unions: CL

- The amount deducted (Employee contribution) and employer contribution must be paid to, or claimed from the applicable union.
- The details pertaining to the employee/s are obtained from the journal or payment processed by the departments. This is required for reconciliation purposes and must be advised on a schedule (Annexure B), under cover of the department's official letterhead.
- A journal must be processed for each individual employee listed as per the schedule (Annexure C).
- On receipt of the funds, the amount will be allocated per accounting month and matching field/s as reflected on the matching report to clear the outstanding balance/s.

d) Official Associations: Item: Sal Official Unions: CL

- The amount deducted must be paid to, or claimed from the applicable union.
- The details pertaining to the employee/s are obtained from the journal or payment processed by the departments. This is required for

reconciliation purposes and must be advised on a schedule (Annexure B), under cover of the department's official letterhead.

- On receipt of the funds, the amount will be allocated per accounting month and matching field/s as reflected on the matching report to clear the outstanding balance/s.

e) Insurance: Item: Insurance Deductions: CL

- The amount deducted must be paid to, or claimed from the applicable organisation.
- The details pertaining to the employee/s are obtained from the journal or payment processed. This is required for reconciliation purposes, and must be advised on a schedule (Annexure B), under cover of the department's official letterhead.
- On receipt of the funds, the amount will be allocated per accounting month and matching field/s as reflected on the matching report to clear the outstanding balance/s.

f) Unemployment Insurance Fund: Item: Sal: Uif: CL

- Any manual payment in respect of UIF (Casual employees) must be paid to the Commissioner: UIF. The pay-over must be submitted in terms of the requirements as stipulated by the Department of Labour.

g) Item: Garnishee Order: CL

- The amount deducted must be paid to, or claimed from the applicable judgement creditor.
- The details pertaining to the employee/s are obtained from the journal or payment processed by the departments. This is required for reconciliation purposes and must be advised on a schedule (Annexure B), under cover of the department's official letterhead.
- On receipt of the funds, the amount will be allocated per accounting month and matching field/s as reflected on the matching report to clear the outstanding balance/s.

h) Item: Sal: Fin Institut Study Loans: CL

- The amount deducted must be paid to, or claimed from the applicable organisation.
- The details pertaining to the employee/s are obtained from the journal or payment processed by the departments. This is required for reconciliation purposes and must be advised on a schedule (Annexure B), under cover of the department's official letterhead.
- On receipt of the funds, the amount will be allocated per accounting month and matching field/s as reflected on the matching report to clear the outstanding balance/s.

i) Item: Sal: Finance Other Institutions: CL

- Monies recovered by other departments on behalf of the Department of Health (State hospital debt; deduction code 0224), must be paid via an electronic funds transfer payment to Department of Health.
- The reference is the name of the hospital where the patient was treated and "Patient Fees".
- The Item Analysis and Reconciliation schedules [SR0003(01)] and the payment details must be sent to the Department of Health, Private Bag X9051, Pietermaritzburg, 3200, for the attention of Central Revenue Control.
- All other deductions applicable to this item must be paid to, or claimed from the applicable organisation.

j) Item: Sal: Income Tax: CL

- This account must be investigated on a monthly basis.
- The matching report must be requested on BAS monthly, on the 1st day of the current month for the previous month's transactions.
- All programmatic transactions (Persal to BAS Interface) will be cleared via the programmatic pay-over at month-end.
- All transactions processed manually on BAS must be investigated, updated on the Persal system and manually paid over to the South African Revenue Service (SARS).

- Due to the nature of these transactions it is not always possible to clear all manual transactions within a specific accounting month, as month end transactions will only be cleared in the following accounting month/s.
- A credit balance will require a manual pay-over to the South African Revenue Service (SARS).
- Any debit balances must be offset against the total pay-over of credit balances. Should the debit transactions exceed that of the credit balance at the end of the tax year, the amount will be claimed back from SARS.
- The monthly pay-over of Tax must reach SARS on the 7th day of each month.
- Penalties will be levied by SARS on any late payments.
- Kindly refer to the EMP10-Guide for Employees in respect of Employees Tax and the Training Guide issued by the Provincial Treasury: Tax Section.

7. RETURNED UNPAID TRANSACTIONS

7.1 The following deduction control accounts must be cleared, where possible, on a monthly basis by the delegated official/s. After the closure of a current month, any outstanding transactions appearing on the following month's matching report must be cleared prior to the closure of that particular accounting month. All deduction control accounts should, where practical, reflect a nil balance at year-end closure.

- a) Sal: ACB Recalls: CA
- b) Sal: Deduction Disall Acc: CA
- c) Sal: Reversal Control: CA
- d) Unp/Recall BAS EBT Cntr Acc: Dom

7.2 Funds credited electronically to the Department's provincial bank account as a result of unpaid transactions in respect of employees must be allocated to the applicable general ledger suspense account.

- 7.3 A BAS matching report must be requested weekly per item as follows:
“Reporting; Financial Report Templates; Matching Report; and click on applicable item”.
- 7.4 The matching field for all salary related transactions is the Persal salary number of the applicable employee (*Sal: ACB Recalls: CA; Sal: Deduction Disall Acc: CA; and Sal: Reversal Control: CA*).
- 7.5 The matching field for all supplier payments will be the accounting month in which the funds were credited to the bank account (*Unp/Recall BAS EBT Cntr Acc: Dom*).
- 7.6 The reason code for the unpaid transaction will be reflected on the EF70 schedule “Returned unpaid transactions”:
- Reason code 06: Account frozen: ITEM: Sal: ACB Recalls: CA (Salary)
 - Reason code 12: Account closed: ITEM: Sal: ACB Recalls: CA (Salary)
 - Reason code 18: Account holder deceased: ITEM: Sal: ACB Recalls: CA (Salary)
 - Reason code 06/12/18: ITEM: Sal: ACB Recalls: CA (Housing Loan)
 - Reason code 28: Recall: ITEM: Sal: Reversal Control: CA (Salary)
 - Reason code 28: Recall: ITEM: Sal: ACB Recalls: CA (Housing Loan)
- 7.7 It is imperative that the new banking account details are updated on BAS/Persal for any moneys returned due to a closed account, prior to re-issuing a payment.
- a) Sal: ACB Recalls: CA**
- Salary/Supplementary Payments**
- All unpaid funds, as a result of rejected electronic salary or supplementary payments due to a closed/invalid bank account will be credited electronically to the departmental provincial bank account.
 - The departmental banking section will receive the EF70 schedule (Returned unpaid transactions) and journalise the individual amounts as a credit transaction to the item “Sal: ACB Recalls: CA”.
 - The matching field will be the Persal number of the applicable employee.

- The officials responsible for the control and clearance of this suspense account item must issue a letter/s to the Human Resource Division, providing a detailed breakdown per employee, requesting the re-issue of the salary/supplementary payment/s.
- The net amount of the salary or supplementary payment must be re-issued on Persal using function #5.3.6 with allowance code 0007 (Non-taxable) and deduction code 0185, using “**S**” as the source reference.
- Deduction code 0185 interfaces programmatically as a debit transaction to Sal: ACB Recalls: CA, resulting in a zero balance transaction/s.
- This control suspense account item is used exclusively for the temporary allocation of rejected electronic unpaid salary/supplementary or housing loan transactions due to closed/invalid accounts only.
- Under no circumstances may any other transactions be allocated to this item.

Housing loan

- All unpaid funds, as a result of rejected electronic housing loans due to a closed/invalid bank account will be credited electronically to the departmental provincial bank account.
- The departmental banking section will receive the EF70 schedule (Returned unpaid transactions) and journalise the individual amounts as a credit transaction to the item “Sal: ACB Recalls: CA”.
- The matching field will be the Persal number of the applicable employee.
- The official/s responsible for the control and clearance of this suspense account item must issue a letter/s to the Human Resource Division, providing a detailed breakdown per employee, requesting the re-issue of the housing loan.

- The housing loan payment must be re-issued on Persal using function #5.3.6 with allowance code 0007 (Non-taxable) and deduction code 0185, using “H” as the source reference.
- Deduction code 0185 interfaces programmatically as a debit transaction to Sal: ACB Recalls: CA, resulting in a zero balance transaction/s.

Exceeded Item Limit

- Payments issued on Persal exceeding the ACB item limits will be advised on a VET (Validate Electronic Transactions) Report.
- The limits are R90 000 and R45 000 for salary and supplementary payments respectively.
- The departmental banking section, on receipt of the VET Report, will journalise the individual amount/s as a credit transaction to the item “Sal: ACB Recalls: CA”. These payments must be re-issued on a Sundry Payment (Payment of goods/services) on BAS, debiting item “Sal: ACB Recalls: CA”, resulting in a zero balance transaction/s.
- Under no circumstances must an exceeded item limit transaction be re-issued using an expenditure allocation, as this will result in over-expenditure.

b) Sal: Deduction Disall Acc: CA

- When a salary is programmatically reversed on Persal, the housing loan deduction/garnishee will interface programmatically as a debit transaction to the suspense account item “Sal: Deduction Disall Acc: CA”.
- If the housing loan was not recalled from the bank, this will result in a debit transaction to the item “Sal: Deduction Disall Acc: CA”, resulting in a debt owing to the State.
- The debit transaction will only reflect a nil balance when instating a debt on BAS, and simultaneously clearing (crediting) the suspense account item “Sal: Deduction Disall Acc: CA”.

- The following interim measures will apply regarding the clearance and control of recalled housing loans and housing loans returned due to a closed/invalid account, previously allocated to this suspense account item.
- If the housing loan was recalled from the bank, the departmental banking section, on receipt of the funds (EF70) will journalise the individual amount/s as a credit transaction to the item “Sal: ACB Recalls: CA”.
- The official/s responsible for the clearance and control of this suspense account will process a general journal, debiting the suspense account “Sal: ACB Recalls: CA” and crediting the suspense account “Sal: Deduction Disall Acc: CA”, resulting in a zero balance transaction/s.
- All housing loan transactions returned due to a closed/invalid account, previously credited to the item “Sal: Deduction Disall Acc: CA” must be journalised as follows in order to clear any outstanding transactions:

Debit: Sal: Deduction Disall Acc: CA
Credit: Sal: ACB Recalls: CA”.
- The housing loan must subsequently be re-issued on Persal.

c) Sal: Reversal Control: CA

- A salary/supplementary payment recalled by a department due to termination of service or any other reason must be allocated by the departmental banking section or designated component, on receipt of the EF70 schedule, as a credit transaction to the item “Sal: Reversal Control: CA”.
- The matching field will be the Persal number of the applicable employee.
- The Human Resource Division or designated component must reverse the salary/supplementary payment on Persal, using function #5.2.10.
- The reversal on Persal (nett salary) interfaces programmatically to “Sal: Reversal Control: CA” as a debit transaction.
- This will result in a zero balance transaction/s.

- When a salary/supplementary payment is reversed on Persal, and the salary/supplementary is not recalled from the bank, this will result in a debit transaction to the control suspense account “Sal: Reversal Control: CA”, resulting in a debt owing to the State.
- The debit transaction/s will only reflect a nil balance when instating a debt on BAS, and simultaneously clearing (crediting) the suspense account item “Sal: Reversal Control: CA”.

**d) Unp/Recall BAS EBT Cntr Acc: Dom
Supplier Payments**

- This account must be cleared monthly and should reflect a nil balance at year-end closure.
- On receipt of the EF70: Returned Unpaid Transactions the funds returned in respect of suppliers must be allocated as a credit transaction to the item “Unp/Recall BAS EBT Cntr Acc: Dom”.
- The matching field will be the accounting month in which the funds were credited to the bank account.
- Once the programmatic interface has taken place, the suspense account item “Unp/Recall BAS EBT Cntr Acc: Dom” will be debited and the item “EBT Rejection Account” will be credited, with the disbursement number as the matching field.
- The payment can be re-issued or cancelled on-line on BAS, as required, as follows:
“Business; Interface; Exceptions; ACBEF70”.

8. SUSPENSE ACCOUNTS

- 8.1 The following deduction control accounts must be cleared, where possible, on a monthly basis by the delegated official/s. After the closure of a current month, any outstanding transactions appearing on the following month’s matching report must be cleared prior to the closure of that particular accounting month. All deduction control accounts should, where practical, reflect a nil balance at year-end closure.

a) CASH & CASH EQUIVALENTS: DOMESTIC

Bank Exception Account: Dom

- This account must be cleared monthly and must reflect a nil balance at year-end closure.
- Any balance reflected on this account is as a result of departments not resolving all bank interface exceptions.
- Any debit or credit transactions must be resolved using the BAS on-line Bank Reconciliation functionality, as per the Training Manual issued by Provincial Treasury: Banking Section.

b) OTHER DEBITS/CREDITS: DOMESTIC

Bas Credit Transfers: Dom

- This account must be cleared monthly and must reflect a nil balance at year-end closure.
- Any amount exceeding R1 million will be programmatically re-routed to this account as a credit transfer.
- Departments must comply with the directive “Request for Urgent Payments and Payments Exceeding One Million Rand” dated 18 February 2009, issued by the Provincial Treasury Banking Section, for all payments exceeding R1 million.
- A general journal will be processed to clear the outstanding transactions as per the Training Manual issued by Provincial Treasury: Banking Section.
- All entries outstanding for more than a week must be investigated.

c) BANK ACCOUNT: DOMESTIC

Deposit Account: Dom

- This account must be cleared monthly and must reflect a nil balance at year-end closure.

- A debit balance on this account indicates that deposits have been confirmed on BAS; however, the deposit at the bank has not yet interfaced into BAS.
- The reconciliation of captured deposits should take place within two to three working days. Any entry that has not been reconciled for more than a week must be investigated.
- Outstanding deposits are as a result of differences between deposit numbers/amounts when doing deposit confirmations, which can be amended by cancelling the deposit confirmation and re-confirming with the correct information,

Or

- Differences between the deposit number/amounts interfaced by the bank can be amended on-line on BAS as follows:
“Business; Bank Services Interface; Capture serno/txngrp changes; and Authorise serno/txngrp changes”.

Cheques Payable: Dom

- This account will reflect a credit balance, as stale cheques are allocated to a revenue item.
- A cheque is valid for six months from the date the cheque was issued.
- Cheques not cashed within six months are regarded as stale and are posted as “Stale cheque” revenue to the Provincial Revenue Fund.
- BAS will automatically post stale cheques to item: “REV: FA: Stale Cheques” once the sixth month is closed in relation to the first open month on BAS.

Procedure for the re-issue of a stale cheque

- The status of the cheque must be verified on BAS prior to re-issuing, as follows:
- *“Reporting; enquiries; allocation detail; Item; detail; type “Cheques payable” in segment detail; list; click on month of balance and matching field; type in disbursement number; list; and highlight the applicable transaction”* for the details of the payee.

Or

- *“Reporting; enquiries; disbursement enquiry; list disbursement number from and to; list; and highlight the applicable transaction”* for the details of the payee.
- An audit trail can be requested to determine the journal allocations using the transaction number as reflected on the matching report, as follows:
- *“Reporting; auditing request report; simple audit trail; click on OK, transaction number from and to”*.

Bank Adjustment Acc: Dom

- This account must reflect a nil balance monthly and at year-end closure.
- All transactions must be resolved within the accounting month in which the transactions appear.
- This is an intermediate account for resolving bank reconciliation exceptions which are cleared by processing a general journal, as per the Training Manual issued by Provincial Treasury: Banking Section.

Bank Account: Dom

- This account reflects the departmental bank account balance as per the bank statement in the books of a department.
- The balance on this account and the bank statement must match.
- A discrepancy is indicative of one or more day's bank transactions not interfacing into BAS.
- Once the applicable day/s transactions have been determined, a call must be logged with the BAS Helpdesk.
- A month or financial year may not be closed until such discrepancies have been resolved.
- This account can have a debit (Favourable) or credit (Overdrawn) balance.

d) CASH RECEIPTS: DOMESTIC

Receipt Control Account: Dom

- This account must reflect a nil balance at year-end closure.

- All receipts applicable to a financial year must be day-ended prior to closure.
- A debit balance on this account means that receipts that were captured have not been day-ended.
- This account is debited with the individual receipt numbers for correctly captured receipts.
- Each receipt captured on a specific receipt batch, per batch number, will be individually credited to the Receipt Control Account: Dom and debited in total to the Receipt Deposit Control: Dom account with the day-end transaction.

Receipt Deposit Control: Dom

- This account must reflect a nil balance at year-end closure.
- A debit balance on this account means that a receipt was day-ended, but one or more deposit/s has not been confirmed against the receipt batch.
- This account is credited with the deposit amount which is equal to the total of all receipts captured for that batch; and debited against the Deposit Account: Dom, once the deposit confirmation is done on BAS.
- All deposits must be confirmed to receipt batches before the year-end closure, as all moneys must be banked on the last day of the financial year.

Receipt Pending Control: Dom

- This account must be cleared monthly and must reflect a nil balance at year-end closure.
- A credit balance on this account indicates that receipts were issued, but not all receipts were allocated to the correct revenue or expenditure allocation.
- These transactions can be cleared on BAS using the “Maintain Pending Receipt” functionality on BAS as follows:
“Business, Receipts, Maintenance of Pending Receipts”

- All receipts must be correctly allocated to declare the correct amount of revenue received for the financial year.

Unallocated Cancel Receipts: Dom

- This account must be cleared monthly and must reflect a nil balance at year-end closure.
- A credit balance on this account indicates that receipts were cancelled by means of the “Amend erroneous receipt” function, however the original allocation used when the receipt was issued is no longer valid.
- An allocation is regarded as invalid when the fund, objective, responsibility, project, item, asset and regional identifier was removed or deactivated by the system controller.
- A general journal must be processed to debit the invalid allocation and credit the correct allocation to clear this account.

e) DISBURSEMENTS: DOMESTIC

Cancel Cheque/Re-issue (Pers): Dom

- This account must be cleared monthly and must reflect a nil balance at year-end closure.
- A credit balance on this account indicates that Persal cheques were cancelled on BAS.
- These transactions can be cleared by processing a general journal to the salary reversal control account or by re-issuing a cheque on BAS to the applicable beneficiary, using the item “Cancel Cheque/Re-issue (Pers): Dom”.
- The applicable reports must be drawn prior to re-issuing to ensure that the correct allocation is used to clear the account.

EBT Rejection Account: Dom

- This account must be cleared monthly and must reflect a nil balance at year-end closure.
- A credit balance indicates that the Automated Clearing Bureau (ACB) rejected BAS Electronic Bank Transfers (EBT) payments.

- The payment can be re-issued or cancelled on-line on BAS, as follows:
“Business; Interfaces; Exceptions; ACBEF70”

Erroneous Persal Cheque Cancel: Dom

- This account must be cleared monthly and must reflect a nil balance at year-end closure.
- A debit balance on this account indicates that Persal cheques were cancelled by BAS and Persal.
- These transactions can be cleared via a general journal, by crediting the item “Erroneous Persal Cheque Cancel: Dom and debiting the item “Cancel/Re-issue Cheque: Persal”.

Unpaid Cheque/Re-issue: Dom

- This account should be cleared monthly and should reflect a nil balance at year-end closure.
- A credit balance on this account indicates a reversal transaction interfaced by the bank of a BAS cheque that was previously cashed.
- The bank reverses a cheque as “unpaid” if the payment instrument does not comply with all the requirements of the Bills of Exchange Act; e.g. the signatures on the cheque are different from the proof signatures
- The credit is posted to this account when the bank reconciliation exception is cleared from the Bank Adjustment Acc: Dom by means of a journal.
- The cheque must be re-issued on BAS, using the item “Unpaid Cheque/Re-issue: Dom”. The debit will be posted once the payment has been authorised.

f) DEBTS

Debt Account: CA

- This account will reflect a debit balance at month and year-end closure.
- This account is debited when a debt is instated on BAS, or when an existing debt is increased.

- A debit balance indicates an outstanding debt owed to the Administration.
- An instalment for the repayment of a debt is posted as a credit to this account, with the daily programmatic debt batch run.

Debt Receipt Control: CA

- This account must reflect a nil balance at month and year-end closure.
- This is a system control account. Instalments received from Persal Category A and G deductions (Debts), or receipts issued in payment of a debt are posted as credits to this account.
- These instalments are automatically transferred to the Debt Account: CA during the daily debt batch runs.
- Instalments are posted to the above-mentioned account and not directly to the debt account as only the debt functionality has access to the Debt Account: CA.

Debt Suspense: CA

- This account must reflect a nil balance at month and year-end closure.
- Debt instalments received from a source other than receipts issued or Persal deductions are posted as credits to this account by processing a general journal.
- Debts owed to the State, recoverable from an employee's pension benefit must be allocated to this account on receipt of the funds.
- Instalments are posted to the Debt Account: CA by means of the "Debt Transaction Maintenance" function on BAS, as follows:
"Business: Debts, Transaction Maintenance"
- Reversals of category A and G deductions as posted as debit transactions to this account and transferred to the Debt Account: CA with the same functionality as mentioned above.

g) TRAVEL & SUBSISTENCE: CA
T & S Advance Dom: CA

- This account must, where possible, reflect a nil balance at month and year-end closure.
- A debit balance indicates that S&T advances paid to officials have not been claimed from the subsequent Travel & Subsistence claims, using deduction code “0043”.
- This account will clear via the Persal interface, once the claim is processed on Persal, and/or when an amount owing by the official is reimbursed and the receipt allocated is captured and authorised on BAS.

h) GENERAL ACCOUNTS

Claims Recoverable: CA

- This account must be reconciled, and where possible, reflect a nil balance at month and year-end closure.
- A debit balance indicates that claims instituted against other departments, for expenses incurred on their behalf, have not been paid.
- Individual claims recoverable accounts can be created for specific departments if expenses are incurred on a regular basis on behalf of these departments.
- The accounts are credited when payments are received for claims instituted against other departments.

Disall Dishonoured Cheques: CA

- This account normally has a debit balance at month and year-end closure.
- A “dishonoured” or “unpaid” cheque is a cheque presented for payment; however, the banker of the drawer cannot honour the cheque and transfer the amount to the bank account of the applicable department.
- The transaction is dishonoured because the drawer has insufficient funds to honour the amount.

- The funds for an “unpaid” cheque would not be transferred because the drawer entered incorrect or incomplete details, not compliant with banking regulations.
- The banker will reverse the transaction; the item “Bank Exception Acc: Dom” will be debited and the item “Bank Account: Dom” will be credited.
- These transactions will be resolved on BAS using the “Bank Reconciliation” functionality, and are debited to the item “Bank Adjustment Acc: Dom”.
- A general journal will be processed to credit the item “Bank Adjustment Acc: Dom” and to debit the item “Disall Dishonoured Cheques: CA”.
- The delegated official controlling the above-mentioned account must take immediate steps to inform the drawer that the cheque was returned as “dishonoured” or “unpaid” by the bank.

Procedure to recover dishonoured or unpaid cheques

- The drawer presents a new cheque to the department, preferably a bank guaranteed cheque, or cash.
- When the drawer of a “dishonoured” or “unpaid” cheque is unable to be traced, or declines to present a new cheque, the procedures applicable to the recovery of, or the writing off of a normal debt must be instituted.
- In terms of the South African Reserve Bank Act 90 of 1989, no cheques with incorrect or incomplete details may be altered. The cheque must be cancelled and a new cheque presented for payment.

Procedure for a replacement payment for a dishonoured or unpaid cheque

- A receipt issued for the replacement payment must be made out to the relevant Department and not in the name of the drawer.
- The reason being that a receipt was originally issued in the name of the drawer, and the drawer will have two receipts for one payment made.

- A separate deposit slip must be used to re-deposit any replacement payments received by the department.
- Re-deposits must be maintained separately from other revenue transactions.

Pension Recoverable Account

- This account must be cleared monthly and must reflect a nil balance at year-end closure.
- A reversal of a salary prior to a pay-over of funds will automatically offset the pension deduction via the normal pay-over.
- If the pay-over has already been effected, the pension deduction will automatically be posted as a debit transaction to this account and is recoverable from National Treasury: Pension Administration.
- On receipt of the funds via the departmental bank account, a general journal must be processed allocating the funds as a credit transaction to this account.

KINDLY NOTE: Debts owed to the State recovered from an employee's pension benefit must be allocated to the suspense account item "Debt Suspense: CA" on receipt of the funds.

9. EFFECTIVE DATE

9.1 This Provincial Treasury Instruction Note is effective from 1 April 2013.

ACTING PROVINCIAL ACCOUNTANT-GENERAL

DATE: 1 APRIL 2013

ANNEXURE A

SUNDRY PAYMENT (PAYMENT OF GOODS/SERVICES)

PAYMENT DESCRIPTION **PAYOVER OF PENSION/MEDICAL AID/ETC (MONTH/YEAR)**

PAYMENT METHOD

DEPARTMENTAL DATE STAMP

SYSTEM CHEQUE
 EBT

TEMPLATE NO : _____

ENTITY NAME		BENEFICIARY	
ADDRESS			CODE

LINE NO.	ITEM LINE DESCRIPTION	TOTAL AMOUNT
1	PENSION/MEDICAL/ETC PAYOVER (MONTH/YEAR)	
2		
3		
4		
TOTAL PAYMENT		
AMOUNT		

LINE NO	ALLOCATION AMOUNT	LINE NO	ALLOCATION AMOUNT
INFR		INFR	
ITEM	SAL: PENSION FUND: CL/SAL: MEDICAL AID: CL/SAL: BARGAINING COUNCIL: CL/ETCETERA	ITEM	
OBJE	LIABILITIES	OBJE	
INFRA	LIABILITIES	INFRA	
RESP	CONTROL RESP (POST)	RESP	
FUND	ASSETS & LIABILITIES	FUND	
PROJ	NO PROJECT	OBJE	
ASSET	NON ASSET RELATED		
REGION	NO REGIONAL IDENTIFIER		
MATCH. FIELD 1	PERSAL DEDUCTION CODE	MATCH. FIELD 3	PERSAL SALARY/MONTH (YMMM)
LINE NO	ALLOCATION AMOUNT	LINE NO	ALLOCATION AMOUNT
INFR		INFR	
ITEM		ITEM	
OBJE		OBJE	
RESP		RESP	
FUND		FUND	
PROJ		PROJ	
ASSET		ASSET	
REGION		REGION	

MATCH. FIELD 2	INSTITUTION CODE	MATCH. FIELD
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PAYMENT NUMBER		SOURCE DOCUMENT		PAYMENT DATE		FINAL	
LINE	TYPE	DATE	NUMBER	AMOUNT	PARTIAL	LINE	PROJECTION
1							
2							
3							

The Expenditure Authoriser certifies that this order complies to the requirements, re-payment according to contract / agreement tariff* reasonability or fairness, that the allocation is correct and that the payee may receive payment. The necessary source documents are attached and any deductions made.

	COMPILED BY	CHECKED BY	EXPENDITURE AUTHORISED BY	CAPTURED BY	AUTHORISED BY	OVER EXPENDITURE BY
NAME						
SIGNATURE						
DATE	/ /	/ /	/ /	/ /	/ /	/ /

ANNEXURE B

No.	Document reference	Persal Number	Name	Period	Comment	Employee Contr.	Employer Contr.	Total
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
Date:		Account reference:			Net Total :			

LEGEND

Document Reference	Journal or sundry payment number
Persal Number	Employee's Persal number
Name	Name of employee on journal/sundry payment
Period	Date of payment/reversal
Comment	Termination date or reason for payment
Employee Contr.	Employee contribution
Employer Contr.	Employer contribution
Total	Total amount to be paid-over or claimed, including both employee and employer contribution
Date	Date schedule processed
Account Reference	Deduction/institution code on Persal
Net Total	Final amount to be paid-over or claimed back

ANNEXURE C

(i) General Journal for Pay-over of Funds

DEBIT

Line description: EMPLOYER CONTR: (PERSAL NO.) (ACCOUNTING MONTH)
Fund Vote: VOTED FUNDS
Responsibility: CONTROL RESP (POST)
Infrastructure: NON INFRASTRUCT/STAND ALONE CUR
Item: AS PER PERSAL #5.6.4 CHOICE 4 OF APPLICABLE EMPLOYEE
Project: NO PROJECT s/alone: Cur
Asset: NON ASSET RELATED
Regional Identifier: KZN WHOLE PROVINCE

CREDIT

Line description: EMPLOYER CONTR: (PERSAL NO.) (ACCOUNTING MONTH)
Fund Vote: VOTED FUND
Responsibility: CONTROL RESP (POST)
Infrastructure: NON INFRASTRUCT/STAND ALONE CUR
Item: APPLICABLE ITEM
Project: NO PROJECT S/ALONE: CUR
Asset: NON ASSET RELATED
Regional identifier: KZN WHOLE PROVINCE
Matching Field 1: PERSAL DEDUCTION CODE
Matching Field 2: INSTITUTION CODE
Matching Field 3: PERSAL SALARYMONTH (YYMM)

(ii) General Journal for Claiming Funds

CREDIT

Line description: EMPLOYER CONTR: (PERSAL NO.) (ACCOUNTING MONTH)
Fund Vote: VOTED FUNDS
Responsibility: CONTROL RESP (POST)
Infrastructure: NON INFRASTRUCT/STAND ALONE CUR
Item: AS PER PERSAL #5.6.4 CHOICE 4 OF APPLICABLE EMPLOYEE
Project: NO PROJECT S/ALONE: CUR
Asset: NON ASSET RELATED
Regional identifier: KZN WHOLE PROVINCE

DEBIT

Line description: EMPLOYER CONTR: (PERSAL NO.) (ACCOUNTING MONTH)
Fund Vote: VOTED FUND
Responsibility: CONTROL RESP (POST)
Infrastructure: NON INFRASTRUCT/STAND ALONE CUR
Item: APPLICABLE ITEM
Project: NO PROJECT S/ALONE: CUR
Asset: NON ASSET RELATED
Regional identifier: KZN WHOLE PROVINCE

Matching Field 1: PERSAL DEDUCTION CODE
Matching Field 2: INSTITUTION CODE
Matching Field 3: PERSAL SALARYMONTH (YYMM)