



**KWAZULU-NATAL PROVINCE**

**TREASURY**  
REPUBLIC OF SOUTH AFRICA

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**PROVINCIAL TREASURY**

**STANDARD OPERATING PROCEDURE GUIDELINE ON**

**RECORDING AND PAYMENT OF CREDITORS**

**Amended: 31 August 2022**

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## 1. PURPOSE

- 1.1 The purpose of this Provincial Treasury Standard Operating Procedure Guideline is to define processes and procedures relating to the Recording and Payment of Creditors and ensure compliance with regulatory prescripts and uniformity in application of financial norms and standards.
- 1.2 This Provincial Treasury Standard Operating Procedure Guideline must be read in conjunction with:
- Provincial Treasury Instruction Note No. 3: Recording and Payment of Creditors;
  - National Treasury Standard Operating Procedure No. 2: Payments Processing; and
  - National Treasury Instruction Note No. 34 dated 30 November 2011: Effecting payment within 30 days from receipt of an invoice.

## 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;

“*Central Supplier Database (CSD)*” means the national standardised and centralised electronic supplier database administered by the National Treasury which provides supplier information to an organ of state;

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

“*Commitment form*” means the form used by departments on acceptance of the quotation;

“*Creditor*” means the person or organisation to which money is owed for services rendered or goods supplied;

“*Creditors data capturer*” means the official responsible for the day to day capturing of documents relating to the creditors function on BAS;

“*Creditors ledger*” means the internal record of all transactions of all suppliers;

“*Creditors section*” means the section or nominated officials responsible for the creditors function;

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

*“EBT”* means an Electronic Bank Transfer, an electronic payment made directly into a creditor’s bank account via BAS;

*“Financial management”* means all decisions and activities, including supply chain activities, of management that impact on the control and utilisation of limited financial resources entrusted to achieve specified and agreed objectives;

*“Order final payment form”* means the form completed by departments on receipt of authorised signatories and approval for payment;

*“Payment date”* means the day on which the electronic bank transfer is made;

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

*“Provisioning form”* means the form used by departments for needs assessment of goods or services required, estimated financial implications and funding approval;

*“Standard Chart of Accounts (SCOA)”* means a multi-dimensional classification framework providing the method and format for recording and classifying financial transaction information in the general ledger forming part of the books of account containing a standard list of all available accounts.

*“Standard Operating Procedure (SOP)”* means the method of functioning that has been established over time to execute a specific task or react to a specific set of circumstances or situation or process. Standard operating procedures document the normal or accepted methodology and help form the basis for evaluating conformance with the regulatory framework;

*“Supplier invoice”* means a valid document submitted by the supplier stating the quantity and description of goods delivered or services rendered and the amount charged; 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: -**

- a) Must ensure that the department has and maintains effective, efficient and transparent systems of financial and risk management and internal control, as per Section 38(1)(a)(i);
- b) Is responsible for the effective, efficient, economical and transparent use of the resources of the department, as per Section 38(1)(b);

- c) 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);
- d) Must keep full and proper records of the financial affairs of the department in accordance with any prescribed norms and standards, as per Section 40(1)(a); and
- e) Must comply with any regulations issued by the National Treasury as per Sections 76(4) (b).

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

- a) Ensure that internal procedures and internal control measures are in place for payment approval and processing, as per paragraph 8.1;
- b) Settle all payments due to creditors within 30 days from receipt of an invoice unless determined otherwise in a contract or other agreement, as per paragraph 8.2.3;
- c) Make payments no earlier than necessary, avoid prepayments for goods and services unless required by contractual arrangements, and accept discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to Provincial Treasury, as per paragraph 15.10.1.2;
- d) Ensure all the transactions of an institution are supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation, as per paragraph 17.1.1; and
- e) Ensure the separation of duties to minimise the incidence of fraud, as per paragraph 15.10.1.2(l).

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

3.4 In the event of any inconsistency between this Provincial Treasury Standard Operating Procedure Guideline and related National Treasury prescripts, the latter shall prevail.

#### **4. CREDITORS SECTION**

4.1 Each department must have a Creditors Section or designated component within the existing finance components fulfilling the role of a Creditors Section at Head Office, Region, District or Institution level, which will deal specifically with: -

- a) Keeping the department informed on, inter alia, any legislation, notices, regulations, directives and circulars relevant to the administration and management of creditors;
- b) The receipt of documents from suppliers, whether hand-delivered or received in the post, to be forwarded to the delegated official who will date stamp the documents and enter the details into a register;
- c) Maintaining a computerised or manual register of all documents received to track the status of such documents;
- d) Confirming that a supplier is registered on the National Treasury Central Supplier Database (CSD);
- e) Ensuring that all invoices received from suppliers reflect the supplier's details, specifications, quantity, reference numbers, "deliver to" address, "send invoice to" address, banking details and the VAT registration number, where applicable;
- f) Overseeing the payment of creditors within the department; and
- g) Providing pertinent information on the state of department's creditors to the Chief Financial Officer.

## **5. REGISTRATION OF SUPPLIERS ON THE NATIONAL TREASURY CENTRAL SUPPLIER DATABASE (CSD)**

- 5.1 All suppliers supplying/intending to supply good or service providers rendering/intending to render services to government must be registered on the National Treasury Central Supplier Database (CSD).
- 5.2 The CSD must be utilised as the single and only list of prospective suppliers for any procurement related activity.
- 5.3 Reference must be made to National Treasury SCM Instruction No. 4A of 2016-2017: Central Supplier Database (CSD).

## **6. PAYMENT OF CREDITORS**

- 6.1 There are two forms of payments; Sundry Payment/Non-Order Payment and Creditor Payment/Order Payment.
- 6.2 The **Sundry Payment/Non-Order Payment** is for services rendered; i.e. these are recurring invoices for electricity, telephones, rent, etcetera, or a once-off payment.
- 6.3 The "sundry payment" book is printed in carbonised paper and automatically duplicated, with the book copy remaining in the pre-printed book.

- 6.4 The delegated official must complete the “sundry payment” form and include the following information:
- The full name and address of the supplier;
  - Description of the service rendered;
  - Full SCOA expenditure allocations;
  - Invoice number;
  - Invoice date; and
  - Amount payable.
- 6.5 The original supplier invoice must be attached to the original sundry payment form as supporting documentation.
- 6.6 The sundry payment book is not pre-numbered and it is recommended that a computerised or manual register be maintained to record such payments and sequential numbers allocated, as an internal control measure to prevent the removal of any pages and to minimise any potential fraudulent incidences.
- 6.7 The sundry payment form must be forwarded to the delegated official for checking and authorisation;
- 6.8 Once authorised, the payment must be captured on BAS, as follows:  
**BAS Main Menu:** “*Business; Creditor Management; Sundry Payment Maintenance*”.
- 6.9 The **Creditor Payment/Order Payment** is used for goods and services that are ordered as required, e.g. stationery, catering, furniture. The procedural framework for creditor payment/order payment is covered in paragraph 7.
- 6.10 The prescribed method to pay creditors is by EBT. National Treasury Regulation 15.12.3 stipulates that **ALL** payments in excess of R2 000 must be effected electronically unless otherwise approved by Provincial Treasury. Payments may not be split to circumvent this regulation and any such non-compliance constitutes financial misconduct.
- 6.11 The management of payments must be directed at achieving economy and efficiency and preventing unauthorised, irregular and fruitless and wasteful expenditure. Expenditure management control measures must be implemented and maintained to ensure that:
- a) A genuine requirement exists to expend funds on particular goods and services;
  - b) The expenditure is justified and in accordance with the purpose of the vote;
  - c) Funds are available within budgetary limitations;
  - d) The amount expended contributes to the achievement of objectives;

- e) Transactions are executed in accordance with management's general or specific authorisation;
- f) Any limitations or conditions attached to the delegation or authorisation are complied with;
- g) Transactions are accurately recorded in the correct accounting period and in accordance with departmental accounting policies and procedures;
- h) All transactions are economically classified and recorded in accordance with the standard chart of accounts (SCOA);
- i) Commitment registers are maintained and updated on a regular basis; and
- j) Programme managers are held accountable for expenditure management within their area of responsibility.

## **7. PROCEDURAL FRAMEWORK FOR PAYMENT OF GOODS AND SERVICES**

- 7.1 Supply Chain Management or delegated officials in departments must ensure that all potential suppliers are registered on the National Treasury Central Supplier Database.
- 7.2 The Responsibility Manager or delegated official must ensure funds are available to procure goods or services and prepare the required specifications.
- 7.3 The specifications must be faxed to the suppliers by the Supply Chain Management Section or designated component. A minimum of three quotations are required, or as per Supply Chain Management requirements. Tenders/bids/offers must be sourced as prescribed by the Supply Chain Management Framework.
- 7.4 Once all prescribed procedures have been undertaken and the quotation/bid/offer is accepted, the delegated official must prepare the commitment form (commitment in respect of goods / services - yellow copy) which displays the order number.
- 7.5 The commitment form must be captured on BAS as follows: **BAS Main Menu:** *"Business; Creditor Management; Purchase Order Maintenance"*.
- 7.6 A copy of the commitment form must be retained with the provisioning form (Requisition form) and quotations.
- 7.7 The details of the commitment form must be manually or electronically recorded in a commitment control register, with the sequential order number as the reference.
- 7.8 The supplier's advice (order for good/services - green copy) is faxed, posted or hand-delivered to the supplier.
- 7.9 The book copy (order for goods/services – pink copy) and the order final payment copy (payment for goods/services) are retained in the original order book.



- 7.10 All documentation must be maintained by the designated component within the Chief Financial Office.
- 7.11 Before acknowledging the goods received from the supplier, the delegated official must:
- a) Compare the goods delivered to the purchase order;
  - b) Check the quantity and description of goods delivered against purchase order and delivery note, where applicable;
  - c) Examine the condition of goods delivered; e.g. broken or wet boxes etc.;
  - d) Reject any incorrect goods and identify and note rejections on both copies of the delivery note and purchase order;
  - e) List goods accepted and/or rejected; and
  - f) Ensure that delegated officials sign both copies of the delivery note, including amendments.
- 7.12 On receipt of the original tax invoice/invoice from the supplier, which must be date-stamped on receipt by the department, the Responsibility Manager or delegated official must check the invoice to ensure:
- a) That it is a valid tax invoice;
  - b) The invoice is in the name of the designated supplier;
  - c) That the invoice price agrees with the order price, calculations such as discounts and VAT, where applicable, are verified; and
  - d) The adherence to all financial prescripts and supply chain management procedures.
- 7.13 Invalid, incomplete and incorrect invoices must be immediately returned to the supplier for rectification of any discrepancies. Suppliers should timeously be made aware of invoices not accepted, recorded and processed for payment due to discrepancies noted and should be made aware that the invoice is regarded as not received until it is rectified and re-submitted. The register referred to in paragraph 7.14 below should be updated accordingly to reflect such information.
- 7.14 The Responsibility Manager or delegated official, once satisfied that all prescriptive requirements have been met, must sign acceptance of the invoice. The invoice must be date-stamped and stamped as “payment approved” using the approved departmental stamp signifying acceptance of the invoice for processing, as per the attached Annexure C.

- 7.15 A manual or electronic tracking system must be maintained to enable the tracking of all invoices received from suppliers/service providers and the progress of the processing of each invoice.
- 7.16 The system must furthermore provide information related to the date the invoice was received, the date on which it was paid and the time period between the date of receipt and the date of payment.
- 7.17 Valid reasons must be provided for any invoice/s not processed for payment.
- 7.18 Once the original invoice has been received with the necessary signatures, stamps and expenditure approval, the order final payment copy is completed.
- 7.19 The delegated official must complete the order final payment form (pre-carbonised copy of the commitment form) which has already been captured onto BAS and contains the expenditure allocations and supplier name.
- 7.20 The information that must be entered onto the order final payment form is the invoice number, invoice date and total amount payable. This ensures that the payment to the supplier is correctly allocated in the expenditure and creditor records.
- 7.21 The original invoice, the commitment copy, the procurement requisition form containing the original quotes and any other relevant documentation must all be attached to the order final payment form.
- 7.22 The only exclusion will be in relation to bids, quotes or offers comprising bulk documentation. These documents must be maintained in clearly labelled files or an appropriate storage unit under lock and key in a secured designated area.
- 7.23 All documents must be cross-referenced with all other supporting documentation, to ensure direct and easy access to any particular payment for verification purposes.
- 7.24 The order final payment form must be signed out of the invoice control register (details to be included as required by the department) and sent for signatures and expenditure authorisation and thereafter captured and authorised on BAS.
- 7.25 The Cash Blocking System was implemented on BAS with effect from 1 April 2014. The Provincial Treasury will release payment runs four (4) times monthly; however, each departmentally appointed "MANAGESEL" official, (not the SYSCON) will be responsible for prioritising and disbursing the selected payments.
- 7.26 The Cash Blocking System will only allow payments to be disbursed in accordance with the departmental cashbook amount. Any payments not disbursed will be held over for release on the subsequent run.

- 7.27 Payments exceeding R1 million must be captured on BAS. Departments must ensure compliance with the directive issued by the Provincial Treasury Banking Section “Payments Exceeding One Million Rand” dated 18 February 2009.
- 7.28 EBT payment stubs are automatically emailed to the supplier on the day of payment, as per the email address registered on the CSD. A copy must be kept on file in disbursement number order.
- 7.29 A copy of the EBT payment stub must be attached to the applicable order final payment form, which has been stamped ‘PAID’, as proof of payment. The documents must be stored under lock and key in the voucher control room or a secured designated storage area, once batched and checked by the delegated authority.

## **8. GENERAL**

### **8.1 Role of Provincial Treasury**

- 8.1.1 The Provincial Treasury Supply Chain Management unit will provide assistance to KZN suppliers, on request, with registration onto the National Treasury Central Supplier Database.
- 8.1.2 Provincial Treasury has a task team, called “We Pay on Time” that handles complaints from suppliers regarding the non-payment or late payment of accounts by government entities. The task team was established with the following key focus areas:
- a) To investigate complaints received from suppliers, and
  - b) Where required, assist government entities to resolve disputes in order to effect on-time payment.
- 8.1.3 Queries regarding payments that have been delayed beyond the prescribed thirty (30) days or terms of a contract are logged with the PAYMENT QUERIES HELPLINE on 0800 201 049 or emailed to PAYMENTQUERIES@kzntreasury.gov.za. The query is then handed over to a dedicated query team within Provincial Treasury for follow-up with the relevant department.

### **8.2 Settlement Discounts**

- 8.2.1 Departments should endeavour to settle the amount payable to a supplier within the settlement period as advised on the tax invoice/invoice to take advantage of settlement discounts. Provision for such purposes must be made in the monthly cash flow estimates provided to the Provincial Treasury.

### **8.3 Overpayments/Duplicate Invoices**

- 8.3.1 If a duplicate invoice number is captured on BAS, the system will reflect a warning message. This must be properly investigated by the designated component to prevent an erroneous payment and all documents scrutinised to ensure that payments are legitimate.
- 8.3.2 A report can be downloaded from BAS as follows: **BAS Main Menu**; Business; Creditor Management; Request Reports; and click on “Possible Duplicate Invoices”.
- 8.3.3 Should any erroneous payment be identified, e.g. paying the wrong beneficiary, a duplicated invoice or suspected fraudulent payments, a request must be submitted to the provincial banker no later than the day prior to the action date of the payment, to recall the funds. The payment can be cancelled on-line on BAS once the funds have been credited to the provincial banking account from where the payment originated.

#### 8.4 **Reporting Requirements**

##### Reporting to Chief Financial Officer

- 8.4.1 Reports must be submitted to the Chief Financial Officer on the monthly status of creditor payments, any suspected fraudulent transactions, or any other criteria deemed relevant.

##### Reporting to Provincial Treasury

- 8.4.2 Departments must provide Provincial Treasury by the 7<sup>th</sup> of each month with exception reports on the number of invoices and the value thereof not paid within thirty (30) days from the receipt together with reasons for not making the payments timeously, as per National Treasury Instruction Note No. 34 dated 30 November 2011: Effecting Payment within 30 days from receipt of an Invoice.
- 8.4.3 The exception report (Annexure D) must include the following details for completeness:
- a) Payments that were made late, i.e. after thirty (30) days from date of receipt;
  - b) Any invoices that have not been paid where the time period has exceeded thirty (30) days;
  - c) Reasons for late payment/non-payment of invoices in excess of thirty (30) days and remedial steps.
- 8.4.4 A nil return must be filed if the department has complied fully with Treasury Regulation 8.2.3.
- 8.4.5 The accuracy of all information submitted must be confirmed with the signatory of the Accounting Officer or delegated official.

8.4.6 In order to ensure consistency in the calculation of the 30-day period for the payment of goods and services and the accuracy of information provided, the 30-day period will start from the date on which the valid invoice is received by the department and end on the date on which the payment is disbursed on BAS.

## 8.5 **Disciplinary Actions**

8.5.1 The Accounting Officer or delegated official of the relevant department must take disciplinary actions against officials who undermine internal controls and commit fruitless and wasteful expenditures such as interest on late payments in terms of section 38(1)(h).

8.5.2 The outcome of completed disciplinary proceedings must be reported as set out in Treasury Regulations 4.3.

## 9 **BAS FUNCTIONAL REPORTS**

9.1 The creditor payment functionality can be utilised to download various reports which can be accessed as follows: *“Reporting; Other reports, Outstanding transactions”* or *“Business; Creditor payments, Request reports, choose the required report listed below”* or *“Reporting; Financial report templates; Expenditure control commitments”*:

- a) Payment Detail Report: This report provides details of the payment captured, including the payment allocations.
- b) Register of Payments: This report displays all payments captured on BAS with different payment statuses.
- c) Supplier Report: This report provides information on a particular supplier during a specific period.
- d) Over-Expenditure Report: This report provides information on the segment details where the expenditure exceeds the budget amount allocated on BAS.
- e) Expenditure Control Commitments Report: This report identifies incorrectly captured payments. It is used for expenditure control and view outstanding commitments and the available budget per segment (Items).
- f) Possible Duplicate Invoices: This report displays possible duplicate payments.
- g) Order Details Report: This report displays information of captured purchase orders, including status of orders.
- h) Commitment as at Report: This report displays outstanding commitments.

- i) Commitment Detail Report: This report displays commitment details, including allocations.
  - j) Expenses per Month Report: This report displays income and expenses per month.
- 9.2 The on-line functionality can be used to facilitate enquiries and can be accessed as follows: *“Reporting; Outstanding transactions; Creditor management transactions”* or *“Reporting; Enquiries; Chose the required option”*: *“Allocation Detail, Payment enquiry, Purchase order enquiry or Disbursement enquiry”*.
- 9.3 The online enquiry function facilitates enquiries regarding outstanding transactions captured on BAS. Outstanding transactions are purchase orders or payments that are in the process of being finalised; e.g. a payment captured by a user that must be authorised by the supervisor or delegated official.
- 9.4 Outstanding transactions do not have an active status. The main purpose of the outstanding transaction functionality is to provide a summarised version of all transactions that are not finalised for payment.

## **10. RECONCILIATION OF PAYMENTS**

- 10.1 At month-end, the creditor section or the designated component must request a Document Control Report from BAS to reconcile the payments. The following checks must be performed:
- a) All documents must be stamped as “PAID”;
  - b) Ensure that all signatures are in the allocated sections and that the necessary delegations of authority have been adhered to;
  - c) All expenditure has been authorised by the Responsibility Manager or delegated official.
  - d) Ensure that the amount paid corresponds with the amount on the invoice; and
  - e) Ensure that all relevant documentation has been attached.
- 10.2 The documents must be submitted to the Voucher Control Section or designated component for safekeeping.
- 10.3 The creditor section or designated component is responsible for downloading a Commitment Detail Report from BAS detailing all outstanding commitments to the current date. All outstanding commitments that have been on the system for thirty (30) days or longer must be investigated.

- 10.4 A memorandum with a copy of the commitment must be forwarded to the applicable Responsibility Manager or delegated official or designated component to investigate the matter further and the appropriate action taken.

## 11. MONTHLY STATEMENT RECONCILIATION

- 11.1 The monthly statement reconciliation is performed to show the status of all outstanding invoices. On receipt of the statements from suppliers, the designated component/s must determine if the amounts are overdue. All overdue amounts must be investigated.
- 11.2 Verify on BAS if a payment has been issued in the interim. If the payment is still outstanding, it must be established if an invoice was received by referring to the invoice control register and making enquiries with the relevant Responsibility Manager or delegated official within the applicable component.
- 11.3 If the invoice was not received, a duplicate must be requested from the supplier and stamped as **“copy of original”** and payment processed immediately.
- 11.4 If a payment was processed but remains as outstanding, this must be queried with the relevant supplier.
- 11.5 All statements must be filed alphabetically for reference purposes and to enable the previous month’s statements to be reconciled with the current month’s statements.

## 12. EXCEPTIONS

- 12.1 Where an invoice has been received but there is no corresponding order form, the following must be performed by the designated component:
- a) Using the invoice reference, determine if the order number is valid and follow the procedures as indicated in paragraph 7 above.
  - b) If the invoice is invalid, it must be forwarded to the Responsibility Manager or delegated official or designated component for further enquiries.
  - c) The Responsibility Manager, delegated official or designated component must either make further enquiries with the supplier or return the invoice to the supplier if the invoice is not valid.
- 12.2 If no invoice is received, the supplier must be contacted and the invoice submitted for payment. The procedures as mentioned in paragraph 7 above would then apply.
- 12.3 Should an original tax invoice/invoice be lost or misplaced, a copy of the invoice must be requested from the relevant supplier. The copy invoice must be certified as **“copy of original”**, and signed and date stamped by the supplier.

- 12.4 A facsimile or electronic mail invoice would not be considered acceptable. The potential for fraud would be significantly increased and the integrity and authenticity of such an invoice could be compromised.
- 12.5 Stringent control measures must be adopted when a copy invoice is processed for payment. It must be verified that the payment has not been paid previously and the payment endorsed as “**original invoice misplaced-not previously paid**”. The primary objective of these requirements is to ensure the accuracy and validity of such documents.

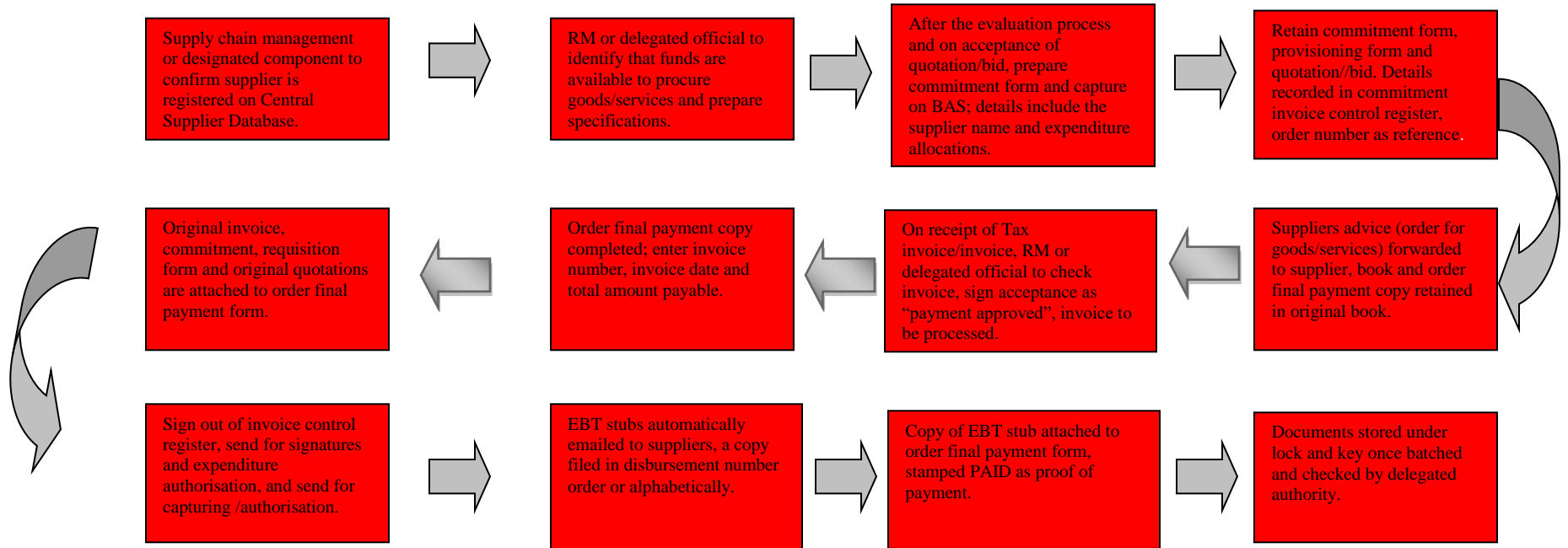
### **13. COMPLIANCE CHECKLIST**

- 13.1 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.
- 13.2 The compliance checklist, attached as Annexure E, should be implemented or adapted, where applicable, to support departmental requirements.



**ANNEXURE A**

**PROCEDURAL FRAMEWORK FOR PAYMENT OF GOODS AND SERVICES**



**ANNEXURE B**

| <b>INTERNAL CONTROL MEASURES</b> |                                    |  |
|----------------------------------|------------------------------------|--|
| 1.                               | Receipt of Invoice.                | <ul style="list-style-type: none"> <li>▪ Date stamp invoice on actual date of receipt of invoice.</li> <li>▪ Compare invoice to quotation, purchase note and goods received note.</li> <li>▪ Verify the following:                             <ul style="list-style-type: none"> <li>▪ The order number is included in the invoice and agrees with the original order number;</li> <li>▪ The invoice is for the goods and services actually ordered and received;</li> <li>▪ The amount of the invoice agrees to the quotation, purchase order and goods received note; and</li> <li>▪ The invoice is for the correct supplier/service provider.</li> </ul> </li> <li>▪ The invoice must be signed/stamped to indicate it was properly verified.</li> <li>▪ Verified invoices must be batched together with all source documents relating to the transaction; i.e. requisition, quotations, purchase orders and contracts; where applicable.</li> <li>▪ All discrepancies must be followed up and resolved with suppliers/service providers within a reasonable timeframe.</li> <li>▪ Invoices may only be paid once the dispute is properly resolved.</li> </ul> |
| 2.                               | Certification of Source Documents. | <ul style="list-style-type: none"> <li>▪ All source documents should be stamped at each stage of the process from acquisition to payment.</li> <li>▪ The documents should be stamped as follows:                             <ul style="list-style-type: none"> <li>▪ <i>“Ordered”</i> after the order was sent to the supplier;</li> <li>▪ <i>“Delivered”</i> after the goods/services have been received;</li> </ul> </li> </ul>   |

|    |                                      |  |
|----|--------------------------------------|--|
|    |                                      | <ul style="list-style-type: none"> <li>▪ <i>“Received”</i> on the actual date of the receipt of the invoice;</li> <li>▪ <i>“Captured”</i> after it has been recorded on BAS;</li> <li>▪ <i>“Paid”</i> once the payment has been processed.</li> <li>▪ The certification process will avoid any duplication in the ordering of goods, capturing of transactions on BAS and payments to suppliers.</li> </ul>  |
| 3. | Submission of documents for Payment. | <ul style="list-style-type: none"> <li>▪ Verified invoices and supporting documents must immediately be submitted to the Finance or designated component for payment approval and processing.</li> <li>▪ Once all invoices are received the delegated official in the designated component must check the following: <ul style="list-style-type: none"> <li>▪ All required source documents are attached; e.g. requisition, quotations, purchase orders and contracts;</li> <li>▪ Amount payable and supplier name is correct; and</li> <li>▪ All approvals are in terms of delegated authority.</li> </ul> </li> <li>▪ The payment must be captured and authorised on BAS within approved thresholds by the delegated authority.</li> <li>▪ Any discrepancies must be returned to the applicable component and resubmitted for payment once reviewed and all applicable criteria is met.</li> <li>▪ Payments must be released by the appointed departmental “MANAGESEL” in accordance with the cashbook balance and remaining payments disbursed in subsequent runs.</li> </ul> |
| 4. | Commitment Register.                 | <ul style="list-style-type: none"> <li>▪ A commitment register must be maintained and updated monthly.</li> <li>▪ Supporting documents must be maintained to support each commitment transaction recorded in the register.</li> <li>▪ An age analysis of all commitments must be conducted at month-end and submitted to the CFO for review purposes, prior to inclusion in the financial statements.</li> </ul>   |
| 5. | Receipt and                          | <ul style="list-style-type: none"> <li>▪ Once the above processes are finalised and the supplier/service</li> </ul>  |

|  |                       |  |
|--|-----------------------|--|
|  | Storage of Documents. | <p>provider has received payment, all invoices together with supporting documents must be sent for batching and stored for safekeeping.</p> <ul style="list-style-type: none"><li>▪ The delegated official in the designated component must check all batches to ensure all source documents are attached and all signatories and delegated approvals are in place.</li><li>▪ All batches must be verified against the BAS Document Control Report and all required processes followed to ensure the validity and authenticity of all documents, prior to numbering and labelling for storage in a secured designated area with access limited to delegated official/s only.</li></ul> |
|--|-----------------------|--|

**ANNEXURE C**

**CERTIFICATION BY RESPONSIBILITY MANAGER**

I certify the following:

- the service is rendered satisfactorily
- goods received according to specification
- all records have been updated including returns and short deliveries
- satisfied with charges and tariffs
- necessary invoices and other documents are attached
- the payee is entitled to the payment

**ITEM:** .....

**SIGNATURE:** ..... **DATE:** .....

**INITIALS AND SURNAME:** .....

**ANNEXURE D**

| NATIONAL INSTRUCTION NOTE NO. 34: EFFECTING PAYMENTS WITHIN 30 DAYS IN TERMS OF TREASURY REGULATION 8.2.3 |                |                  |                |              |                      |                      |              |                |                  |                             |                |
|---|----------------|------------------|----------------|--------------|----------------------|----------------------|--------------|----------------|------------------|-----------------------------|----------------|
| Treasury Regulation 8.2.3 and Instruction Note 34   |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Name of Province</b>   |                |                  |                |              |                      | KwaZulu-Natal        |              |                |                  |                             |                |
| <b>Name of Department</b>   |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Financial Year</b>   |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Month</b>  |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Name of Accounting Officer/Delegated Authority</b>   |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Contact Number</b>   |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Email Address</b>  |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Signature of Accounting Officer/Delegated Authority</b>  |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Total number of invoices paid after 30 days of receipt</b>   |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Total value of invoices paid after 30 days of receipt</b>  |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Total number of invoices older than 30 days not been paid</b>  |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| <b>Total value of invoices older than 30 days not been paid</b>   |                |                  |                |              |                      |                      |              |                |                  |                             |                |
| Number  | Invoice Number | Service Provider | Payment Number | Order Number | Invoice Receipt Date | Invoice Payment Date | Age Analysis | Invoice Amount | Late/Non-Payment | Reason for late/non payment | Remedial steps |
|   |                |                  |                |              |                      |                      |              |                |                  |                             |                |
|   |                |                  |                |              |                      |                      |              |                |                  |                             |                |

**ANNEXURE E**

**COMPLIANCE CHECKLIST: RECORDING AND PAYMENT OF CREDITORS**

| <b>PROCESS</b>                       |  | <b>YES/NO</b> |
|--------------------------------------|--|---------------|
| 1.                                   | Supplier registered on National Treasury Central Supplier Database (CSD).              |               |
| 2.                                   | Funds available to procure goods/services.   |               |
| <b>Procurement of Goods/Services</b> |  |               |
| 3.                                   | Specifications prepared and faxed to suppliers.  |               |
| 4.                                   | Minimum of three quotations obtained.  |               |
| 5.                                   | Supplier selected.   |               |
| 6.                                   | Commitment form prepared.  |               |
| 7.                                   | Details recorded in commitment control register.                                       |               |
| 8.                                   | Order form sent to supplier.   |               |
| <b>Receipt of Goods</b>              |  |               |
| 9.                                   | Delivery note compared with purchase order.  |               |
| 10.                                  | Quantity, quality and description of goods verified.                                   |               |
| 11.                                  | Physical goods compared with goods received note.                                      |               |
| 12.                                  | Goods acknowledged and signed for.   |               |
| 13.                                  | Goods not meeting criteria returned to supplier.                                       |               |
| 14.                                  | Amendments indicated on delivery note, signed and verified by department and supplier. |               |
| <b>Receipt of Invoice</b>            |  |               |
| 15.                                  | Invoice received and date stamped.   |               |

|  |  |  |
|--|--|--|
| 16.  | Invoice verified for correctness.  |  |
| 17.  | Invalid invoices returned to supplier for rectification.                       |  |
| 18.  | Valid invoice stamped as “payment approved”.                                   |  |
| <b>Approval and Authorisation of Expenditure</b> |  |  |
| 19.  | Order final payment form completed.  |  |
| 20.  | Expenditure authorised by delegated authority.                                 |  |
| 21.  | Payment captured and authorised on BAS.  |  |
| 22.  | Payments settled within 30 days of receipt of invoice.                         |  |
| <b>General</b>                                   |  |  |
| 23.  | EBT payment stubs downloaded.  |  |
| 24.  | Documents batched, verified and stored under lock and key.                     |  |
| 25.  | Monthly age analysis and reconciliation.                                       |  |
| 26.  | Monthly statement reconciliation.  |  |
| 27.  | Commitment register maintained and reviewed monthly and at financial year end. |  |
| 28.  | Commitments disclosed in annual financial statements.                          |  |
| 29.  | Reporting requirements.  |  |
| 30.  | Template submitted monthly to Provincial Treasury.                             |  |
|  |  |  |