LIMPOPO

PROVINCIAL GOVERNMENT

REPUBLIC OF SOUTH AFRICA

LIMPOPO PROVINCIAL

TRANSVERSAL FINANCIAL POLICIES

(DEPARTMENTS AND PUBLIC ENTITIES)

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INTRODUCTION

1. INTRODUCTION SECTION

1.1. INTRODUCTION

Due to lack of consistency in treating similar items within the Province, a decision was taken to develop transversal financial policies that must be applied by all Provincial Institutions.

1.2. SCOPE OF APPLICATION

These policies are applicable to all Institutions within Limpopo Provincial Government, including officials whether permanent, temporary, on probation or on contract.

1.3. REVIEW OF POLICIES

The policies will be reviewed as and when the need arise and approval of such review will be sought from EXCO.

1.4. LEGISLATIVE FRAMEWORK

This policy is established in terms of the following Statues and Policies

1.4.1. The Constitution of the Republic of South Africa
1.4.2. Public Finance Management Act, 1999 (Act No. 1 of 1999)
1.4.3. Treasury Regulations, 2005;
1.4.4. The Division of Revenue Act
1.4.5. Control of Access to Public Premises and Vehicles Act, 1985(Act No. 53 of 1985);
1.4.6. National Road Traffic Act, 1996 (Act No. 93 of 1996);
1.4.7. PSCB Resolution Number 3 of 1999, as amended;
1.4.8. Public Service Act, 1994 (Proclamation R103 of 1994);
1.4.9. Public Service Regulations;
1.4.10. Public Service Circulars; and
1.4.11. Tariffs guidelines: Department of Transport;
1.4.12. Information and Communication Technology Act.
1.4.13. GRAP 17 Inventory Management
1.4.14. Practice Note on Disposal NO. 5 of 2007

1.5. GENERAL

1.5.1 All policies outlined in the policy document will be read in conjunction with the introduction section as outlined in pages 4 – 7.

1.5.2 These transversal financial policies supersede any existing similar departmental policies.

1.5.3 Any function allocated in these policies may be delegated in terms of S44 of the PFMA.

1.6 DEFINITIONS

Terminology	Description
Accounting Authority	A body or person mentioned in section 49 of the Act
Accounting Officer	A person mentioned in section 36 of the Act
Act	Public Finance Management Act (Act 1 of 1999) as amended.
Administrative action	Bears the meaning assigned to it in the Promotion of Administrative Justice Act, Act No 3 of 2000
Advance	Money paid to an official prior to undertaking a trip to cover expenses that may be incurred
Asset	Non-current asset acquired and controlled by an institution in the Limpopo Provincial Government.
Asset Register	The asset database that contains all information for individual asset files.
B-BBEE	Broad Based Black Economic Empowerment as defined in Section 1 of the Broad Based Black Economic Empowerment Act, 2003
Biannually	Twice a year.
Bid/tender	Written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive tendering process or proposals as defined in the Preferential Procurement Policy Framework Act and related Regulations as amended;
Bidder	Any natural or legal person who makes an offer in response to a Request for Quotation (RFQ), a Request for Proposal (RFP) or a Request for Bid (RFB)
Biennially	Every second year
Budget	A financial plan that provides guidance regarding the appropriation.
Budget Office	An office within the institution responsible for the consolidation, capturing, monitoring and controlling of the budget.
Budget Committee	A Committee responsible for reviewing the budget and recommending the allocation of the funds received from Provincial Treasury within the institution.
Capitalization	A process whereby expenditure is charged to an asset account rather than to an expense account.
Cash Shortage	Where the actual cash on hand is less than cash recorded per receipts
Cash Surplus	Where the actual cash on hand is more than cash recorded per receipts
Chief Financial Officer	A Chief Financial Officer is an officer who is responsible to assist the Accounting Officer/Accounting Authority in discharging his/her financial management duties.
Cashier	A person who has been appointed by the institution to receive revenue on behalf of the institution.
Checking Officer	A person who has been appointed by the institution to reconcile the total cash on hand with what has been recorded and banked.
Capturer	A person appointed by the institution to capture all returns into the financial system.
Claim	A lawsuit, action, interdict, arbitration, inquest, or dispute and also includes an intended lawsuit, action, interdict, arbitration, inquest or dispute
Contract	Written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein as defined in the General Conditions of Contract
Contract price	Price payable to the supplier under the contract for the full and proper performance of an contractual obligations.as defined in the General Conditions of Contract;
Department	A vote within the Limpopo provincial government.
Depreciation	A systematic reduction in value of an asset over its estimated useful life.
Early payment	When an invoice/claim is paid any time before the prescribed payment period lapses (which is 30 days after receipt in the case of an invoice).
Effectiveness	Doing the right things.

Terminology	Description
Efficiency	Doing things right- (maximizing outputs for any given set of inputs).
Executive Manager	Member of the executive management of an institution or as defined by an institution's policy.
Finance Lease	A lease that transfers risks and rewards incidental to ownership to the lessee without transferring the legal ownership until expiry of the lease term.
Garage parking bay	Parking that is attached to a building structure which makes provision for a roof, irrespective of the material used
Garage parking bay with security gates	Parking that is attached to a building which makes provision for a roof, irrespective of the material used, and equipped with security gates
Gift, Donations and Sponsorship	An item or service given by or received by an institution as a token of appreciation or for assistance in the delivery of an institution's mandate.
Governance Committee	Include members of Boards, other Sub-Committees of Boards, Audit Committee, Risk Committee etc
Grant-in-aid	Funds paid to organisations / institutions for specific purpose.
Head Quarters	Primary place of work
Implementing Agent	Any competent institution or private company which performs certain duties/functions on behalf of an institution.
Institution	Refers to departments, public entities, constitutional institutions and legislatures as defined in section 3 of the Act
Inventory List	A list of assets drawn from the Asset Register used to assign responsibility and location.
Living resources	Are resources that comprise elements that undergo biological transformation
Losses	Any loss or damages or prejudice to the State or a said person, and without derogating from or limiting the concept, also shortages, damages, fruitless or wasteful expenditure and compensations.
Movement of funds	The transfer of funds from one line item to another line item within the same Programme subject to the provisions of Treasury Regulations 6.3.
Non-living resources	Are resources, other than living resources that occur naturally, and are not created or modified by humankind
Obsolete/redundant Asset	Asset which is not useable anymore or has exceeded its expiry date.
Operating Lease	A lease agreement, other than a finance lease, that conveys the right to use an asset for an agreed payment or series of payments
Over Collection	Revenue collected over and above the targeted revenue.
Payroll	The listing of all salary payments to an institution's officials that includes a certificate of authenticity and entitlement of such remuneration by the paymaster.
Parking bay	Means an area allocated for parking purposes and clearly demarcated in compliance with the National Road Traffic Act, 1996 (Act No. 93 of 1996)
Persal	The integrated personnel and salary system currently utilised by Government for the payment of salaries.
Primary Residence	Place where official resides when executing his/her duties at headquarters.
Provincial Revenue Fund	The main account of the province which consists of all cash balances derived from Provincial Treasury's operating, investing and financing activities
Public Entity	An element of Government, which is funded wholly or partly through the Revenue Fund and listed in in terms of Schedule 3C or 3D of the Act.
Public Service	Public Service as defined in the Public Service Act, 1994 as amended
Receivables	Money that is due to an institution and is still to be collected.
Shaded net parking bay	Parking structure with a roof made from net material
Shaded zink parking bay	Parking structure with a roof made from zinc material

Terminology	Description
Transversal term contract	A contract facilitated by a Provincial or National Institution for goods and/or services that are required by two or more institutions, for a defined period, to derive benefits from economies of scale
Triennially	Every third year.
Useful life	The time period over which it is expected that an asset will be used by an institution before it becomes uneconomical to do so.
Paymaster General Account	A bank account into which all revenues received/collected by the Department are deposited.
Pre-payment	When payment is made before receiving the goods or services.
Programme/Branch	A main division within an institution which is separately identified in the appropriation statement.
Programme Manager	An Official who is responsible for the overall activities of the Programme/Branch.
Responsibility Manager	An Official who is responsible for the overall activities of a cost centre.
Revenue	All moneys collected and received by an institution which includes taxes and transfers, non-tax revenue, revenue from investments and revenue from exchange transactions, rentals, sales of goods and services, donations, gifts and sponsorship and any other revenue sources.
Revenue office	An established office that manages revenue within the office of the Chief Financial Officer of an institution.
Sources of Revenue	Items through which revenue is generated.
Sub-Programme Manager	An Official who is responsible for a group of cost centers.
Subsidy payments	Funds paid to organisations/institutions to subsidize their expenditure in pursuance of meeting their approved objectives
Under Collection	Amount collected below the budget or target.
Unserviceable	Damaged asset or an asset which is uneconomical to repair
"Unshaded parking" or "Open air parking" bay	Parking bay without any structure attached
Virement of funds	Ttransfer of funds from one Programme to another Programme within the same vote.
Vote	One of the main sections (Department) into which an Appropriation Act is divided.

Living resources examples

In the public sector, typical living resources are animals and plants held for:

- agricultural activities;
- delivering or the provision of goods and/or services to specific recipients e.g. horses and dogs kept by the police force, defense force and customs;
- recreational purposes e.g. parks and specific demarcated recreational areas;
- research, conservation and other activities undertaken in the public interest, e.g. wildlife parks, zoos and botanical gardens; and/or
- a combination of one or more of the above activities.

Non-living resources examples

Based on the proposed definition of non-living resources, three categories of non-living resources can be identified: (a) minerals, oil and gas, and other non-regenerative natural resources, (b) water, and (c) land.

1.7 ACRONYMS

ABBREVIATION	DESCRIPTION
AA	Accounting Authority
ABH	After Banking Hours
AO	Accounting Officer
CFO	Chief Financial Officer
DICTA	Digital Enhanced Cordless Telephone
DoRA	Division of Revenue Act
DPSA	Department of Public Service Administration
GG	Government Garage
EFT	Electronic Fund Transfer
MTEF	Medium Term Expenditure Framework
PMG	Paymaster General
SLA	Service Level Agreement

APPROVAL OF POLICIES

1. COPY RIGHTS

2. IMPLEMENTATION DATE

These policies come into operation with effect from 01 April 2018.

3. AMENDMENT

These policies may be amended, in writing, by Treasury in consultation with institutions as and when necessary.

4. WITHDRAWAL OF POLICIES

A Policy may be withdrawn, by Provincial Treasury, as and when a need arises.

5. APPROVAL

The transversal financial policies are hereby

RECOMMENDED BY

HEAD OF DEPARTMENT: LIMPOPO PROVINCIAL TREASURY

9/5/2018
DATE

APPROVED BY

MEMBER OF THE EXECUTIVE COUNCIL OF FINANCE

09/05/2018
DATE

SECTION A

BUDGETING POLICY
APRIL 2018

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1. PREAMBLE

a) The objective of the policy is to prescribe procedures for budget management to ensure that the regulations of the Public Finance Management Act of 1999 (hereinafter referred to as "PFMA") are adhered to.

2. PURPOSE

a) To regulate the management, administration and control of an institutions budget to ensure effective, economic and efficient management thereof, in the Province.

3. POLICY PRONOUNCEMENTS

3.1. BUDGET COMMITTEE - ROLES AND RESPONSIBILITIES

a) An Institution must constitute a Budget Committee
b) The Budget Committee should consist of at least Programme Managers / Head of Branches, CFO and Head of Budget Office.
c) Sub-Programme Managers and Responsibility Managers can be invited to Budget Committee meetings.
d) The Budget Committee is responsible for:
   i. Ensuring that the budget is aligned to the Institution's, Provincial and National priorities
   ii. Allocating the budget among programmes
   iii. Identifying additional sources of funds
   iv. Ensuring that the budget office issues relevant budget circulars to facilitate the budgeting process
   v. Ensuring compliance to budget circulars issued by Treasury
   vi. Meeting at least twice a year. Early June for the discussion of the proposed budget bid (before the budget is submitted to Provincial Treasury) and September/October for the budget adjustment.

3.2. GATHERING OF INFORMATION FOR THE PREPARATION OF THE BUDGET

a) The Budget Office must send a budget circular to the Accounting Officer (AO), Chief Financial Officer (CFO), Programme, Sub-Programme- and Responsibility Managers, requesting the Medium Term Expenditure Framework (MTEF) inputs.
b) The Programme Managers must ensure that a detailed activity based costed MTEF budget document is submitted to the Budget Office in terms of the budget circulars issued.
c) The Programme Manager and the Budget Office must review the budget to ensure that the various Programmes are consistent with the Department's three-year medium term expenditure estimates.
d) The Budget Office must review and consolidate all budget inputs from Programme managers for consideration by the Budget Committee.

3.3. APPROVAL AND CAPTURING OF THE BUDGET

3.3.1. APPROVAL OF THE BUDGET

a) The Budget Committee must review the budget to ensure that the budget funds the priorities and objectives of the Department and addresses the priorities of the Limpopo Development Plan.
b) The reviewed budget must be submitted to the Provincial Treasury as per the budget circular in the format prescribed by National Treasury.
c) The Budget Committee must perform the following if funds allocated by Provincial Treasury differ from the funds budgeted for:
   i. re-prioritize objectives of the Programmes
   ii. reallocate the funds to the various Programmes in accordance with the priorities of the Department.

d) The Programme Managers must ensure that the budget is revised in accordance with the Budget Committee's adjusted allocations and send the amended budgets to the Budget Office.
e) The Budget Office should review the adjustments to ensure that they are line with the Budget Committee's allocations.
f) The AO must approve the final budget allocation in writing after consultation with EA

3.3.2. CAPTURING OF THE BUDGET IN THE FINANCIAL SYSTEM

a) The approved budget must be captured in the financial system before the beginning of the financial year.
b) The capturing of the budget into the financial system is the responsibility of each Financial Manager however; amendments to the budget must be limited to the Head Office.
c) The CFO must ensure that the budget has been captured correctly in the financial system.

3.4. IN YEAR MONITORING AND ADJUSTMENT OF THE BUDGET

3.4.1. IN YEAR MONITORING OF THE BUDGET

a) The Budget Office must compare the actual expenditure for the various Programmes to the budget on a monthly basis.
b) Any deviations identified should be discussed and resolved with the relevant Programme Manager.
c) The Programme Managers must submit their monthly expenditure projections to the Budget Office by the 7th of every month.
d) The Programme Manager must, on a monthly basis, identify expenditure that is not going to be incurred during the financial year. The report of funds budgeted for such expenditure must be submitted together with the monthly expenditure projections to the Budget Office for reprioritization or surrender.
e) The CFO must ensure that a monthly expenditure report, as prescribed by the PFMA, is prepared and submitted to Treasury.

3.5. BUDGET ADJUSTMENT

3.5.1. BUDGET ADJUSTMENT – FUNDS FROM PROVINCIAL TREASURY

a) The department must follow the same process as outlined under the ***section "Gathering of information for the preparation of the budget"*** for the preparation of an adjustment budget.
b) The budget must only be adjusted if the conditions specified in Section 31(2) of the PFMA are satisfied.
c) The Budget Committee must review the Departmental priorities and plans if there is any variance between the requested funds and the allocation by Treasury.
d) The Budget Committee's recommendation of the fund allocation must be submitted to the CFO for review.
e) The AO must review the recommendations and approve the adjustment budget in writing.
f) The Budget Office must capture the adjusted budget in the financial system and print a budget report.
g) The CFO must ensure that the adjustment budget has been captured correctly in the financial system.
h) The adjustment budget must be tabled by the MEC for Finance before any appropriations are made to the departments.

3.5.2. BUDGET ADJUSTMENT – TRANSFER OF FUNCTIONS

a) Any transfer of functions between votes must be done with prior approval of the Provincial Treasury and be effected at the beginning of a financial year.
b) In the event of any transfer between votes or entities the budget impact must be properly costed.
c) If there is no agreement between the affected votes on the funds to be transferred the Provincial Treasury will determine the funds to be transferred.
d) The transfer of functions to municipalities must be dealt with in terms of the DoRA and the MFMA

3.6. VIREMENT AND MOVEMENTS OF FUNDS

a) The AO may utilise a saving in the amount appropriated under a main division within a vote towards the defrayment of excess expenditure under another main division within the same vote, subject to the requirements of treasury regulation TR6.3.1.
b) The amount
   i. that may be utilized in a virement may not exceed 8 per cent of the amount appropriated under a main division of a vote and
   ii. should also not exceed 8 per cent of the budget of the receiving main division.
c) Prior approval must be obtained from the AO, or delegated official, for the virement of funds in line with Section 43 of the PFMA.
d) The Programme Manager may move funds to different expenses within his/her Programme
e) The Programme Manager must prepare a movement of funds schedule for the CFO.
f) The Programme Manager must submit the approved movement of funds schedule to the Budget Office to capture in the financial system.
g) The Programme Manager may not move funds for capital projects, donor funding and salaries without the necessary approval from Provincial Treasury.
h) The Accounting Officer must report virements/shifting of funds to the Provincial Treasury within the stipulated time frame in terms of section 31(2)(f) of the PFMA.
i) Apart from the afore mentioned adjustments and in terms of 31(2)(e) of the PFMA, the budget adjustment process can provide for much larger shifting of funds between, and within votes but must be approved by the Legislature as an Adjustment Act.
j) Large shifts must be accompanied by changes to the approved Annual Performance Plans.
k) A further virement of funds up to 8 per cent of the main division within a vote towards the defrayment of excess expenditure under another main division within the same vote is permissible after the finalization of the Adjustment Budget appropriation process, subject to these virements being disclosed in the annual financial statements of the respective department which must be tabled in the Legislature. These virements should also not exceed 8 per cent of the budget of the receiving main division.

3.7. SURRENDERS

a) Unspent funds must be surrendered to provincial treasury after the closure of a financial year (31 May) or any earlier period if requested by Provincial Treasury and prior to any rollover approval.

3.8. ROLLOVER OF FUNDS

a) The Budget Office must request a report of unspent funds of the financial year from the various Programme Managers during the month of April.
b) Programme Managers must submit the unspent funds reports to the CFO detailing the following:
   i. the purpose for which the funds were appropriated,
   ii. the reasons why the funds were not spent,
   iii. whether the funds are required to be rolled over,
   iv. Disbursement schedule indicating the month(s) in which the expenditure is expected to be incurred.

c) The Budget Office must review the unspent funds reports to ensure that funds are not rolled over for more than one financial year. The Budget Office must consolidate these reports and submit it to the Budget Committee
d) The Budget Committee must review the consolidated report to ensure the correctness thereof and submit recommendations to the AO after it has been reviewed by the CFO.
e) The Accounting Officer must, in writing, approve the request for the rollover of funds.
f) The report on rollover of funds must be submitted to Provincial Treasury before the last working day of April in the format determined by National Treasury.
g) The Budget Office must ensure that the following limitations are adhered to regarding the rollover of funds:
    i. ***Payments for capital assets***: unspent funds on payments for capital assets may only be rolled over to finalise projects or asset acquisitions still in progress,
    ii. ***Transfers and subsidies***: savings on transfers and subsidies may not be rolled over for purposes other than originally voted for, and
    iii. ***Current payments***: savings on compensation of employees may not be rolled over. A maximum of five per cent of a department's payments for goods and services may be rolled over.
h) No rollovers will be considered without proof of the surrender of a prior year's unspent funds.

4. AUTHORITY

a) This Policy shall remain the only transversal Budget Management Policy in Limpopo Provincial Government.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate budget management processes within their respective areas of operation.

SECTION B 1
REVENUE MANAGEMENT POLICY
APRIL 2018

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1. PREAMBLE

a) The objective of this policy is to provide guidance to the Limpopo Province to address and judiciously deal with revenue management.

2. PURPOSE

a) To regulate the management, administration and control of an institution's revenue, in order to ensure economic, effective economic and efficient management thereof, in the Province.

3. POLICY PRONOUNCEMENTS

3.1. SEGREGATION OF DUTIES

a) The Accounting Officer/Accounting Authority or staff member duly delegated must ensure adequate segregation of duties in respect of revenue functions.

3.2. CASHIERS

a) The duties of the persons responsible for the collection, receipt safeguarding and depositing of state funds shall be assigned to them in writing by the relevant delegated official as per **Annexure A** of this policy.
b) Any person whose responsibility includes the receipt of state funds shall be responsible for the safe custody of all such funds under his / her control;
c) All cash and cheques must be kept in a locked safe until such time that it is deposited into the institution's or collecting agents authorised bank account;
d) The Cashier's office shall be locked at all times when the official is not physically present in that office.
e) When it becomes necessary for the cashier to be relieved by another person, either temporarily or permanently, a Hand -over Certificate should be completed in full by all parties concerned as per **Annexure C** of this policy.
f) The original shall be kept by the supervisor and a copy by the official taking over the cashier's responsibilities.
g) A cashier should take leave, for a continuous period of not less than ten days, at least once a year. For that period a relief cashier should be appointed in writing.

3.3. SUPERVISORS

a) The supervisors of cashiers must be designated in writing by the Chief Financial Officer or his/her delegate as per **Annexure B** of this policy.
b) The supervisor of the cashier should be at a level higher than that of a cashier.

3.4. PRINCIPAL REVENUE OFFICER

a) Institutions are required to appoint a designated Revenue Officer (Revenue champion) who shall be responsible for the own revenue matters of the institution.

3.5. HANDLING OF FACE VALUE FORMS

a) All face value forms must be registered in a face value revenue stock register.
b) Revenue stock register at Head Office and District offices must be balanced and checked at least once a month by the relevant supervisor.
c) The revenue stock register must indicate the quantity, sequence numbers and details of all face value forms received or issued by the Head Office or District.
d) All revenue stock register must be kept in a locked safe/strong room.
e) All state funds received must immediately be appropriately recorded.
f) All receipts must be batched and captured on a weekly basis, if not daily.
g) All receipts must be accounted for in the institutions ledger account before month end closure of books.

h) On issue of receipts, alterations shall not be made to the name of the payer, the amount in words, the amount in figures and the date of any official receipt and no erasures of any kind shall be permitted.
i) If a receipt is cancelled, the word "CANCELLED" shall be endorsed by means of a rubber stamp or in bold across the face of all copies and stapled together in the receipt books and preserved for audit purposes.
j) A cancelled receipt must be recorded in the Cash Book.
k) Under no circumstances shall more than one original receipt be issued for the same payment.
l) Where the payer loses the original receipt and requires evidence, a certified copy of the book may be given.
m) The cashier should ensure that each receipt identifies the nature of the funds received and is coded and allocated correctly as required by the financial system in use.
n) All revenue received by the institution or collecting agent must be paid daily into the PMG/nominated account, except for amounts less than R500.00 which must be deposited by the last working day of the month.
o) All money above R500.00 collected after banking hours (ABH) must be indicated as such and banked by the next working day.

3.6. REMITTANCE REGISTER

a) A register of remittance through the post (Z94A) shall be kept by the registration office responsible for the receipt and opening of the official mail and information in respect of all moneys (cheques, postal orders, cash, etc.) should be entered in this register.
b) The Register should be handed to the cashier on a daily basis, where he/she shall acknowledge receipt of the cheques, postal orders, cash, etc. with his/her signature. After receipts have been issued, the cashier shall enter the receipt numbers in the register.
c) The cashier's supervisor must check the Remittance Register on a weekly basis to ensure that all the money has been receipted by applying his/her signature and date in the register.

3.7. CROSSING OF BANK GUARANTEED CHEQUES, POSTAL ORDERS, etc.

a) Bank guaranteed cheques, postal orders, other negotiable instruments of payment, except stamps and banknotes received by the cashier shall immediately on receipt thereof be crossed by adding the words "not transferable and not negotiable" between two parallel transverse lines.

3.8. METHODS OF PAYMENTS

a) The following are methods of payment that can be accepted for provincial government for goods and services:
   i. Cash;
   ii. Bank guaranteed cheque;
   iii. Direct deposits (Once confirmed with the relevant Bank)
   iv. Electronic Funds Transfer; and
   v. Credit cards and debit cards (where available).

3.9. CASH SURPLUS AND CASH SHORTAGES

a) All surpluses must be banked and a receipt for the surpluses must be issued in the name of the institution and posted to the revenue allocation.
b) Any shortage discovered must immediately be paid in by the cashier responsible. In cases where the cashier is unable to pay the money, an acknowledgement of debt must be signed and the the money shall be recovered in full from the cashier's next month's salary. If no acknowledgement of the debt is agreed to by the responsible cashier a disciplinary process must be pursued.

3.10. IDENTIFICATION OF NEW SOURCES OF REVENUE

a) The Accounting Officer/Accounting Authority or staff member duly delegated must consider new sources of revenue annually.
b) Any new identified sources of revenue must be submitted to the Provincial Treasury for approval.

3.11. TARIFFS

a) The Accounting Officer/Accounting Authority or staff member duly delegated must annually review all revenue rates / tariffs.
b) The proposed revision of rates / tariffs must be submitted to Provincial Treasury for approval by 30th September each year except those tariffs controlled by a national department or by law.
c) An institution's Chief Financial Officer shall keep a central database of all fees, rates, scales or tariffs that relate to revenue accruing to the institution.

3.12. REFUNDS IN RESPECT OF PREVIOUS FINANCIAL YEAR TRANSACTIONS

a) All refunds must be made by EFT through the institution financial electronic system to the payee's bank account.
b) Refunds must be effected only after obtaining Provincial Treasury approval.
c) A copy of the original receipt relating to the refund or proof of payment must be attached to the refund claim.
d) Proof that the money was transferred into Provincial Revenue Fund must also be attached.

3.13. REVENUE BUDGET

a) Revenue budget estimates shall:
   i. Comply with annual budget guideline issued by Provincial Treasury and
   ii. Be in accordance with a format as may be prescribed by Provincial Treasury which contains at least the following:
      A. estimates of all revenue expected to be raised by variables (base, rate, quantity, etc.) that comprise such revenue; and
      B. be informed by inputs from various line functions in the institution.

b) An institution's Chief Financial Officer must each year before the beginning of the financial year submit in a prescribed format to Provincial Treasury, a breakdown per month of anticipated revenue of that institution for that financial year together with non-financial information.

3.14. REPORTING

a) An institution's Chief Financial Officer shall:
   i. within 15 days of the end of each month submit the following to the Provincial Treasury and the executing authority:
      A. the information in the prescribed format on actual revenue for the preceding month;
      B. a projection of expected revenue collection for the remainder of the current financial year:
      C. an explanation of any material variances and a summary of the steps that are taken to ensure that the projected revenue remain within the set budget
   ii. disclose information on the tariff structure in the annual report, including information on exemption, discounts, free services and any other aspect of material influence/ yield.

3.15. OUTSOURCING OF REVENUE COLLECTION

a) If the Accounting Officer / Accounting Authority or staff member duly delegated intends to appoint an implementing agent for revenue collection he or she must first seek approval for outsourcing of revenue collection from Provincial Treasury.
b) Provincial Treasury should respond within 21 Days from date of receiving the application.
c) After approval has been granted and procurement processes finalised a Service Level Agreement shall be entered into with the implementing agent and a copy thereof filed with Provincial Treasury.

4. AUTHORITY

a) This Policy shall remain the only transversal Revenue Management Policy in Limpopo Provincial Government.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate revenue management processes within their respective areas of operation.

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

ANNEXURE A

Enquiries ------------------------*Tel no:* ------------------------ *Ref:* ------------------------*Date:* ------------------------

Mr. / Ms.____________________________

AUTHORISATION FOR THE RECEIVING, SAFEGUARDING AND DEPOSITING OF STATE MONEY

1. In terms of Treasury Regulation 7.2.1 you are hereby appointed with the duties pertaining the receipt, safeguard and disposal of State Money, including the following:
   1.1 Receiving of cheques via Remittance Register and issuing the necessary receipt on the same day, except where cheques as postdated:
   1.2 Entering postdated cheques into postdated Register and verify whether there are cheques that are not postdated anymore and issue receipt for same.
   1.3 Receiving cash over the counter and immediately issues a receipt:
   1.4 Complete deposits slip with the receipt of the day let the supervisor verify it and bank the money where possible on the same day.
   1.5 Ensure that each receipt is allocated to the applicable SCOA Toning allocation:
   1.6 Capture the receipt on BAS
      1.6.1 Ensure that, receipt, deposit books and registers are safely locked up in a safe or strong if not in use:
      1.6.2 Ensure that the keys of the office and the safe/strong room are always carried on you and never let it lying around.
2. You will also be responsible for safeguarding of the keys of safe/strong room No.__________ as well as keys of any drawers and money boxes inside the safe.
3. You are also appointed with the duties pertaining to petty cash with the following duties **:(Delete paragraph 3 if not applicable)**
   3.1 Safekeeping of Petty cash float and payment of petty cash advances and petty cash claims (petty cash may only be utilized after receipt of the necessary application form, duly signed and authorized according to the provision of the Policy on Petty Cash)
   3.2 Ensuring that the Petty Cash vouchers are allocated to the applicable SCOA allocations.
   3.3 Replenishing petty cash as often as needed to ensure that sufficient cash are always on hand

4. **I understand and agree to give permission that if there is a monthly cash reconciliation shortage, the money will automatically be deducted from my (the cashier) next salary in full if not refunded in cash and the non-compliance will also be reported to the programme manager concerned and CFO for further action.**

. This appointment is effective from____________. Also refer to the duties assigned to you on your job description.

________________________	________________________
(Supervisor's signature)	Cashier's signature
Name: __________________	Name: __________________
Date:____________________	Date:____________________

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

ANNEXURE B

Enquiries: ----------------------------------*Tel no:* -------------------------*Ref:* ------------------------- *Date:* -------------------------
Mr. / Ms.________________________

AUTHORISATION-SUPERVISION OF THE RECEIPT, SAFEGUARDING AND DEPOSITING OF STATE MONEY

1. In terms of Treasury Regulation 7.2.1 you are hereby appointed as the supervisor of the official; responsible for the receipt, safeguarding and depositing of State Money with the following responsibilities:
    - 1.1 Check and sign off Remittance Register at least once a week to verify whether receipts have been issued for all cheques, cash, etc. been received through post.
    - 1.2 Check the daily deposit before been taken to the bank to ensure that the amount of the deposit by signing off the last receipt and deposit slip being issued.
    - 1.3 Check the cash on hand every day to ensure that the value of the receipt issued after banking hours corresponds with the actual cash in hand.
    - 1.4 Check that all receipts have been correctly allocated and captured in to financial systems (BAS)
    - 1.5 Authorise the transactions in the Receipt Control Account (BAS) on a daily basis (day-end –batch) and check that it corresponds with the actual total deposit for that day.
    - 1.6 Check that all cash and receipt books are safely locked up if not in use.
    - 1.7 Check the unused receipt on a regular basis to ensure that receipts are issued in numerical order and not out of sequence.
    - 1.8 Check that the cashier carries the keys of the safe /strong room on his/her person at all times.
2. If the cashier is also responsible for handling petty cash, you will also be responsible:
    - 2.1 To check that the balance of the cash reflected in the petty cash register corresponds with the actual cash in hand on a weekly basis;
    - 2.2 To check that the petty cash is only utilized on receipt of a prescribed Petty Cash Advance/Claim form duly complete, signed and authorized;
    - 2.3 To check that sufficient supporting documents are attached to the Petty Cash Advance/Claim forms;
    - 2.4 To check that petty cash is replenished as often as needed to ensure sufficient cash on hand at all times.
    - 2.5 Authorise all petty cash withdrawals from the petty cash bank account which shall be in the presence of the cashier; and
    - 2.6 Confirm all withdrawals from the petty cash bank account before they are secured in the safe
3. This appointment is effective from ____________Also refer to the duties assigned to you on your job description.

____________________	____________________
(Supervisor's signature)	Cashier's signature
Name: ________________	Name: ________________
Date:__________________	Date:__________________

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

ANNEXURE C

HANDING-OVER CERTIFICATE

Office no.................. Safe/strong room no.......................

The following have been handed over:

Office door keys........................ (quantity) Safe door keys................... (quantity)

State drawer keys...................... (quantity) Other keys...................... (specify)

Unused receipt No..........................to ....

Unused deposit slip No .... to ....

Cash: R ....,.............. Petty Cash: R ....,..........

Other ....

Other ....

Other ....

Handed over by / Third Party*

Name: ....

Signature: ....

Date: ....

Taken Over by

Name: ....

Signature: ....

Date: ....

Supervisor

Name: ....

Signature: ....

Date: ....

Note 1. To be completed in duplicate
Note 2. Original to be kept by supervisor
Note 3. Duplicate to be kept by supervisor taken over
***Delete whatever is not applicable**

SECTION B 2
DEBT MANAGEMENT POLICY
APRIL 2018

TABLE OF CONTENTS

1. PREAMBLE

a) The objective of this policy is to provide guidance on the management of all debts due to an institution.

2. PURPOSE

a) The purpose of this policy is to
   i. provide the framework for the management of debts,
   ii. govern the collection, impairment and write off of debts due to institutions by instituting effective and efficient steps timeously in compliance with prescripts.

3. POLICY PRONOUNCEMENTS

3.1. TYPES OF DEBT

a) Salary related debts which include overpayments of salaries, payments after termination or breach of employment contract, leave without pay, etc.).
b) Overpayment of allowances paid to employees in service as well as costs for private use of official cell phone and data access (3G,4G etc)
c) Losses and damages suffered by the state through the act or omission of an official or any other person where it can be proven that the said person is liable in law;
d) Debts emanating from unauthorised, irregular, fruitless and wasteful expenditures;
e) Breach of contract by an individual or other entity;
f) Erroneous payments or overpayments to service providers;
g) Debt adoption emanating from transfer of employee(s) or function(s) between institutions;
h) Travel and subsistence advances not redeemed;
i) State guarantees honoured due to defaults by employees;
j) Debt in respect of shortfalls on deductions payables to other institutions.
k) Interdepartmental debts; and
l) Any other third party debts.

3.2. CREATION OF A DEBT

a) The Accounting Officer must immediately, on becoming aware of any amount owing to the institution, ensure that the debt is reconciled and confirmed.
b) Once the debt is confirmed the Accounting Officer must ensure that a debt is created in the financial system.
c) Every debt must have its own debt file, which should contain debt agreement forms and all source documents relating to the debt.

3.3. DEBT RECOVERY

a) The debtor must be informed in writing of any amounts owing by him / her to the institution within 30 days of confirming the debt.
b) In case of staff debt, the institution must request the employee to sign an acknowledgement of debt and the debt shall be recovered within 30 days of creation and if not possible, the debtor may request for a reasonable settlement offer and / or timeframe.
c) The Accounting Officer may approve the recovery of amounts owing to the institution in installments at the written request of a debtor, provided:
   i. the conditions of payment are not determined by law, contract or agreement e.g. if there is court order determining the terms of payment,

ii. the debtor presents an income and expenditure statement for review, and if satisfied the Accounting Officer may approve the recovery of the amount in installments,
iii. provisions of any relevant Act or prescripts have been adhered to.
iv. The monthly installment, if a staff debt, does not exceed 25% of net monthly salary, where net salary is defined as gross salary less statutory deductions

d) All money collected must be correctly allocated to the relevant debtors account in the financial system.
e) Efforts must be made to ensure that all debts are collected within set timeframes or where necessary legal action instituted to recover the debts, to avoid prescription.

3.4. OUTSOURCING OF DEBT COLLECTION

a) Where it is economically viable, the Accounting Officer/Accounting Authority or staff member duly delegated may appoint collecting agents to collect debts on behalf of the institution.
b) Appointment of debt collectors shall be done with approval of Provincial Treasury in consultation with the State Attorney.
c) Efforts must be made to ensure that all debts are collected within set time frames to avoid prescription.

3.5. INTEREST ON DEBTS OWING TO THE STATE

a) The Accounting Officer must ensure that interest on debts as categorized in 3.5.3 below is levied at rates determined by the Minister of Finance in terms of section 80(1)(b) of the PFMA.
b) Interest must not be levied on the following categories of debts: -
   i. Staff debts resulting from the service relationship between public servants and the State,
   ii. Debts as a result of overpayment of social and unemployment benefits, and
   iii. State patient debts
c) Interest must be levied on the following categories of debts: -
   i. Debts of former public servants or any other person no longer in the employ of the state,
   ii. Staff debts resulting from fraudulent actions,
   iii. Erroneous payments or overpayments to service providers
   iv. Debts resulting from breach of contract or any delictual claim relating from a contractual relationship.
   v. Debts by any other debtors who are not in the employ of the state.

3.6. PAYMENTS MADE BY DEBTORS

a) The following payment methods may be utilized by debtors to settle their debts: -
   i. Cash;
   ii. Bank guaranteed cheques;
   iii. Electronic funds transfer;
   iv. Credit/debit card facilities where available,
   v. Direct Deposit (once confirmed with the relevant bank)
   vi. Payroll deduction

3.7. REFUND OF CREDIT BALANCES

a) The Accounting Officer may refund a credit balance on a debtor's account, or offset it against other amounts owing to the institution by the same debtor.
b) After the institution has informed the debtor about money received in excess, and the debtor does not claim the excess money for a period of twelve (12) months, the funds in excess will be surrendered to the Provincial .Revenue Fund.

c) Should the debtor come forward after the money has been surrendered to the Provincial Revenue Fund, then the refunds process as outlined in the Provincial Revenue Management Policy should be followed (see paragraph 3.12 of Provincial Revenue Management Policy).
d) For departmental officials where payment was received from an employee's salary, then the BAS debt function should be utilised to generate a refund to the debtor.
e) The refunds of the credit balance are subject to Provincial Treasury approval.

3.8. IMPAIRMENT OF DEBTS

a) At the end of **each** reporting period, institutions should assess whether there is any objective evidence that a financial asset recognised or recorded, in the primary or secondary financial information respectively, is recoverable or not.
b) Institutions must develop a methodology of determining debts that should be impaired.
c) The Accounting Officer / Accounting Authority or staff member duly delegated may approve the impairment of a debt if <u>one or more</u> of the following conditions are met:
    i. it could be proven that all reasonable steps have been taken to recover the debt, but there is no prospect of recovery;
    ii. recovery of the debt would be uneconomical;
    iii. the debt is irrecoverable;
    iv. recovery would cause undue hardship to the debtor or his / her dependents, or it would be to the advantage of the state to effect a settlement of its claim or to waive the claim;
    v. the institution cannot legally prove the claim, e.g. where there is a successful appeal
    vi. it is not possible to collect any substantial amount;
    vii. statutory requirements prevent a debt from being claimed or recovered;
    viii. the debtor has neither assets nor income;
    ix. all reasonable efforts to trace the debtor have failed;
    x. the State's claim against an insolvent estate or an estate that is being administered as insolvent, had been properly proved and the dividend of the creditor was insufficient to meet the debt;
    xi. on account of the weak financial position of an estate, the danger exists that if the debt is proved, a contribution will have to be paid to the estate;
    xii. there is no possibility now or in the foreseeable future of collection;
    xiii. the debtor is no longer a resident in South Africa, there are no apparent means of collecting the debt, and there is no evidence that the debtor has family or business concerns in South Africa that could lead to the debtor returning to South Africa;
    xiv. the debtor is deceased and there is no known estate;
    xv. the assets of the debtor or of the estate of the debtor are indispensable to the debtor's dependents or are of relatively little value or
    xvi. the amount outstanding represents the outstanding balance on the account after payment for the initial service was made, and of which further recovery is deemed to be uneconomical.
    xvii. Any other condition must be approved by Provincial Treasury before the debt is impaired.

3.9. WRITING OFF OF DEBTS

a) The Accounting Officer / Accounting Authority or staff member duly delegated may approve the writing off of debts only if the conditions of impairment as outlined in 3.8.2 above have been met and the institution has realized savings, not underspending, in its budget.
b) Institutions may predetermine their savings at the beginning of the financial year as provision for impaired debts.

3.10. REPORTING

a) All debts written off must be disclosed in the departmental Annual Financial Statements as per the Accounting Framework issued by National Treasury.
b) The Accounting Officer / Accounting Authority or staff member duly delegated must report to Provincial Treasury monthly on or before the 15th, the status on the recovery of outstanding debts as well as measures put in place to ensure that debts are recovered.
c) The debt status report shall be submitted in format as prescribed by Provincial Treasury.

4. AUTHORITY

a) This Policy shall remain the only transversal Debt Management Policy in Limpopo Provincial Government.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate debt management processes within their respective areas of operation.

SECTION C

EXPENDITURE MANAGEMENT POLICY

SECTION C1
SUBSISTENCE AND TRAVEL POLICY
APRIL 2018

Table of Contents

1. PREAMBLE

a) The objective of this policy is:
   i. to establish a clearly defined framework for travelling and subsistence arrangements and expenditure;
   ii. to provide for compensation of an official or non-official who, in the interest of the state, is on official duty away from his/her headquarters within the provisions of the framework as set out in this policy for accommodation and other subsistence expenditure incurred by the official / non-offical during a period of absence; and
   iii. to provide for proper management of travelling arrangements, both foreign and local.

2. PURPOSE AND SCOPE

a) The purpose of this policy is to-
   i. provide guidelines for expenditure on subsistence and travel.
   ii. regulate the management of local and foreign travel; and
   iii. set out parameters within which the Accounting Officer/Accounting Authority or staff member duly delegated may approve subsistence and travel advances.
b) This policy applies to
   i. All permanent, temporary, contracted employees, interview candidates, and other government employees where an employer-employee relationship exists as defined in the Labour Relations Act and other applicable legislation, as amended including members of governance committees.
   ii. Independent contractor(s) or consultant(s) that are required to travel for official government business.

3. POLICY PRONOUNCEMENTS

3.1. BUSINESS TRIP APPLICATION/APPROVAL

a) All International trips should be approved in terms of the Provincial International Relations Policy.
b) Accounting Officer/Accounting Authority or staff member duly delegated must approve all Domestic trips, prior to trips being undertaken.

3.2. TRANSPORTATION

3.2.1. AIR TRAVEL CLASSES FOR DOMESTIC AND INTERNATIONALTRIPS

a) Air travel class for all employees and members of the Governance Committees will be arranged in line with instruction notes that are issued by the relevant Treasury from time to time.
b) The provision above (paragraph 3.2.1 a) is also applicable to non-employees travelling at the expense of the institution.
c) The number of officials undertaking the said official trips should also be in line with Instruction Notes issued by the relevant Treasury.

3.2.2. CAR HIRE AND OTHER FORMS OF TRANSPORTATION

a) In conjunction with air travel, employee's may
   i. use hotel shuttle services;
   ii. use rental vehicles;
   iii. use Uber services;
b) If from the same institution, officials attending the same event may travel in the same vehicle.
c) Limits on types of vehicles to be hired will be outlined in instruction notes issued by the relevant Treasury
d) Additional drivers, if required, should be identified at the time of making a reservation for a rental vehicle.
e) Any extra charges for special requests (special models, colours, personal indemnity insurance, chauffeurs, etc.) are the sole responsibility of the travelling employee and the institution will not be held responsible for such charges.
f) Prior to any trip being undertaken, it shall remain the driver's (employees and/or non-employees) responsibility to check and inspect the vehicle prior to departure from rental premises and record any identified damages on the rental company's receipt forms. Institutions will not be held responsible and accountable for any damages to the vehicle if the driver (prior to

departure) did not check the vehicle. In these cases, the employee will be held liable for any damages claimed by the rental company.

g) All employees and non-employees may use any parking facility at an airport to park both private and or rental vehicles. The actual parking costs may be claimed from the institution.
h) Employee and non-employee drivers are liable for any and all traffic offence fines, institutions may settle any traffic fine on behalf of the driver but must follow recovery procedures to claim the fine amounts from the respective driver (including administration fee from the rental company).

3.2.3. REFUELING OF HIRED VEHICLES

a) A driver (employees and non-employees) may refuel a rental vehicle and claim such amounts from the institution provided proof of refueling expenditure is submitted with the claim..
b) If at the return of the vehicle to the rental company the vehicle is not refueled by the driver the institution must settle the refueling cost with the relevant car hire company and if there is a refueling charge, that costs will be incurred by government
c) Where an advance was approved such expenditure will be offset against the advance granted.

3.2.4. INSURANCE OF HIRED CARS

a) The Institution self-insures vehicles rented for official purposes in South Africa. The driver must decline all waivers offered by the car rental company.
b) Whenever a vehicle is rented in any country outside the Republic of South Africa, the Comprehensive Motor Vehicle Insurance (Collision and Damage Waiver, Theft Waiver and Personal Liability) offered by car rental companies should be accepted.
c) In the event of an accident, the driver must notify the car rental company immediately and report it within twenty-four (24) hours at the nearest Police Station to obtain a case number.
d) The driver must also notify the Institution.
e) The incident report required by the car rental company should be completed within the period specified, failing which the driver may be held responsible for all damage charges.

3.2.5. INDEMNITY

a) Section 40 of the Public Service Act, 1994, Indemnifies the department or any official of the department against claims from unofficial passengers, their spouses, parents or children or any other dependents, with regard to any loss, injuries or damage which may result from the use of Government owned motor transport.

3.3. ACCOMMODATION

3.3.1. HOTEL GRADING DOMESTIC AND INTERNATIONAL TRIPS

a) All employees and members of the Accounting Authority may make use of hotels/accommodation facilities with any tourism grading, subject to price limitations set by the relevant Treasury through Instruction Notes from time to time.
b) Accommodation arrangements should preferably be made through the supply chain management process and a corporate credit card (lodge card) facility may be utilised for sourcing accommodation facilities.
c) Employees may pay hotel accommodation from their own pocket, subject to approval by a delegated official and the amount not exceeding the rate determined by National Treasury. The cost of such accommodation may be claimed by the employee from his/her institution provided the employee submits the supporting invoice, receipt and/or statement and approval,
d) The Accounting Officer/Accounting Authority or staff member duly delegated has the authority to approve a request by an employee who must be accompanied by a non-employee (Infant and Nanny / Care attendants to a traveler with a disability) when undertaking an official trip. This provision is subject to the official submitting compelling reasons why such a request has to be approved.
e) Conditions under which accommodation can be arranged will be outlined in instruction notes issued by the relevant Treasury.

f) It is preferred that accommodation arrangements with regard to travelling abroad be done through the Department of International relations and Liaison or IATA accredited travel agency.
g) The travel agency may be requested to arrange traveler cheques and/or foreign currency.
h) Institutions shall bear the costs of traveling documents and residential permits
i) Institutions will cover additional costs in respect of excess luggage on flights to the maximum of 50% of allowed maximum weight.
j) Institutions will carry all cost related to local transportation, but employees are encouraged to utilise public transport (taxis, shuttle, and trains/tube).

3.3.2. DONOR FUNDED FOREIGN OFFICIAL TRIPS

a) The Accounting Officer/Delegated Authority must submit the detail of all expenses claimed against a donor fund to the relevant Minister/MEC.
b) The information must be included in the annual financial statements in terms of the prescripts regulating approval for the acceptance of gifts/donations and sponsorship (Treasury Regulations 21.2.1).
c) If donors provide a daily allowance to the Traveler equal to or higher than the prescribed allowance, the Traveler shall not receive any allowance from the Institution.
d) If the allowance paid by the donor is lower than the prescribed allowance as per the Subsistence Allowance (Annexure C), the Traveler will receive the difference, unless the Accounting Officer/Accounting Authority or delegated official decides otherwise.
e) In cases where the allowance paid by the donor is only for certain meals, the prescribed allowance per meal and/or a flat rate of fifteen percent (15%) for incidental expenses can be paid by the Institution on approval by the Accounting Officer/Delegated Authority.
f) If accommodation costs are funded by donors, the Institution will not pay for such expenses.
g) If a donor requests that the Institution pays, or that the expenses are only claimed from the donor after the trip, it is the responsibility of the Traveler to:
    i. Obtain proof of this arrangement and contact details in writing from the donor prior to the trip, and to
    ii. Provide proof of expenses (i.e. invoices, receipts, copies of tickets, etc.) to be submitted to the Accounting Officer/Delegated Authority for reconciliation and claiming purposes.

NB. ***All donor funds must be registered as donations to an official and/or the institution as per the requirements of the relevant legislation (Treasury Regulations and the Public Finance Management Act) and the provincial policy on gifts, donations and sponsorship***

3.4. TRAVEL INSURANCE

3.4.1. MEDICAL ASSISTANCE

a) Institutions will take out comprehensive medical insurance for all employees/non-employees undertaking official international trips only.
b) Employees/non-employees will be responsible for their medical expenses while on official domestic trips.
c) Institutions will cover all expenditure relating to compulsory vaccination, medical examinations, for employees / non-employees undertaking official international trips.
d) Should an employee / non-employee die when on official trip (either local or international), the institutions may cover all costs relating to storage and transportation of the corpse to a suitable facility next to primary residence.

3.4.2. BAGGAGE INSURANCE

a) No insurance is offered for baggage on domestic trips as each Institution carries its own risk. Each case of loss or damage to a domestic traveler's baggage will be considered on its own merit by the institution.
b) In the case of damage to or loss of a Traveler's property (excluding vehicles), the Traveler can claim compensation in terms of the Institutional Policy and Procedure on Losses and Claims, if the damage or loss is not covered in terms of an Insurance Policy.

3.5. PENALTY FEES ON CHANGES AND CANCELLATIONS OF FLIGHT TICKET, HOTEL ACCOMMODATION AND CAR RENTAL

a) In the event of any travelling arrangements being cancelled once they have been confirmed, the employee/non-employee concerned should compile a motivation report on the changes and seek approval for the payment of cancellation fees, if any.
b) Should the cancellation occur on the request of the Institution, then the institution will be held accountable for the cancellation fees.
c) Should the cancellation be due to the negligence or request of the employee/non-employee, the employee/non-employee shall be held accountable for the cancellation fee. Due consideration has to be given on the reasons for cancellation by an employee/non-employee before being held accountable in law.
d) Denied boarding compensation should be dealt with as follows:
   i. Travelers are discouraged from volunteering to be bumped off flights for compensation.
   ii. If a Traveler volunteers to be bumped off a flight, the Traveler is extending the travel time for personal reasons and is then personally responsible for all expenses that result from the extended trip.
   iii. Any vouchers for a free ticket should be declared and applied for business purposes.
   iv. Any vouchers for a future free ticket to a Traveler as compensation for delayed flights, when passengers are downgraded or when boarding is denied in spite of confirmed reservations, enforced by the airline, should be declared and applied for business purposes.

3.6. INTERPRETER AND TRANSLATING SERVICES

a) Institutions will cover all costs relating to interpreting and translating services, where necessary.

3.7. FREQUENT GUEST BENEFITS

a) All employees of an Institution to which this policy applies may be registered as frequent guests. Each employee may utilize the benefits relating to this registration for personal use.

3.8. ADVANCES

a) Advances may only be considered for international travel.
b) Such advances must be approved by the Accounting Officer/Accounting Authority or delegated official.

3.8.1. OFFSETTING OF CLAIMS AGAINST ADVANCES

a) A claim to offset the advances must be submitted within seven working days on return from the official trip.
b) Where advances are outstanding for a period longer than 14 days the outstanding amount must be deducted from the official's salary/next claim of the non-employee in the first month after the debt becomes due.
c) The employee/non-employee shall agree to this clause on the application form for the advance.
d) If for some reason or another, a planned trip is cancelled the full amount must be paid back to the institutions within 5 working days of such cancellation.
e) If an employee/non-employee neglects to do so, the amount will be deducted from his/her next salary / next claim of the non-employee.
f) No further advance will be awarded to an employee / non-employee until such time as the previous advance has been paid or fully accounted for.
g) If the advance is more than the claim, the difference shall be deducted from the Traveler's next salary / next claim (in case on non-employee) in one amount or the amount can be refunded in cash by the Traveler.

3.9. ALLOWANCE AND/OR COMPENSATION FOR EXPENSES INSIDE THE REPUBLIC OF SOUTH AFRICA

3.9.1. COMPENSATION DURING PERIODS OF LEAVE

a) If an employee is required to perform official duty of any nature while on leave or outside working hours away from his/her headquarters the subsistence and travel expenses necessarily incurred by him/her during such period on official duty may be compensated to the official by the institution.

3.9.2. COMPENSATION FOR ACTUAL EXPENSES (INCLUDING FOR PERIODS LESS THAN 24 HOURS)

a) If an employee / non-employee undertakes an official journey away from his/her headquarters then reasonable actual meal, refreshment and parking expenses may be paid, on the submission of valid original invoices and /or receipts.
b) When attending an official meeting/function and where beverages; and/or lunches; and/or dinner; are provided by the host or included in the accommodation voucher then no S & T claim may be submitted and / or paid to an employee / non employee for any similar actual meal or refreshment cost incurred during the same period by the employee for refreshments and/or meals so provided/included.
c) Conditions and amounts that may be claimed for actual expenses will be outlined in instruction notes issued by the relevant Treasury.

3.9.3. COMPENSATION FOR PERIODS OF 24 HOURS OR LONGER

a) If an employee undertakes an official journey outside his/her headquarters that lasts for 24 hours or longer then such employee may claim either:
    i. A special daily allowance for incidental expenses (where accommodation and meals are reserved and paid for by government); or
    ii. A fixed daily allowance (where PRIVATE accommodation and meals are arranged and used and <u>NOT</u> paid for by government). Approval to claim the fixed daily allowance should be obtained from the relevant delegated official.
    iii. If parking fees are not charged to the hotel account payable by the travel agent, the official may claim actual parking fees incurred provided a valid original invoice and /or receipt is presented for payment. (also applies when the official journey last less than 24 hours).

3.10. MONTHLY PAYMENT OF SUBSISTENCE CLAIMS

a) All subsistence claims are to be submitted for payment within 7 working days after the relevant claim month.
b) Subsistence claims outstanding for longer than 60 days after the end of the relevant claim month will be forfeited, subject to paragraph c below.
c) Subsistence claims for the period of March (year-end), must be submitted on or before 30 April. Failure to comply may result in the claim being forfeited.

3.11. INTERVIEW AND / OR HEARING COSTS

a) Subsistence and travel costs for candidates attending an institution's interviews or representing an institution in hearings will be paid using the conditions of this policy.

3.12. MONTHLY PAYMENT OF TRAVEL CLAIMS

a) Approval must be obtained prior to undertaking an official trip (approved monthly or weekly plans may be regarded as approval).
b) Travel claims will be calculated on Km's travelled from headquarters to official/business destination and back to headquarters.
c) Travel claims outstanding for longer than 60 days after the end of the relevant claim month will be forfeited, subject to paragraph d below.

d) Travel claims for the period of March (year-end), must be submitted on or before 30 April. Failure to comply may result in the claim being forfeited..
e) The Traveler will be compensated in accordance with the Tariffs for the Use of Motor Transport issued by the Department of Transport.
f) For the period of March (year-end), all claims must be submitted on or before 30 April. Failure to comply may result in the claim being forfeited.

4. AUTHORITY

a) This Policy shall remain the only transversal Subsistence & Travel Policy in Limpopo Provincial Government.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate subsistence & travel processes within their respective areas of operation.

SECTION C2

TELECOMMUNICATION AND RELATED MATTERS POLICY
APRIL 2018

TABLE OF CONTENTS

1. PREAMBLE

a) The objective of this policy is to:
   i. establish clearly defined framework for telecommunication services for efficient and effective service delivery; and
   ii. provide for proper management of telecommunication services facilities.

2. PURPOSE

a) The purpose of this policy is to:
   i. provide guidelines for the acquisition and usage of telecommunication instruments, this will include, but is not limited to, telephones, dicta phones, cellular phones and mobile data cards (3G & 4G, etc) to be used for official purposes;
   ii. provide a regulatory framework to manage the utilization of the identified telecommunication instruments and
   iii. outline application procedures to be followed by all applicants who qualify to be allocated official telecommunication facilities.

3. POLICY PRONOUNCEMENTS

3.1. QUALIFICATION FOR ALLOCATION OF COMMUNICATION INSTRUMENT (EXCLUDING LANDLINES)

a) Qualification for allocation of a communication instrument is not only dependent on an employee's rank or status but will also be based on the nature of their work and responsibilities
b) The employer reserves the right to withdraw an allocated communication instrument, should the employee's nature of work changes even when the contract period has not expired.
c) All employees must complete **Annexure A or B** of this policy or can document a submission in line with **Annexure A or B** of this policy when applying for allocation of a communication instrument.
d) All employees issued with an official cellular phone or being reimbursed for cellular phone costs are expected to be contactable/available at all reasonable times.

3.2. CELLULAR PHONES AND MOBILE DATA MODEM (3G & 4G etc)

3.2.1. PROCESS FOR ALLOCATION OF A CELLULAR PHONE AND/OR MOBILE DATA CARD/MODEM:

a) Institutions may conclude cellular phone and mobile data card/modem contracts for employees or employees may acquire their own contracts on a split billing basis.
b) Institutions must choose either of the two options outlined above, subject to limits as outlined in section 3.2.6
c) The Accounting Officer/Accounting Authority or staff member duly delegated may pre-approve the usage of a private cellular phone and/or mobile data card/modem while the employee is awaiting an official cellular phone and/or mobile data card/modem, subject to the limits as set in paragraph 3.2.6
d) The Accounting Officer/Accounting Authority or staff member duly delegated may provide pool cellular phones and/or mobile data card/modems to officials whose nature of work does not entail regular travelling. The limits to be allocated to pool phones and/or mobile data card/modems will be at the discretion of the Accounting Officer/Accounting Authority or staff member duly delegated.
e) Consultants, temporary employees and part time workers must provide their own cellular phones and/or mobile data card/modems.

3.2.2. CONDITIONS APPLICABLE TO WHEN THE INSTITUTIONS CONCLUDES THE CELLULAR PHONE AND/OR MOBILE DATA CARD/MODEM CONTRACTS

a) If a user terminates his/her employment before the expiry of the cellular phone and/or mobile data card/modem contract, the user will surrender the cellular phone and/or mobile data card/modem to the relevant unit or negotiate with the Accounting Officer/Accounting Authority or staff member duly delegated to take over the contract and retain the cellular phone and/or mobile data card/modem.
b) Institutions must instruct their mobile service provider to soft lock a cellular phone and/or mobile data card/modem once the set limit is reached (Not necessary for split billing option).
c) Depending on the billing system, such soft lock may only be released by the service provider with the prior approval by the Accounting Officer/Accounting Authority or staff member duly delegated.
d) Institutions may replace or upgrade each cellular phone and/or mobile data card/modem after the period agreed to with the service provider. In cases of replacement or upgrade the employee may retain the previous cellular phone and/or mobile data card/modem gadgets.

3.2.3. INTERNATIONAL ROAMING

a) International roaming must be approved by the Accounting Officer/Accounting Authority or staff member duly delegated for all international official travel.
b) In a case where an official undertakes a private international trip and has to be accessible to the institution during the said period the official must obtain approval for international roaming from Accounting Officer/Accounting Authority or staff member duly delegated.
c) Employees who provide their own contract will be reimbursed reasonable actual costs incurred during the approved roaming period.
d) Employee's using an institutions contracts must obtain approval from the Accounting Officer/Accounting Authority or staff member duly delegated for temporary removal of the soft locking facility during the roaming period. Any excessive private calls will be recovered from the employee.

3.2.4. CONTRACT MAINTENANCE AND BILLS

a) Where a cellular phone or mobile data card/modem contract is not on a National/Provincial Transversal Contract, Institutions will pay the cost for subscription fees, itemized billing, insurance and air time costs as per limits approved for each user.
b) Where a cellular phone or mobile data card/modem contract is on a National/Provincial Transversal Contract, bills will be paid as per contract agreement.

3.2.5. MISCELLANEOUS

a) The Accounting Officer/Accounting Authority or staff member duly delegated may at her/his discretion; withdraw the approval for a cellular phone and/or mobile data card/modem if he / she is of the opinion that the duties of the employee no longer require the use of a celularl phone and/or mobile data card/modem as a tool or work facility.
b) Employees issued with official cellular phone and/or mobile data card/modem are expected to ensure the safe keeping of the cellular phone and/or mobile data card/modem at all times.
c) In the event where a cellular phone and/or mobile data card/modem is lost or stolen, the following procedure should be followed:
   i. The matter should be reported to the nearest police station within 48 hours.
   ii. A detailed report with a police case number should be submitted to the relevant unit in the institution to consider replacing the cellular phone and/or mobile data card/modem and to communicate with the service provider to stop the lost cellular phone and/or mobile data card/modem.
   iii. The institution must initiate an investigation to determine if the employee was negligent and is liable in law
d) If it is established that the official who lost or damaged the cellular phone and/or mobile data card/modem is liable in law for the lost, stolen or damaged cellular phone and/or mobile data card/modem, the institution must obtain an

acknowledgement of debt from the employee for the replacement and other related costs in order for the costs to be recovered from such a user.

e) If it is established that an employee is not liable in law, the institution may replace the cellular phone and/or mobile data card/modem, subject to the approval by the Accounting Officer/Accounting Authority or staff member duly delegated

3.2.6. 3CELLPHONES AND/OR MOBILE DATA CARD/MODEM LIMITS

a) Employees who by the nature of their job qualify for the allocation of cellular phone and/or mobile data card/modem instruments, will be allocated such instruments subject to cost package limitations set by the relevant Treasury through Instruction Notes from time to time.

b) The adjustment (increase or decrease) of the stated limits will be based on the nature of the employee's work **and** is subject to the approval of the Accounting Officer/Accounting Authority or staff member duly delegated. It remains the prerogative of the Accounting Officer/Accounting Authority or staff member duly delegated to adjust (increase or decrease) the above stated limits for reasons deemed necessary by the Accounting Officer/Accounting Authority or staff member duly delegated.

c) The Accounting Officer/Accounting Authority or staff member duly delegated will determine the limit to be allocated to officials acting in other positions which may require different limits.

d) The Accounting Officer/Accounting Authority or staff member duly delegated shall as and when approving increase adjustments submit a report with reasons for the increase to Provincial Treasury.

3.3. LANDLINES AND DICTAPHONES

3.3.1. LANDLINES LIMITS

a) Land line call limits will be regulated in terms of an instruction note issued by Provincial Treasury.

3.4. EXCLUSIONS

a) At no point can an employee be in possession of three contracts, meaning having access to a cellular phone, mobile data card/modem and a tablet as modes of communication.

b) The provisions of paragraph 3.4.a will also apply to circumstances where an employee utilizes his/her private instruments and claims back from the employer. The employer will only allow the employee to claim back for two instruments.

c) If a tablet is provided to an official as a working tool, the contract thereof will be subjected to limits for a mobile data card/modem as outlined in paragraph 3.2.6.

3.5. MONTHLY PAYMENT OF CELLULAR PHONE AND/OR MOBILE DATA CARD/MODEM CLAIMS (PRIVATE CONTRACT)

a) All private claims are to be submitted for payment within 7 working days after the end of the relevant claim month.

b) Cellular and/or mobile data card/modem claims outstanding for longer than 60 days after the end of the relevant claim month will be forfeited, subject to paragraph c below

c) Cellular and/or mobile data card/modem claims for the period of March (year-end), must be submitted on or before 30 April. Failure to comply may result in the claim being forfeited.

4. AUTHORITY

a) This Policy shall remain the only Transversal Telephone and Cellular phone policy in Limpopo Provincial Government.

b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate telephone and cellular phone processes within their respective areas of operation.

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

ANNEXURE A

APPLICATION FOR CELLULAR PHONE

Surname: ____

Name in full: ____________________________________

Designation: ________________ **Persal/Work No.** ________________

Office: ____

Preferred Service Provider: ______________________________

(a) Reason for need for allocation of a cellular phone

____

____

____

____

(b) The necessity that the user be available and continually be in contact with the office, supervisor and stakeholders.

____

____

____

(c) Why the cellular phone is considered the most economic instrument.

____

____

____

Signature of Applicant ________________________________

Date: ____________________________________

I certify that it is absolutely essential and in the interest of the State that the following persons must have a cellular phone, in the strict adherence to the policy.

Name: ______________________Rank: ________________Persal/Work Number________
I have considered the application and:-
Recommend/does not recommend the application

Comments:____

____

Signature ___________: Responsible Manager: ________________________ Date: __________
Application:____

____

Approved/not approved

________________________________ ______________

ACCOUNTING OFFICER/ACCOUNTING AUTHORITY **DATE**

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

ANNEXURE B

APPLICATION FOR ACCESS TO MOBILE BROADBAND

4.1.1.1.1 Surname: ______________________________

Name in full: ______________________________

Designation______________________________Persal/Work No.________________

Office: ______________________________

Preferred Service Provider: ______________________________

(a) Reason for need for allocation of access to mobile broadband

____

____

(b) The necessity that the user be available and continually be in contact with the office for email and internet facilities.

____

____

(c) Why the use of mobile broadband is considered the most economic instrument.

____

____

Signature of Applicant: ______________________________
Date: ______________________________

I certify that it is absolutely essential and in the interest of the State that the following persons must have access to mobile broadband 3G data card, in the strict adherence to the policy.
Name:______________________Rank____________________Persal/Work Number________________
I have considered the application and:-
Recommend/does not recommend the application
Comments:______________________________

____

Signature: ____________________Responsible Manager: ________________Date:__________

Application:

Approved/not approved

______________________________ ____________

ACCOUNTING OFFICER/ACCOUNTING AUTHORITY **DATE**

SECTION C3

PAYMENT POLICY
APRIL 2018

TABLE OF CONTENTS

1. PREAMBLE

a) The objective of this policy is to establish an efficient system in the management of payments in the Provincial Government.

2. PURPOSE

a) To regulate and set the framework for making payments

3. POLICY PRONOUNCEMENTS

3.1. REQUIREMENTS IN RESPECT OF PAYMENTS

a) Payments from voted moneys shall be made only in respect of –

i. Any authorized transfer payment;
ii. Services rendered to the institution or goods received by the institution;
iii. Amounts payable in terms of any law;
iv. Performance of a contractual obligation;
v. Execution of a judgment of a court of law;
vi. Authorized advance;
vii. Expenditure that can be met within the available funds; and
viii. Expenditure which strictly conforms to the purpose voted for.

b) No payment is made before it is due unless specifically provided for in a particular contract or approved by the Accounting Officer/Accounting Authority or appropriately delegated official.
c) A progress or part payment in respect of goods delivered and/ or services rendered must be made in terms of a contract.
d) Accounting Officer/Accounting Authority are required to have in place systems (processes and procedures) that will enable the tracking of each invoice received from the various service providers.
e) The system referred to in paragraph d above may either be manual or electronic in nature and such a system must also be able to track progress with the processing of each invoice.

3.2. PAYMENTS AND/ OR VOUCHERS

a) Unless an authority specifies some other date, or from the nature of the authority it appears otherwise, the date of such authority shall be the date on which expenditure may commence or be incurred. Unless explicitly stated therein, authorities for expenditure shall not have retrospective effect.
b) Authorities for payments, unless renewed, automatically lapse on the last day of a financial year to which they refer.
c) Authorities for recurrent services or payments due in terms of a law, regulation or contract shall be regarded as renewed by the general authority of an appropriation act.
d) In all cases where authority for payment is required and granted the relevant voucher shall contain reference to such authority.
e) Only written approval granted in terms of the financial and procurement delegations to incur a financial liability shall be accepted.

3.3. METHOD OF DEALING WITH PAYMENTS AND VOUCHERS

a) Relevant finance responsible officials must ensure that invoices are received, certified and captured for payment immediately after the services have been received.
b) Every institution must determine a central point for the finance section to receive invoices.
c) All officials certifying claims must ensure that such claims have not previously been paid.
d) All valid claims/invoices received, should be settled within 30 days of receipt. Monthly accounts and statements of outstanding balances shall be checked with the records of the institution and any for discrepancy found, the matter shall be taken up in writing with the concerned supplier.

e) Prior to a payment being made the person checking the voucher for payment shall ensure validity of the document.
f) The Chief Financial Officer must ensure that proper segregation of duties relating to the approval and processing of payments is in place.
g) Certificates in support of vouchers shall be given only by officials who have actual knowledge of the services or goods supplied.
h) Cases where certificates result in irregular, unauthorized, fruitless or wasteful expenditure will be dealt with in terms of Treasury prescripts.
i) An initial or progress payment in terms of a contract shall not be considered an advance payment but shall be brought into account as a direct charge
j) Payments for supplies or services or work done under contract shall be supported by certificates authorized by officials to the effect that such payments are in accordance with the terms of the contract and that work to the value of the amount to be paid has been properly performed.
k) Where the services of professional consultants are used to supervise work given out on contract, a certificate that a progress payment has become due under the contract may be accepted from such consultants for the purpose of payment.
l) Payments may only be made to claimants to whom they are due or to their duly authorized representatives. Paying officials shall satisfy themselves that the representatives concerned are duly authorized by power of attorney or other proper authority to receive such payments.
m) If an error or overcharge is made on an invoice or claim or if such invoice or claim contains an item which is not acceptable as a charge against departmental monies, or if a payment voucher differs from the account submitted, the suppliers must be notified and requested in writing to effect the necessary changes without the invoice or claim being processed.
n) Any overpayment shall immediately be brought to the attention of the delegated official. The supervisor of the applicable section should investigate the circumstances for such an overpayment and implement corrective steps.
o) Recovery of overpayments shall be dealt with in terms of the policy on debt management.

3.4. OFFICIAL ORDER FORM

a) The Accounting Officer or duly delegated official must appoint officials in writing to sign official order forms issued for the procurement of goods and services. Officials so appointed shall satisfy themselves that the order is according to contract or that exemption has been obtained from the Bid Committee, Treasury where applicable or any other approval has been obtained and that the details are endorsed on the order form.
b) Where a service is rendered regularly in terms of a standing contract or where a continuing service such as the supply of water and electricity is provided by a local authority, order forms are not required. In such cases suitable institutional records shall be kept to avoid double payments.
c) When supplies or services are urgently required and are ordered by fax, telephone etc. the order number shall be given to the supplier. The official order form shall then be forwarded to the supplier as soon as possible after the order has been placed.
d) Where an official order has not been issued due to emergency situations, an approval from the Accounting Officer/ Accounting Authority or staff member duly delegated should be obtained for an official order to be issued.

3.5. ELECTRONIC PAYMENTS

a) Accounting Officers/Accounting Authority or staff member duly delegated must assign authority in writing to officials to approve electronic payments.
b) All payments must be effected electronically. Electronic fund transfers shall be authorized as prescribed by the relevant financial institution and Provincial Treasury.

3.6. DATE OF PAYMENT

a) The date of payment is the date of charge, and shall be strictly observed.
b) All payments made, shall be accounted for by Institutions in the financial year in which the payments were made

4. AUTHORITY

a) This Policy shall remain the only transversal Payments Policy in Limpopo Provincial Government.
b) Institution shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate payment processes within their respective areas of operation.

SECTION C4

PAYROLL MANAGEMENT POLICY
APRIL 2018

TABLE OF CONTENTS

1. PREAMBLE

a) The objective of this policy is to guide management of payrolls to ensure that salary payments are made to legitimate employees.
b) This is imperative in view of the following:

   i. the value of payroll transactions constitutes a significant portion of the institutions budget;
   ii. payroll control is critical in the prevention and detection of fraud and corruption.
   iii. payroll control minimizes the risk of losses through irrecoverable overpaid salaries and/or supplementary payments.

2. PURPOSE

a) The purpose of this policy is to regulate the, administration and control of payroll to ensure effective, economic and efficient management thereof, in the Provincial Institutions.

3. POLICY PRONOUNCEMENTS

3.1. APPOINTMENT OF PAYMASTERS

a) The Accounting Officer/Accounting Authority or staff member duly delegated must appoint the Pay Masters in writing.
b) Paymasters must familiarize themselves with the relevant statutory requirements and institution's responsibilities.
c) The duly appointed pay masters must accept such appointment in writing.

3.2. RESPONSIBILITY FOR THE MANAGEMENT OF PAYROLL

a) Payroll must be distributed to paymaster at least five days before pay date.
b) For all employees, the pay masters at the respective pay-points must certify that all employees listed on the payroll report are entitled to payment.
c) Within ten days of being certified, the payroll report must be returned to the Chief Financial Officer. The Accounting Officer/Accounting Authority or staff member duly delegated must ensure that all pay-point certificates have been received on a monthly basis.

3.3. PAYMENT METHODS

a) All payroll payments shall be paid through electronic transfer, except if a payroll cheque is required for,
   i. Payroll audits/ verification.
   ii. First payment of a contract and/or temporary employees, subject to Provincial Treasury approval.
   iii. Special programmes as approved by the Accounting Officer/ Accounting Authority or staff member duly delegated

3.4. SALARY DEDUCTIONS

a) Before a benefit, collective agreement, state or statutory deduction is processed on a salary system, the Accounting Officer/Accounting Authority or staff member duly delegated must certify that the deduction is due and that no portion of it is a discretionary deduction.

b) Where such certification is for an emoluments attachment order issued against an official in terms of section 65J of the Magistrates' Court Act (Act 32 of 1944), the accounting officer must be satisfied that –

   i. the documentation presented by the judgment creditor or his or her attorney inter alia reflects, as contemplated in this Act, that the official –

      A) has given written consent to the issuing of the order or that a court has authorised it (on application or otherwise), and that this authorisation has not been suspended; or

B) has first been sent a registered letter advising him or her of the amount of the judgment debt and costs, and warning that an emoluments attachment order will be issued if this amount is not paid within ten days of the date of its posting;

ii. after the deduction, the official will have sufficient means for maintenance for him or herself and any dependents.

c) Should the deduction not leave the official with sufficient means for maintenance or for that of his or her dependents, the Accounting Officer/Accounting Authority or staff member duly delegated must advise the official of his or her right to approach the court to either rescind the order or amend it to affect only the balance of the salary after provision for such maintenance.

3.5. PAYROLL PAYMENTS AFTER TERMINATION OF SERVICE (DEPARTMENTS)

a) It is normal to effect a payment to an employee after his/her services were terminated.
b) These payments are generally for leave discounting, pro rata service bonus in cases of retirement or death and claims for overtime worked, or fuel claims for the months preceding the termination.
c) These payments accrue to the unprinted IRP 5 during the course of a tax year.
d) However, if the termination (retirement or death) is near the end of a tax year (January or February) an open IRP 5 is not created for the next tax year.
e) PERSAL system is unable to process the payment if there is no unprinted IRP 5 to which the payments could accrue.
f) In these extraordinary cases the payment of the employment income should be paid using BAS and the statutory deductions reconciled and be recorded.

3.6. CALCULATION OF AMOUNT OF TAX OWED FOR PAYMENTS AFTER TERMINATION OF SERVICE

a) The department should calculate the amount of tax owed for the income to be paid and implement two payments.
b) One payment to the beneficiary less the tax owed to SARS and any other third party and the other payments directly to SARS and or other third party for the amount of tax or other third party amount which was deducted respectively.
c) This step is followed by the adjustment of the last IRP 5, and the employer submits an additional EMP201 on SARS eFiling using a new PRN (payment reference number) and makes the second payment (calculated tax) to SARS using the new PRN.

3.7. MANAGEMENT REPORTING

a) A monthly certificate confirming that Treasury Regulations 8.3.4 and 8.3.5 have been complied with, shall be issued by the Chief Financial Officer, to the Accounting Officer/Accounting Authority or staff member duly delegated together with, any management information concerning the status of all outstanding payrolls.

4. AUTHORITY

a) This Policy shall remain the only transversal Payroll Policy in Limpopo Provincial Government.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate payment processes within their respective areas of operation.

SECTION C5

PETTY CASH POLICY
APRIL 2018

Table of Contents

1. PREAMBLE

a) The objective of this policy is to establish a clearly defined framework for management of petty cash activities.

2. PURPOSE

a) The purpose of this policy is to-
   i. provide guidelines for implementation and maintenance of a petty cash facility; and
   ii. outline the parameters in which a petty cash facility can be utilised.

3. POLICY PRONOUNCEMENTS

3.1. DEFINITION

a) Petty Cash is an amount of money kept to purchase urgently needed small value items that could or may not be purchased through the normal procurement process.
b) The facility does not intend to bypass the normal purchasing procedures, but to enable the purchasing of small value items that are urgently needed.

3.2. SITUATIONS WHERE PETTY CASH FACILITY CAN BE UTILISED

a) Purchases out of petty cash are intended for
   i. Low value non-store items.(Non-store items are items that are normally not kept in stores).
   ii. Exceptional cases where the store items are temporarily out of stock in the store and are required immediately, provided the relevant store manager confirms unavailability of the required items.

3.3. PETTY CASH FACILITY

a) Every institution where a need exists to make use of a petty cash facility must apply through the Accounting Officer or delegated official to Provincial Treasury to request approval for such a facility.
b) The petty cash application, should outline all institutions in the Department / Public Entity, that require such a petty cash facility and the petty cash float per institution, limited to R5000 per institution.
c) Where a need arises to increase/decrease petty cash float for an approved institution, the Department / Public Entity must submit a written request to Provincial Treasury, together with copies of the petty cash register for the past three months.
d) Provincial Treasury will consider all applications for a new or amended petty cash float and advise the relevant institution's Accounting Officer, in writing, on the outcome of the decision.

3.4. ASSIGNMENTS OF PETTY CASH RESPONSIBILITIES

a) The duties of handling petty cash must be entrusted to a designated official in writing by the Accounting Officer or delegated official. He/ She will be known as the petty cash officer. (**See Annexure A of this policy for such an appointment letter**)
b) Every office where petty cash facility is available, shall appoint an official to be the guardian /supervisor of the petty cash officer referred to in paragraph "a" above.
c) The guardian/supervisor shall be appointed in writing by the Accounting Officer or delegated official. (**See Annexure B of this policy for such an appointment letter**).

3.5. RELIEVING OF THE PETTY CASH OFFICER

a) When it becomes necessary for the petty cash officer to be relieved by another person, either temporarily or permanently, a Handing-over Certificate (**See Annexure C of Revenue Management Policy**) should be completed in full by all parties concerned.

b) The original Handing-over Certificate shall be kept by the supervisor and the copy by the official taking over the petty cash responsibilities.
c) The petty cash officer should take leave at least once a year for a period not less than ten days at a time. For that period a relieve petty cash officer should be appointed.

3.6. SAFE-KEEPING OF PETTY CASH

a) Petty cash must be kept in a safe, apart from other state monies, but not necessarily in a separate safe.
b) If more than one officials share a single safe, adequate measures must be in place to ensure that only the official managing petty cash has access to the petty cash monies and vice versa (e.g. use of separate lockable safe drawers or cash boxes).

3.7. PAYMENTS OUT OF PETTY CASH

a) The maximum amount to be paid from petty cash is limited to the approved limit per office (e.g. If the approved limit of petty cash is R2 000 for the office, then the maximum limit set per transaction would be R2 000).
b) At no stage will an office be allowed to procure above the approved limit of petty cash per transaction.
c) An advance or payment from petty cash can only be made on a submission of a fully completed and duly signed Petty Cash Application form **(See Annexure C of this policy for petty cash application (advance/claim) form)**.
d) The approval to access petty cash funds should be authorized by an official duly delegated as per office delegations.
e) Officials authorizing in an acting capacity /position must forward a copy of their letter of appointment together with the specimen of his/her signature to the petty cash office.
f) Applicants must personally collect petty cash advance by submitting the necessary application form and presenting proof of identity, (e.g. departmental or public entity identity card or ID document) and acknowledge receipt of the money by signing **Part B** of the petty cash application form.
g) As soon as possible (but within 2 working days) after receiving the petty cash advance, the applicant should submit an original legitimate proof of purchase document (an invoice/the cash slip/till slip reflecting name of supplier) which must properly substantiate the purchased items.
h) The remainder or change from petty cash funds issued, shall be returned to the petty cash officer together with proof of purchase and will be documented in **PART C** of the petty cash application form.
i) If for any valid reason, the official who requested petty cash funds is unable to submit petty cash returns within two days to the petty cash officer, he/she will need to communicate the reasons in writing.
j) Failure to adhere to paragraph "i" above, will result in the full amount of the advance being deducted from the applicant's next salary without any further communication/ notification.
k) The non-submission of the supporting document and the unutilized advance balance should be reported to the relevant Programme Manager and CFO immediately.
l) In urgent or emergency situations, officials can procure items using their own funds subject to approval by the duly delegated officials and completion and approval of all required petty cash forms (Same requirements outlined in paragraph 3.8.)

3.8. PAYMENT RESTRICTION

a) The following **may not be paid /procured from**, petty cash facility:
    i. All items classified as standard consumables items, store items (Class A), which includes most stationery items, except if such items are urgently needed and are not available in store, or not kept in stock, the application form should be countersigned by the Store Officer to indicate that items may indeed be procured through petty cash.
    ii. Cheques (Private and official) may not be cashed from petty cash;
    iii. Transport and Subsistence advances or claims;
    iv. Purchasing of any office or other equipment that could be classified as assets. All assets should be procured through the normal procurement systems and not by petty cash, even if the value of the item is less than petty cash limit. The asset manager should be approached in case of doubt whether an item would be considered as an asset or not;
    v. Salaries/wages;

vi. Gifts, donations and sponsorships;
vii. Membership fees;
viii. Entertainment;

b) Officials utilizing their own cash to purchase goods instead of using petty cash must obtain authority in advance from their responsible manager. After obtaining the goods, petty cash claim form should be completed with a note and signature of the responsible manager indicating that prior approval has been obtained and submitted to petty cash officer who will replenish an amount to the applicant on completion and approval of all relevant petty cash forms; and
c) Petty Cash may under no circumstances be used for non-official purposes and also not for purposes other than what the approval was granted for. Any unauthorised purchases will be deducted from a responsible official salary.
d) Deviation from all of the above conditions must be investigated to determine the cause, if necessary possible disciplinary action may be considered against the responsible official.

3.9. ELECTRONIC PETTY CASH REGISTER

a) The Petty Cash Officer must keep an electronic register to enter all petty cash advances, payment and replenishment, in transaction date sequences. See Attached **Annexure D** of this policy for an example
b) The register must be completed on a continuous basis to enable the supervisor to check and verify the cash on hand at any moment as described in the Guide for the completion of the Petty Cash Register,
c) Any shortage must immediately be made good by the Petty Cash Officer or will be recovered from his/her next salary and possible disciplinary actions should be considered.
d) Any surplus cash should be surrendered to the Cashier who will issue an official receipt and deposit the amount onto the **Paymaster General Account**.

3.10. PETTY CASH SUPERVISION

a) The official appointed as supervisor of the Petty Cash Officer shall:
   i. check and reconcile the petty cash facility at least weekly or as often as replenishments are made;
   ii. verifying that the value of cash withdrawals from the bank is less than any payments made;
   iii. verify and reconcile that the approved cash amount (float) agrees to the cash on hand plus the petty cash payment voucher forms and countersign the petty cash register;
   iv. verify that payment vouchers have valid supporting documents and that they are correctly allocated;
   v. authorise all petty cash withdrawals from the petty cash bank account which shall be in the presence of the cashier; and
   vi. confirm all withdrawals from the petty cash bank account before they are secured in the safe.

3.11. REPLENISHING PETTY CASH

a) Petty Cash can be replenished twice a month, for departments the replenishment should be in line with Basic Accounting System (BAS) payment runs.
b) Replenishment should be made through sundry Payment Advice Form which is made payable to the entity
c) All the Petty application forms which at specific moment have been signed off in terms of Part C of the petty cash expenditure voucher form must form part of the payment advice.
d) If replenishment is required more than twice a month, consideration should be given to increase the float (approved petty cash amount) as prescribed in paragraph 3.3.c) above.
e) At year end, the replenishment should be made as close as possible to the end of the month (31 March) to ensure that all expenditure is reflected in the books of the institution for that year

4. AUTHORITY

a. This Policy shall remain the only Transversal Petty Cash Policy in Limpopo Provincial Government.
b. Institutions shall formulate Procedure Manuals to give effect to the provisions of this Policy.

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

ANNEXURE A

Enquiries ------------------------*Tel no:* ------------------------ *Ref:* ------------------------*Date:* ------------------------

Mr. / Ms.___________________________

AUTHORISATION FOR THE RECEIVING, SAFEGUARDING AND DEPOSITING OF STATE MONEY AND PETTY CASH

1. In terms of Treasury Regulation 7.2.1 you are hereby appointed with the duties pertaining the receipt, safeguard and disposal of State Money, including the following:
   - 1.1 Receiving of cheques via Remittance Register and issuing the necessary receipt on the same day, except where cheques as postdated:
   - 1.2 Entering postdated cheques into postdated Register and verify whether there are cheques that are not postdated anymore and issue receipt for same.
   - 1.3 Receiving cash over the counter and immediately issues a receipt:
   - 1.4 Complete deposits slip with the receipt of the day let the supervisor verify it and bank the money where possible on the same day.
   - 1.5 Ensure that each receipt is allocated to the applicable SCOA Toning allocation:
   - 1.6 Capture the receipt on BAS
     - 1.6.1 Ensure that, receipt, deposit books and registers are safely locked up in a safe or strong if not in use:
     - 1.6.2 Ensure that the keys of the office and the safe/strong room are always carried on you and never let it lying around.
2. You will also be responsible for safeguarding of the keys of safe/strong room No.__________ as well as keys of any drawers and money boxes inside the safe.
3. You are also appointed with the duties pertaining to petty cash with the following duties **:(Delete paragraph 3 if not applicable)**
   - 3.1 Safekeeping of Petty cash float and payment of petty cash advances and petty cash claims (petty cash may only be utilized after receipt of the necessary application form, duly signed and authorized according to the provision of the Policy on Petty Cash)
   - 3.2 Ensuring that the Petty Cash vouchers are allocated to the applicable SCOA allocations.
   - 3.4 Replenishing petty cash as often as needed to ensure that sufficient cash are always on hand

4. **I understand and agree to give permission that if there is a monthly cash reconciliation shortage, the money will automatically be deducted from my (the cashier) next salary in full if not refunded in cash and the non-compliance will also be reported to the programme manager concerned and CFO for further action.**

. This appointment is effective from____________. Also refer to the duties assigned to you on your job description.

______________________	______________________
(Supervisor's signature)	Cashier's signature
Name: _______________	Name: _______________
Date:_______________	Date:_______________

LIMPOPO

PROVINCIAL GOVERNMENT

REPUBLIC OF SOUTH AFRICA

ANNEXURE B

Enquiries: ---------------------------------*Tel no:* -------------------------*Ref:* ------------------------- *Date:* -------------------------

Mr. / Ms.________________________

AUTHORISATION-SUPERVISION OF THE RECEIPT, SAFEGUARDING AND DEPOSITING OF STATE MONEY AND PETTY CASH

1. In terms of Treasury Regulation 7.2.1 you are hereby appointed as the supervisor of the official; responsible for the receipt, safeguarding and depositing of State Money with the following responsibilities:
   - 1.1 Check and sign off Remittance Register at least once a week to verify whether receipts have been issued for all cheques, cash, etc. been received through post.
   - 1.2 Check the daily deposit before been taken to the bank to ensure that the amount of the deposit by signing off the last receipt and deposit slip being issued.
   - 1.3 Check the cash on hand every day to ensure that the value of the receipt issued after banking hours corresponds with the actual cash in hand.
   - 1.4 Check that all receipts have been correctly allocated and captured in to financial systems (BAS)
   - 1.5 Authorise the transactions in the Receipt Control Account (BAS) on a daily basis (day-end –batch) and check that it corresponds with the actual total deposit for that day.
   - 1.6 Check that all cash and receipt books are safely locked up if not in use.
   - 1.7 Check the unused receipt on a regular basis to ensure that receipts are issued in numerical order and not out of sequence.
   - 1.8 Check that the cashier carries the keys of the safe /strong room on his/her person at all times.
2. If the cashier is also responsible for handling petty cash, you will also be responsible:
   - 2.1 To check that the balance of the cash reflected in the petty cash register corresponds with the actual cash in hand on a weekly basis;
   - 2.2 To check that the petty cash is only utilized on receipt of a prescribed Petty Cash Advance/Claim form duly complete, signed and authorized;
   - 2.3 To check that sufficient supporting documents are attached to the Petty Cash Advance/Claim forms;
   - 2.6 To check that petty cash is replenished as often as needed to ensure sufficient cash on hand at all times.
   - 2.7 Authorise all petty cash withdrawals from the petty cash bank account which shall be in the presence of the cashier; and
   - 2.6 Confirm all withdrawals from the petty cash bank account before they are secured in the safe
3. This appointment is effective from ____________Also refer to the duties assigned to you on your job description.

____

(Supervisor's signature)

Name: __________________

Date:____________________

____

Chief Financial Officer signature

Name: __________________

Date:____________________

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

ANNEXURE C

PETTY CASH ADVANCE/CLAIM FORM

1.1.1.a.1. APPLICATION

I the undersigned hereby apply for an advance/reimbursement from petty cash

Details of goods/services	Required by (Name of Official)	Amount
………………………………………………………	………………………………………………………	………………………………
………………………………………………………	………………………………………………………	………………………………
………………………………………………………	………………………………………………………	………………………………

It is hereby certified that the above mention goods/services are required by the Office/Directorate:…………………………………… ……………………………………
and that approval is granted that this amount be charged against the following allocation:

Segment Type	Segment Details
Fund	
Responsibility	
Regional Identifier	
Objective	
Infrustructure	
Assets	
Project	
Item	

R				-	

APPLICANT		CHECKED IN ACCORDANCE WITH PRESCRIBED PROCEDURES		APPROVED IN ACCORDANCE WITH TREASURY REGULATIONS 8.2	
Signature: Applicant	Rank	Signature: Checking Officer	Rank	Signature: Authorised Official	Rank
Surname & Initials	Date	Surname & Initials	Date	Surname & Initials	Date

1.1.1.a.2. ADVANCE received/amount paid out

R…………… was received as an advance/amount paid to defray the cost for the acquisition of the goods/services as stipulated. The surplus cash, if any, will be returned to the cashier within 24 hours after purchasing/rendering of the goods/services. I undertake to submit the necessary original legitimate documentation (invoice and or cash sale slip which should also properly substantiate the nature and value of the purchase/service) as proof of the expenditure together with the unutilized advance within one (1) working days/ 24 hours after obtaining the advance. I understand and agree to give permission that if receipts/proof of purchase have/has not been received within two (2) days/ 48 hours of receipt of the funds, the money will automatically be deducted from my (the recipient) next salary in full and the non-compliance will also be reported to the programme manager concerned and CFO for further action.

APPLICANT		CASHIER	
Signature: Applicant	Rank	Signature: Cashier	Rank
Persal Number: Applicant		Persal Number: Cashier	
Surname & Initials	Date	Surname & Initials	Date

1.1.1.a.3. RECONCILIATION OF MONEY RECEIVED

Advance granted	R					-			
Less: Actual expenses as per attached invoice/receipt	R					-			
Difference to be repaid to petty cash fund	R					-			

APPLICANT		CASHIER	
I hereby certify that I have submitted the relevant invoice(s)/receipt(s) in relation to the above mentioned amount as well as the difference to be repaid. (Delete what is not applicable)		I hereby confirm that I did receive the invoice(s)/receipt(s) to the above mentioned amount as well as the difference to be repaid. (Delete what is not applicable)	
Signature: Applicant	Rank	Signature: Cashier	Rank
Persal Number: Applicant		Persal Number: Cashier	
Surname & Initials	Date	Surname & Initials	Date

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

ANNEXURE D

ELECTRONIC PETTY CASH REGISTER

Petty Cash Transaction Register

FINANCIAL YEAR: 2014/15
MONTH: April

Date (yyy/mm/dd)	Official name	Cash amount requested	Cash amount returned	Purpose/Description	Deposit	Balance
				Opening balance ---->	R 500.00	R 500.00
1-Apr-14	Mr. X	R 100.00	R 20.00	Key for office 123 Roland House		R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
						R 420.00
				Closing balance ---->		R 420.00

I hereby certify that I have captured all valid transactions for the date as appearing under column of date in the register and have reconciled all amounts on hand to the register. I also confirm the accurancy of the information in the register.

I hereby certify that I have reviewed all valid transactions for the date as appearing under column of date in the register and im satisfied that the amounts on hand agrees with what has been captured in the register.

Signature
Petty Cash Officer Name
Date

Signature
Petty Cash Supervisor
Date

SECTION D

SUPPLY CHAIN MANAGEMENT POLICY APRIL 2018

Table of Contents

1. PREAMBLE

a) The objective of this policy is to establish an effective and efficient supply chain management system in the Provincial Government.

2. PURPOSE

a) The purpose of this Policy is to provide a framework within which Section 217 of the Constitution of the Republic of South Africa, 1996, the Public Finance Management Act (PFMA), 1999, the Preferential Procurement Policy Framework Act, 2000, and other provincial and national supply chain management prescripts should be implemented in the Provincial Administration, Public Entities and Legislature to ensure a uniform approach to Supply Chain Management in Limpopo.

3. LEGISLATIVE FRAMEWORK

a) A supply chain management system must –
   i. be consistent with the Constitution of the Republic of South Africa, 1996;
   ii. be in compliance with the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999);
   iii. be consistent with the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its associated regulations as amended;
   iv. be consistent with the Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
   v. for contracts relating to information communication technology, be in compliance with the State Information Technology Act, 1998 (Act No. 88 of 1998)
   vi. be consistent with Competition Act, 1998 (Act No. 89 of 1998);
   vii. be consistent with The National Small Business Act 1996 (Act No. 102 of 1996);
   viii. be consistent with The Prevention and Combatting of Corrupt Activities, 2000 (Act No. 12 of 2000);
   ix. be consistent with the Occupational Health and Safety Act, 1993 (Act no. 85 of 1993 as amended)
   x. be consistent with the Promotion of Administrative Justice Act 2000 (Act No. 3 of 2000);
   xi. be consistent with the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);
   xii. for contracts relating to construction procurement, be in compliance with the Construction Industry Development Board Act 2000, (Act No. 38 of 2000); and
   xiii. be consistent with all applicable National Treasury SCM Regulations and Practice Notes.

4. ADMINISTRATIVE ACTIONS

a) The Accounting Officer/Accounting Authority or staff member duly delegated must ensure that when supply chain management practitioners execute an administrative action, the following considerations are made:
   i. all relevant and lawful facts and circumstances were taken into consideration;
   ii. adherence to the regulatory framework;
   iii. the administrative action falls within the ambit of delegation or legislative power;
   iv. the result of the administrative action will serve a legal permissible purpose;
   v. the result of the administrative action falls within the ambit of that institution's budget, budget description and strategic objectives; and
   vi. all rules of administrative justice were applied.

5. INSTITUTIONAL ARRANGEMENTS

a) The Accountability of Accounting Officer/Accounting Authority or staff member duly delegated:
   i. Should establish a supply chain management unit that is effective and efficient with proper governance systems.
   ii. May delegate supply chain management functions in terms of sections 44(2)(d) and 56(2)(c) of the PFMA.

b) No person may interfere with the supply chain management system of an institution or tamper with any bids or contracts

6. DELEGATION OF SUPPLY CHAIN MANAGEMENT (SCM) POWERS AND DUTIES

a) AO or AA must ensure a SCM delegation framework is developed and monitored.
b) AO or AA shall delegate relevant powers and duties to the Chief Financial Officer to enable the latter to re-delegate relevant powers and duties to the Head of Supply Chain Management.
c) The Head of Supply Chain Management shall discharge the SCM responsibilities conferred to him/her in terms of:
   i. The PFMA, section 76 4 (c),
   ii. Regulations in terms of the Public Finance Management Act, 1999,
   iii. Framework for Supply Chain Management,
   iv. Chapter 16A in terms of Treasury Regulations,
   v. Preferential Procurement Policy Framework Act 5 of 2000
   vi. Preferential Procurement Policy Framework Regulations 2017,
   vii. Instruction Notes issued by Provincial and National Treasury and
   viii. All other applicable legislations.

7. CORE PRINCIPLES OF PROCUREMENT

a) This policy ensures that the five core principles, which are the pillars of procurement, are adhered to.
b) The following are the set minimum standards that must be followed, and applied by all Provincial organs of state

7.1. VALUE FOR MONEY

a) Value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.
b) Value for money is an essential test, against which all organs of state must justify a procurement outcome.
c) Price alone is often not a reliable indicator and institutions will not necessarily obtain the best value for money by accepting the lowest price offer that meets mandatory requirements.

7.2. OPEN AND EFFECTIVE COMPETITION

a) This requires practices and procurement processes that are open, transparent and encourages effective competition through procurement methods suited to market circumstances; i.e. they must be readily accessible to all available competitors.

7.3. ETHICS AND FAIR DEALING

a) In procurement, if all parties comply with ethical standards they can deal with each other on a basis of mutual trust and respect; and conduct their business in a fair and reasonable manner and with integrity.
b) All government staff associated with procurement, particularly those dealing direct with suppliers or potential suppliers, are required:
   i. to recognize and deal with conflicts of interest or the potential thereof;
   ii. to deal with suppliers even-handedly;
   iii. to ensure they do not compromise the image of the organ of state through acceptance of gifts or hospitality;
   iv. to be scrupulous in their use of public property; and
   v. to provide all assistance in the elimination of fraud and corruption.

7.4. ACCOUNTABILITY AND REPORTING

a) This involves ensuring that individuals and organisations are answerable for their plans, actions and outcomes.
b) Openness and transparency in administration, by external scrutiny through public reporting, is an essential element of accountability.

7.5. EQUITY

a) The word `equity' in the context of this policy means the application and observance of government policies, which are designed to advance persons or categories of persons disadvantaged by unfair discrimination.

8. SUPPLY CHAIN MANAGEMENT SYSTEM

a) The Accounting Officer/Accounting Authority or staff member duly delegated of an institution to which this policy applies must develop, implement and maintain an effective and efficient supply chain management system in his or her institution that must provide for at least the following –

   i. demand management;
   ii. acquisition management;
   iii. logistics management;
   iv. disposal management;
   v. risk management;
   vi. regular assessment of supply chain performance; and
   vii. regular reporting of the SCM function to the Chief Financial Officer of the institution on the activities of the function.

9. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS and role players

a) The Accounting Officers or Accounting Authorities must ensure that SCM personnel and bid committee members have the requisite SCM skills.
b) Only SCM training providers whose materials have been accredited by SAQA and validated by the National Treasury may be utilized.

10. BID COMMITTEES

a) The Accounting Officer/Accounting Authority or staff member duly delegated must provide, within the supply chain management system, for a Bid Committee System as prescribed by National Treasury, comprising the following –
   i. Bid Specification Committee;
   ii. Bid Evaluation Committee; and
   iii. Bid Adjudication Committee

b) The terms of reference (TOR) for the above-mentioned committees are contained in the SCM Standard Operating Procedures (SOPS) and other SCM prescripts.

11. PARTICIPATION OF EXTERNAL ADVISORS

a) The Accounting Officer/Accounting Authority or staff member duly delegated may procure the services of advisors to assist in the execution of the supply chain management function. These services should be obtained through formal procurement procedures.
b) No advisor may, however, form part of the final decision making process regarding the specification, evaluation and award of bids, as this will counter the principle of vesting accountability with the accounting officer/authority.
c) The Accounting Officer/Accounting Authority or staff member duly delegated cannot delegate decision-making authority to a person other than a public service official.

12. CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

a) The Code of Conduct for Supply Chain Management Practitioners must be adhered to by all practitioners and other role players involved in supply chain management.
b) The Accounting Officer/Accounting Authority or staff member duly delegated is required to compel practitioners and other role players to formally sign the relevant Codes of Conduct with an undertaking to adhere to their requirements. (Refer to SOPs and other SCM prescripts for details).

13. DEMAND MANAGEMENT

a) Demand management is the first phase of SCM. The objective is to ensure that the resources required to fulfil the needs identified in the strategic plan of the institution are delivered at the correct time, price and place and that the quantity and quality will satisfy those needs.
b) As part of this element of SCM, a total needs assessment and market analysis should be undertaken.
c) This analysis should be included as part of the strategic planning process of the institution and hence will incorporate the future needs.

14. PROCUREMENT PLANNING

a) The Accounting Officer or Accounting Authority must ensure that their departments or public entities have a detailed Procurement Plan that outlines all planned procurement activities for the financial year.
b) It is critical that procurement plans is linked to Business Plans, Strategic Plans, Operational Plans and budget.
c) The procurement plan of the department or public entity must be consistent with Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its associated regulations in terms of empowerment of businesses.

15. PREFERENTIAL PROCUREMENT

a) The stipulations as set out in the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), Preferential Procurement Regulations, 2017 and Limpopo Provincial Procurement Strategy will apply when organs of state are procuring goods, works and services.

16. CENTRAL SUPPLIERS DATABASE (CSD)

a) The accounting officer or accounting authority must only source price quotations for goods and services from suppliers registered on the CSD and not award bids to a bidder not registered on the CSD, unless in cases of emergency and with approval from the accounting officer or accounting authority.
b) The accounting officer or accounting authority must also ensure that designated officials are appointed and authorized to access the CSD.

17. ACQUISITION MANAGEMENT

a) The accounting officer or accounting authority must ensure that the supply chain management system of the institution provides for an effective and efficient system of acquisition management in order to ensure that:
   i. goods, works or services are procured in accordance with authorised processes;
   ii. the threshold values for the different range of procurement processes as determined by the National Treasury are complied with;
   iii. bid documentation and general conditions of a contract, are in accordance with all applicable legislation; and
   iv. expenditure on goods, works or services are provided for in the approved budget of the institution.

18. ADVERTISEMENT OF BIDS

a) Bids should be advertised for at least 21 days before closure in at least the Government Tender Bulletin and in other appropriate media should an accounting officer/authority deem it necessary to ensure greater exposure to potential bidders.
b) The responsibility for such advertisement costs will be that of the relevant accounting officer / authority.
c) The bidding documents should be available on the publication date of the advertisement.
d) Bids should also be advertised on e-tender portal for maximum exposure. Where possible, the bidding document shall be uploaded on the e-tender portal and or the institution's website.

19. BID VALIDITY PERIODS

a) The Accounting Officer/Accounting Authority or delegated official must ensure that validity period is specified in the bidding documents.
b) An extension of bid validity, if justified in exceptional circumstances, should be requested in writing from all bidders before the expiration date. The extension should be for the minimum period required to complete the evaluation, obtain the necessary approvals and award the contract. The maximum extension period should not exceed 50% of the original validity period.

20. TAX COMPLIANCE REQUIREMENTS

a) The Accounting Officer/Accounting Authority must, irrespective of the procurement process followed, not make any award to a person whose tax matters have not been declared to be in order by the South African Revenue Services.
b) Any circulars or instruction notes issued by National Treasury to regulate tax clearance matters must be complied with.
c) Vendors, who are registered for VAT, are generally obliged to charge and collect VAT on taxable supplies from their customers or clients on behalf of SARS.

21. TRANSVERSAL CONTRACTS

a) The Limpopo Provincial Treasury may initiate the arrangement of Transversal Contracts for goods and services that are needed by at least two or more institutions.
b) Accounting Officers are, unless authorized otherwise in writing by the Limpopo Provincial Treasury, compelled to participate in any transversal contract facilitated by the Provincial Treasury, if they have a need for any goods and services provided for in such a transversal contract.
c) Participation on transversal contract by Public Entities shall be optional, however, there will be commodities determined by Provincial Treasury wherein participation will be compulsory.
d) The Provincial Treasury Accounting Officer shall enter into contractual arrangements with the successful bidder/s on behalf of all Provincial Departments and Public Entities that opted to participate. This responsibility includes any matter regarding the amendments, variations, extensions and/or termination of any transversal contract.
e) Where necessary departments and public entities may be required to sign supplementary agreements
f) Transversal bid committees will be appointed by Provincial Treasury in consultation with the participating departments and public entities.
g) Participation by provincial departments and public entities on transversal contracts arranged by National Treasury and other provinces shall be dealt with in consultation with Provincial Treasury.
h) Institutions wishing to participate in transversal term contracts arranged by National Treasury (RT Contracts) may forward their applications to the National Treasury through Provincial Treasury for consideration.

22. PROCUREMENT OF GOODS, WORKS OR SERVICES UNDER CONTRACTS (EXCLUDING TRANSVERSAL CONTRACTS) SECURED BY OTHER ORGANS OF STATE

a) The accounting officer or accounting authority may in exceptional cases, on behalf of the department participate in any contract secured by another organ of state, but only if-
   i. there is no similar contract arranged by Provincial Treasury, and
   ii. any conditions prescribed by National Treasury for participation in any contract secured by another organ of state must be adhered to, and
   iii. the written approval of the Provincial Treasury is obtained.

23. PROCUREMENT OF IT RELATED ITEMS

a) The accounting officer or accounting authority must ensure that procurement of IT related goods and services complies with SITA Act and regulations.

24. PROCUREMENT OF WORKS AND OTHER INFRUSTRUCURE PROJECTS

a) The accounting officer or accounting authority must ensure that procurement of works and infrastructure related services complies with CIDB, NHBRC (in case of housing), Standards for Infrastructure Procurement and Delivery Management (SIPDM) and any other applicable infrastructure procurement regulations and /or framework.

25. DEVIATIONS, EXTENSIONS AND EXPANSIONS

a) The Accounting officer or accounting authority may only deviate, extent or expand contracts in line with applicable SCM prescripts.

26. UNSOLICITED BIDS

a) An Accounting Officer/Accounting Authority or staff member duly delegated is not obliged to consider unsolicited bids outside a normal bidding process.
b) If an Accounting Officer/Accounting Authority or staff member duly delegated decides to consider an unsolicited bid, the Accounting Officer/Accounting Authority or staff member duly delegated should only do so in accordance with the instructions issued by the National and Provincial Treasury.

27. PROJECT OR SERVICES FUNDED BY GRANTS IN ACCORDANCE WITH A TECHNICAL ASSISTANCE AGREEMENT

a) The Accounting Officer/Accounting Authority or staff member duly delegated must ensure that:

i. if a project or commodity is fully funded by means of a grant in accordance with a technical assistance agreement which does not prescribe the procurement procedures to be followed, the prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated Regulations as amended must be applied.
ii. if a project or commodity is fully funded by means of a grant in accordance with a technical assistance agreement which prescribes that the funds must be utilized in accordance with the donor's own procurement procedures, the prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated Regulations as amended do not apply.
iii. if a project or commodity is partially funded by means of a grant in accordance with a technical agreement which does not prescribe the procurement procedures to be followed and the remainder is funded by the spending institution itself, the prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated Regulations as amended must be applied.
iv. If a project or commodity is partially funded by means of a grant in accordance with a technical agreement which does prescribe the procurement procedures to be followed and the remainder is funded by the spending institution itself, the prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated Regulations as amended must be applied for the funds provided by the institution.

28. PUBLICATION OF BIDs

a) Within ten (10) working days after the closure of any advertised competitive bid, institutions must publish on its website the names of all bidders that submitted bids in relation to that particular advertisement.
b) Where practical, institutions must also publish the total price and the preferences claimed by the respective bidders.
c) The information should remain on the website for at least thirty (30) days.
d) The accounting officer or accounting authority must ensure that awards are published in the Government Tender Bulletin, institutions website and/or other media by means of which the bids were advertised, or in other way as may be prescribed by National Treasury.

29. LOGISTICS MANAGEMENT

a) The Accounting officer or accounting authority must develop and implement an efficient and effective system of logistics management. This includes, among others, to coding of items, setting of inventory levels, placing of orders, receiving and distribution, stores/warehouse management, expediting orders, transport management and vendor performance.

30. CONTRACT ADMINISTRATION AND MANAGEMENT

a) The accounting officer or accounting authority must ensure that the institution provides for contract administration and management for all contracts awarded.
b) Limpopo Provincial Treasury shall develop contract management strategy for implementation by departments and public entities.
c) Limpopo Provincial Treasury shall monitor and support implementation of contract management strategy in departments and public entities.

31. PAYMENT OF SUPPLIERS

a) When the supplier or service provider has performed properly in terms of the contract, payments must be made not later than 30 days after submission of a valid invoice or claim by the supplier.

32. DISPOSAL MANAGEMENT

a) The accounting officer or accounting authority of an institution must develop and implement an efficient and effective disposal management system to dispose unserviceable, redundant or obsolete movable assets.

33. SUPPLY CHAIN MANABGEMENT PERFORMANCE MANAGEMENT

a) Limpopo Provincial Treasury, Provincial Departments and Public Entities shall ensure that monitoring process takes place, undertaking a retrospective analysis to determine whether the proper process is being followed and whether the desired objectives are achieved.

34. REPORTING OF SUPPLY CHAIN MANAGEMENT INFORMATION AND INTERNAL CONTROL MEASURES

a) The accounting officer or accounting authority of an institution must submit to the Provincial Treasury such supply chain management information as it may be required, in a format and at such intervals as the Treasury may require.

35. RISK MANAGEMENT AND INTERNAL CONTROLS

a) The accounting officer or accounting authority must provide for an effective and efficient system of risk management and internal controls in line with the relevant legislations.

36. AUTHORITY

a) This Policy shall remain the only transversal Supply Chain Management Policy in Limpopo Provincial Government.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy.

SECTION E

GOVERNMENT (STATE) GUARANTEE HOME LOAN SCHEME POLICY APRIL 2018

Table of Contents

1. PREAMBLE

a) The objective of this policy is to establish an effective and efficient management of home loan schemes (State Guarantee's) in the Provincial Government.

2. PURPOSE

a) Ensure effective and efficient administration of the State Guarantee for Home Loan Scheme by Provincial Government; and
b) Promote home ownership by assisting qualifying officials in the Public Service to obtain 100% housing loans from financial institutions without a cash deposit.

3. POLICY PRONOUNCEMENTS

3.1. APPLICATION

a) An employee contributing to the Government Pension Fund who wishes to buy/build a house may apply for assistance in the form of a collateral security from Government to obtain a 100% housing loan from a registered financial institution.
b) The basis for this scheme is founded in "The Finance and Financial Adjustment Acts Consolidation Act, (Act 11 of 1977)" and the applicable section is "section 25A".
c) Section 25A (2) stipulates that the provisions of section 25 (1) (b) and (c), (2), (3), (4) and (5) also applies mutatis mutandis to section 25A.
d) Section 25 (1) (c) stipulates "The Minister of Finance may in writing delegate to any officer in the public service any power conferred upon him under this subsection".
e) Section 25A (1) also stipulates that "the Minister of Finance may guarantee and may enter into such agreements and perform such other acts (including the making of regulations) as may be necessary for or incidental to the carrying out of this subsection".
f) In terms of paragraph 1.4.3 of the Government housing guarantees procedure manual compiled by the then Department of Finance, the Minister of Finance has delegated the responsibility to the level of at least Assistant Director (deputy manager).
g) State Guarantees are regulated in terms of The Finance and Financial Adjustment Acts Consolidation Act, (Act 11 of 1977) and not by section 66 of "The Public Finance Management Act, 1999 (Act No. 1 of 1999).
h) Although "The Finance and Financial Adjustment Acts Consolidation Act, (Act 11 of 1977)" may appear to be inconsistent with the PFMA, the lex specialibus rule of law applies. This is so since section 25 of the "The Finance and Financial Adjustment Acts Consolidation Act, (Act 11 of 1977)" deals with a specific issue, namely the housing guarantees. See Annexure A
i) However, The Treasury Regulations [Section 13: Loans, guarantees, leases and other commitments] states:

   i. "The accounting officer of a department must ensure that no official in that department ... issues an unauthorised guarantee..." and
   ii. "The accounting officer must report on all known contingent liabilities of the department in its annual report."

j) The authority to issue a State Guarantee on Home Loans in the Limpopo Provincial Government is restricted as follows:

   i. All officials that issue state guarantees for home loans in the Limpopo Provincial Government have to be appointed by the Accounting Officer/Accounting Authority or staff member duly delegated of the various institutions.
      A. The Accounting Officer/Accounting Authority or staff member duly delegated by the Limpopo Provincial Government should restrict the authorisation of State Guarantees for Home Loan Scheme to delegated Human Resource Deputy Director.
      B. The Accounting Officer/Accounting Authority or staff member duly delegated should establish procedures whereby no other official could issue State Guarantees for the Home Loan Scheme to financial institutions, which would then be deemed "unauthorised".
   ii. Accounting Officer/Accounting Authority or staff member duly delegated should provide the Provincial Treasury with a quarterly return on the contingent liabilities of the institution arising from the guarantees.

4. POLICY AND DIRECTIVES APPLICABLE TO THE GUARANTEE SCHEME

4.1. PURPOSE FOR WHICH A LOAN MAY BE UTILIZED

a) Application may be made for a State Guarantee to obtain a housing loan subject to the following:
   i. to acquire a serviced building site for the erection of an own dwelling. The site must be situated in a municipal area or be situated in a manner so that an approved financial institution will be prepared to grant a loan for the purchase thereof and for the erection of a dwelling;
   ii. to purchase a dwelling for the use by an employee and dependents in a municipal area or on a smallholding;
   iii. to obtain, once only, an additional loan to effect immovable improvements to an own dwelling occupied by an employee or his/her family;
   iv. to enlarge the dwelling, to maintain it structurally, to erect outbuildings thereto or to have work undertaken to comply with municipal regulations; and
   v. the purchase of a site outside the borders of the RSA is excluded;

4.2. REQUIREMENTS TO QUALIFY FOR A GUARANTEE

a) Pension requirement
   i. the applicant must contribute to the acknowledged State pension fund.

b) Age and service requirement
   i. the applicant must be at least 18 (contact legal) years of age and must have a minimum of one year of satisfactory pensionable service.;
   ii. appointment letter for new employees, must state that for an employee to qualify for housing guarantee, should have served a minimum period of one year in the current position; and
   iii. applicants older than 55 years must have completed at least ten (10) years pensionable service on attaining the compulsory retirement age of 60 or 65 years as the case may be.

c) Newly appointed officials whose previous service is recognized
   i. an official, who is appointed in the service for the first time or is transferred from an institution which also issues guarantees in terms of a similar scheme, may apply for a state guarantee on assumption of duty provided that all of the following conditions are met:
      A. the applicant's pension is transferred to the State pension fund;
      B. if the applicant's previous employer has issued a guarantee for a housing loan or invested an amount as collateral he/she must redeem the guarantee or collateral amount; and
      C. the applicant has already complied with the age indicated in paragraph 4.2.b above during the previous employer's service.

d) Further restrictions on participation to scheme
   i. only one property per family (husband and wife and / or life partner only) is allowed under this scheme

e) Debtors and insolvent officials
   i. an official who has made use of the scheme previously and still owes money to the State in respect of a guarantee which the State had to honour, does not qualify for a further guarantee unless all previous debt relating to that guarantee has been paid in full;
   ii. an insolvent official or official under administration do not qualify for a guarantee unless the curator of the insolvent estate or administrator gives written permission that the official may be a party to a property transaction; and
   iii. employers must consider the risk factor thoroughly when considering applications of this nature.

4.3. MAXIMUM GUARANTEE AMOUNT

a) The maximum guarantee for which an official qualifies is 20% of a capital loan amount, which is based on the official's affordability as per basic salary.

b) The following scale is applicable when the financial institution grants a higher loan:

   i. the guarantee amount remains 20% where the financial institution grants a loan of up to 110% of the maximum amount as stated in the letter of intent;

   ii. if the institution grants a loan in excess of 110% and up to 125% of the maximum loan amount as stated in the letter of intent, the employee guarantee amount will be reduced to 50% of the maximum guarantee amount. (transversal guarantee letter and form z573); and

   iii. no guarantee will be issued if the financial institution grants a loan in excess of 125% of the maximum loan amount stated in the letter of intent.

4.4. GUARANTEES FOR ADDITIONAL AND FURTHER LOANS

a) Additional loans

   i. an official who has already acquired a property in terms of the scheme may apply only once for a further guarantee while stationed at the same center. The purpose of the additional loan can be to effect improvements to the existing property, to enlarge it, to maintain it structurally, to have structural work done in order to comply with the requirements of a local authority.

b) Transfer of officials

   i. when an official is transferred to another station and does not succeed in selling the property acquired with the assistance of the scheme at his/her old station, or does not wish to sell the property; he/she may be permitted to make use of the scheme again to acquire a dwelling at the new station, provided the first guarantee is redeemed

c) Official who has bought a dwelling privately

   i. an official who has not made use of the scheme before and has purchased a dwelling privately may apply for a guarantee for the purpose of obtaining a loan to effect immovable improvements; and

   ii. an official who bought a dwelling before he/she qualified for a State Guarantee and made use of a private loan or a bank overdraft at the time, to finance the 20% deposit, may apply for a State Guarantee as soon as he/she qualifies, for the purpose of redeeming the private loan.

5. CONDITIONS APPLICABLE TO THE APPLICANT

a) The bond must be covered with an insurance policy in case of death, inability to work and retrenchment to minimize the risk to the Limpopo Provincial Government.

b) An unconditional authorisation is given to the employer to deduct monthly from his/her salary, the amount necessary to service the loan and bond and to pay it over to the financial institution. This amount should include the insurance premiums payable in respect of the mortgaged property.

c) An undertaking has to be given by an employee to the employer that he/she will pay the required installments in cash to the relevant financial institution until the relevant stop order becomes operative on PERSAL (departments) or relevant financial system (public entities) and to submit the proof of the payments to the employer.

d) The applicant should also take note that after a period of five (5) years the property will be re-evaluated by the financial institution to determine whether the state guarantee may be redeemed.

e) The re-evaluation of the property will be done for the account of the applicant.

f) The applicant should take note that if he/she ceases to be a member of the pension fund or should the property secured by the loan be sold by the financial institution he/she should acknowledge the fact that from that point forward he/she would be in debt to the employer for the amount as may be required to release the guarantee from the financial institution.

6. STATE GUARANTEE AS A FACE VALUE DOCUMENT

a) The copy of form Z573 received from the financial institution serves as the guarantee for a maximum of 20% of the loan granted to the applicant by the financial institution.
b) This guarantee is a document with face value, which must be kept in safe custody until the guarantee has been redeemed.

7. REGISTER THE STATE GUARANTEE ON RELEVANT FINANCIAL SYSTEM (UTILISED BY INSTITUTIONS

a) All State Guarantees must be registered on PERSAL (departments) or relevant financial system (public entities) at the relevant function.
b) A State Guarantee thus registered on PERSAL (departments) or relevant financial system (public entities) may be terminated on the system when the financial institution has redeemed the guarantee.
c) A State Guarantee thus registered on PERSAL (departments) or relevant financial system (public entities) may only be cancelled on the system when the employee did not make use of the State Guarantee and has submitted the original Z573 back to the institution.

8. DEFAULTING ON BOND REPAYMENTS

a) The employee gave an unconditional authorisation to the employer to deduct the amount necessary to service the loan and bond each month and to pay it over to the financial institution. It is therefore the duty of the employer to adhere to this agreement with the employee and take particular care that the bond repayments are deducted on PERSAL (departments) or relevant financial system (public entities) and paid over to the financial institution.
b) The unconditional authorisation further states that an amount necessary to service the loan and bond should be deducted monthly. It is the employer's duty to increase the amount deducted whenever the financial institution advises the employer that an increased amount is necessary to service the loan and bond repayments.
c) As soon as the State Guarantee is redeemed the employee again takes full responsibility on authorizing the employer to increase or decrease the deductions of the bond repayments.

9. REDEMPTION OF A STATE GUARANTEE

a) A guarantee must be redeemed when the property is re-evaluated and the difference between the new value of the property and the balance of the loan equals or exceeds the guarantee amount or if the property is sold by the applicant and he/she redeems the bond in full at the financial institution.
b) The re-evaluation of the property will be done after a period of five (5) years.
c) If the re-evaluation shows that the state guarantee is no longer necessary, it will be redeemed.
d) However, if the re-evaluation of the property indicate that a continuation of the state guarantee is necessary it will continue for a maximum period of a further three (3) years unless exceptional circumstances dictates an extension of the eight (8) year period.
e) When the original guarantee is received from the financial institution it is placed on the applicants file with the copy of the guarantee held in safe keeping and both should be cancelled.
f) The State Guarantee should be terminated on PERSAL (departments) or relevant financial system (public entities) system when redeemed.
g) The applicant must be advised in writing that the guarantee has been redeemed/cancelled and that he/she has no further financial obligation to the State in this regard.

10. WHEN A PERSON CEASED TO PARTICIPATE IN THE SCHEME

10.1. RESIGNATIONS, DISCHARGE OR RETIREMENT

a) When an official, in respect of whom a guarantee has been issued, resigns, is discharged or retires, participation to the scheme immediately ends because he/she no longer contributes to the State Pension Fund (paragraph 4.2.a).
b) The person is immediately indebted to his/her former employer for the full amount of the guarantee or that portion which cannot be redeemed.
c) As soon as such a situation arises, the employer must inform the financial institution and establish what amount is required to redeem the guarantee.
d) Arrangements must be made simultaneously to withhold the person's pension benefits for the purpose of setting it off against the guarantee debt.
e) If the pension benefits of the person are insufficient, the person must be allowed a period of 90 days as from the date of resignation, discharge or retirement, to pay the balance of the guarantee debt.
f) Should he/she fail to do so, the financial institution must be instructed to sell the property in execution.

10.2. DEATH

a) Should an official die before the guarantee has been redeemed, the employer must immediately inform the financial institution and ascertain the amount required to redeem the guarantee.
b) The employer is responsible for payment to the financial institution of the amount required redeeming the guarantee if insufficient bond insurance or no bond insurance existed.
c) The employer may not seize the deceased official's pension benefits or outstanding salary payments. The pension benefits are payable directly to the surviving life partner and the outstanding salary payments must be paid directly into the deceased's estate.
d) If the deceased was not married, the pension benefits and outstanding salary payments are paid directly into the estate of the deceased.
e) A claim must be lodged against the estate with the assistance of the State Attorney.

11. PROCEDURES IN THE CASE WHERE THE FINANCIAL INSTITUTION ATTACHES THE PROPERTY BECAUSE OF DEFAULT ON BOND REPAYMENTS

a) If an official in respect of whom a guarantee has been issued defaults on the bond repayments, the financial institution normally attaches the property and arranges for its sale in execution.
b) On receipt of the notice that a property which has been acquired through the guarantee scheme, is to be sold in execution, the employer must immediately request the financial institution to furnish in writing the following information:
   i. Date, time and place of sale;
   ii. Outstanding bond debt;
   iii. The current market value of the property and
   iv. The amount required for redeeming the guarantee.

c) When the sale has been concluded the financial institution must furnish the employer with a statement indicating the selling price. If no loss occurred the financial institution must be requested to return the guarantee for cancellation.
d) Should the financial institution have incurred a loss, it must be established what it amounts to and what the amount is to be paid over to the financial institution to redeem the state guarantee.
e) If the claim is not proved or the full amount to redeem the debt is not received, the guarantee must not be cancelled. The case is then handled according to the prescripts of the treasury regulations on the management of debt.

12. CASES OF INSOLVENCY AND THE ATTACHMENT OF THE PROPERTY

a) If an official in respect of whom a guarantee has been issued becomes insolvent before the guarantee has been redeemed, the financial institution normally also attaches the property and arranges for a sale in execution.
b) The employer must ascertain from the financial institution whether any amount is due in respect of the guarantee and, if so, the amount due must be paid to the financial institution in redemption of the guarantee.
c) The amount involved may be claimed from the estate with the assistance of the State Attorney.
d) Pension monies do not form part of the estate and the employer may consequently attach such monies if the insolvent employee resigns before rehabilitation.

13. ACCESS BONDS

a) In cases where an official obtained a bond through a state guarantee, the guarantee must be released if the deposits have been made in the bond account as a result of which the outstanding capital amount is reduced to such an extent that the guarantee is no longer required.
b) The official should not be allowed to withdraw money from the access bond while the guarantee is still in force.
c) Institutions must annually monitor/reconcile and follow-up on the release of state guarantee.

14. REPORTING

a) Institutions will report quarterly to LPT and annually in the AFS.
b) Institutions must reconcile state guarantee on a quarterly basis.

15. AUTHORITY

a) This Policy shall remain the only transversal Government (State) Guarantee Home Loan Scheme Policy in Limpopo Provincial Government.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy.

ANNEXURE A

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Enquiries: Jayce Nair **Tel: 012 315 5482 Fax: 086 513 0008 E-mail:** Jayce.Nair@Treasury.gov.za

08 May 2013

Mr. Gavin Pratt
Provincial Accountant-General
Limpopo Provincial Treasury
Private Bag X 9486
POLOKWANE
0700

Dear Mr. Pratt

HOUSING GUARANTEES AND THE APPLICATION OF SECTION 66 OF THE PFMA

1. Your correspondence dated 21 November 2012 with regard to the above has reference.

2. My sincerest apologies for not responding sooner to your enquiry.

3. In terms of section 66(1) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999), an institution to which the Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction:

   (a) is authorised by the PFMA;
   (b) in the case of public entities, is also authorised by other legislation not in conflict with the PFMA; and
   (c) in the case of loans by a province or a provincial government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act No. 48 of 1996).

4. Housing guarantees are issued to employees in terms of section 25(1(a) of the Finance and Financial Adjustments Acts Consolidation Act (Act No. 11 of 1977).

Housing guarantees and the application of section 66 of the PFMA

5. Guarantees envisaged in section 66 of the PFMA are those of a general nature that may bind an institution or a Revenue Fund to a future financial commitment. On the contrary, housing guarantees are guarantees of a specific in nature and are provided for in the Finance and Financial Adjustments Acts Consolidation Act (Act No. 11 of 1977).

6. *Lex specialis*, in legal theory and practice, is a doctrine relating to the interpretation of laws. The doctrine states that a law governing a specific subject matter (*lex specialis*) overrides a law which only governs general matters (*lex generalis*). The situation ordinarily arises with the construction of earlier enacted specific legislation (Finance and Financial Adjustments Acts Consolidation Act (Act No. 11 of 1977) when more general legislation (the PFMA) is later passed.

7. Taking cognizance of the *Lex specialis* doctrine, section 66 of the PFMA does not apply to housing guarantees.

8. I trust that the aforementioned explanation brings clarity to your enquiry.

Yours Faithfully

JAYCE NAIR
CHIEF DIRECTOR: GOVERNANCE MONITORING AND COMPLIANCE
OFFICE OF THE ACCOUNTANT GENERAL

SECTION F

SYSTEM USER ACCOUNT MANAGEMENT POLICY
APRIL 2018

Table of Contents

1. PREAMBLE

a) The objective of this policy is to establish an effective and efficient user account management system within the Provincial Government.

2. PURPOSE

a) The purpose of this policy is to establish the rules and standards for System User Account Management in the Provincial Government.
b) This would provide guidance on how User Accounts are to be created, maintained and terminated on the various Systems.
c) Provincial Treasury recognized the need for the institutions to be able to protect themselves and their employees from possible allegations of corruption and embarrassment, due to unauthorized access to financial systems information via unauthorized access to systems.

3. PRINCIPLES

a) Provincial Treasury expects the highest standards of integrity and conduct from its employees in all matters affecting the institutions.
b) The following principles should be followed when considering provision of access and transacting on the system:
   i. Employees must complete the required courses and pass the assessments with the minimum required rate before they could be provided with access to the system where relevant/applicable;
   ii. Segregation of duties should be observed at all times;
   iii. Users may not make use of their access to the system to conduct any testing of whatever nature;
   iv. Unauthorised access to the system and use of the system should immediately be reported;
   v. Ethical conduct should be observed at all times by employees whilst transacting on the system.

4. POLICY PRONOUNCEMENTS

4.1. OVERVIEW

a. The access control requirements and standards aims to ensure that computer resources and the integrity of data is protected at all times. Since user profiles are regarded as electronic signatures as outlined in the Electronic Communication and Transaction Act, Act 25 of 2002. This policy is intended to ensure that:
   i. only authorised individuals are granted appropriate system access to perform their duties;
   ii. minimising the risk of the data or systems being compromised;
   iii. authorised individuals properly access and utilize the data and systems; and
   iv. authorised individuals properly maintain confidentiality of all data and systems.
   v. authorisation of access will rest with the CFO's office. Access must be allocated based on a particular competency to do a particular job;
   vi. care must be taken that segregation of duties is enforced and adhered to. No End-User may gain unauthorised access to effect any changes;
   vii. access to all information resources is granted in a controlled manner driven by business requirements. Employees will be explicitly granted access to information or systems;
   viii. privileges granted to individuals who are not permanent employees must be granted for the duration of the task / contract

b. System Controllers are accountable for instating, maintaining and communicating the various procedures to ensure the continuous control over of access security in all of the Limpopo Provincial Government. Such procedures should be specific in that System users are held fully responsible for protecting their own user ID'S and passwords.

c. Poor access control practices can lead to unauthorized disclosure of confidential information (Confidentiality), unauthorized changes to data (integrity) or loss of continuity of business (availability). User Account Management practices can have a monumental impact on network security.

4.2. STANDARDS

a. Security Standards regarding a user's COMPLETE ID is provided by SITA (Security Server Standards Document, (RACF), and www.sita.co.za www.sita.co.za
b. These standards stipulate inter alia:
   i. that an ID will be assigned to a user and may under no circumstances be shared;
   ii. the same applies to the associated password;
   iii. users are fully responsible for protecting and save keeping their own ID and password;
   iv. users are fully responsible to ensure that they do not leave there work station unattended when still locked on to the financial system;
   v. users are responsible to logoff at all times when parting from their work station;
   vi. users should at all times ensure that their work stations are free of suspicious devices; and
   vii. users must ensure that their computers are logged off when they depart for home.

4.3. AREAS COVERED BY THIS POLICY

a) This policy covers the following key control objectives on User Account Management:
   i. user registration;
   ii. creation of the user profile;
   iii. active security control to the System;
   iv. modification/changes to the user profile;
   v. user deregistration;
   vi. review of the users' access rights;
   vii. system Controllers responsibilities;
   viii. user responsibilities in terms of password usage and password management;
   ix. monitor the access profile of users; and
   x. monitor the user activities on the system.

5. SECURITY MANAGEMENT

5.1. SECURITY VIOLATION REPORT

a. Security Violation is any internal act that bypass or contravenes security policies, practices, or procedures.
b. All security violations, be they intentional or otherwise, must be reported when identified to make sure security of information, as well as physical and personnel security are not compromised.
c. All security violations must be reported to the System Controller.

5.2. SECURITY LEVELS

a. Once a user has been granted access to a system, certain restrictions shall automatically apply. Levels of security determine what a user may do in a system.
b. Access to some information such as that with a sensitive nature may be restricted to certain individuals.
c. The System Controller will maintain the security profile on every user profile to restrict the users accessing the accounts that they are not allowed to access during the processing of financial transactions.
d. The System Controller level is the highest level of security for systems and will only be provided to one designated employee within the institution.

6. USER ACCOUNT MANAGEMENT

6.1. USER REGISTRATION

a) The new user account is setup as a standard user.
b) The user shall have completed formal training provided by the Limpopo Provincial Training Division for transversal systems or relevant service provider for non-transversal systems on the specific functionality before a request for access to a specific system is made.
c) A formally documented access request should be completed and be approved by the user's supervisor.
d) Only users who have completed the system registration forms in full and accompanied by a copy of the valid SA Identity document or a passport will be given access to the systems.
e) The supervisor / manager must verify the validity of the documents attached to the request and the user profile before granting approval.
f) The access request form should make provision for adequate details regarding the user, supervisor, and type of access, approvals, etc. to be provided.
g) Only users with valid personnel numbers will be given access to the systems.
h) Only users who have completed the indemnity form will be given access to the system, and it will be reviewed yearly.

6.2. CREATION OF NEW USER PROFILE

a) The System Controller is responsible for the correct allocation of functions. It is therefore very important that the level of access granted to information and systems should be appropriate in terms of the Business purpose and should be consistent with an organisational security policy, e.g. it should not compromise segregation of duties (duties and areas of responsibility should be segregated to reduce opportunities for unauthorised or unintentional modification or misuse of the organisation's assets).
b) The supervisor/manager of the user must therefore verify that the requested functionalities on the system correspond with the job description of the new user account to be created and that the segregation of duties is not compromised.
c) The supervisor / manager must sign the request of functionality form to indicate that it does correspond with the job description.
d) The financial system controller will allocate only the functionalities as indicated by the supervisor / manager of the new system user.
e) A written statement should be issued to users explaining their access rights.
f) Users should sign statements indicating that they understand the conditions under which access is granted.
g) It is the responsibility of the system controller to safeguard all of this documentation for audit purposes.

6.3. ACTIVE SECURITY CONTROL ON SYSTEM

a) The System Controller is ultimately responsible for access security. There is built in functionality on the various systems that enables the controller to assign and regulate the various elements of access security.
b) It is of utmost importance that the controller keeps and maintains accurate legitimate documentation of all requests pertaining to user profiles such as:
    i. request form for creation of User IDs;
    ii. requests for assigning functionality to users;
    iii. requests for linking of users to revisers;
    iv. requests to set up users for authorisation of transactions; and
    v. requests to set up or change the various restrictions that can be imposed on user profiles.

c) These documentations should be filed for audit purposes. The controller should perform regular audits to ensure data integrity

6.4. MODIFICATION / CHANGES TO USER PROFILE

a) Changes in user status include changes of job function, roles, responsibilities and transfers within the organisation. A procedure should be established to manage these changes in user status and should include, inter alia, the following:
   i. changes should be communicated to information owners, users, supervisors or any person responsible for defining, granting, changing or revoking access privileges;
   ii. the access rights of users who have changed job function, roles, responsibilities, etc. should immediately be removed or blocked; and
   iii. procedures as for the registration of users should be followed when the status of a user changes.
b) Normally changes to user profiles will only be effected:
   i. if there are some enhancements to the system;
   ii. transfers from one division to the other within Institutions; and
   iii. changes in marital status
c) The System Controller must have control measures in place to monitor the amendments to user profiles on a regular basis.
d) The supervisor/manager who signed the request for additional functionalities to the user profile needs to indicate the changes to the job description of the user account as motivation.
e) All of the above documents have to be filed securely.

6.5. USER DEREGISTRATION

a) **The Human Resource divisions within an institution** takes full responsibility for notifying the System Controller whenever an employee, including an intern or consultant terminates their appointment or transfers to a new position with new duties and responsibilities.
b) They are also responsible for the following:
   i. sending email notifying those who administer mainframe/local servers that an employee has terminated the appointment or transferred to a new position with new duties or responsibilities and that access to centrally-administered accounts must be reviewed and appropriate action taken; and
   ii. consulting with the local IT support manager, notifying him/her that an employee has terminated the appointment or transferred to a new position with new duties or responsibilities, and that access to departmental accounts and resources must be reviewed and appropriate action taken

c) The System Administrator/ Controller should immediately terminate the account within the system.

6.6. REVIEW OF USER ACCESS RIGHTS

a) The review of users' access rights is necessary to maintain effective control over access to data and information services.
b) Users' access rights should therefore be reviewed as follows:
   i. at regular intervals - every six months; and
   ii. after any changes such as:
   iii. promotion;
   iv. demotion;
   v. termination of employment; and
   vi. when moving from one section/division to another within the same organisation.

c) Every twelve (12) months the user must commit him/her for the new financial year by completing a new indemnity form whereby continued access to the system will be given.
d) If the correctly completed indemnity form is not submitted to the financial system controller the access to the system must be immediately revoked.

6.7. SYSTEM CONTROLLERS' RESPONSIBILITIES

a) The System Controller is responsible for the following with regards to Security Access:
   i. the register, creation, maintaining and termination of user profiles;
   ii. allocation of system functions in line with job descriptions;
   iii. to keep a register of all allocated user id`s and relevant documentation;
   iv. to keep record of all amendments on user profiles;
   v. extract reports to monitor faulty, rejected transactions, transactions awaiting approval or authorisation in respect of distributions under their control on a daily basis;
   vi. allocation of revisers;
   vii. link authorisers to relevant transaction codes;
   viii. monitor the interaction between users and revisers;
   ix. to monitor the suspense and transaction files and follows up questionable transactions;
   x. to ensure that all exceptions are verified, investigated and followed up by corrective actions at all times;
   xi. control all access to system and implement control and audit measures;
   xii. to ensure that users access the system only via their own terminal and that users are restricted to their own terminal and distribution as far as possible;
   xiii. maintain the allocation of functions in line with segregation of duties to ensure that incompatible functions are not allocated to users;
   xiv. determine if users that resign during the financial year had been timely terminated;
   xv. determine that there is no unused user id`s or user id`s that have not been used or log on for a period of 30 days;
   xvi. review on a regular basis the current access and allocation of functions with regards to temporary, periodically staff and consultants to ensure that their access and functions is in line with their job descriptions; and
   xvii. ensure that each active system user id can be linked to a specific user.

6.8. USER RESPONSIBILITIES

a) The cooperation of authorised users is essential for effective security. Users should be made aware of their responsibilities for maintaining effective access controls, particularly regarding the use of passwords and the security of user equipment.

6.9. PASSWORD USAGE

a) Passwords are a basic control in verifying a user's identity before access is granted to an information system or a service according to the user's authorisations.
b) Each employee is responsible for all the actions performed with his/her password, even if it is demonstrated that an action was carried out by another individual using the user's password.
c) Users should therefore follow good security practices in the selection and use of passwords and the following should be kept in mind:
   i. keep passwords confidential;
   ii. avoid keeping a record of passwords, e.g. hard copy or electronic file;
   iii. change passwords whenever there is any indication of possible system or password compromise;
   iv. compose passwords that are:
      A. easy to remember;
      B. of sufficient minimum length, e.g. six characters;
      C. not based on anything somebody else could easily guess or obtain using person-related information, e.g. names, telephone numbers, dates of birth, etc.;
      D. not vulnerable to dictionary attacks (i.e. do not consist of words included in dictionaries); and
      E. free of consecutive, identical, all-numeric or all-alphabetic characters.

d) change passwords at regular intervals or based on the number of times access has been obtained;
e) the passwords for privileged accounts should, however, are changed more frequently than normal passwords;
f) avoid the reuse or cycling of old passwords;
g) change temporary passwords at first logon; and

h) never share individual user passwords among users.

7. UNATTENDED USER EQUIPMENT

a) All users should be made aware of the security requirements and procedures for protecting unattended equipment as well as their responsibilities in regard to the implementation of such protection.

b) Users should be advised to, inter alia:

   i. Terminate active sessions when finished, unless such sessions can be secured by an appropriate locking mechanism, e.g. password-protected screen saver;

   ii. Log computers off at the end of a session (i.e. it is not sufficient to merely switch off the PC screen or terminal); and

   iii. Secure computers from unauthorised use by means of a key lock or an equivalent control, e.g. password access, when it is not in use.

8. USER PASSWORD MANAGEMENT

a) Users should be required to sign an undertaking to keep personal passwords confidential.

b) This signed statement could also be included in the terms and conditions of employment.

c) The following conditions will have to be observed:

   i. users are required to maintain their own passwords, they are provided with a default password, which they are required to change immediately at first logon;

   ii. procedures must be established to verify the identity of a user prior to resetting the user account with the default password; and

   iii. passwords should never be stored on computer systems in an unprotected form.

9. MONITORING OF THE ACTIONS OF USERS RESPONSIBLE FOR USER ACCOUNT MANAGEMENT

a) Limpopo Provincial Treasury will perform random checks whether the System Controller handled all aspect according to this policy.

b) Limpopo Provincial Treasury will also verify whether all documentation were completed and correctly filed for easy reference.

c) National Treasury has the right to review and monitor the actions of the BAS and PERSAL system controllers.

10. MONITORING OF ACCESS/USER ACTIVITIES

a) A set of controls should be defined for controlling and monitoring user access to and activities on systems:

   i. repeated failed login attempts should be identified and investigated;

   ii. any blocked or suspended user ID (three or more consecutives failed attempts) should be investigated to verify that the user is the authorised owner of the user ID and not an unauthorised person trying to discover passwords;

   iii. inactive users should be monitored and corrective action should be taken after a predefined period of inactivity, e.g. users that have been inactive for 60 days should be blocked;

   iv. the department should be prepared to react appropriately should a breach of access such as an unauthorised intrusion be detected; and

   v. periodically, the department should check for and remove or block redundant user IDs and accounts.

11. AUTHORITY

a) This Policy shall remain the only transversal Systems User Account Management Policy in Limpopo Provincial Government.

b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy.

SECTION G

GIFTS, DONATIONS AND SPONSORSHIPS POLICY
APRIL 2018

Table of Contents

1. PREAMBLE

a) This policy seeks to ensure guidance and proper control and accounting treatment of gifts, donations and sponsorships by and to government.

2. PURPOSE

a) The purpose of this document is to provide a policy framework within which gifts, donations and sponsorships are managed and accounted for within institutions to ensure they occur in a well-controlled environment for the ultimate benefit of the Provincial Government.

3. POLICY PRONOUNCEMENTS

3.1. GRANTING OF GIFTS, DONATIONS AND SPONSORSHIPS

a) The Accounting Officer/Accounting Authority of an institution may approve gifts, donations and sponsorships of institutional money and other movable assets (including Living resources/ Non-living resources) in the interest of the institution.
b) In the case of, where such cash amounts and value of items granted exceed R100 000 per case, prior approval of the legislature must first be sought by including the item separately in the appropriation bill.
c) Any donation of movable assets (including Living resources/ Non-living resources) with a value that exceed R100 000 should only be done after an analysis has been conducted to verify that the asset/resource is no longer required for the core function of the institution.
d) All institutions should obtain Provincial Treasury approval when granting donations of Living resources/ Non-living resources.
e) Accounting officers and accounting authorities may transfer movable assets free of charge to other departments, constitutional institutions or public entities by means of formal vouchers.

3.2. ACCEPTANCE OF GIFTS, DONATIONS AND SPONSORSHIPS

a) The Accounting Officer/Accounting Authority of an institution may approve the acceptance of any gift, donation or sponsorship to the institution, whether such gifts, donations or sponsorships are in cash or kind.
b) In the case of departments, all cash gifts, donations or sponsorships must be paid into the relevant revenue fund, except those donations received in terms of donor funding through Reconstruction and Development Fund Act, 1994 (Act 7 of 1994).
c) The Accounting Officer/Accounting Authority of an institution may approve the acceptance of any gift, donation or sponsorship to the institution, whether such gifts, donations or sponsorships are in cash or kind or is granted with the condition that the donation/gift/sponsorships must be used for the construction of the immovable property provided the conditions of acceptance does not put undue pressure on the budget of the Institution
d) Where it is not apparent for what purpose a gift, donation or sponsorship should be applied, the relevant executive authority may decide how such must be utilized for the benefit of the State.
e) Public Entities may not grant cash donations and sponsorships to departments to augment the budgets of designated or other departments.
f) All gifts, donations or sponsorships received during the course of the financial year must be disclosed as a note to the annual financial statements of the institution. In kind gifts, donations or sponsorship should be costed by obtaining a certificate or letter on official letter head from the person or institution offering the in-kind gifts donations or sponsorships, outlining the net worth of the entire transaction.
g) When a donor or sponsor requests to remain anonymous, the Accounting Officer/Accounting Authority of the institution must submit to Provincial Treasury, a certificate from both the Public Protector and the Auditor-General, which states that the identity of the donor or sponsor has been revealed to them, that they have noted it and have no objection.

3.3. GIFTS OR DONATIONS OF IMMOVABLE PROPERTY

a) The Provincial Treasury's approval shall be obtained before an institution offers or accepts any gifts or donations of immovable property.
b) The institution shall submit to the Provincial Treasury the reasons for and the conditions under which the gift or donation of immovable property is offered or accepted.

c) The institution shall record all such approved gifts or donations of immovable property received or given in the asset register for reporting purposes.
d) The immovable property received should be valued at cost (based on documentation about the immovable property) or fair value (if the value thereof is not known) in the asset register.

3.4. GIFTS, DONATIONS AND SPONSORSHIPS MADE IN CASH

3.4.1. CASH AMOUNTS LESS THAN R100 000

a) If an Institution grants cash amounts in respect of gifts, donations and sponsorships which are less than R100 000 the Institution shall prepare and submit a request for approval, via the Chief Financial Officer, to the Accounting Officer and shall include the following
   i. motivation - why it is in the interest of the institution to grant a gift, donation or sponsorship;
   ii. details of the recipient of the gift, donation or sponsorship;
   iii. the cost of the gift, donation or sponsorship;
   iv. the availability of funds under the applicable programme and the item to which such expenditure shall be debited; and
   v. any other relevant information that would enable the Accounting Officer/Accounting Authority to decide whether or not such gift, donation or sponsorship should be granted.

b) Once approval has been granted by the Accounting Officer/Accounting Authority payment of the relevant gift, donation or sponsorship shall be effected against the appropriate budgetary allocation.
c) Should there be a need to grant a gift, donation or sponsorship after the finalization of the estimate of expenditure, the amount shall be included in the Adjustments Budget for that particular financial year.
d) Proper record of all payments shall be maintained for reporting purposes.

3.4.2. CASH AMOUNTS EXCEEDING R100 000

a) If an Institution grants cash amounts in respect of gifts, donations and sponsorships which are in excess of R100 000, the Accounting Officer shall prepare and submit a request for approval to the Provincial Legislature and shall include the following
   i. motivation why it is in the interest of the department to grant a gift, donation or sponsorship;
   ii. details of the recipient of the gift, donation or sponsorship;
   iii. the cost of the gift, donation or sponsorship;
   iv. the benefit to the Department, if any; availability of funds under the applicable main and sub-division of the vote and the item to which such expenditure shall be debited; and
   v. any other relevant information that would enable the Provincial Legislature to decide whether or not such gift, donation or sponsorship should be granted.

b) Submissions for Public Entities shall be submitted through parent department to Provincial Treasury in route to the Provincial Legislature.
c) Once approval has been granted by the Provincial Legislature payment of the relevant gift, donation or sponsorship shall be effected against the appropriate budgetary allocation.
d) Should there be a need to grant a gift, donation or sponsorship after the finalization of the estimate of expenditure, the amount shall be included in the Adjustments Budget for that particular financial year.
e) Proper record of all payments shall be maintained for reporting purposes.

4. GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED BY AN INSTITUTION'S OFFICIALS

a) An Institution's officials shall adhere to Public Service Regulations, the confines of all other relevant prescripts and values when accepting any gift, donation or sponsorship.
   i. Paragraph 4.a) above includes gifts received by officials attending courses were items like laptops, tablets, TV sets etc. are provided by the service provider for free.
   ii. Gifts as outlined above in paragraph 4.a).i, should be recorded in the asset register of the institution, unless the Executive Authority of the Institution has granted permission to the official to retain such gift for personal use.

5. GIFTS, DONATIONS AND SPONSORSHIPS REGISTERS

a. Gifts, donations and sponsorship receiving and issuing registers should be as per Annexure A and B of this policy.

6. PAYMENTS AS AN ACT OF GRACE OR FAVOUR

a) Where no legislative authority exists, the Accounting Officer/Accounting Authority of an institution may approve, as an act of grace or favour, payments from the vote or from the budget of the institution, whichever applicable.
b) In the case of departments, where such payments from a vote will exceed R100 000 per case, Provincial Legislature approval must first be sought by including the item separately in the appropriation bill.
c) In the case of public entities listed in Schedule 3C or 3D to the PFMA, where such payments made from its budget will exceed R100 000 per case, prior written approval must be sought from Provincial Treasury through the Accounting Officer of the responsible department for payments as an act of grace or favour.
d) All payments made as an act of grace or favour during the financial year must be disclosed as a note to the annual financial statements of the institution.

7. MANAGEMENT REPORTING

7.1. ANNUAL REPORTING

a) All gifts, donations or sponsorships received and made in cash or otherwise during the course of a financial year shall be disclosed as a note to the Annual Financial Statements of the institution.

7.2. QUARTERLY REPORTING

a) Within ten (10) days after the end of each quarter, the Accounting Officer/Accounting Authority of an institution must report to Provincial Treasury on all gifts, donations and sponsorships received by the institution.
b) The report referred to in paragraph 7.2 a) above, must include information on grants received by the institution in terms of Reconstruction and Development Fund Act, 1994 (Act 7 of 1994).

8. AUTHORITY

a) This Policy shall remain the only transversal Gifts, Donations and Sponsorships policy in Limpopo Provincial Government.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate gifts, donations and sponsorships processes within their respective areas of operation.

Annexure A

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

GIFTS, DONATIONS AND SPONSORSHIPS REGISTER - RECIEVED

INSTITUTIONS NAME: ______________________________

EMPLOYEE NAME	ITEM DESCRIPTION	DONOR NAME	VALUE	REGISTER DATE

Annexure B

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

GIFTS, DONATIONS AND SPONSORSHIPS REGISTER - ISSUED

INSTITUTIONS NAME: ______________________________

RECEIVING INSTITUTION	NAME OF CONTACT PERSON	ADDRESS AND CONTACT INFORMATION	ITEMS ISSUED	DATE ISSUED	VALUE OF ITEMS ISSUED

SECTION H

BANKING & CASH MANAGEMENT POLICY
APRIL 2018

Table of Contents

1. PREAMBLE

a) The objective of this policy is to give effect to the provisions of PFMA and Treasury Regulations with regard to banking and cash management.

2. PURPOSE

a) The purpose of this policy is to provide guidance on the effective, efficient and economic management of banking and cash management within the provincial Administration

3. POLICY PRONOUNCEMENTS

3.1. BANKING ARRANGEMENTS

3.1.1. Background

a) The provincial revenue fund must have a bank account configuration that consists of at least an Exchequer bank account and a Paymaster General bank account, opened with an approved commercial bank in terms of the PFMA.
b) If accounting necessitates a separate bank account, the Provincial Treasury may approve one sub-account within the Paymaster General account of the provincial revenue fund. Such sub-accounts remain an integral part of the bank account configuration of the provincial revenue fund.
c) The Limpopo Provincial Government is operating in a decentralized cash management system where the Provincial Revenue Fund configuration consists of the Exchequer account as the main account of the province and individual Paymaster General Account (PMG) per vote.

3.1.2. Appointment of the provincial banker

a) It is the responsibility of the Provincial Treasury to ensure that the provincial banker is appointed and that the banking contract and Service level agreement are timely signed.
b) Only Provincial Treasury may enter into any banking contract on behalf of Departments.

3.1.3. Opening of provincial bank accounts

a) Each department must have its own bank account to manage its own budget and cash.
b) Upon signing a banking contract, Provincial Treasury must open a bank account for each department/vote (this paragraph is not applicable to public entities).
c) Any provincial department that may need to have a sub-account must apply in writing to the Provincial Treasury indicating the following:-
   i. the purpose of the account;
   ii. sources of funds for the account; as well as
   iii. the estimated lifespan of the account or the project for which the account is needed,

d) When Provincial Treasury has approved any such sub account and it is operational, the accounting officer of the department must ensure that there is regular reporting and auditing on the account.
e) No department may operate any bank account that is not approved by the Provincial Treasury.

3.1.4. Maintenance of the bank accounts

a) The Accounting Officer/ Accounting Authority or staff member duly delegated must appoint in writing, officials to deal with banking issues and submit such names to the Provincial Treasury for submission to the bank.
b) Accounting Officer/ Accounting Authority or staff member duly delegated must appoint at least 3 officials as signatories on every bank account of the institution. The number of the signatories cannot exceed 4 per institution. At least two of such

authorized signatories must authorize any transaction including cheques, credit transfers and electronic banking transactions.

c) An Accounting Officer/ Accounting Authority or staff member duly delegated must also appoint the online system operators comprising Chief Financial Officer and two other officials.
d) Each institution must maintain the signing and online system user profiles where signatories/system users must be timely withdrawn and replaced as and when necessary.
e) The Provincial Treasury must inform the bank of signatories for each department's bank account.
f) The MEC for Provincial Treasury must appoint 4 officials of the Provincial Treasury to sign on all departments bank accounts.
g) The Accounting Officer of Provincial Treasury must appoint Treasury officials as online system administrators.
h) Each department must set and review the ACB limits through Provincial Treasury as and when the need arises.
i) The Provincial Treasury is responsible for budgeting and paying all bank charges for all provincial departments' accounts for services provided by the bank.
j) Each department must reconcile its bank account daily and submit monthly bank reconciliation statements to Provincial Treasury on or before the 15th of every following month.
k) Department must submit payment recalls, if any, to the bank by 12H00 a day before action date of the tape.
l) In the event of unsuccessful recall or discovery of erroneous payment after cut-off time, department must arrange Court Order, specific for the freezing of the beneficiary and related accounts as well as paying back of the amount to the department's account.

3.1.5. Closure of bank accounts

a) The PMG account of the department can only be closed when the banking contract, entered into by the Provincial Treasury lapses and no department can propose closure of its PMG account.
b) Institutions must conduct the annual review of the sub-bank account to determine if the account is still necessary and the report must be submitted to the Provincial Treasury before the start of each financial year.
c) The Provincial Treasury must inform any department in writing that has a dormant bank account for more than 6 months that such dormant account will be closed, and any available funds in the account will be transferred to the Provincial Revenue Fund, unless the affected department can convince the Provincial Treasury otherwise.

3.1.6. Control of Face Value Documents

a) The Provincial Treasury must manage all face value documents relevant to this policy.
b) The Provincial Treasury is the only institution that may acquire and issue face value stationery to departments in respect of this policy. Departments must only use face value documents issued by the Provincial Treasury pursuant to the implementation of this policy.
c) Departments must submit annual consumption plans for the face value documents to the Provincial Treasury, in the prescribed format by the last day of February of each year.
d) Departments must submit their monthly inventory reconciliations by the 15th of each month.
e) All obsolete and redundant unused face value stationery must be returned to Provincial Treasury for disposal

3.2. CASH MANAGEMENT

3.2.1. Forecasting

3.2.1.1. Annual Forecasting

a) An Accounting Officer/ Accounting Authority or staff member duly delegated shall submit the realistic annual cash flow projections for the following financial year to the Provincial Treasury by end of February every year.
b) The annual cash flows submitted by the departments must include cash flows for their respective public entities.
c) The Provincial Treasury shall provide departments with a prescribed format for the purpose of submitting the envisaged projections, by the15th of February.
d) The Provincial Treasury shall consolidate the annual cash flow projections and submit to the National Treasury by the 15th of March every year.

e) Departments shall submit the adjusted cash flow projections as directed by the Provincial Treasury after the tabling of the adjustment budget.
f) Upon receipt of the Approved National Payment Schedule from National Treasury, the Provincial Treasury shall convene the bi-lateral meetings with departments and concerned public entities to align their cash flow projections and issue the Cash allocation letters.

3.2.1.2. Monthly funds requisitions (cash allocations) and rolling forecasts

a) The Accounting Officer must submit the monthly requisition within cash allocations to the Provincial Treasury at least 4 working days prior start of every month.
b) Departments cannot withdraw more than the approved funds, in terms of the original/adjusted projections, without Provincial Treasury approval.

3.2.1.3. Cash balance determination and management

a) The Chief Financial Officer must ensure that the bank account of the department is not overdrawn.
b) Bank reconciliation statements must be prepared on a monthly basis.

3.2.2. Disbursement of funds

3.2.2.1. Transferring of own revenue collected by the department to the Provincial Revenue Fund

a) The departments must pay over the total revenue collected (including revenue from Schedule 3C public entities) for each month in single installment on or before the 15th of the following month, except at year end (March). All revenue collected by the 25th March of every year, must were possible be paid over by the 31st of March. Collections between the 26th and 31st March may be paid over by the 15th of May.
b) No direct cash deposit can be made into the Exchequer Account.

3.2.2.2. Surrendering of unspent funds

a) A department must transfer all unspent funds into the Provincial Revenue Fund (Exchequer Account) annually within five (5) working days after the system year-end closure, normally 30 April, through manual credit transfers.
b) Schedule 3C public entities shall surrender accumulated surplus funds as per National/Provincial Treasuries instruction notes.
c) A detailed report indicating the surrendered amounts per fund must be submitted to the Provincial Treasury on the same day the funds are surrendered.
d) The funds can only be surrendered from the PMG account of a department and not from any other account, e.g. Public Entity or other Agencies account.

4. AUTHORITY

a) This Policy shall remain the only Transversal Banking & Cash Management Policy in Limpopo Provincial Government on the subject.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate banking and cash management processes within their respective areas of operation.

SECTION I

VEHICLE PARKING BAY POLICY
APRIL 2018

Table of Contents

1. PREAMBLE

a) The Limpopo Provincial Government acknowledges that there is limited parking space in government premises. On the other hand there are more employees who require parking space than departments can offer and thus there is a need to ensure efficient management of the parking space.

b) The objective of this policy is to regulate the management of vehicle parking bays in government premises and premises under the control of Government in the Provincial Administration.

2. PURPOSE

a) The purpose of this policy is to provide guidance on effective, efficient and economical provision of vehicle parking bays in government premises and premises under the control of Government in the Provincial Administration.

3. POLICY PRONOUNCEMENTS

3.1. POLICY PRINCIPLES

a) Introduce a system of managing parking space in government premises and premises under the control of Government.

b) Parking fees shall be charged as part of the management of parking space

c) An employee shall voluntarily enter into an parking bay agreement with the employer to be allocated a parking bay where a parking bay is available in the workplace.

d) Any party can terminate the agreement in writing by giving thirty (30) days' notice.

e) A parking bay means an area allocated to an employee for parking purposes and clearly demarcated in compliance with the Road Traffic Act, 1989 and only demarcated parking bays shall be charged in terms of determined approved tariffs.

f) Departments must take into account operational requirements and disability when allocating parking bays.

g) Parking shall be allocated in line with the departmental Parking Allocation Procedure Manual.

h) Access control to the parking is the responsibility of each department.

3.2. POLICY PROVISIONS

a) The employer shall:

i. depending on the parking bays available, allocate demarcated parking bays to employees.
ii. give employees with disabilities, suitable and clearly demarcated parking bays to meet their needs.
iii. deduct the parking fee from an employee's salary in in terms of the signed parking agreement entered into with the affected employees.

b) An employee allocated with a demarcated parking bay shall

i. Agree to pay a fee for the use of an allocated parking bay

ii. Agree to allow the employer to deduct the parking bay fee trough the payroll system monthly.

c) An employee allocated with a demarcated parking bay shall not:

   i. transfer the demarcated and allocated parking bay to another employee;
   ii. use a demarcated parking bay for any other purpose than parking;
   iii. use the parking bay for any other purpose

d) Parking in state properties is at own risk and the employer shall not take any responsibility for any damage or loss that an employee may suffer whilst parking in the premises.

e) The following are five categories of the demarcated parking facilities:

   i. Unshaded parking / Open air parking;
   ii. Shaded net;
   iii. Shaded zink;
   iv. Garage type' and
   v. Garage type with security gates.

3.3. PARKING RATES

a) The rates for parking bay as prescribed in 3.2.d). will be determined by Provincial Treasury in consultation with the relevant Bargaining Council
b) Parking tariffs shall be reviewed annually in line with the Public Finance Management Act and Treasury Regulations.

4. AUTHORITY

a) This Policy shall remain the only Transversal Vehicle Parking Bay Policy in Limpopo Provincial Government on the subject.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy in order to regulate vehicle parking bay processes within their respective areas of operation.

SECTION J

INVENTORY MANAGEMENT POLICY
APRIL 2018

Table of Contents

1. PREAMBLE

a) The objective of this policy is to establish an effective and efficient system in the management of inventory in the Provincial Government.

2. PURPOSE

a) The purpose of this Policy is to regulate and set the framework for the management of inventories.

3. POLICY PRONOUNCEMENTS

a) This policy provides direction on how departments and public entities must:
   i. Plan Inventory Resources;
   ii. Procure Inventories;
   iii. Recognise Inventory items;
   iv. Manage Warehouses and Stockrooms;
   v. Conduct Stocktakes;
   vi. Conduct Stock Evaluations;
   vii. Control Inventory Losses;
   viii. Conduct Inventory Disposals; and
   ix. Manage Accounting and Financial Reporting on Inventory.

4. ACCOUNTING STANDARDS FOR INVENTORY

a) Accounting for Inventory Management is regulated in terms of the standards of Generally Recognised Accounting Practice for Inventories, viz. GRAP 12.
b) The objectives of GRAP 12 are mainly to provide for the recognition of cost as inventory asset and for the accounting treatment thereof.
c) GRAP 12.07 defines Inventories as assets
   i. In the form of materials or supplies to be consumed in the production process;
   ii. In the form of materials for distribution in the ordinary course of operations;
   iii. Held for sale or distribution in the ordinary course of operations; and
   iv. In the process of production for sale or distribution.

d) Inventories shall be recognised as a non-current asset if, and only if it is probable that associated future economic benefits or service potential will flow to the department, and that the cost thereof can be measured reliably.
e) Where costs apply, inventories shall be measured at the lower of cost and net realisable value.
f) Inventories shall be measured at the lower of cost and current replacement where they are held for distribution or consumption at no charge or for a nominal charge.
g) The cost of inventories shall comprise all costs of purchase, conversion and of bringing them to their present location and condition.
h) The cost of agricultural produce inventories harvested from biological assets are measured on initial recognition at fair value less estimated point-of sale costs at the point of harvest.
i) Unless otherwise provided for or approved by Provincial Treasury, the First-in, first-out (FIFO) and the Weighted Average (WA) cost formulae shall be applied for valuing inventories as follows:
   i. FIFO formula shall apply on perishable inventories; and
   ii. Weighted Average formula shall apply on non-perishable inventories.

j) An institution shall consistently use the same cost formula for all inventories having similar nature and use or Inventory Class.
k) An institution shall NOT change a cost formula from any Inventory Class to the other or adopt any other cost formula other than those provided in this policy without a written Provincial Treasury Authority.
l) In terms of GRAP 12.34 the difference in the geographical location of inventories is not sufficient to justify the use of different cost formulae.

5. RESOURCE PLANNING

5.1. STORES FACILITIES

a) Inventories shall be kept in a warehouse or store in order for efficient management and safeguarding.
b) For the purpose of effective, efficient and transparent systems of financial management and internal control, the warehouse or store facility arrangement should provide for at least, the following three arm-length functions:
   i. Receipts or Transit-In Section;
   ii. Storage Management Section; and
   iii. Distribution or Transit-Out Section.

5.2. INVENTORY PLANNING AND BUDGETING

a) The Stores Register shall provide the basis for the Annual Inventory Planning and Budgeting.
b) Although programme managers might need to effect changes to accommodate specific needs in the Annual Inventory Plan, care should be taken to ensure that economic order quantity, stock levels and reorder points are not compromised.

6. PROCUREMENT

a) The procurement of inventories is the process of acquiring inventories from outside suppliers.
b) Inventories may be acquired through the transfer process from other departments/public entities or accepted as donations from other sources.
c) The procurement of inventories shall be done to replenish stock-levels or to address specific demands.
d) When inventories are procured, due consideration must be paid to the following:
   i. need analysis;
   ii. alternative source of supply;
   iii. the acquisition process and
   iv. availability of storage.

e) In order to maintain an effective, efficient and economic Inventory Management in an institution, it is imperative to have a centralised budgeting system for inventories.
f) For all inventories which are a subject of replenishment of stock-levels, the procurement thereof shall be initiated by the Inventory Management Unit.
g) Procurement for Just-In Time (JIT) inventories meant to address specific needs shall be budgeted for and initiated by the programme managers after consultation with the Inventory Management Unit.

7. WAREHOUSE AND STOCKROOM

7.1. STORES REGISTER

a) An Item Record/Register shall be opened and maintained for all inventory items.
b) Manual or computerised records for each item of inventory should include the following:
   i. Inventory operation (name, number and location of warehouse/stockroom);
   ii. Item code;
   iii. Item description;
   iv. Class of inventory (A, B, C etc.);
   v. Item location (shelf, bin, etc.);
   vi. The inventory's authorised responsible person;
   vii. Unit of issue;
   viii. Consumption history for each financial year;
   ix. Order Number;
   x. Lead time days (number of days between order and delivery);
   xi. Reorder point quantity (level of stock which when reached an order must be placed);

xii. Quantity on hand per inventory records;
xiii. Valuation method (FIFO or WA) and
xiv. Unit price of quantity on hand.

7.2. STORAGE

a) Warehouses/stockrooms shall be divided into rows, racks (shelves) and bins for effective and economical packing of inventories.
b) The numbering of rows and racks should be sequential and where possible be from left to right and from the bottom to the top to allow for additional racks.

7.3. SAFEGUARDING AND PRESERVATION

a) Inventories shall be arranged in such a way that they will facilitate easy access for checking and minimise damages.
b) Storage should comply with municipal by-laws and regulations.
c) Explosives, poisonous and inflammable substances should be stored separately and away from the rest of the inventories.

8. STOCKTAKE

a) Stocktaking is a process of physical verification of the existence of stock items in the warehouse/stockroom and the condition thereof.

8.1. FREQUENCY OF STOCKTAKE

a) The mandatory stock-take should be conducted twice per financial year.

8.2. STOCK-TAKE TEAMS

a) Stocktaking team/s should be appointed in writing by the Accounting Officer/Accounting Authority or appropriately delegated official.
b) It is the responsibility of the Head of Inventory Management Unit in conjunction with the Chief Financial Officer in an institution to initiate the appointment of stocktaking team/s.
c) The chairperson and secretary of the stocktaking team must be knowledgeable in Inventory Management processes.
d) The warehouse/stockroom officials must not be appointed as a member of the stock-take team/s but must be available to provide support to the stock-take process.
e) As and when the need arises replacement of members in the stock-take team/s shall be done.

8.3. STOCK-TAKE OUTCOMES

a) On completion, the stock-take team must compile a stock-take report for each Warehouse/Stockroom reflecting the following:
    i. The name and location of the Warehouse/Stockroom;
    ii. The date or period of the Stock-take project;
    iii. The name and contact details of the Head of the Warehouse/Stock-room;
    iv. A reconciliation of the floor to the Stock Register;
    v. Condition of the inventory items; and
    vi. Probable root causes of deficiencies reflected in the reconciliation.

b) The stock-take report should offer recommendations on internal controls, facilities, as well as on items to be disposed.
c) The stock-take report should be approved by the Accounting Officer/Accounting Authority or appropriately delegated official.
d) All deficiencies shall be investigated and the finalisation thereof should be reported to the Accounting Officer/Accounting Authority or appropriately delegated official within a period of one month after the date of submission of the stock-take report.
e) Only the approved stock-take report shall serve as an authority to effect changes in the stock register to address deficiencies identified.

9. INVENTORY MANAGEMENT TECHNIQUES

a) Inventory Management Techniques (IMT) are necessary to demonstrate accountability, improve transparency and credibility of information and ensure that that the management of public resources is both efficient and economical.

b) In order to be effective, efficient and economical in the management of inventory resources, it imperative to determine quantities of inventory to held and set the reorder levels for each stock item.

c) The Economic Order Quantity (EOQ) model shall be used to determine the most economic or cost efficient order quantity.

d) Since the EOQ holds that the Total Annual Inventory Cost (TAIC) is equal to the sum of the purchase cost, holding cost and order cost, it is necessary that each warehouse/stockroom should determine same in respect of each inventory type.

e) The lowest optimal order quantity shall be determined using the formula:

EOQ = √(2 DO) / H
Where D = Annual stock demand
O = Cost of placing one order
H = Holding cost per unit

f) The Total Annual Inventory Cost (TAIC) for each inventory type shall be determined using the formula:
TAIC = APC + AHC + AOC
Where APC = Annual Purchase Cost = Price x Demand
AHC = Annual Holding Cost = (EOQ / 2) x Holding Cost
AOC = Annual Order Cost = (Demand /EOQ) x Cost of placing an order

g) A safety stock should be held to reduce chances of stock out and interruption in service delivery.

h) A reorder point should therefore be determined as the lowest stock at which an order must be placed to avoid a stock out.

i) The formula to determine the reorder level shall be:
Reorder Point = (D/Y) x L
Where D = Demand
Y = Number of operational days per year
L =Order lead time

j) It is recommended that some of the following controls are considered, over and above the EOQ model, to eliminate or reduce variance between actual physical stock and recorded stock and also to accord specific stocks attention they deserve:
   i. Coding of items to uniquely identify groups of stock items to facilitate tracking of stocks;
   ii. ABC control to manage inventory which splits into groups on the basis of their needs in relation to management decisions;
   iii. Just-in-time control to manage stocks that are required for emergency purposes and get delivered directly to jobs and projects immediately as they are required; and
   iv. Hybrid stock-take to manage stocks which require specific closer management attention due to their nature.

10. LOSS CONTROL

a) Loss occurs as a result of pilferage, damage, withering, evaporations or vis major.

b) The Inventory Management Unit shall report in writing to the CFO through the Head of Unit, a loss on any inventory item within a day of recognizing such a loss.

c) The CFO shall report the loss to the relevant internal unit for investigation.

d) Only a final report from the said unit as referred to in paragraph 10.c), duly authorised by the Accounting Officer/Accounting Authority or appropriately delegated official shall serve as the authority to update the stock register in respect of any loss.

11. DISPOSALS OF INVENTORY ITEMS

a) The disposal of inventory shall be regulated in terms of the Practice Note on Disposals (Practice Note N0.5 of 2007, as amended).
b) Inventory Disposal is an activity within supply chain management which terminates the institution control of a particular item of inventory.
c) The institution shall dispose items of inventory in a fair, equitable, transparent, competitive and cost effective manner.
d) Disposal of inventory shall be fully accounted for in the department's or public entity's financial statements.
e) Inventories may be disposed due to, amongst others the following reasons:
   i. excess stock;
   ii. under-performing items, i.e. inventories may no longer support the department's service objective;
   iii. unserviceable items; and
   iv. redundancy /obsolescence.

f) The Accounting Officer/Accounting Authority or appropriately delegated official shall appoint in writing, a Disposal Committee whose responsibility shall be to make an assessment on all Warehouses and Stockrooms annually and make informed recommendations about stocks to be disposed and methods of disposal thereof.
g) The Disposal Committee shall work in conjunction with the Inventory Management Unit whose main responsibility shall be to coordinate the disposal process.
h) The Disposal Committee shall, before making a recommendation for disposal, conduct a comprehensive examination and economic appraisal within an integrated planning framework that takes into consideration service delivery needs, institutional objectives, financial and budgetary constraints and the Government's overall resource allocation objectives.
i) Departments and public entities must draw an annual Disposal Plan /schedule indicating the following:
   i. list of inventories to be disposed;
   ii. the rationale for the disposal;
   iii. the anticipated time and method of disposal; and
   iv. the expected proceeds on disposal.

j) The Inventory Register must form the basis for Disposal Plan as it carries records of all inventories; and need to be updated with regard to decisions affecting inventory items.
k) The Inventory Management Unit must, prior disposal, ensure that inventories ring-fenced for disposal do not contain materials that are not intended for disposal.
l) The types of materials which must be removed from inventories ring-fenced for disposal include, but are not limited to:
   a) stationery—particularly printed stationery, which could be misused, or used for fraudulent purposes;
   b) software-the unauthorised movement of which could breach license agreements;
   c) classified information contained in hard or floppy disks;
   d) records, files, papers or whiteboards containing information which, if disclosed, could breach privacy legislation; and/or cause embarrassment or problems for the disposing institution; and
   e) hazardous stores (which includes items of plant), the transfer of which could create legal liabilities.

m) The following are the disposal methods which may be used:
   i. public tender;
   ii. price quotations;
   iii. public auction;
   iv. transfer to another institution;
   v. donation; and
   vi. destruction.

n) Sale By Auction, where auctioneering is considered, the institutions shall make use of a provincial auctioneering contract arranged from time to time by the Provincial Treasury to dispose inventories. In cases where LPT does not have a contract, Institutions must use available alternative method.

o) Sale through Price Quotations or Tender (Competitive Bidding) may be considered in selling, amongst others, high value inventories, unusual or technical inventories, inventories located in rural areas and inventories that have a geographically dispersed potential market.
p) Sale through price quotations may be used for inventories that have been unsuccessful on tender, that are valued at less than the cost of disposal through bidding processes, are no longer functional but have re-usable parts/ components which may still have value (scrap) or it is proven that they will not attract bidders.
q) Disposal of Intellectual Property- where intellectual properties are involved consideration should be given to ensure that the rights of the intellectual property owners are properly protected and that any financial benefit arising from these developments is optimised for the benefit of their department.
r) Sale through Private Treaty Agreement – where this method is adopted an independent institution should be sourced to value the inventories to avoid the perception of corrupt /improper practices.
s) Disposal through Recycling – where this method is considered, the services of a service provider should be sought.
t) Disposal of hazardous, poisonous or pollutant items – where these items are involved, controlled dumping method should be used through the services of a service provider in consultation with the relevant institutions exercising outmost care to ensure that there are no health risks to employees, members of the public or the environment.
u) Donation to Charitable or Work Creation Organisations – where disposal through donation is considered, community, charity or work creation organisations should receive equitable treatment in the applicants who submit proposals for the removal of unserviceable goods.
v) All donations to charities, Non-Governmental Organisations, and Community Based Organisations must be approved as per Gifts, Donations and Sponsorship policy.
w) Destruction, Decommissioning, cannibalization, Dumping or burying – these methods shall be undertaken when it is uneconomical to dispose the items through any other means.
x) All items disposed shall be removed from the Inventory / Stock Register within seven working days of the disposal date.

12. ACCOUNTING AND REPORTING

a) Disclosures with regard to Inventory Management shall be done in terms of the Norms and Standards and on templates prescribed by the relevant treasury.
b) The financial statements on Inventory Management shall disclose the following:
   i. the accounting policies adopted in measuring inventories, including the cost formulae used per the Inventory Class;
   ii. the total carrying amount of inventories per the Inventory Class;
   iii. the carrying amount of inventories per Inventory Class, carried at fair value less cost to sell;
   iv. the amount of inventories per Inventory Class, recognised as an expense during the period;
   v. the amount of inventories per Inventory Class, written-down and recognised as an expense;
   vi. the amount of any reversal or write-down, per Inventory Class, that is recognised as an expense; and
   vii. the carrying amount.

13. AUTHORITY

a) This Policy shall remain the only Transversal Inventory Management Policy in Limpopo Provincial Government.
b) Institutions shall formulate **Procedure Manuals** to give effect to the provisions of this Policy.

SECTION K
MOVABLE ASSET MANAGEMENT POLICY
APRIL 2018

Table of Contents

1. PREAMBLE

The objective of this policy is to establish an effective and efficient system of movable asset management in the Provincial Government.

2. PURPOSE

2.1. The purpose of this document is to provide a Provincial Policy Framework for the effective and efficient management of movable assets within Limpopo Provincial Government; and to serve as a reference and an aid in the management of movable assets.

3. POLICY PRONOUNCEMENTS

3.1. The Policy prescribes to provincial institutions the focal areas to be taken into consideration in the formulation of their respective procedures manuals for the regulation of efficient, effective and economic movable asset management.

3.2. The Policy ensures that the accounting treatment of movable assets complies with the relevant accounting standards.

3.3. This Policy does not replace any acts, regulations or prescripts by National Treasury, which are still in force in respect of movable asset management.

4. ASSET MANAGEMENT PROCESS

4.1. Movable asset management is the process of guiding all the key movable asset management activities undertaken to make the most of an asset's service delivery potential and the management of the related risks and costs over the entire asset life cycle.

4.2. It embraces the following inter-related processes or phases:

- a) Planning
- b) Budgeting
- c) Acquisition
- d) Asset Recognition
- e) Operation and Maintenance
- f) Transfers
- g) Asset Verification
- h) Disposal
- i) Asset Valuation

5. ASSET PLANNING

5.1. Asset Planning shall be informed by the principle that a public institution shall not hold assets unless it is reasonably necessary for the economical, effective and efficient delivery of services.

5.2. Asset Planning is the process through which the asset requirements of an institution are matched to its service delivery requirements.

5.3. The Asset Planning Framework model to be undertaken and adopted by institutions for an integrated Asset Management Strategy shall be the following process:

- a) Determination of Asset Needs
- b) Evaluation of Existing assets
- c) Development of the Asset Management Strategy
- d) Capital Funding and Budgeting

5.4. Institutions must prepare the Annual Asset Management Plan incorporating inputs from the end-users and the Asset Management Officials.
5.5. The Asset Management Plans, decisions and activities must be fully integrated with the Governments planning processes, including the institutions business plans.
5.6. It is the responsibility of the programme managers to communicate the Asset Planning Strategy to Asset Management Unit within institutions via its Chief Financial Officer.
5.7. Institutions must continue to verify service needs throughout the planning process.
5.8. When estimating the useful life of an asset, planned maintenance of the asset should also be considered during the planning stage.
5.9. Asset Planning must be conducted to include the asset life cycle stages, i.e. Acquisition, Operation and Maintenance and Disposal, and shall include aspects such as Risk Assessment, Cost-Benefit-Analysis, Role of assets in programme delivery, Life-cycle costing, Accountability and Responsibility and alternatives.
5.10. The output of Asset Management Planning shall be the Asset Planning Strategy.
5.11. The Asset Management Plan Strategy shall result in the following Asset Activity Plans:

a) Planning and Budgeting Plan
b) Acquisition Plan
c) Operation and Maintenance Plan
d) Transfer Plan
e) Asset Verification Plan
f) Revaluation Plan
g) Disposal Plan

5.12. All asset activity plans must be communicated to the Asset Management Unit whose responsibility shall be to ensure that targets are set and carried out and that the Asset/Accession Register is properly updated as and when the need arises.

6. BUDGETING

6.1. Asset Budgeting shall be the process through which the Asset Planning Strategy is financially quantified and shall entail allocating financial resources to the Asset Planning Strategy.
6.2. Asset Budgeting must be conducted to include the asset life cycle stages, i.e. Acquisition, Operation, Transfers, Maintenance and Disposal.
6.3. It is the responsibility of the programme managers to communicate the Asset Budgeting Strategy to the Asset Management Unit.

7. ACQUSITION

7.1. The decision to acquire assets shall be informed by both the Asset Planning Strategy and Asset Budgeting Plan.
7.2. Alternatives to Asset Acquisition:

a) The common methods that should be considered by government to acquire assets, amongst others, are Buying, Donations, Leasing, Transfers and Building/Construction.
b) Where the department takes control of a leased asset on expiry of the lease, such an asset must be recognised and recorded in the Asset Register.
c) In case of Public Entities assets acquired through finance lease, such assets must be recognised and recorded in the Asset Register.
d) Assets introduced through Operating Leases shall not be included on the Asset/Accession Register as ownership and total control thereof vests in the supplier.

7.3. Considerations in search for capital asset solutions must include:

a) Contracting-out the function to a service provider to provide the asset
b) Redesigning the service to reduce the demand of the asset

c) Reducing the demand for the service itself
d) Increasing the utilization of existing assets

7.4. The decision to acquire an asset is made after considering the alternatives to asset ownership and shall be based on the comparison of the life-cycle costs, risks and benefit of each alternative.
7.5. Asset Acquisitions shall be documented in an Acquisition Plan.
7.6. The acquisition of assets other than land and of those that are constructed shall be treated in terms of the PFMA and the relevant policies and guidelines such as the Provincial Treasury Instruction on Supply Chain Management.
7.7. Assets received through donations are treated as non-cash acquisitions.
7.8. Assets received by officials as donations or gifts and eventually surrendered to the institution by the officials in terms of the Gifts, Donations & Sponsorship Policy shall be treated in the Asset/Accession Register as non-cash items at cost or fair value on the day they were received or surrendered to the institution.

8. RECOGNITION OF ASSETS

8.1. An asset shall be recognised for capitalisation on the Asset/Accession Register to an extent that it is a resource controlled by the institution as a result of past events, and from which future economic benefit or service potential is expected to flow to the institution, and which will be utilised over more than one financial period.
8.2. An asset to be recognised in terms of the recognition criteria shall possess the following characteristics before it is considered for capitalization in the Asset/Accession Register:

a) Is the item tangible or intangible item.
b) Will there be a flow of future service potential or economic benefit to the institution.
c) Is the items service potential or future economic benefit controlled by the institution.
d) Has the service potential or future economic benefit arose from past transactions or events (i.e. 'future' assets cannot be recognised in the financial statements).
e) It is probable that the service potential will be used.
f) Does the asset have a cost that can be reliably measured.

8.3. The most critical factor underlying the accounting for assets in the Asset/Accession Register is the principle of control.
8.4. The institution is deemed to have control over an asset and entitled to include an item in the Asset/Accession Register if it controls the rights or access to the future economic benefits or service potential of the asset and has the ability to exclude or regulate the access of others to it.
8.5. The Asset/Accession Register shall only be adjusted in respect of capital expenditure if the expense thereof results in the extension to the asset's useful life, an increase in capacity of an asset, an upgrade in the asset's useful output or quality thereof or substantial decrease in the assessed future operating cost.
8.6. Capital assets are accounted for at the point when some event or transaction transfers control over an asset.
8.7. Categorisation and Classification of movable assets in the Asset/Accession Register

a) The general classification of movable assets shall be Property, Plant and equipment and shall include the following sub categories of movable assets:
   i. Machinery and equipment's
   ii. Biological assets
   iii. Heritage assets
   iv. Intangible assets
   v. Library Materials

b) Although some assets consist of complementary primary and secondary components, e.g. personal computer's central processing unit (CPU), monitor and printer, each component must be considered in the Asset/Accession Register as a unique asset in its own right for the sake of managing its useful life.
c) Assets must be recorded according to a particular classification or logical groupings in the Asset/Accession Register in terms of the Asset Classification Standards as set by the National Treasury Framework and Asset Management Guide.
d) Each asset item must be recorded individually in the Asset/Accession Register in order for efficient management of the assets life cycle from the day Government takes control of it.

e) Loose tools such as saws, spades, knives, axes, hammers, screwdrivers, spanners, wrenches, *et cetera* are normally not considered as assets mainly because they are small and relatively inexpensive.

f) Where the value of loose tools exceed the capitalisation threshold, such loose tools may be treated in the Asset/Accession Register as one Toolbox Asset.

g) Although spare parts are inventories by nature certain spare parts and stand-by equipment qualify as assets when an institution expects to use them during more than one period.

h) The replacement of worn out, damaged or lost Toolbox Asset items shall be strictly done through Current Expenditure.

i) An Inventory Control List must be kept for all items of the Toolbox Asset for control purposes.

8.8. Intangible assets are incorporeal by nature and include works of intellectual know-how, servitudes and rights but exclude annual licence fees.

8.9. Ownership or control over assets mounted or attached to buildings and facilities is regulated by the lease contract of buildings and facilities.

8.10. Where the lease contract restricts the detachment or removal of assets mounted or attached to the leased property at the end of the lease contract, such assets become part of buildings and facilities on acquisition, and *vice versa*.

8.11. When assets are recorded in the Asset/Accession Register, the following minimum requirements must be met:

a) Asset Class/ Category
b) Barcode (Asset Number)
c) Asset Name followed by Asset Description
d) Claim Number or Source Document Number or Expense Voucher Number
e) Acquisition Date
f) Asset Unique Identifier (e.g. Serial Number, VIN, Title Deed Number)
g) Programme Name
h) Asset Location
i) Asset User
j) Acquisition Cost
k) Carrying Value

8.12. When library books are recorded in the Asset Register, the following minimum requirements must be met:

a) Asset Class/ Category
b) Barcode/ Accession number
c) Title/Asset Name followed by Asset Description
d) Author (only in the case of Library Materials)
e) Catalogue (only in the case of Library Materials)
f) Publisher (only in the case of Library Materials)
g) Claim Number or Source Document Number or Expense Voucher Number
h) Acquisition Date
i) Asset Unique Identifier (e.g. Serial Number, ISBN,etc)
j) Programme Name
k) Asset Location
l) Asset User
m) Acquisition Cost/Price
n) Carrying Value
o) Condition (e.g. Very Good, Good, Fair, poor, Very Poor, etc.)

8.13. Where an institution incurs capital expenditure for improvements on a leased capital asset and is allowed in terms of the lease contract to remove the improvement without damaging the leased property, the costs so incurred shall be recognised as a capital asset.

8.14. Where specialized machinery or equipment (e.g. Air conditioner) is fixed to a structure being leased by an institution and the institution enjoys the service potential, such machinery or equipment should be recognised and recorded in the Asset Register and shall be de-recognised at the expiry of the lease contract.

9. OPERATIONS AND MAINTENANCE

9.1. The objective of Operations and Maintenance shall be to ensure that assets remain relevant to programme requirements, are efficiently utilised and are maintained in the necessary condition to support a programme's delivery at the lowest possible long-term cost.

9.2. Institutions shall establish and maintain management processes to monitor the assets under their control.

9.3. For control purposes an asset item MUST be assigned to a location and to asset holder/user, and MUST be acknowledged in writing by the employee to whom the asset is assigned.

9.4. Employees to whom assets are assigned remain fully responsible and accountable for the efficient usage, safeguarding and verification of all assets under their custody until such assets are officially transferred or disposed through the Asset Management processes.

9.5. Upon transfer or termination of services of an employee, his/her supervisor or programme manager shall immediately demand that the employee should account for all assets under his/her custody.

9.6. Subject to 9.5 the supervisor or programme manager of an employee whose services are being or have been severed immediately assumes responsibility and accountability for all assets which are or have been under the custody of such an employee until such time that the assets are officially transferred, disposed or assigned to another employee.

9.7. Institutions shall be responsible for establishing mechanisms to ensure that the movement of assets between locations and asset holders/users is strictly monitored, and that the Asset Management Unit is formally notified to regularise the movement of such assets and update the Asset/Accession Register, where such movements become permanent.

9.8. Unauthorised movement of assets within locations and amongst users is not permitted and amounts to an infringement of this policy.

9.9. An institution shall annually formulate an Operations and Maintenance Plan defining the following aspects concerning performance optimisation and asset life:

a) An assessment of the conditions of existing assets.
b) Operations and Maintenance standards for the level of use, condition, maintenance and performance of assets.
c) The means to ensure that assets are efficiently and effectively utilised to support programme delivery.
d) Responsibility for ownership and control for use, security, condition and performance.
e) Accountability for all Operations and Maintenance activities.
f) Resources required for operating and maintaining assets.
g) Operating policies.
h) Estimates of operating costs.
i) Training staff in use of the asset.
j) Arrangements for performance data collection, monitoring and reporting.
k) Maintenance schedule.

9.10. Programme managers shall be responsible to ensure that the annual or revised Operations and Maintenance Plan for the institution, and any activity that affects the condition of an asset is communicated to the Asset Management Unit in the institution.

9.11. Programme managers shall be responsible to ensure that assets are utilised for their intended purposes only, and in compliance with the relevant health and safety standards.

9.12. Programme managers shall continually bring to the attention of the Asset Management Unit in the institutions, information regarding any damaged, unserviceable, obsolete or redundant assets which are to be ring-fenced for disposal.

10. ASSET TRANSFERS

10.1. Asset Transfer is the process through which an asset is permanently moved from one institution to another.

10.2. Movements of assets within an institution, assets taken for repairs and inter-lending do not constitute an asset transfer.

10.3. When transferring assets, institutions shall draw an Asset/Accession Register Inventory of the assets to be transferred stating the minimum requirement herein determined at the date of transfer.

10.4. The inventory list shall be covered by a formal Handing and Taking-Over Certificate [(Z 584) VA 32] which shall be signed-off by both the receiving and the transferring institutions' Accounting Officers in compliance with the applicable Delegation of

Authority within the institution. There shall also be a Memorandum of Agreement where necessary, to avoid challenges that might arise after the transfer.

10.5. Upon the conclusion of a transfer agreement between the transferring and the receiving institutions, the transferring institution shall lodge the signed Handing and Taking-Over Certificate together with the accompanying inventory list(s) with Provincial Treasury and the Office of the Auditor General within **fourteen (14) days** from the day of the transfer.

10.6. The Asset/Accession Registers of both the transferring and receiving institutions shall be updated on a **common date** without altering the identity and value of the asset.

10.7. The receiving institution must recognize and register the asset within thirty (30) days.

10.8. The value of the asset to the receiving institution shall be the same value as per the Asset/Accession Register of the transferring institution.

10.9. Asset transfers MUST be authorised by the Accounting Officer of the institution.

11. ASSET VERIFICATION

11.1. Asset Verification shall be the process through which the physical existence of assets and their conditions are verified against assertions in the Asset/Accession Register.

11.2. The Chief Financial Officer shall designate, a competent Asset Verification Team to perform Asset Verification and report findings for the whole institution.

11.3. The Asset Verification process shall be concluded and the Asset Verification Report should be made available to the Financial Management function.

11.4. The final Asset Verification Exception Report of an institution, duly-authorised, shall be lodged with the Asset Management Unit of the institution to update of the Asset/Accession Register.

11.5. The Verification Output Report for an institution, duly-authorised by the Accounting Officer, shall be lodged with the Provincial Treasury.

11.6. Obsolete and redundant assets identified during the Asset Verification process shall be assessed by the Disposal Committee and if approved be included in the Asset Disposal Plan.

11.7. Asset Verification shall be conducted at least twice within a financial year, unless otherwise authorized by Provincial Treasury.

12. DISPOSAL OF ASSETS

12.1. Asset Disposal shall be the process through which assets are removed from the control of the institution by way of sale, donation, scrapping, cannibalism, decommissioning, destruction, devolution, surrender, cessation or trade-in, excluding transfers.

12.2. An institution shall have an Annual Disposal Plan for assets to regulate the unnecessary proliferation of redundant assets and minimise/ mitigate the related risks.

12.3. The Disposal Plan shall establish the rationale for the anticipated time and method of disposal, and the expected proceeds.

12.4. The institution shall file a copy of the Disposal Plan with the Provincial Treasury at the beginning of a financial year and amend same after verification processes.

12.5. Any disposal of state assets would be regulated in terms of Treasury Regulations 16A7

12.6. Institutions must consider setting reserve prices for high value asset items prior to disposals.

12.7. There shall be, in each institution, an appointed Asset Disposal Committee whose responsibility shall be to assess and secure assets for disposal, obtain approval from the Accounting Officer and execute the disposal function.

12.8. Once approval for disposal has been granted, the institution shall invite the Provincial Asset Management Unit in Provincial Treasury, at least fourteen 14 days before disposal, to monitor and support the Asset Disposal process.

13. ASSET VALUATION

13.1. The value of a movable asset in the Asset/Accession Register shall be the purchase price and other costs of bringing the asset into operation or fair value as determined in terms of the applicable National Treasury Framework. Where no acquisition documents are available to support cost, historical movable assets shall be valued as per the applicable National Treasury Framework.

13.2. Where a movable asset's actual cost cannot be reliably determined, the cost of the movable asset shall be measured at its fair value, which will become the assets initial deemed cost.
13.3. Movable assets which are proven to have been acquired prior to 01 April 2002, shall be recorded at R1 value where no proper records are available to prove actual cost.
13.4. The fair value of a movable asset is usually its market value determined by appraisal undertaken by, but not necessarily, a member of a valuation profession.
13.5. Departments are encouraged, as far as possible, to use existing available information in order to avoid unnecessary costs to facilitate the fair value of movable assets. Comparison should be made with similar characteristics and service potential in similar circumstances and location.
13.6. Where an movable asset acquired through a non-exchange transaction from non-government entities, its deemed cost shall be measured at the movable assets fair value as at the date of acquisition.
13.7. An asset shall assume its useful life from the payment date.
13.8. Biological assets shall be valued using the annual National Treasury tariffs.
13.9. Subsequent capital expenditure incurred on an existing capital asset shall be added to the cost of the movable asset.
13.10. No revaluation of movable assets shall be done, except in the case of biological assets.

14. LOSS CONTROL

14.1. Loss occurs when an institution relinquishes control over an asset.
14.2. Where a movable asset is lost and negligence is proven in terms of the applicable investigation process of the institution, the responsible person shall restore the service potential of the asset to the institution by either paying the established cash value as determined in 14.3 or providing the institution with an asset of similar specification and condition prior to it being lost.
14.3. The value of the restoration of the service potential of the asset to the institution in respect of lost assets shall be the current market related value of the lost asset (similar condition and age to the one that was lost) as determined by obtaining three quotations by government or through any other reasonable means as agreed by both parties.
14.4. Where negligence is not proven in terms of the applicable investigation process of the institution, the Accounting Officer of the institution shall write-off the asset.

15. DAMAGE TO ASSETS

15.1. Where an asset is damaged and negligence is proven in terms of the applicable investigation process of the institution, the responsible person shall be responsible to restore the service potential of the asset to the institution.

16. AUTHORITY

16.1. This Policy shall remain the only Provincial Asset Management Policy in Limpopo Provincial Government on the subject of Movable Asset Management.

16.2. Provincial institutions shall formulate Procedure Manuals to give effect to the provisions of this Policy in order to regulate asset management processes within their respective areas of operation.

GUIDELINES ON FRUITLESS AND WASTEFUL, IRREGULAR AND UNAUTHORISED EXPENDITURE'S