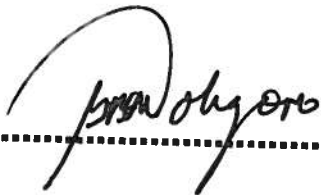




public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

DIRECTIVE: EXPENDITURE MANAGEMENT (DPW)


.....

Cox Mokgoro

Chief Financial Officer

DATE: 10 - 02 - 2014



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1. Introduction and Background

This Directive is intended to:-

- 1.1 In terms of section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3, all payments due to creditors must be settled within 30 days from the receipt of an invoice.
- 1.2 This document serves as the basis for procedures that are required for the effective initiation and processing of payments made to creditors.

2. Objective

The intention of this policy is to:-

- 2.1 Outline the guiding principles for expenditure management, and roles and responsibilities to ensure that all reasonable measures are taken to manage payments to creditors more efficiently and effectively; and
- 2.2 To ensure compliance with Public Finance Management Act, Act 1 of 1999 (as amended) (PFMA).

3. Definitions

"Department" Department of Public Works

"Creditor" Money owed by the department to an entity

"TR" Treasury Regulation

"PFMA" Public Finance Management Act

"Delegations" Refer to Departmental delegations as issued by Top Management. Currently using the delegations dated January 2005 as signed by Mr Maseko.

"SARB" South African Reserve Bank

"DFA" Director: Financial Accounting

"HOF" Head of Finance and SCM



4. Legal Framework

4.1 In terms of the Public Finance Management Act (PFMA), the Accounting Officer must:-38(1)(f)

- (f) settle all contractual obligations and pay all money owing, including intergovernmental claims, within the prescribed or agreed period.

5. Directive Scope and intended audience

5.1 The Directive therefore applies to all officials of the department

5.2 The Directive impacts upon DPW's work practices for those who:

5.2.1 Compile and authorise Payments

5.2.2 Captures and authorises payments on the Department's Transversal Systems

5.2.3 Have management responsibilities for officials engaged in any of these activities

6. Methods of dealing with payments and vouchers

6.1 Unless determined otherwise in a contract or other agreement, all payments due to the creditors must be settled within thirty days from date of receipt of invoice and in the case of civil claims, from the date of settlement or court judgment.

6.2 Prior to the payment being made the person preparing the claim for payment shall certify it accordingly and make sure that the following requirements have been complied with, viz. that the claim is:

- A proper charge against the Department's moneys and has not already been paid;
- In accordance with law, regulation, tariff or agreement or that it is fair and reasonable;
- Covered by competent authority;
- Correct in regard to the period covered by the claim;
- Correct in regard to computations;



- Supported by the necessary documents or an explanation in the absence thereof; and
- In general, in order.

6.3 Certificates in support of vouchers shall be given only by the officials who have actual knowledge of the services or supplies.

6.4 A person furnishing an inaccurate certificate as a result of which an irregular payment or overpayment is made shall be liable for any loss or damage suffered by the department.

6.5 The following shall be certified in respect of various services and claims:

- **Goods supplied -**

That the supplies were in fact required for official purposes and for an approved service, were on receipt correct and in good condition and that the receipt of the supplies had been entered in the records; that the rates are in accordance with a contract or that they are fair and reasonable and that the supplier is entitled to the payment.

- **Services rendered -**

That the services rendered were necessary for official purposes and were satisfactory carried out, and that the charges are according to the relative tariff, contract or agreement, or otherwise fair and reasonable and that the supplier is entitled to the payment.

- **Subsistence and other allowances -**

As provided on the travel and subsistence form.

- **Claims for small payments -**

That the expenses were actually incurred and paid on behalf of the Department.

6.6 If for any reason a certificate is found to be defective, or if there are reasonable grounds for doubting its accuracy, the relative document shall be returned to



the person who certified it, who shall make and initial the necessary amendment. Whilst certificates should not be lightly questioned it nevertheless remains the duty of officials who examine them to institute the necessary enquiry if in their opinion a certificate is inconsistent with the facts.

6.7 All claims shall be examined and, if in order, paid out as soon as possible.

7. Supporting documentation

7.1 The following information should be on the invoice:

- The word "Tax Invoice";
- Name and address of supplier;
- VAT number of supplier;
- Name and address of recipient;
- Individualized serialized number;
- Invoice date;
- Full and proper description of goods
- Quantity or volume of the goods supplied; and
- Percentage (%) Tax charged (e.g. 14%, 0% or included)

7.2 If all details are correct on the invoice, attach the requisition, order and other initiating documentation i.e. copy of authorization for the goods to be purchased / service to be performed; or copy of contract, or other legal agreement. The SARS Vat Vendor printout should also be attached in cases where the suppliers charged Vat.

7.3 After payment has been processed, the invoice and payment advice will be stamped as "Paid and Processed". The documentation must be provided to the batch controller for safekeeping after the authentication of the document control report.

7.4 A document control report is drawn on a daily basis to ensure the authenticity of payments made. The payment batches are submitted to the batch controller for safekeeping.

7.5 All documents are to be filed in a storage area and only delegated officials are allowed in the storage area.



- 7.6** All officials including the office of the Auditor General that need access to the batches need to place a request with the batch controller. The original documents will be provided to the office of the Auditor General for audit or entity appointed to conduct investigation on certain services. The internal officials of the department will be issued with copies of the requested batches. If there is a request of original batches by the official, approval must be obtained from the D: Financial Accounting/ Head of Finance and SCM in regions.
- 7.7** All accounting documentation should be secured to be provided whenever the documentation is required. The non-submission of accounting documentation will lead to a limitation of scope. To avoid limitation of scope all accounting documents should be submitted to the batch controller on a daily basis by the relevant sections.

8. Authorisation of payments

- 8.1** Before approving expenditure or incurring a commitment to spend, the delegated or authorised official must ensure the following:
- Compliance with any limitations or conditions attached to the delegation or authorization;
 - That the expenditure or commitment is strictly in accordance with the purposes for which it was voted;
 - That the amount of the expenditure or commitment can be met within the monetary limit of appropriated amount and that it will not give rise to unauthorized, irregular or fruitless and wasteful expenditure; and
 - That the amount to be paid is correct and that the goods and services have been delivered in accordance with the original order issued.
- 8.2** The expenditure must be authorised according to the Finance Delegations of Powers issued by the Accounting Officer.

9. Recalls and Electronic Fund transfers rejections

- 9.1** When suppliers change their banking account details or their bank accounts are closed and they omit to inform the Department of the change or closure of banking details, moneys paid to the supplier will be returned to the Department via the Electronic Bank Transfer rejection account.



- 9.2** The relevant office from which the payment originated will be informed of the rejected payment and requested to inform Head Office whether the payment should be cancelled or re-issued.
- 9.3** If a payment should be re-issued, the new banking details should be obtained from the supplier and updated on the relevant Transversal System. The banking details of the existing supplier should be updated with the correct banking details and a new supplier should not be created. Once the correct banking details have been updated, a print out of the new banking details should be submitted to Head Office together with the request to re-issue the payment.
- 9.4** If a payment should be cancelled, an e-mail must be send to Head Office requesting that the payment must be cancelled.
- 9.5** All amounts allocated against the EBT rejection account for a period longer than 90 days will be cancelled as per circular number 31 of 2010.
- 9.6** Erroneous electronic bank transfer payments can still be recalled up to 12H00 on the day before the action date of the payment. The relevant office responsible for the erroneous payment will have to complete the South African Reserve Bank recall form (Annexure A) and fax or e-mail it to Head Office. Head Office will submit the information to the South African Reserve Bank in order for the payment to be recalled.
- 9.7** If a payment is recalled on or after the effective date of the payment, it will result in a late recall and the responsible office should submit a letter addressed to the SARB indicating that the office will bear the costs relating to the recall together with the recall form to Head Office which will then submit the information to the SARB.

10. Late Payments

- 10.1** All payments that are made outside the 30 day period should be accompanied by a motivation for the late payment and should be reported to the CFO by the relevant line function and regional offices on a monthly basis.



11. Overpayments relating to suppliers

- 11.1** When the department determines that a service provider/supplier has been overpaid, a refund request will be sent to the debtor in the form of an overpayment demand letter.
- 11.2** The debtor has 30 days from the date of the demand letter to refund the department. If the overpayment is not paid within the timeframe specified in the initial demand letter, the department should open a debt for the supplier and interest begins to accrue on the overpaid amount. Current and future payments will be offset until the overpayment is completely recouped.

12. Monitoring, Evaluation and review

- 12.1** D: FA and HOF shall review the Accounts Payable practices of DPW on a regular basis and shall adapt them accordingly to ensure that they meet the business and service delivery requirements of DPW.
- 12.2** This directive shall be evaluated on a regular basis and shall be adapted accordingly to ensure that it meets the business and service delivery requirements of DPW.

13. Non compliance

- 13.1** Breach of this policy will result in disciplinary action being taken according to the disciplinary code.

14. Effective Date

This policy is effective from the date of signoff by the delegated person.

15. DELEGATIONS



STANDING DEPARTMENTAL INSTRUCTIONS
NATIONAL DEPARTMENT OF PUBLIC WORKS

FINANCIAL DELEGATIONS: POWERS AND DUTIES OF THE ACCOUNTING OFFICER

DELEGATED IN TERMS OF SECTION 44(1) AND (2) OF THE PFMA

PART 1:
PART 2:

RESPONSIBILITIES IN TERMS OF THE PFMA
RESPONSIBILITIES IN TERMS OF TREASURY REGULATIONS

LEGEND

All Business Units	=	DGs Office, Strategic Management, Internal Audit & Investigation Services, Marketing & Communications, Policy Development & NPWP, Asset Management Services, Regions, Finance & Procurement, Information Services and Human Resource & Legal Services
CFO	=	Chief Financial Officer
COO	=	Chief of Operations
DDG	=	Deputy Director-General
DG	=	Director-General
DPW	=	Department of Public Works
H/O	=	Head Office
PFMA	=	Public Finance Management Act
PPPFA	=	Preferential Procurement Policy Framework Act
PSA	=	Public Service Act
R/O	=	Regional Office
RM	=	Regional Manager
S44	=	Section 44 of the PFMA
SCM	=	Supplier Chain Management
TR	=	Treasury Regulation





PART 2
POWERS AND DUTIES OF THE ACCOUNTING OFFICER IN TERMS OF THE NATIONAL TREASURY REGULATIONS
(DELEGATED IN TERMS OF SECTION 44 OF THE PFMA)
CHAPTER 8: EXPENDITURE MANAGEMENT

ITEM	T.R.	PROVISION	DELEGATED TO (LOWEST RANK OF OFFICIAL)	BRANCH/CHIEF DIRECTORATE/ DIRECTORATE/ OFFICE	NOTES
23.	8.1.1	Ensuring that internal procedures and internal control measures are in place for payment approval and processing.	Chief Financial Officer	Finance & procurement	For control purposes payment certificates/forms can not be compiled and authorized by the same person.
24	8.2.2	Authority to authorize payments or transfers in the following limits within areas of competence and budgetary limits:	DDG'S – Unlimited; Regional Managers (Regardless of Rank) – R20 000 000; Chief Directors – R20 000 000; Directors – R10 000 000; Deputy Directors or Equivalent – R5 000 000; Assistant Director or Equivalent – R1 000 000; Senior Admin. Officer or equivalent – R100 000.	All Business Units	For control purposes payment certificates/forms can not be compiled and authorized by the same person.

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Aandag : Die Magneetband Departement
Bankdienste Afdeling
S A Reservebank
Posbus 427
Pretoria
0001

Attention : Magtape Section
Banking Services Division
SA Reserve Bank
P.O. Box 427
Pretoria
0001

Geliewer die ondergenoemde transaksie/s in terme van Klousule 5.8(c) van die ACB Handleiding te herroep en ons mettertyd met die opbrengs te krediteer / debiteer op Rekeningnummer

Kindly recall the undermentioned transaction/s in terms of Clause 5.8(c) of the ACB Manual and in due course credit/debit the proceeds to Account No

[illegible]

Kontakpersoon:
Contact Person:

Tel nr:
Tel no:

Faks nr.
Fax no.

NAGESIEN DEUR:
CHECKED BY:

MP296

Gemagtigde Handtekening / Authorised Signature

ANNEXURE A

Gebruikerscode
User Code

Waardedatum
Action Date

Amptelijke Kantoorstempel

Official Office Date Stamp

SLEGS VIR SARB GEBRUIK
FOR SARB USE ONLY

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init.
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Recall

Recon

