



SOUTH AFRICAN DIAMOND AND
PRECIOUS METALS REGULATOR

ACCOUNTS PAYABLES PROCEDURES

PROCEDURES APPROVAL

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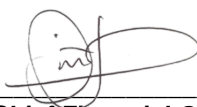

Custodian: Chief Financial Officer		
Signed by: Ms. Y Lusibane	 _____ Chief Financial Officer	<u>30 November 2022</u> Date
Approved by: Mr. C Khosa	 _____ Chief Executive Officer	<u>30 November 2022</u> Date

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1. Preamble

The procedure is intended to define and provide a guideline for payment of goods and services for the South African Diamond and Precious Metals Regulator (SADPMR).

2. Purpose

The procedures outlines processes to be followed to ensure effective accountability over the acquiring and recording of payment for goods and services.

3. Scope of applicability

The acquisition of goods and services on credit which gives rise to a liability to the organisation. The importance of the correct processes, procedures, treatment and recording of this liability is critical as it has to be in terms Generally Recognised Accounting Practice (GRAP).

GRAP requires that a liability must only be raised when the risks and rewards of ownership of the goods purchased, or services rendered have been transferred to the buyer.

4. Legislative framework

The mandate of the procedure is derived from the following legislations, of which certain stipulations are contained in this policy:

4.1.1 The Public Finance Management Act (Act 1 of 1999);

S51 (c) (1) An accounting authority for a public entity is responsible for the management, including the safeguarding, of the assets and for the management of the revenue, expenditure and liabilities of the public entity;

4.1.2 Treasury Regulations of 2005;

5. Definitions and Acronyms

The following definitions and acronyms will be prevalent when reading the procedure:

Definitions	
AP	Accounts payables
Credit Note	refers to the document issued by the supplier reflecting the credit amounts for goods returned, goods damaged in transit, unsatisfactory goods, incorrect quantity delivered and incorrect /invalid charge/
Creditors Statement	refers to the document issued by the supplier summarising the transactions that took place between the supplier and purchaser during a month DOA refers to the delegation of authority document
Creditors Administrator	refers to the employee that manages/process the accounts payable to suppliers
Invoice	refers to the document sent by the supplier to the

	purchaser reflecting the purchase of the goods by the purchaser
Payment requisition	Refers to the document used for payment approval and authorisation by the AP office
Acronyms	
SADPMR	South African Diamond and Precious Metals Regulator
VAT	Value added tax
SCM	Supply Chain Management

6. Standard Operating Procedure (SOP)

6.1 Receiving of invoices from suppliers

- i. Following SCM's completion of their process, documents of appointed service provider are brought to accounts payable office.
- ii. Date of documents received is recorded in a document register which is signed by SCM.
- iii. Supplier invoices and statements are then received from suppliers through email: invoices@sadpmr.co.za
- iv. Each invoice received is stamped with received date stamp on the day it is received.
- v. All received invoices should be captured on the invoice management register, detailing all information required on the register.

- vi. Received invoices should be monitored daily, by the Creditors administrator, to ensure no invoice remains unattended for more than 7 days of being with the Regulator.
- vii. Each invoice is sent/presented to the user/supervisor/manager who requested goods/services to certify that goods were received in good order or services were rendered satisfactory.
- viii. End-users will be given up to three (3) days to certify correctness and accuracy of invoice details as per paragraph (v) above.
- ix. Where an invoice is not certified due dispute on service, quantity or quality etc.; the End-user should engage the service provider or supplier and copy the Financial Administrator and Creditors administrator in all communication.

The invoice in dispute remains invalid until the dispute is resolved or a new invoice is issued. The number of days will start to count from the day the dispute is resolved or new invoice is issued to the Regulator.

6.2 Processing of invoice on SAGE Pastel

- i. Invoice management register is completed to record details of invoice and most importantly, the date of receipt of invoice prior to capturing on pastel.
- ii. Creditor's Administrator ensures the invoice shows the supplier vat registration number, if registered as a vat vendor prior to capturing on pastel.
- iii. Creditor's Administrator verifies vat registration number on supplier invoice to the number on the CSD report and verifies the vat calculation.
- iv. Creditors Administrator processes invoices on SAGE Pastel to link it to a purchase order. Alternatively, processes invoices via accounts payable journal for those invoices without purchase orders.

6.3 Reconciliation of supplier accounts

- i. A list of payments made for contractual obligation invoices is attached to payment requisition batch prior manual approval by the relevant authority recording all payments made to date.

- ii. Reconciliation is between external source and creditor's transaction summary. Perform a reconciliation of supplier statements and invoices to our payment records.
- iii. Creditor's Administrator ensures follow up to address any discrepancies picked up during reconciliation before the next statement. Creditors reconciliation to be reviewed by a Bookkeepers/Accountant.

The following documents must be attached to the payment requisition batch:

- payment requisition form which has been approved and authorized by relevant officials in line with SADPMR's financial delegations of authority
- supplier reconciliation statement
- accounts payable transaction listing
- supplier statement and invoice
- processed invoice/accounts payable batch
- contract payment schedule where applicable

6.4 Payment approval & authorization of EFT payments

- i. A complete payment document must be submitted/presented to a relevant official for approval in the form of a payment requisition form in line with SADPMR's financial delegation of authority.
- ii. Following necessary approval and authorisation of the payment requisition form, a payment is loaded on Netbank business payment system, individually or in a batch for eft payment to a supplier.
- iii. EFT are released by one Finance Official and one of the approved bank signatories.
- iv. Once loaded on Netbank business the creditors clerk prints out a confirmation report as proof that the entry is on the banking platform and submits for release.
- v. Creditors Administrator can load a batch for payment on Netbank business but cannot release a payment. All new beneficiaries loaded onto Netbank business are authorized as per the financial delegation of authority.

- vi. Payment/batch report which details list of payments to be released, together with payment document(s) are sent to payment releasers to satisfy themselves of the legitimacy/authenticity of the payment.
- vii. Once payment is released, proof of payment to be printed, one copy sent to the supplier and another to be attached to the payment document.

6.5 FILING

- i. Once payment has been captured on cashbook, a payment reference number and date of payment should be recorded on the face of the payment requisition form for ease of reference.
- ii. The invoice register should also be updated to reflect the payment reference number and date of payment.
- iii. Payment document can then be filed for ease of retrieval for audit purposes.

7. Review of procedure

The procedure shall be reviewed as and when required.