



ACCOUNTING OFFICERS / CHIEF FINANCIAL OFFICERS

PROVINCIAL TREASURY INSTRUCTION NOTE NO. 1 (AMENDMENT 1 OF 2025): INTER-DEPARTMENTAL 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 (NTR), has the same meaning; and –

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

“*Binding arrangement*” means an arrangement that confers similar rights and obligations on the parties to it, as if it was in the form of a contract and includes formal contracts or service level agreements.

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

“*Delegated authority*” means the official who is given the authority for relevant functions in terms of the department’s written delegations;

“*IDA official*” means the Inter-Departmental Account official designated in terms of subparagraph 6.1;

“*Inter-departmental balance*” is the amount due to or due from a department at month or year-end arising from one or more interdepartmental transactions;

“*Inter-departmental transaction*” occurs when one department provides a good or service to or for another department for a fee, on a cost recovery basis or for free;

“*Invoice*” means the standard documentation used to communicate expenses that have been paid for by the supplying department on behalf of the receiving department and is a formal request for payment;

“*Matching field*” means the special attributes that uniquely identify items on BAS used for reconciliation;

“*Receiving* the department that requests the goods and or services and as a result incurs the expenditure;

“*Responsibility manager*” means the official who is responsible for an organisational unit in a department; and

“*Responsible official*” means the official designated in terms of subparagraph 6.2; and

“*Supplying department (Creditor)*” means the department that supplies the goods and or services to the receiving department or to another party on behalf of the receiving department.

2. LEGAL FRAMEWORK

2.1 In terms of the PFMA, the accounting officer:

- (a) “must take effective and appropriate steps to collect all money due to the department” as per section 38(1)(c)(i); and
- (b) “must settle all contractual obligations and pay all money owing, including intergovernmental claims, within the prescribed or agreed period” as per section 38(1)(f).

2.2 In terms of the PFMA, the provincial treasury:

- (a) “must intervene by taking appropriate steps, which may include the withholding of funds, to address a serious or persistent material breach of this Act by a provincial department or a provincial public entity” as per section 18(2)(g); and
- (b) “may do anything further that is necessary to fulfil its responsibilities effectively” as per section 18(2)(i).

2.3 In terms of the Treasury Regulations, the accounting officer must ensure that:

- (a) “all payments due to creditors are settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgement” as per paragraph 8.2.3;
- (b) “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;
- (c) “Sources of the transactions are readily identifiable” as per paragraph 17.1.2(a);
- (d) “Monthly reconciliations are performed to confirm the balance of each account” as per paragraph 17.1.2(c); and
- (e) “Reports are provided to the Accounting Officer about uncleared items on a monthly basis” as per paragraph 17.1.2(d).

- 2.4 In terms of the Treasury Regulations, Section 6.3.1 (c) [sections 43 and 76(3) of the PFMA],
“Allocations earmarked by the relevant treasury for a specific purpose (excluding compensation of employees) may not be used for other purposes, except with its approval.”.

3. OBJECTIVE

This instruction note provides a management framework to ensure that the processing of inter-departmental accounts is handled promptly and efficiently.

4. SCOPE

- 4.1 This instruction note must be applied in accounting for inter-departmental transactions except for those listed in subparagraph 4.3 below.
- 4.2 This instruction note must be applied to salary-related claims being transferred from one department to another.
- 4.3 This instruction note specifically excludes:
- (a) The receiving of revenue by one department on behalf of another department;
 - (b) Transactions between provincial and national departments; and
 - (c) Transactions between responsibilities within a department.

5. CLAIMS RECOVERABLE ACCOUNT

- 5.1 As per the BAS Standard Chart of Accounts (SCOA) each department is billed via the claims recoverable accounts. These accounts are normal debtor accounts that may carry balances at month and/or year-end.
- 5.2 The claims recoverable account comprises two matching fields; matching field 1: “Miscellaneous” and matching field 2: “Claim Number”. It is recommended that matching field 1 includes the applicable department, year/month, description of the claim, for identification and reconciliation purposes.
- 5.3 A detailed spreadsheet (Annexure A1 and A2) must be maintained of all claims for control purposes and to maintain a proper audit trail. The spreadsheet must be reconciled monthly and Annexure A1 must balance to the amount reflected on the trial balance and the claims recoverable account. Any discrepancies must be investigated and resolved prior to the closure of the applicable accounting month. This will facilitate accurate and complete information for financial year-end closure.

6. APPOINTMENT OF IDA AND RESPONSIBLE OFFICIALS

- 6.1 The Accounting Officer of each department must designate an official, in writing, who will be responsible for managing the overall recovery and/or payment of inter-

departmental monies and the department's claims recoverable account. This official will be known as the Inter-Departmental Account (IDA) official.

- 6.2 Further, where an organisational unit in a department has any bearing on the purchase or receipt of goods and services as envisaged in these instructions, the responsibility manager for such a unit must designate a responsible official in writing. This responsible official must manage the process for the unit and liaise with the official appointed in terms of subparagraph 6.1 above to ensure the timely discharge of the unit and, ultimately, the department's responsibilities in this regard.

7. BINDING ARRANGEMENTS

- 7.1 Binding arrangements include but are not limited to formal contracts or service level agreements. In the public sector, other forms of binding arrangements may exist between different entities such as requirements established by legislation, government policy, or common law.¹

8. FORMAL WRITTEN AGREEMENT/SERVICE LEVEL AGREEMENT BETWEEN RECEIVING DEPARTMENT AND SUPPLYING DEPARTMENT

- 8.1 A formal written agreement/service level agreement (SLA) must be entered into between departments and signed by the relevant accounting officers before any goods or services may be purchased by the supplying department. This prerequisite however does not apply to salary-related claims being transferred from one department to another.
- 8.2 The agreement must be as comprehensive as possible to prevent any possible misunderstanding and disagreements. This is of particular importance when the relationship between departments is over an extended period.
- 8.3 The agreement must stipulate, but is not limited to:
- (a) Goods and/or services to be delivered/provided as well as its quantity and quality;
 - (b) Service delivery expectations with regard to turnaround times or response times;
 - (c) The expected time period over which the receipt of the goods and/or services would occur and the subsequent invoicing thereof;

¹ National Treasury departmental Guide: Interdepartmental Transactions and Balances, April 2013

- (d) Confirmation of the budget allocation for infrastructure projects that have been ring-fenced and cannot be used for any purposes other than these specific projects;
- (e) The format of expensing and payment processes along with the departments' role players, such as the IDA official, responsible officials and delegated authorities;
- (f) The basis of expensing allocations, where applicable, amongst the supplying department and the receiving department and the estimated costs;
- (g) The process to be followed where deviations (price changes) or extensions are required; and
- (h) The process to be followed to resolve disputes that may arise between the supplying department and the receiving department, with due regard to paragraph 13 of this instruction note.

8.4 Goods and/or services may only be purchased by a supplying department without an agreement in place, in contravention of subparagraph 8.1 above, in cases of emergency and with the written consent of all the relevant accounting officers or delegates.

9. RING-FENCING OF FUNDS

9.1 As outlined in paragraph 2.2 of this Instruction Note, the Provincial Treasury may exercise its power to intervene by taking appropriate steps to resolve inter-departmental account issues. This may include the ring-fencing of funds, as well as implementing other measures to ensure that all financial obligations are fulfilled in a timely and efficient manner.

9.2 Ring-fencing of funds budgeted for the payment of leases to Public Works are mandatory for departments.

9.3 Where existing lease and infrastructure projects are budgeted for, for the upcoming financial year, Provincial Treasury: Cash Management Section will ring-fence the monthly budgeted amounts per department, provided by Public Works according to SLA agreements signed off by the relevant accounting officers.

9.4 Prior to entering into new SLA leases or infrastructure projects during a financial year, the receiving department would have had to project for it and included it in the final approved budgeted funds at the beginning of the financial year, to ensure that budgeted funds are available (excluding exceptional cases, like disaster projects, where extra funds are provided by National Treasury to ring-fence). No new construction funded by the equitable share should be undertaken, unless

proof that supporting operational budget is in place or will be put in place to ensure the effective utilisation of the infrastructure to be delivered².

- 9.5 The ring-fenced funds will only be released once a month on a special run by Provincial Treasury: Cash Management Section upon request, signed-off by the relevant accounting officer for payments to be processed to Public Works².
- 9.6 When there are disputes from the receiving department related to claims to be paid from ring-fenced funds, the same procedure is followed as with IDA claims (paragraph 13.1).
- 9.7 Once a dispute is resolved, the receiving departments' relevant accounting officer must sign-off the claim and is to be captured by the relevant IDA official on the BAS system as a Credit Transfer. A formal letter is to be submitted by the receiving department to Provincial Treasury: Cash Management Section requesting a special run to be processed, indicating all the payment numbers and amounts to be released from the ring-fenced funds for the payment to be processed to Public Works. The receiving department must submit the Credit Transfer Form to Provincial Treasury: Banking Section by following the credit transfer process of the special run, to ensure the credit transfer is processed without delay. No payments other than leases and infrastructure projects for Public Works may be processed on the special run.

9.8 Departmental Leases – Public Works as the Supplying Department

- 9.8.1 Once the agreement for a lease is signed by the accounting officer of Public Works and the receiving department, the funds allocated to the receiving department for leases must be ring-fenced for the financial year, by Provincial Treasury as stipulated in paragraph 9.3 or 9.4.
- 9.8.2 Public Works must submit an Inter-Departmental Invoice (claim), with all supporting documents attached (Annexure G), to the receiving department for the lease payments to be made in accordance with the agreement. All claims must be acknowledged by the receiving department within 7 days of receipt.
- 9.8.3 The accounting officer of the receiving department must sign off the claim and is to be captured by the relevant IDA official on the BAS system as a Credit Transfer. A formal letter is to be submitted by the receiving department to Provincial Treasury: Cash Management Section requesting a special run to be processed, indicating all the payment numbers and amounts to be released from the ring-fenced funds for the payment to be processed to Public Works. The receiving department must submit the Credit

²Provincial Treasury Instruction Note 9: Cost Cutting Measures, 1 November 2024

Transfer Form to Provincial Treasury: Banking Section by following the credit transfer process of the special run, to ensure the credit transfer is processed without delay.

- 9.8.4 However, should no payment be processed by the receiving department within 30 days of receipt of the claim, the procedure as per paragraph 13.2 is to be followed.

9.9 Departmental Infrastructure Projects – Public Works as the Supplying Department

- 9.9.1 These provisions relate to Public Works as the implementing agent for departmental infrastructure projects that are funded either by the equitable share or conditional grants.

- 9.9.2 Once the SLA for an infrastructure project is signed by both Public Works and the receiving department, the funds allocated for infrastructure projects to the receiving department must be ring-fenced for the financial year by Provincial Treasury as stipulated in paragraph 9.3 or 9.4.

- 9.9.3 An Inter-Departmental Invoice (claim), attached with all supporting documents (Annexure G), must be submitted by Public Works to the receiving department's accounting officer. All claims must be acknowledged by the receiving department within 7 working days of receipt.

- 9.9.4 The progress of the project is to be verified through making available supporting documents such as verification reports, invoices, progress reports or other relevant documents to ensure funds are only released upon successful completion of certain stages of the projects, which is necessary to minimize the risk of financial losses due to project delays, financial pressure or cancellation.

- 9.9.5 The accounting officer of the receiving department must sign off the claim and is to be captured by the relevant IDA official on the BAS system as a Credit Transfer. A formal letter is to be submitted by the receiving department to Provincial Treasury: Cash Management Section requesting a special run to be processed, indicating all the payment numbers and amounts to be released from the ring-fenced funds for the payment to be processed to Public Works. The receiving department must submit the Credit Transfer Form to Provincial Treasury: Banking Section by following the credit transfer process of the special run, to ensure the credit transfer is processed without delay.

- 9.9.6 However, should no payment be processed by the receiving department within 30 days of receipt of the claim, the procedure as per paragraph 13.2 is to be followed.

10. PROCEDURAL FRAMEWORK (excluding ring-fenced funds)

10.1 Before any payment is effected in respect of invoices for payments that are received from suppliers and relating to payments done on behalf of another department, as envisaged by this instruction note, excluding payments for interdepartmental transactions subject to subparagraph 9.2 above, the delegated authority must satisfy him/herself that the transaction is in accordance with an inter-departmental SLA, unless subject to subparagraph 8.4 above. The normal departmental procedures when making payments to suppliers must thereafter be adhered to (Annexure C).

10.2 Departments must ensure that funds are available prior to committing to inter-departmental agreements, as non-payment for goods or services rendered due to a lack of funds is a contravention of Treasury Regulation 8.2.3 (paragraph 2.3(a)).

10.3 Supplying Department (Creditor)

10.3.1 The supplying department provides goods and or services to the receiving department in accordance with the conditions of the binding arrangement. The purchase of the goods and or services should be in accordance with supply chain management practices. The following actions are recommended when dealing with interdepartmental transactions:

- (a) When both parties agree on the terms and conditions of the order, the signed copy is returned to the receiving entity as evidence that the order has been accepted;
- (b) The supplying department must submit a claim (Annexure B) in a claim form to the receiving department attaching all source relevant documents below within 7 days from the date that payment was made:
 - i) Request from the supplying department in letter format;
 - ii) SLA / commitment letter between two departments;
 - iii) Proof of payment processed by supplying department (payment stub or disbursement report); and
 - iv) Complete copy of payment voucher which reflects all the SCM processes that were followed.
- (c) The claim must be captured on the BAS system via a BAS journal, by crediting the relevant expenditure item (if expense payment occurred in current financial year) or Revenue (if expense payment occurred previous financial year) and debit the Claims Recoverable Account;

- (d) The “Inter-Departmental Invoice Form” (Annexure B) or Z59 claim form (Annexure C) must be approved by the CFO or delegated official of the supplying department;
- (e) The function of sending out claims should be centralised within each department to ensure adequate control and avoid duplication of claims being sent out;
- (f) All claims must be acknowledged by the receiving department within 7 days of receipt. If after 7 days the receiving department has neither acknowledged the receipt of the claim nor whether it agrees with the claim, the supplying department must contact the receiving department to establish the reason for the delay;
- (g) On a monthly basis a delegated official from the supplying department should:
 - (i) perform a reconciliation on the claims recoverable account;
 - (ii) report to the CFO on all the reconciling items and the status of the recovery of the claim(s); and
 - (iii) send confirmation letters to the receiving department detailing the amount(s) owed.
- (h) The purpose of the confirmation letter is for the receiving department to confirm the balance of the money owed to the supplying department. If the receiving department does not agree with the claim, they should dispute the claim and submit supporting documents. The confirmation letters (Annexure D) should be sent out monthly by the supplying department.
- (i) The supplying department must compile a report on claims recoverable (Annexure A1 and A2) for the financial statements indicating all confirmed and/or unconfirmed balances.

10.3.2 The recovery of payments as initiated by the supplying department is dealt with as follows - (Process Flow Annexure E):

- (a) When completing an invoice, for each amount per receiving department as per the pre-printed inter-departmental invoice (Annexure B), or Z59 Form (Annexure C) or electronic invoice, the responsible official for a unit should adhere to the following procedure:
 - (i) Obtain the matching report for the specific responsibility on the first working day after month-end closure. IDA official of supplying department receives request with supporting documents (Annexure G) to invoice and recover amount from receiving department for goods/services provided as per SLA.

- (ii) Verify that the relevant amount on the supporting documentation corresponds with the Detailed BAS Report and indicate such on the report. The invoice number/claim number must be indicated next to the applicable amount in the report.
- (iii) IDA official to verify paid amount in BAS Disbursement Report and print proof of payment.
- (iv) IDA official is to verify pay date for General Journal allocation purposes; to credit the Expenditure item if payment occurred in current financial year or revenue if payment was processed in previous financial year.
- (v) IDA official completes inter-departmental invoice per receiving department and prepares a General Journal.
- (vi) A formal letter is prepared to the Accounting Officer/CFO of the receiving department.
- (vii) Forward invoice book with supporting documents (Annexure G) and journal to CFO/delegated official for review and signature. A copy must be made of all supporting documents.
- (viii) The delegated authority must distribute the invoices as follows:
 - First copy: Remove from the invoice book and attach all supporting documents (Annexure G) to distribute to IDA official of receiving department.
 - (ix) IDA official of supplying department is to ensure IDA official of receiving department is in receipt thereof.
 - (x) A register of IDA claims delivered and received, together with signatures and dates must be maintained by the IDA official of both departments.
 - (xi) Second copy: Remove from the invoice book and file with copy of all supporting documents.
 - Third copy: Remains in the invoice book.
- (b) The IDA official for the supplying department, upon receipt of the invoices and the Detailed BAS Report from the responsible official for the respective responsibility, must:
 - (i) Batch all invoices per department;
 - (ii) Complete the confirmation for the distribution of the invoices per department (Annexure A1);

- (iii) Forward the invoices and accompanying documentation to the IDA officials at the relevant departments and ensure the confirmation of receipt of the documentation (Annexure D); and
 - (iv) Follow-up on a regular basis to ensure that the department is reimbursed in accordance with the terms of the SLA, subject to paragraph 10.3.3 to 10.3.7 hereunder.
 - (v) Confirmation letters are to be sent to the receiving departments monthly, detailing amount owing and department to acknowledge amount owing.
- 10.3.3 The supplying department with outstanding claims recoverable balances must inform the receiving department/s of such balances on a monthly basis (Annexure A1). The IDA official of the supplying department must ensure that the aforementioned balances reflect all relevant transactions as at the specified date.
- 10.3.4 A receiving department must, in writing, query a transaction within 7 working days of receiving an invoice for payment from a supplying department, where discrepancies exist, clearly indicating the reason for the query. The dispute must be settled within 10 working days of lodging the dispute.
- 10.3.5 If a transaction is not disputed, it is acknowledged that the claim has been verified as correct by the receiving department and must be settled within 30 days from the receipt of the claim.
- 10.3.6 Should a payment not be settled within the above period, the CFO of the supplying department must request, in writing, that the CFO of the receiving department settle the outstanding amount of the claim.
- 10.3.7 Should the receiving department not settle the amount within a maximum period of thirty (30) days subsequent to the receipt of the written request, the Accounting Officer of the supplying department must report it to the receiving department's Accounting Officer.
- 10.3.8 To ensure that all transactions processed by the supplying department into the claims recoverable account are correct and balance back to the supporting documents, the following monthly reconciliation procedure will apply:
- (a) On the first working day of each month, the responsible official must draw a Claim Recoverable Detailed BAS Report for the respective responsibility/s for the preceding month.
 - (b) The report must be verified to confirm that amounts have been captured correctly and that all amounts received have been allocated correctly.
 - (c) Any discrepancies that have been identified must be investigated and resolved in terms of paragraph 10.3.4.

- (d) A summary of the transactions for the month together with each transaction's status must be forwarded to the IDA official for his/her further attention.

10.4 Receiving Department

10.4.1 The receiving department initiates the transaction by requesting the goods and or services of the supplying department in accordance with the conditions of the binding arrangement. The following actions are recommended, where practicable, when dealing with inter-departmental arrangements:

- (a) A signed order is prepared by the receiving department detailing the goods and or services to be supplied/rendered by the supplying department¹;
- (b) The signed order returned by the supplying department is retained by the receiving department as confirmation that the order has been accepted;
- (c) Within 7 days of the receipt of the claim form from the supplying department, the receiving department must confirm the following in writing:
 - i) the claim was received and the goods and or services were supplied/rendered by the supplying department; and
 - ii) whether the receiving department agrees or disagrees with the amount stipulated on the claim form.
- (d) An order register should be maintained by the receiving department along with the relevant supporting documentation (Annexure G), including the claim form;
- (e) It is the responsibility of the Accounting Officer, through the CFO of the receiving department to ensure that all claims are settled within 30 days of receipt of the claim;
- (f) The receiving department is required to confirm the balance of the money owed on the confirmation letter (Annexure D) that is sent by the supplying department. If the receiving department doesn't agree with the claim, they should dispute the claim and submit supporting documents;
- (g) The receiving department must complete a report (Annexure A2) of accruals for the financial statements indicating all confirmed and/or unconfirmed balances outstanding and Payables not recognised at year end.

10.4.2 At month-end or after a BAS run, to augment the timely recognition of payments, the IDA official of a receiving department must submit to the IDA official of the relevant supplying department the supporting documents and 'Disbursement per Payee' report, generated by BAS for that particular run as it pertains to the supplying department.

10.4.3 A monthly reconciliation of all control or suspense accounts is performed (by both the receiving department and the supplying department) to identify and confirm

balances as recorded in the confirmation letters (Annexure D) received and issued.

- 10.4.4 At year-end, the IDA official of a receiving department and the IDA official of the corresponding supplying department must confirm and agree on any inter-departmental balances that may exist for the applicable financial year ending 31 March, prior to the finalisation and reporting thereof in the Annual Financial Statements.
- 10.4.5 Records and copies of the procedural steps undertaken in the above processes must be filed and readily available for audit purposes.
- 10.4.6 In order to verify the validity of claims/payments, a BAS detail report must be drawn to verify that all journals have been captured correctly and that payments have been correctly allocated. A correcting journal must be processed for any misallocations.
- 10.4.7 In order to facilitate the payment/recovery of outstanding claims, an updated list of IDA officials must be maintained by all departments.
- 10.4.8 Invoices for IDA claims from the supplying department must be delivered directly to the IDA official of the receiving department. A register of IDA claims delivered and received, together with signatures and dates must be maintained by the IDA officials of both departments.
- 10.4.9 The IDA official from the receiving department must distribute the IDA claim to the respective Responsibility Manager for approval. The register must be updated accordingly.
- 10.4.10 Upon signature by the Responsibility Manager, the IDA claim must be forwarded to the IDA official for submission to the Finance division for payment.
- 10.4.11 Salary-related IDA claims must be recovered with due regard to paragraph 8 of Provincial Treasury Instruction Note No.2: Management of Debtors (Amendment 1 of 2024).

11. QUARTERLY CONFIRMATION OF IDA BALANCES

- 11.1 In order to ensure that accruals are correctly accounted for in the interim and annual financial statements, quarterly confirmations must be sent via the supplying department to the receiving department within 5 days after the closure of the accounting month for that quarter (June, September, December and March).
- 11.2 The receiving department must indicate whether the balances are confirmed or unconfirmed, including reasons for unconfirmed balances within 10 working days on receipt of the claim from the supplying department.
- 11.3 Any unconfirmed balances must be resolved in accordance with paragraph 10.3.4.

12. REPORT TO THE CFO

- 12.1 The IDA officer must, on a monthly basis, submit a report to the CFO detailing:
- (a) The balance of the claims recoverable account and the individual balances that are owed by each department (**Annexure A1**);
 - (b) A detailed breakdown of the transactions, including the departmental balances must be specified as well as the status of its payments (**Annexure A2**); and
 - (c) Any other relevant information pertaining to the claims recoverable account.

The information, as set out in **Annexure A1 and A2** per department, would serve as a basis for the monthly report to the CFO with provision made for the narratives as indicated above.

- 12.2 The CFO must review the report and take appropriate corrective action immediately upon discovering any irregularities, including notifying the Provincial Treasury as per subparagraph 12.3 below.

Reporting to Provincial Treasury

- 12.3 The IDA official must ensure that the electronic and signed reports as per Annexure A1 and A2 are submitted to Provincial Treasury: Office of the PAG by the 15th of every month.

13. DISPUTES

- 13.1 When the receiving department does not agree with the claim, the following steps should be taken:
- (a) The receiving department should dispute the claim and submit supporting documents within 7 working days after receipt of the claim to the supplying department (disputes are to be recorded on the Claims Receivable and Claims Payable Summary spreadsheets (Annexure A1 and Annexure A2));
 - (b) Both parties are expected to make a concerted effort to settle the dispute within 10 working days of lodging the dispute;
 - (c) Where material amounts are involved, the Provincial Treasury: Office of the PAG should be approached to act as a mediator.
- 13.2 When the receiving department has not settled their claim within 30 days of receipt of the claim the following steps should be taken:
- (a) The CFO of the supplying department should send a letter to the CFO of the receiving department within 5 working days requesting settlement of the claim,

- (b) If no progress has been made within 10 working days after receipt of the first letter, the Accounting Officer of the supplying department should send a second letter to the Accounting Officer of the receiving department requesting settlement of the claim,
- (c) If there is still no progress made in terms of recovering the money within 10 working days after receipt of the second letter, then the supplying department should approach the Provincial Treasury: Office of the PAG to intervene.

14. ANNEXURES

- Annexure A1: Claims Recoverable Summary
- Annexure A2: Claims Payable Summary
- Annexure B: Inter-departmental Invoice
- Annexure C: Z59 Form
- Annexure D: Monthly Confirmation Letter
- Annexure E: Process Flow: Recovery of Inter-Departmental Payments for Supplying Department (excluding ring-fenced funds)
- Annexure F: Process Flow: Recovery of Inter-Departmental Payments for Supplying Department (for ring-fenced funds)
- Annexure G: Checklist for Supporting Documents to attach to Inter-Departmental Invoice by Supplying Department

15. EFFECTIVE DATE

- 15.1 The amendment to this Provincial Treasury Instruction Note is effective as from 1 April 2025.



HEAD OF DEPARTMENT: KWAZULU-NATAL PROVINCIAL TREASURY

DATE: 02/04/25

ANNEXURE D

MONTHLY CONFIRMATION LETTER

Ref no:

Enquiries:

Tel:

Fax:

Email:

CHIEF FINANCIAL OFFICER

DEPARTMENT OF _____
STREET
PIETRMARITZBURG
3200

Dear Sir/Madam

MONTH END CONFIRMATION OF OUTSTANDING BALANCES – MONTH

In accordance with Section 38 (f) of the Public Finance Management Act of 1999 which state the following (The accounting officer for a department “must settle all contractual obligations and pay all money owing, including inter-governmental claims, within the prescribed or agreed period”).

For this department to achieve this, you are requested to compare amounts reflected on the attached Annexure A1 and indicate whether you agree with the outstanding balance as **DATE** and make arrangement to settle the balance. Should you not agree with some or any of the amounts, please complete the table attached hereto. Please return the signed attachment to this office once completed and if any payments have been processed, kindly attach proof of payment to confirmation letter.

Yours Faithfully

DIRECTOR: FINANCIAL MANAGEMENT
DATE:

Confirmation letter

ATTACHMENT

DEBTOR: **Receiving Department**

CREDITOR: **Supplying Department**

The amount owing by your Department/Institution as of **DATE** is:

R _____

A. We confirm and agree on the above balance owing by us as of **DATE** is:

Signature

Chief Financial Officer

B. We do not agree with the above balance owing by us on **DATE** is.
For details, refer to the section below.

Signature

Chief Financial Officer

DETAILS OF DIFFERENCES

Balance shown above:

R _____

ADD

Date	Claim No.	Details	R

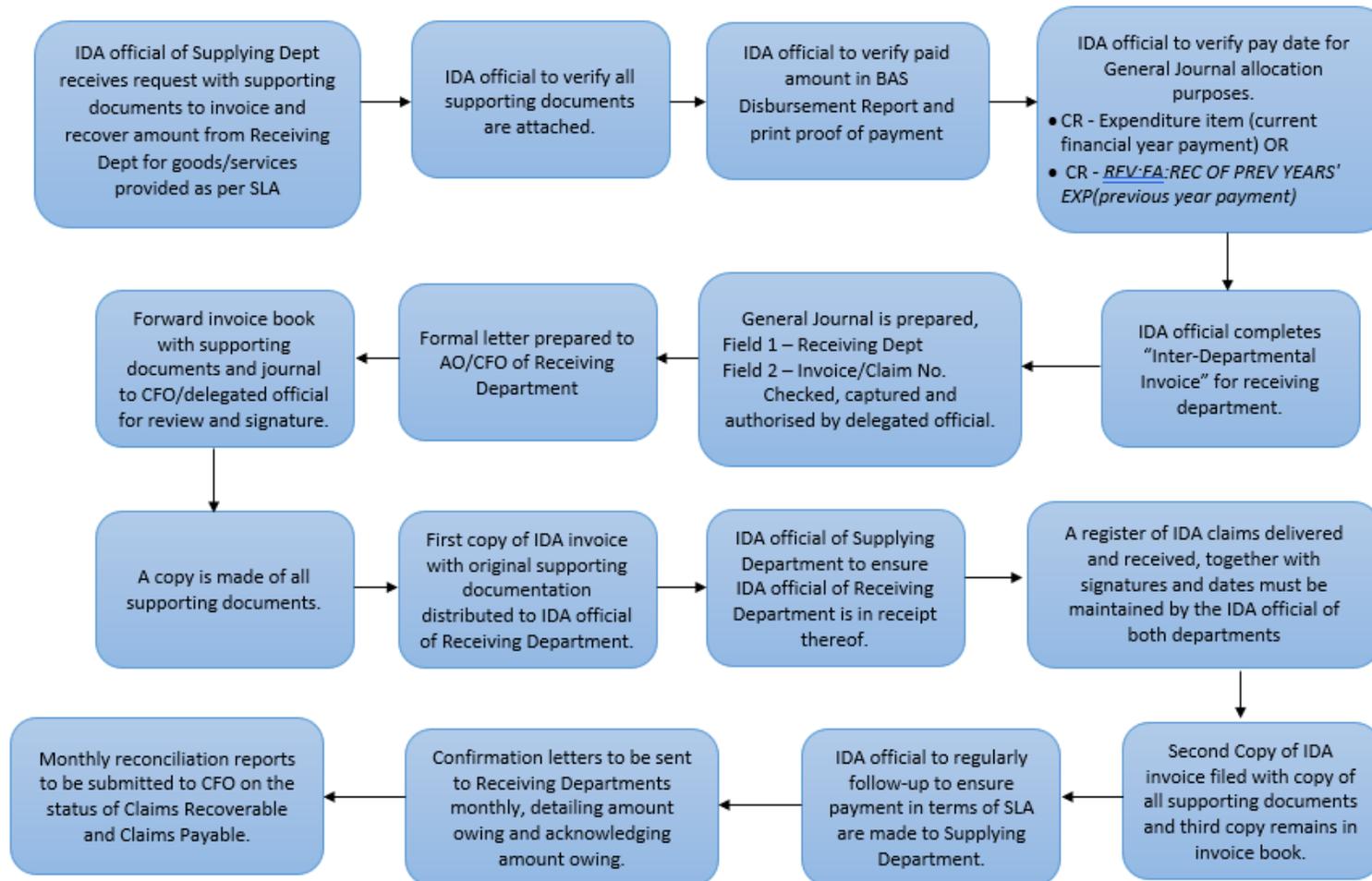
LESS

Date	Claim No.	Details	R

Balance per accounting records of Debtor R_____

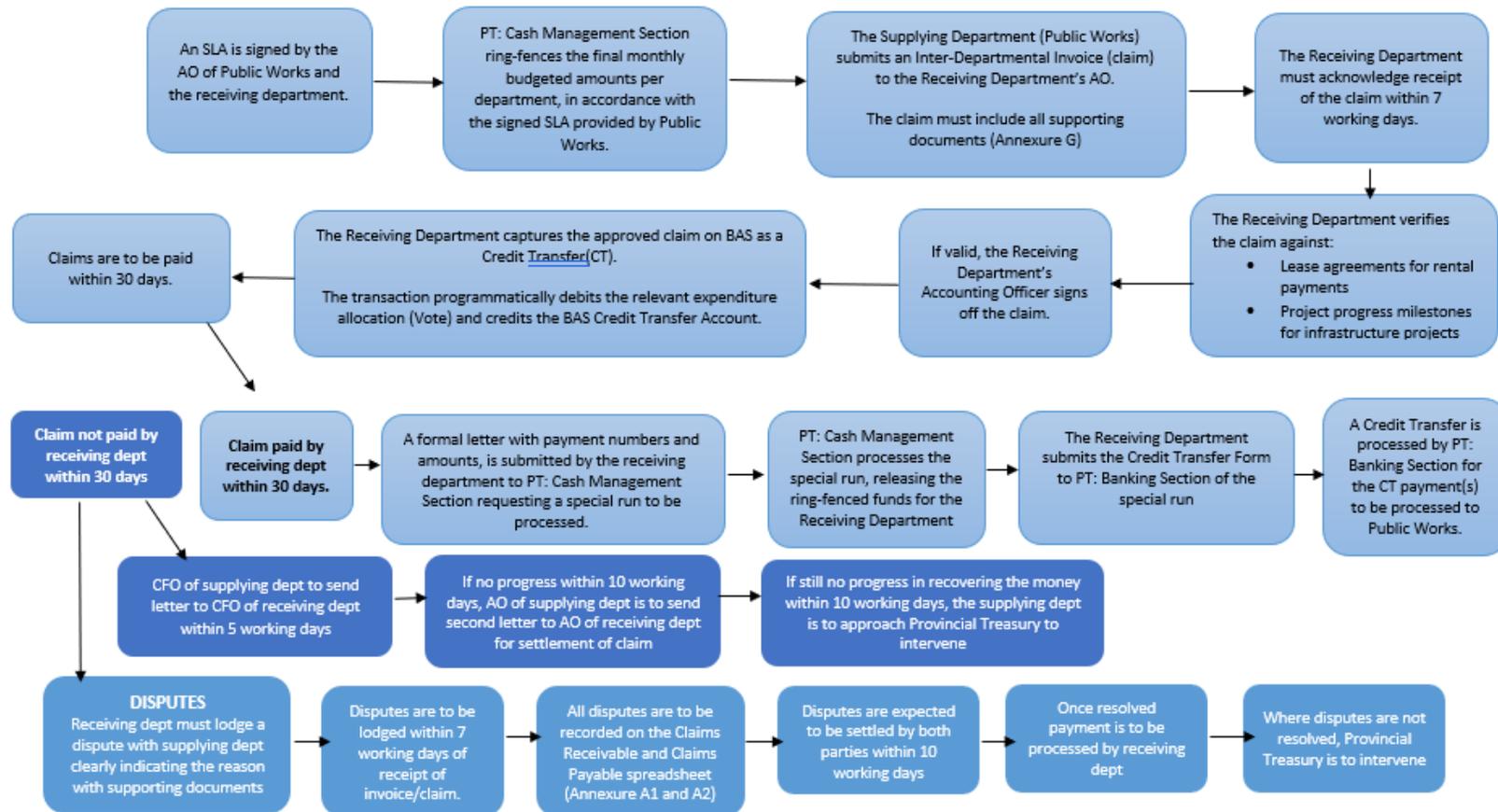
ANNEXURE E

**PROCESS FLOW: RECOVERY OF INTER-DEPARTMENTAL PAYMENTS FOR SUPPLYING DEPARTMENT
(excluding ring-fenced funds)**



ANNEXURE F

**PROCESS FLOW: RECOVERY OF INTER-DEPARTMENTAL PAYMENTS FOR SUPPLYING DEPARTMENT
(For ring-fenced funds)**



ANNEXURE G

CHECKLIST FOR SUPPORTING DOCUMENTS TO BE ATTACHED TO INTER-DEPARTMENTAL INVOICE (CLAIM) BY SUPPLYING DEPARTMENT

RECOMMENDED SUPPORTING DOCUMENTS	ATTACHED	
	YES	NO
1. Formal written letter request from the supplying department		
2. Binding Arrangement		
3. Proof of payment processed by supplying department (payment stub or disbursement report)		
4. Complete copy of payment voucher which reflects all SCM processes that were followed.		

As per paragraph 10.3.1(b)