



treasury

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**PROVINCIAL TREASURY
STANDARD OPERATING PROCEDURE
GUIDELINE ON
MANAGEMENT OF SUSPENSE ACCOUNTS**

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1. PURPOSE

- 1.1 The purpose of this Provincial Treasury Standard Operating Procedure Guideline is to provide uniform processes and procedures on the management, control and clearance of suspense accounts.
- 1.2 This Provincial Treasury Standard Operating Procedure Guideline must be read in conjunction with Provincial Treasury Instruction Note No. 12: Management of Suspense Accounts.
- 1.3 In the event of any inconsistency between this Provincial Treasury Standard Operating Procedure Guideline and related government legislation, such legislation prevails.

2. DEFINITIONS

In this Provincial Treasury Standard Operating Procedure Guideline, 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 –

“*Accounting Officer*” means the person referred to in Section 36 of the PFMA;

“*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;

“*PFMA*” means the Public Finance Management Act (Act 1 of 1999);

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

“*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; and

“*Treasury Regulations*” means the regulations issued by National Treasury in terms of Section 76 of the PFMA.

3. LEGISLATIVE 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 ensure that:
 - i. The sources of transactions are readily identifiable, as per paragraph 17.1.2 (a);
 - ii. Amounts included in clearing or 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).
- c) 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.

3.3 This Provincial Treasury Standard Operating Procedure Guideline is issued in terms of Section 18(2)(i) of the PFMA.

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 (Accounting Services) ten (10) 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. MANAGEMENT AND CLEARANCE OF SUSPENSE ACCOUNTS

- 6.1 Suspense accounts must be monitored, reconciled and cleared monthly, by the delegated official/s.
- 6.2 All suspense accounts, must, where determined by National Treasury, reflect a nil balance at year-end closure.
- 6.3 It is recommended that suspense accounts be monitored daily or weekly, depending on the volume of transactions allocated to the various suspense accounts; however, must be cleared within one month from the date the transaction was initiated, or within the accounting month in which the transaction arose.

- 6.4 After the closure of a current month, any outstanding transactions appearing on the following months matching report must be cleared prior to the closure of that particular accounting month.
- 6.5 All journals processed to clear suspense accounts must be supported by appropriate supporting documentation.
- 6.6 Any uncleared items must be reported to the CFO and include reasons why the items were not cleared in the applicable accounting month and what action, with time-frames, will be taken to clear all outstanding amounts.
- 6.7 In **exceptional circumstances** and where no negligence can be attributed to specific individuals and actual proof exists that every effort has been made to clear suspense accounts, or where no supporting documentation is available, a request may be submitted to the Accounting Officer for the amount to be written-off.

7. COMPLIANCE CHECKLIST

- 7.1 Compliance checklists ensure consistency in application of procedural requirements and financial norms and standards and facilitate compliance monitoring with regulatory requirements, policy and procedural frameworks.
- 7.2 The compliance checklist, attached as Annexure E, should be implemented or adapted, where applicable, to support departmental requirements.

ANNEXURE A

MANAGEMENT AND CLEARANCE OF SUSPENSE ACCOUNTS			
No.	Task	Process	Responsibility
1.	Utilisation of Suspense Accounts.	<ul style="list-style-type: none"> Suspense accounts are utilised when insufficient information is available to correctly identify the relevant account, or in exceptional circumstances where supporting documents are not readily available and transactions cannot be classified. 	
2.	Identify Nature of Suspense Account Transactions.	<ul style="list-style-type: none"> The following steps must be taken to identify and monitor suspense account transactions: <ul style="list-style-type: none"> Check the trial balance daily/weekly/monthly as required; Identify suspense account balances; Request BAS matching/detail report for identified suspense account/s; Identify unallocated debits and credits; and Locate source documents relating to unallocated entries. Suspense accounts should be monitored at least weekly; however the frequency would depend on the volume and nature of suspense 	Delegated official in designated component.

		account transactions.	
3.	Journalise suspense account transactions.	<ul style="list-style-type: none"> • All transactions of a similar nature should be grouped together and the allocation determined to clear the suspense account/s. • The transactions must be journalised to correct SCOA accounting allocation. • The relevant supporting documents must be attached to each journal. • The origin of the transaction and the reason for processing the journal must be indicated in the journal narrative. • All journals must be verified and thereafter captured and authorised on BAS. • A BAS report must be requested to ensure all transactions are correctly allocated. • A journal must be processed to correct any identified misallocations. 	Delegated official in designated component.
4.	Clearance of Suspense Accounts.	<ul style="list-style-type: none"> • All suspense accounts must be cleared to a zero balance monthly and reflect a nil balance at year end closure. • The use of suspense accounts is temporary and must be cleared once the relevant information is obtained. • Suspense account transactions should be cleared in the accounting month in which the transactions appear. 	Delegated official in designated component.

		<ul style="list-style-type: none"> If transactions cannot be cleared as indicated above for legitimate reasons, such transactions must be cleared to a zero balance prior to the closure of the following accounting month. 	
5.	Monthly Age Analysis and Reconciliation.	<ul style="list-style-type: none"> A monthly age analysis and reconciliation must be done to identify outstanding balances. All outstanding suspense account balances must be identified and investigated and the appropriate action taken. Any un-cleared transactions must be reported to the Chief Financial Officer and include reasons why the items were not cleared and what action will be taken, with timeframes, to clear all outstanding amounts. 	Delegated official in designated component.
6.	Matching Fields.	<ul style="list-style-type: none"> Unmatched "<i>matching fields</i>" must be cleared once the matching leg appears in the BAS report in the following accounting month. A journal must be processed to clear the matching fields appearing in the current and subsequent accounting month to ensure a nil balance. All "<i>matching field</i>" transactions must be cleared monthly. 	Delegated official in designated component.
7.	Un-Cleared suspense account transactions.	<ul style="list-style-type: none"> A report must be submitted monthly to the Chief Financial Officer on un-cleared transactions, including but not limited to: <ul style="list-style-type: none"> Account name and balance; Employee/s responsible for clearing transactions; 	Delegated official in designated component.

		<ul style="list-style-type: none"> ▪ Reasons for un-cleared transactions from previous accounting month; and ▪ Action to be taken to clear above transactions within a reasonable time-frame. • The following additional measures must be considered to ensure all transactions are cleared as legislated: <ul style="list-style-type: none"> ▪ Further investigation and/or follow-up of outstanding transactions, particularly for long outstanding transactions; ▪ Evaluate if reasons for un-cleared transactions are valid; ▪ Verify that all general journals were correctly processed; and • Provide assistance in clearing transactions, where required. 	
8.	Writing-off transactions in Suspense Accounts.	<ul style="list-style-type: none"> • Suspense account transactions that cannot be identified and correctly allocated must be investigated. • A detailed submission with the relevant supporting documents and evidence of investigations conducted may be submitted to the Accounting Officer for approval for the write-off of suspense account transactions only under the following exceptional circumstances and where all criteria was complied with: <ul style="list-style-type: none"> • Outstanding balances were thoroughly investigated and could not be correctly allocated/classified; • Actual proof exists that every effort was made to clear the 	Delegated official in designated component. Chief Financial Officer. Accounting Officer.

		<p>applicable transactions;</p> <ul style="list-style-type: none">• No negligence can be attributed to specific individuals;• No supporting documentation are available; and• Prescriptive requirements.	
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ANNEXURE B

CLEARANCE OF DEDUCTION CONTROL ACCOUNTS			
No.	Task	Process	Responsibility
1.	Clearance of Deduction Control Accounts	<ul style="list-style-type: none"> • All deduction control accounts must be cleared before the month-end closure on BAS, once all Persal transactions have interfaced at month end. • After the closure of the current accounting month, any outstanding transactions appearing on the following months BAS matching report must be cleared prior to the closure of that particular accounting month. • All deduction control accounts should reflect a nil balance monthly and at year end closure. • All Persal transactions reflected on the BAS matching or detail report with reference “<i>1FBS11BS</i>” will interface programmatically. • Any manual debit or credit balances reflected in a matching field/accounting month must either be paid over to, or claimed from the respective creditor/organisation. • A manual transaction will be identified as “<i>GJ, journal number, name, date</i>” or any such reference. 	Delegated official in designated component.

2.	Clearance of a manual transaction (Credit balance)	<ul style="list-style-type: none"> • A manual transaction (Credit balance) must be paid over to the respective creditor/organisation via an electronic funds transfer payment on BAS using a sundry payment. • The creditor must be updated as an entity on BAS. • The creditor details are obtainable from the Persal Salary System, as per Annexure B3: Persal Creditor Details. . • The amount must be allocated to the correct accounting allocation or classification as per the Standard Chart of Accounts (SCOA) issued by National Treasury, with the applicable matching fields/accounting month. <ul style="list-style-type: none"> ▪ The onus is on the department to ensure that all allocations are updated in line with the amended Standard Chart of Accounts (SCOA) issued annually by National Treasury. 	Delegated official in designated component.
3.	Clearance of a manual transaction (Debit balance)	<ul style="list-style-type: none"> • An amount owing to the Department (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 SR0003(02): Amount recoverable from Outside Institutions. • Once the amount owing has been credited to the Department's bank account it must be allocated as reflected on the BAS matching or detail report for that applicable matching field/accounting month. 	Delegated official in designated component.

		<ul style="list-style-type: none"> The creditor details are obtainable from the Persal Salary System, as per Annexure B3: Persal Creditor Details. 	
Deduction Control Accounts		Process	Responsibility
Clearance of Deduction Control Accounts.		<p>The processes indicated hereunder must be followed for all deduction control accounts listed below:</p> <ul style="list-style-type: none"> The employee/s details must be obtained from the journal or payment processed, as this is required for reconciliation purposes. The employees' details must be advised on a schedule (Refer to Annexure B1: Reconciliation Schedule) under cover of the official departmental letterhead. A journal must be processed for each individual employee listed on the schedule (Refer to Annexure B2: General Journal Allocations). On receipt of the funds into the departments bank account, the amount/s must be allocated per accounting month and matching field/s as reflected on the BAS matching report to clear the outstanding balance/s. 	Delegated official in designated component.
Sal: Pension Fund: CL		<ul style="list-style-type: none"> The amount deducted (Employee Contribution) and employer contribution must be paid over to, or claimed from National Treasury: GEPF. 	

<p>Sal: Medical Aid: CL</p>	<ul style="list-style-type: none"> ▪ The amount deducted (Employee Contribution) and employer contribution must be paid over to, or claimed from the applicable organisation. 	
<p>Sal: Bargaining Councils: CL Sal: Official Unions: CL</p>	<ul style="list-style-type: none"> • The amount deducted (Employee Contribution) and employer contribution must be paid over to, or claimed from the applicable union. 	
<p>Sal: Insurance Deduction: CL</p>	<ul style="list-style-type: none"> • The amount deducted (Employee Contribution) and employer contribution must be paid over to, or claimed from the applicable organisation. 	
<p>Sal: Garnishee Order: CL</p>	<ul style="list-style-type: none"> ▪ The amount deducted (Employee Contribution) and employer contribution must be paid over to, or claimed from the applicable judgement creditor. 	
<p>Sal: Fin Institut Study Loans: CL</p>	<ul style="list-style-type: none"> ▪ The amount deducted (Employee Contribution) and employer contribution must be paid over to, or claimed from the applicable organisation. 	
<p>Sal: Finance Other Institutions: CL</p>	<ul style="list-style-type: none"> • 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 the Department of Health. • The reference to be indicated is the name of the hospital where patient was treated and "Patient Fees". 	

	<ul style="list-style-type: none"> • The Item Analysis and Reconciliation Schedules (SR0003(01) and the payment details must be sent to: Department of Health Private Bag X9051 Pietermaritzburg 3201 Attention: Central Revenue Control. • All other deductions applicable to this item must be paid to, or claimed from the applicable organisation. 	
Sal: UIF: CL	<ul style="list-style-type: none"> • Any manual payments 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. 	
Sal: Income Tax: CL	<ul style="list-style-type: none"> • This account must be cleared in line with SARS regulatory and departmental requirements. • Reference must be made to SARS EMP 10-Guide for Employees in respect of Employees Tax and the Training Guide issued by Provincial Treasury: Tax Section. 	

ANNEXURE B1

RECONCILIATION SCHEDULE

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

LEGEND (As per reconciliation schedule)

Detail	Requirement
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 Contribution	Employee contribution
Employer Contribution	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 B2

GENERAL JOURNAL ALLOCATIONS

The onus is on Departments to ensure that all allocations are updated in line with the amended Standard Chart of Accounts (SCOA) issued annually by National Treasury.

1. GENERAL JOURNAL FOR PAY-OVER OF FUNDS

DEBIT

Line Description: Employer Contr: (Persal No.) And (Accounting Month)
 Fund/Vote: Voted Funds
 Responsibility: Control Responsibility (Post)
 Infrastructure: Non Infrastructure: Current
 Item: As Per Persal #5.6.4 Choice 4 of Applicable Employee
 Project: No Projects
 Asset: Non-Asset Related
 Regional Identifier: KZN Whole Province

CREDIT

Line Description: Employer Contr: (Persal No.) and (Accounting Month)
 Fund/Vote: Voted Funds
 Responsibility: Control Responsibility (Post)
 Infrastructure: Non Infrastructure: Current
 Item: Applicable Item
 Project: No Projects
 Asset: Non-Asset Related
 Regional identifier: KZN Whole Province
 Matching Field 1: Persal Deduction Code
 Matching Field 2: Institution Code
 Matching Field 3: Persal Salary Month (YYMM)

2. GENERAL JOURNAL FOR CLAIMING FUNDS

CREDIT

Line Description: Employer Contr: (Persal No.) And (Accounting Month)
 Fund/Vote: Voted Funds
 Responsibility: Control Responsibility (Post)
 Infrastructure: Non Infrastructure: Current
 Item: As Per Persal #5.6.4 Choice 4 of Applicable Employee
 Project: No Projects
 Asset: Non-Asset Related
 Regional Identifier: KZN Whole Province

DEBIT

Line Description: Employer Contr: (Persal No.) and (Accounting Month)
 Fund/Vote: Voted Funds
 Responsibility: Control Responsibility (Post)
 Infrastructure: Non Infrastructure: Current
 Item: Applicable Item
 Project: No Projects
 Asset: Non-Asset Related
 Regional identifier: KZN Whole Province
 Matching Field 1: Persal Deduction Code
 Matching Field 2: Institution Code
 Matching Field 3: Persal Salary Month (YYMM)

ANNEXURE B3

PERSAL CREDITOR DETAILS		
Deduction Control Account	Creditor Details (Persal)	
	Table	Persal Function
Sal: Pension Fund: CL	068	#6.2.9
Sal: Medical Aid: CL	057	#6.2.9
Sal: Bargaining Councils: CL	119	#6.2.9
	139	
Sal: Insurance Deduction: CL	114	#6.2.9
Sal: UIF: CL	077	#6.2.9
Sal: Garnishee Order: CL	801	#6.10.12 (Creditor)
		#6.10.9 (Beneficiary Code)
Sal: Fin Institut Study Loans: CL	034	#6.2.9
Sal: Finance other Institutions: CL	034	#6.2.9

ANNEXURE C

CLEARANCE OF RETURNED UNPAID TRANSACTIONS			
No.	Task	Process	Responsibility
1.	Returned Unpaid Transactions.	<ul style="list-style-type: none"> The deduction control accounts listed hereunder must be cleared monthly and reflect a nil balance at year end closure. After the closure of the current accounting month, any outstanding transactions appearing on the following month's matching report must be cleared prior to the closure of that particular accounting month. Funds credited electronically to the department's bank account as a result of unpaid transactions in respect of employees must be allocated to the applicable general ledger suspense account. A BAS matching report must be requested weekly as follows: BAS Main Menu: <i>"Reporting; Financial Report Templates; Matching Report and click on applicable item".</i> The matching field for all salary related transactions is the Persal number of the applicable employee. 	Delegated official in designated component.

		<ul style="list-style-type: none"> Salary related transactions refer to the following deduction control accounts: Sal: ACB Recalls: CA Sal: Deductions Disall Acc: CA; and Sal: Reversal Control: CA. The reason code for the unpaid transactions will be reflected on the EF70 Schedule: Returned Unpaid Transactions. It is imperative that new bank account details for the applicable employee/s are updated on Persal/BAS for any funds returned due to a closed account, prior to re-issuing a payment. The matching field for all supplier payments will be the accounting month in which the funds were credited to the department's bank account (Unp/Recall/BAS EBT Cntr Acc: Dom). 			
2.	Reason code for unpaid transactions.	Reason Code	Detail	Item	Delegated official in designated component.
		06	Account frozen	Sal: ACB Recalls: CA (Salary)	
		12	Account closed	Sal: ACB Recalls: CA (Salary)	

		18	Account holder deceased	Sal: ACB Recalls: CA (Salary)	
		6/12/18		Sal: ACB Recalls: CA (Housing Loan)	
		28	Recall	Sal: Reversal Control: CA (Salary) Sal: ACB Recalls: CA (Housing Loan)	
Deduction Control Account		Process			Responsibility
Sal: ACB Recalls: CA Salary/Supplementary Payments		<ul style="list-style-type: none"> This suspense account item is exclusively for the temporary allocation of rejected electronic unpaid salary/supplementary transactions due to closed/invalid bank accounts. No other transactions may be allocated to this item. All unpaid funds as a result of rejected electronic payments due to a closed/invalid bank account will be credited electronically to the department's bank account. The delegated official, on receipt of the EF70 schedule (Returned Unpaid Transactions) must journalise the individual amounts as a credit transaction to "Sal: ACB Recalls: CA", with the matching field as the Persal number of the applicable employee. A letter must be addressed to the Human Resource component requesting the re-issue of the salary/supplementary payment on 			Delegated official in designated component.

	<p>Persal.</p> <ul style="list-style-type: none"> • A detailed breakdown must be provided per employee. • New bank account details for the applicable employee/s must be updated on Persal/BAS prior to re-issuing payments for closed accounts. • The net amount of the salary or supplementary payment must be re-issued on Persal as follows: <ul style="list-style-type: none"> ▪ Persal function: #5.3.6 ▪ Allowance code: 0007 (Non-taxable) ▪ Deduction code: 0185 ▪ Source Reference: “S” • Deduction code “0185” interfaces programmatically as a debit transaction to “Sal: ACB Recalls: CA”, resulting in a zero balance transaction. 	<p>Human Resource Component.</p>
<p>Sal: ACB Recalls: CA</p> <p>Housing Loan</p>	<ul style="list-style-type: none"> • This suspense account item is exclusively for the temporary allocation of rejected electronic unpaid housing loan transactions due to closed/invalid bank accounts • All unpaid funds as a result of rejected electronic housing loans due to a closed/invalid bank account will be credited electronically to the department’s bank account. • The delegated official, on receipt of the EF70 schedule (Returned 	<p>Delegated official in designated component.</p>

	<p>Unpaid Transactions) must journalise the individual amounts as a credit transaction to “Sal: ACB Recalls: CA”, with the matching field as the Persal number of the applicable employee.</p> <ul style="list-style-type: none"> • A letter must be addressed to the Human Resource component requesting the re-issue of the housing loan on Persal. • A detailed breakdown must be provided per employee. • New bank account details for the applicable employee/s must be updated on Persal/BAS prior to re-issuing payments for closed accounts. • The housing loan payment must be re-issued on Persal as follows: <ul style="list-style-type: none"> ▪ Persal function: #5.3.6 ▪ Allowance code: 0007 (Non-taxable) ▪ Deduction code: 0185 ▪ Source Reference: “H” • Deduction code “0185” interfaces programmatically as a debit transaction to “Sal: ACB Recalls: CA”, resulting in a zero balance transaction. 	<p>Human Resource Component.</p>
<p>Sal: ACB Recalls: CA</p> <p>Exceeded Item Limit</p>	<ul style="list-style-type: none"> • Payments issued on Persal exceeding the ACB item limits will be advised on a VET (Validate Electronic Transactions) Report. • The delegated official, on receipt of the VET Report must journalise the individual amounts as a credit transaction to: “Sal: ACB 	<p>Delegated official in designated component.</p>

	<p>Recalls: CA”.</p> <ul style="list-style-type: none"> • These payments must be re-issued on a sundry payment on BAS, debiting the item “Sal: ACB Recalls: CA”, resulting in a zero balance transaction. • Exceeded item limit transactions must not be re-issued using an expenditure allocation, as this will result in over-expenditure. 	
<p>Sal: Deduction Disall Acc: CA</p>	<ul style="list-style-type: none"> • When a salary is programmatically reversed on Persal, the housing loan deduction/garnishee will interface programmatically as a debit transaction to this suspense account item “Sal: Deduction Disall Acc: CA”. • If the housing loan was not recalled from the bank this will result in a debt owing to the Department. • 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”. 	<p>Delegated official in designated component.</p> <p>Delegated official in Debt Section or designated component.</p>
<p>Sal: Reversal Control: CA</p>	<ul style="list-style-type: none"> • A salary/supplementary payment is recalled due to termination of service or any other reason. • The delegated official, on receipt of the EF70 (Returned Unpaid Transactions) must journalise the amount as a credit transaction to the item Sal: Reversal Control: CA, with the matching field as the Persal number of the applicable employee. 	<p>Delegated official in designated component.</p>

	<ul style="list-style-type: none"> • The Human Resource component must reverse the salary/supplementary payment on Persal, using function #5.2.10 • The reversal on Persal (net salary) interfaces programmatically to “Sal: Reversal Control: CA” as a debit transaction, resulting in a zero balance transaction. • Any salary/supplementary payment reversed on Persal which is not recalled from the bank will result in a debit transaction to “Sal: Reversal Control: CA”, resulting in a debt owing to the Department. • The debit transaction will only reflect a nil balance when instating a debt on BAS and simultaneously clearing (crediting) the suspense account item “Sal: Reversal Control: CA”. 	<p>Human Resource Component.</p> <p>Delegated official in Debt Section or designated component.</p>
<p>Unp/Recall BAS EBT Cntr Acc: Dom Supplier Payments</p>	<ul style="list-style-type: none"> • The delegated official, on receipt of the EF70 (Returned Unpaid Transactions) must allocate the funds returned in respect of supplier payments as a credit transaction to the item “Unp/Recall BAS EBT Cntr Acc: Dom”, with the matching field as the accounting month in which the funds were credited to the department’s bank account. • Once the programmatic interface has taken place, the suspense account transaction “Unp/Recall BAS EBT Cntr Acc: Dom” will be debited and the item “EBT Rejection Account” credited, with 	<p>Delegated official in designated component.</p>

	<p>the disbursement number as the matching field.</p> <ul style="list-style-type: none">• New banking account details must be updated on BAS prior to re-issuing payments for closed accounts.• The payment must be re-issued or cancelled on-line on BAS, as required, as follows: BAS Main Menu: <i>“Business; Interface; Exceptions; ACBEF70”.</i>	
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ANNEXURE D

CLEARANCE OF ASSET AND LIABILITY GENERAL LEDGER SUSPENSE ACCOUNTS		
<ul style="list-style-type: none"> • All asset and liability general ledger suspense accounts must be cleared monthly and reflect a nil balance at year end closure. • All transactions must be resolved in the accounting month in which the transactions appear. 		
CASH & CASH EQUIVALENTS: DOMESTIC		
Suspense Account	Process	Responsibility
Bank Exception Account: Dom	<ul style="list-style-type: none"> • Any balances reflected on this account is due to the Department not resolving all bank interface exceptions. • 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. 	Delegated official in designated component.
OTHER DEBITS/CREDITS: DOMESTIC		
Suspense Account	Process	Responsibility
BAS Credit Transfers: Dom	<ul style="list-style-type: none"> • Any amounts exceeding R1 million is programmatically re-routed to this account as a credit transfer. • A general journal must be processed to clear the outstanding transaction/s, as per the Training Manual issued by Provincial 	Delegated official in designated component.

	<p>Treasury: Banking Section.</p> <ul style="list-style-type: none"> Any entry outstanding for longer than a week must be investigated and resolved. The Department must ensure compliance with the directives issued by Provincial Treasury: Banking Section – <i>“Payments exceeding One Million Rand”</i> dated 18 February 2009. 	
BANK ACCOUNT: DOMESTIC		
Suspense Account	Process	Responsibility
Deposit Account: Dom	<ul style="list-style-type: none"> A debit balance on this account indicates that deposits were confirmed on BAS; however, the deposit banked has not yet interfaced into BAS. The reconciliation of captured deposits takes place within two to three working days. Any entry not reconciled within a week must be investigated and resolved. Outstanding deposits due to differences between deposit numbers/amounts when doing deposit confirmations must be amended by cancelling the deposit confirmation and re-confirming the correct information; or 	Delegated official in designated component.

	<ul style="list-style-type: none"> Differences between deposit numbers/amounts interfaced by the bank must be amended on-line on BAS as follows: BAS Main Menu: <i>“Business; Bank Services Interface; Capture sermo/txngrp changes; and Authorise sermo/txngrp changes”.</i> 	
<p>Bank Adjustment Acc: Dom</p>	<ul style="list-style-type: none"> This is an intermediate account for resolving bank reconciliation exceptions. Exceptions must be cleared by processing a general journal, as per the Training Manual issued by the Provincial Treasury: Banking Section. 	
<p>Bank Account: Dom</p>	<ul style="list-style-type: none"> This account reflects the department’s bank account balance as per the bank statement in the books of the 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 all discrepancies are resolved. This account may have a debit (favourable) or credit (overdrawn) balance. 	<p>BAS System Controller</p>

CASH RECEIPTS: DOMESTIC		
Suspense Account	Process	Responsibility
Receipt Control Account: Dom	<ul style="list-style-type: none"> • All receipts for a financial year must be day-ended prior to the year-end closure. • A debit balance on this account means that receipts were captured but not 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 must be individually credited to “Receipt Control Account: Dom” and debited in total to “Receipt Deposit Control: Dom” with the day-end transaction. 	Delegated official in designated component.
Receipt Deposit Control: Dom	<ul style="list-style-type: none"> • A debit balance on this account means a receipt was day-ended, but one or more deposits were not 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 “Deposit Account: Dom”, once the deposit confirmation is done on BAS. • All deposits must be confirmed to receipt batches before year-end closure as all moneys must be banked on the last day of the 	

	financial year.	
Receipt Pending Control: Dom	<ul style="list-style-type: none"> • 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 must be cleared on BAS as follows: BAS Main Menu <i>“Business, Receipts, Maintenance of Pending Receipts”</i> • All receipts must be correctly allocated to declare the correct amount of revenue received for the financial year. 	
Unallocated Cancel Receipts: Dom	<ul style="list-style-type: none"> • A credit balance on this account indicates that receipts were cancelled using 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, etc. was removed or deactivated by the BAS System Controller. • A general journal must be processed to debit the invalid allocation and credit the correct allocation to clear the account. 	
DISBURSEMENTS: DOMESTIC		

Suspense Account	Process	Responsibility
<p>Cancel Cheque/Re-issue (Pers): Dom</p>	<ul style="list-style-type: none"> • A credit balance on this account indicates that Persal cheques were cancelled on BAS. • These transactions must be cleared by processing a general journal to the “Salary Reversal Control Account”; or • A cheque must be re-issued on BAS to the applicable beneficiary using the item “Cancel Cheque/Re-issue (Pers): Dom”. • The applicable BAS reports must be downloaded prior to re-issuing the cheque to ensure the correct allocation is used to clear the account. 	<p>Delegated official in designated component.</p>
<p>EBT Rejection Account: Dom</p>	<ul style="list-style-type: none"> • A credit balance on this account indicates that the Automated Clearing Bureau (ACB) rejected BAS Electronic Bank Transfer (EBT) Payments. • The payment must be re-issued or cancelled on-line on BAS, as follows: BAS Main Menu <i>“Business; Interfaces; Exceptions; ACBEF70”</i> 	
<p>Erroneous Persal Cheque Cancel: Dom</p>	<ul style="list-style-type: none"> • A debit balance on this account indicates that Persal cheques were cancelled by BAS and Persal. • These transactions must be cleared by processing 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	<ul style="list-style-type: none"> • A credit balance on this account indicates a reversal transaction interfaced by the Bank of a BAS cheque that was previously cashed. • The cheque is reversed by the Bank as “unpaid” if the payment instrument does not comply with the requirements of the Bills of Exchange Act; e.g. the signatures on the cheque are different from the proof signatures. • A 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. 	
DEBTS		
Suspense Account	Process	Responsibility
Debt Account: CA	<ul style="list-style-type: none"> • 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 Department. 	Delegated official in Debtors Section or designated component.

	<ul style="list-style-type: none"> • An instalment for the repayment of a debt is posted as a credit to this account with the daily programmatic debt batch run. 	
<p>Debt Receipt Control: CA</p>	<ul style="list-style-type: none"> • 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 programmatically transferred to the “Debt Account: CA” during daily debt batch runs. • Instalments are posted to this account and not directly to the debt account as only the debt functionality has access to “Debt Account: CA”. 	
<p>Debt Suspense: CA</p>	<ul style="list-style-type: none"> • Debts owed to the State, recoverable from an employee’s pension benefit are allocated to this account on receipt of the funds. • 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. • Instalments must be posted to the “Debt Account: CA” on BAS, as follows: BAS Main Menu <i>“Business: Debts, Transaction Maintenance”</i>. • Reversals of Persal category A and G deductions as posted as debit 	

	transactions to this account and transferred to “ Debt Account: CA ” using the debt transaction maintenance functionality, as referred to above.	
TRAVEL & SUBSISTENCE: CA		
Suspense Account	Process	Responsibility
T & S Advance Dom: CA	<ul style="list-style-type: none"> • A debit balance on this account indicates that S&T advances paid to officials have not been claimed from 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 allocated receipt is captured and authorised on BAS. 	Delegated official in designated component.
GENERAL ACCOUNTS		
Suspense Account	Process	Responsibility
Claims Recoverable: CA	<ul style="list-style-type: none"> • A debit balance on this account indicates that a claim instituted against another department for expenses incurred on their behalf, has not been paid. • The account is credited when payment is received and allocated, as required. 	Delegated official in designated component.

	<ul style="list-style-type: none"> Individual claims recoverable accounts can be created for specific departments if expenses are incurred on a regular basis on behalf of these departments. 	
Pension Recoverable Account	<ul style="list-style-type: none"> A reversal of a salary prior to the 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: GEPF. Once the funds are received via the department's bank account; a general journal must be processed to allocate the funds as a credit transaction to the "Pension Recoverable Account". Debts owed to the Department recovered from an employee's pension benefit must not be allocated to this account. The amount must be allocated to the item "Debt Suspense: CA" on receipt of the funds. 	
Disall Dishonoured Cheques: CA	<ul style="list-style-type: none"> 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 transfers the amount to the applicable departments' bank account. 	Delegated official in designated component.

	<ul style="list-style-type: none"> • The transaction is dishonoured because the drawer has insufficient funds to honour the amount. • The funds for an “unpaid cheque” will not be transferred because the drawer entered incorrect or incomplete details not compliant with banking regulations. • The transaction reversed by the Banker will debit the item “Bank Exception Acc: Dom” and credit the item “Bank Account: Dom”. • These transactions must be resolved on BAS using the “Bank Reconciliation” functionality by debiting the item “Bank Adjustment Acc: Dom”. • A general journal must be processed by crediting the item “Bank Adjustment Acc: Dom” and debiting the item “. Disall Dishonoured Cheques: CA”. • The delegated official controlling this account must immediately inform the drawer that the cheque was returned as “dishonoured” or “unpaid” by the Bank. <p>Procedure to recover dishonoured or unpaid cheques</p> <ul style="list-style-type: none"> • The drawer whose cheque was dishonoured must present a new cheque to the department, preferably a “bank guaranteed” cheque or cash. 	
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	<ul style="list-style-type: none"> • In terms of the South African Reserve Bank Act 90 of 1989, no cheques with incomplete or incorrect details may be altered. • The “unpaid” cheque must be cancelled and a new cheque presented for payment • If the drawer 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. <p>Procedure for a replacement payment for a dishonoured or unpaid cheque</p> <ul style="list-style-type: none"> • A receipt issued for the replacement payment must be made out to the Department and not in the name of the drawer, as the original receipt was issued in the name of the drawer. • If the replacement receipt is issued in the name of the drawer this would result in two receipts being issued 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. 	
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ANNEXURE E

COMPLIANCE CHECKLIST: MANAGEMENT OF SUSPENSE ACCOUNTS

ACTION		YES/NO
1.	All suspense accounts cleared monthly.	
2.	All transactions resolved in the accounting month in which the transactions appear.	
3.	All suspense accounts reflect a nil balance at month and year-end closure.	
4.	BAS matching/detail reports downloaded daily/weekly/monthly for all suspense accounts.	
5.	Nature of suspense account transactions identified, classified and allocated.	
6.	Journals issued for applicable suspense account transactions.	
7.	Suspense account transactions supported by verifiable source documents.	
8.	Journals captured and authorised on BAS.	
9.	Monthly age analysis and reconciliation.	
10.	Un-cleared transactions investigated and resolved monthly.	
11.	Reporting requirements.	