

###### PROPERTY MANAGEMENT TRADING ENTITY

STANDARD OPERATING PROCEDURE

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# SOP Authorisation and Signoff

I, the undersigned, in my capacity as indicated below at the National Department of Public Works, herewith approve this Standard Operating Procedure for implementation in accordance with the mandate granted to me in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999) and any other relevant Acts and Regulations.

| **NAME AND DESIGNATION** | **SIGNATURE** | **DATE APPROVED** |
| --- | --- | --- |
| Mr. Lesetja Toona  Designation: Acting Chief Director Financial Accounting and Reporting |  |  |

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# SOP Document Change History

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**CONTENT**

SOP Authorisation and Signoff 2

SOP Document Change History 3

1. Definition and Acronyms 3

2. Document Purpose 3

3. Scope and Objective 3

1.1 Value Chain Scope 3

3.1 Business Function Scope 3

3.2 Process Scope 3

4. Process Execution Enablers 3

4.1 Equipment Required 3

4.2 Roles 3

4.3 Reference Documentation 3

5. Process and Procedure 3

5.1 Process Legend 3

5.2 Manage Financial Accounting 3

5.2.1 Manage Supplier Entity Maintenance 3

5.2.2 Manage Accounts Payable Processing 3

5.2.3 Regional Payroll Coordination 3

5.2.4 Head Office Payroll Management 3

5.2.5 Manage Financial Batch Control and Document Control 3

5.2.6 Cash Management 3

5.2.7 Manage Regional Financial Compliance, Reconciliations and Reporting 3

5.2.8 Manage Sage Journals 3

5.2.9 Manage Pay Master General 3

6. Performance Indicators 3

6.1 Strategic Objectives and Annual Targets 3

6.2 Performance Indicators and Annual Targets 3

6.3 Quarterly Targets 3

6.4 Technical Performance Indicator Details 3

Indicator 1.2 3

Indicator 1.3 3

Indicator 1.4 3

7. Authority 3

8. Contingency 3

9. SOP Engagements and Participation 3

9.1 Engagement Types 3

9.2 Stakeholder Distribution List 3

10. Annexures and Attachments 3

# Definition and Acronyms

| **TERM** | **FULL DESCRIPTION** |
| --- | --- |
| Accounting Officer | The Accounting Officer is defined in section 1 of the PFMA. The Accounting Officer for PMTE is the Director General of the Department of Public Works. |
| **Accounting Period** | Refers to a period of 12 months commencing on 1 April of one year and ending on 31 March of the following year. |
| **Acquire** | In relation to an immovable asset; means acquisition through construction, purchase, and finance lease, acceptance of a gift, expropriation, exchange or transfer of custodianship between custodians in that sphere of government. |
| **Adjustment Date** | The date when the escalated rate comes into effect. |
| **Agent** | Person or organisation that is not an employee of The Department of Public Works that acts on the Department of Public Works’ behalf in the application of this document. |
| **Asset Register** | A record of asset information including inventory, historical, condition, technical and financial information. |
| **Authorisation** | The amount authorised on the system that will allow the project manager to make payments. This will include the contract amount, CPAP, approved variation order / site instructions, other additions as approved by the relevant authority. |
| **Authorised Person** | The accounting officer, the accounting authority or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order. |
| **B-BBEE Status Level Contributor** | The B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad Based Black Economic Empowerment Act, 53 or 2003. |
| **Best Value for Money** | The optimisation of the return on investment in respect of an immovable asset in relation to functional, financial, economic and social return, wherever possible. |
| **Bid** | A procurement process whereby a written offer is made on the official tender / bid documents forming part of an invitation to tender. |
| **Bidder** | Any person / enterprise, which has submitted a Bid. |
| **Bidding Documents** | The set of standard documents (erstwhile tender documents) issued to obtain quotes or bids. |
| **Bid Adjudication Committee** | A committee that is appointed by the Accounting Officer to consider, adjudicate and made awards or make recommendations to the Accounting Officer on procurement related requests and recommendations referred to it. It may include committees formed in Head Office and Regions for this purpose. |
| **Bid Evaluation Committee** | A committee appointed to evaluate bids. |
| **Bid Specification Committee** | A committee that is appointed to develop the sourcing strategy and approve the bid specifications or terms of reference. |
| **Brief** | A working document for an identified project or package which specifies at any point in time the relevant needs, objectives, acceptance criteria and priorities of the client, provides the context of the project or package and any appropriate design or maintenance requirements within which all subsequent briefing (when needed) and designing can take place. |
| **Budget Management Committee** | Refers to the subcommittee of EXCO dealing with specific budget issues related to the PMTE and the Department as a whole. |
| **Building Character** | Special physical characteristics of a structure or area (e.g. architecture, landscaping, natural features, open space, types and styles of housing, number and size of roads and sidewalks) that set it apart from its surroundings and contribute to its individuality. |
| **Building Mass** | The way that three-dimensional forms are combined to make up the total building bulk. |
| **C-AMP** | A Custodian Asset Management Plan as defined in terms of GIAMA. |
| **Capital Works Implementation Programme** | The Capital Works Implementation Program considers Capital Works priorities and issues, and presents an annual plan for the Capital Works of infrastructure assets. This plan is updated on an annual basis, and integrated with other management strategies and plans, such as Budgeting and Construction Planning. |
| **Centralised Supplier Database** | A single database hosted by National Treasury to serve as the source of all supplier information for all spheres of government wherein suppliers self-register as prospective suppliers to government. |
| **Client** | A sector Department that uses or intends to use an immovable asset in support of its service delivery objectives (and includes a Custodian in relation to an immovable asset that it uses or intends to use in support of its own service delivery objectives). Also known as User Department. |
| **Commencement Date** | The date when a lease commences. |
| **Commencement of Lease Term** | The date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, revenue and expenses resulting from the lease, as appropriate). |
| **Commencement Rental** | The rental payable at the commencement of the lease. |
| **Conditions of Contract** | In general, supplementary and special conditions. |
| **Conflict of Interest** | Any situation in which:   1. Someone in a position of trust has competing professional or personal interests, which make it difficult for him to fulfil his duties impartially. 2. An individual or organisation is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or 3. Incompatibility or contradictory interests exist between an employee and the organisation, which employs that employee. |
| **Constitution** | The Constitution of the Republic of South Africa, 1996 |
| **Construction** | Everything that is constructed or results from construction operations regarding the building of infrastructure. |
| **Consultant** | A person, company or close corporation that provides expert or specialised advisory skills / services. A consultant does not supply the ultimate end product, but provides a recommendation of the best solution/s to a specific need based on his / her / their expertise. |
| **Contract** | Agreement (explicit or implied) legally binding two or more parties to the terms of the agreement. |
| **Contract Management** | The application of terms and conditions, including the agreed procedures for the administration thereof – it essentially constitutes of the activities necessary to manage a contract throughout all stages in the contract life cycle. |
| **Contract Manager** | Person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer’s point of view. |
| **Contractor** | A generic term to include any person/entity with whom DPW / PMTE enters into a contract for professional design services, construction or supply of goods and services. |
| **Contract Price Adjustment Provision** | Refers to the amount allowed as per the construction contracts. This amount is calculated in accordance with the escalation experienced in the construction industry. |
| **Custodial Functions** | Any functions carried out by the Custodian in execution of their mandate. |
| **Custodian** | A National or Provincial Department referred to in section 4 of GIAMA represented by the Minister of such national department, Premier of a Province or MEC of such provincial department, so designated by the Premier of that Province.  A Custodian acts as the caretaker in relation to an immovable asset of which it is the custodian; (b) may— (i) in the case of a national department, acquire and manage an immovable asset as contemplated in section 13 and, subject to the State Land Disposal Act, 1961 (Act No. 48 of 1961), or any other Act regulating the disposal of state land, dispose of that immovable asset. |
| **Working Day** | Any day other than a Saturday, Sunday or official public holiday in the Republic of South Africa. |
| **Day-to-day Maintenance** | Maintenance that takes place on an adhoc basis including minor repairs, modifications or replacements. |
| **Defects Liability Period** | Period from completion during which the contractor has an obligation to make good defects in the materials and workmanship covered by the contract that are indicated by the employer or his representative. |
| **Delegated Authority** | A person or committee delegated by the Accounting Officer to perform specific powers or duties as contemplated in terms of section 44 of the Public Finance Management Act (No 1 of 1999 as amended). |
| **Delegated Powers** | The extent of authority required in order to implement certain actions by or on behalf of the organisation, including any sub-delegation of authority where permitted. This includes the power to retrospectively ratify, condone or rescind a decision already taken by a sub-delegate. |
| **Deposit** | Where a Landlord and prospective tenant enter into a lease agreement, the pre-lease deposit must be applied as the tenant’s security deposit. |
| **Disposal** | Any disposal contemplated in the State Land Disposal Act, 1961 (Act No. 48 of 1961) or a provincial land administration law |
| **Disposal Committee** | A committee established to make recommendations on the disposal of any asset or inventory item(s). |
| **Documentation Committee** | Approves bid / tender documents (erstwhile Bid Specification Committee). |
| **Economic Life** | Refers to:   * The period over which an asset is expected to yield economic benefits or service potential to one or more users, or   The number of production or similar units expected to be obtained from the asset by one or more users. |
| **Emergency** | A situation where immediate action is necessary in order to avoid a dangerous or perilous condition or risky situation or misery or defect provided that the situation was unforeseen. |
| **Emergency Maintenance** | Repairs which are unforeseen and require urgent attention due to the presence of, or the imminent risk of, an extreme or emergency situation arising from one or more of the following:   1. Human injury or death; 2. Human suffering or deprivation of human rights; 3. Serious damage to property or financial loss; 4. Livestock or animal injury, suffering or death; 5. Serious environmental damage or degradation or 6. Interruption of essential services. |
| **Entity** | An Organ of State that is mandated to procure on behalf of itself or another Organ of State as delegated in terms of GIAMA and/or the PFMA. |
| **Escalation Rate** | The percentage that adjusts the rental on every adjustment date. |
| **Estimates of National Expenditure** | This document sets out the details of every departments’ budget in line with its performance indicators and represents the approved appropriation (budget) of all departments and entities. |
| **Evaluation Committee** | Evaluates offers (erstwhile Bid Evaluation Committee). |
| **Executive Organ of State** | An organ of state tasked with custodial or ownership functions by the Constitution of South Africa or other legislation. |
| **Expenses** | Those disbursements in respect of the property that are occasioned by the ownership or the operation thereof, including but not limited to, assessment rates, municipal levies, heat ventilation and air-conditioning maintenance, lift maintenance and insurance premiums. |
| **Extension of Lease** | Permitting to continue a lease after the original expiration of the term. |
| **Fair Value** | The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties at arms’ length transaction. |
| **Feasibility Study** | A Feasibility Study (as performed by the Investment Analysis team) considers the following aspects in order to conduct an option analysis and to find the recommended delivery method:   1. Qualitative Non-Financial: This considers the appropriateness of a facility in terms of **non-financial** aspects to align with the User Department’s needs; 2. Quantitative Financial Cost Analysis: The use of related costs to determine the **financial** investment opportunity of a project and to determine which option / delivery method will be the most financially feasible. The Capital Budgeting Technique is employed to indicate the best financial investment when the Option Analysis is considered; and 3. Financial Affordability Analysis: This determines the **User Charges** a User Department will have to pay DPW in order to use a facility and how does it relate to the what is available in the open market. |
| **Finance Lease** | A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. |
| **Financial Statements** | Statements consisting of at least:   1. A balance sheet, 2. An income sheet, 3. A cash-flow statement 4. Any other statements that may be prescribed, and   Any notes to these statements. |
| **Fixture** | Any alterations, additions or improvements affixed to the property temporarily or permanently. |
| **Framework** | A set of guidelines from which a programme and/or project is developed. |
| **Fruitless and Wasteful Expenditure** | Expenditure which was made in vain and would have been avoided had reasonable care been exercised. |
| **Framework Agreement** | An agreement between an organ of state and one more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged. |
| **Gate** | A control point at the end of a process where a decision is required before proceeding to the next process or activity. |
| **Gateway Review** | An independent review of the available information at a gate upon which a decision to proceed or not to the next process is based. |
| **Goods and Services** | Goods means corporeal movable things, fixed property and any right in any such thing of fixed property. Service means anything done or to be done, including the granting, assignment, cession or surrender of any right and the making available of any facility or advantage. |
| **Gross Investment in the Lease** | This is the aggregate of:   * The minimum lease payments receivable by a lessor under a finance lease, and   Any unguaranteed residual value accruing to the lessor. |
| **Guaranteed Residual Value** | * For a lessee, that part of the residual value that is guaranteed by the lessee or by a party related to the lessee (the amount of the guarantee being the maximum amount that could, in any event, become payable), and   For a lessor, that part of the residual value that is guaranteed by the lessee or by a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee |
| **IDMS** | Refers to the Infrastructure Delivery Management System implemented by National Treasury to align the delivery in infrastructure to the MTSF and MTEF. |
| **Immovable Asset Management** | Means those management processes, which ensure that the value of an immovable asset is optimised throughout its life cycle. |
| **Immovable Property / Asset** | Any immovable asset acquired or owned by government, excluding any right contemplated in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002). |
| **Initial Direct Costs** | Incremental costs that are directly attributable to negotiating and arranging a lease, except for such costs incurred by manufacturer or trader lessors. |
| **Infrastructure** | Fixed assets that are constructed or result from construction operations including:   1. Buildings, structures and facilities; 2. Water supply, sanitation, electricity supply, transportation and storm water drainage systems; and   The related permanent fixtures that cannot be readily or economically removed or reused. |
| **Infrastructure Delivery** | The combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure. |
| **Infrastructure Delivery Management System** | Also known as IDMS. This National Treasury standard establishes an infrastructure delivery management system comprising processes, procedures and methods within an institution for the delivery or maintenance of infrastructure in a staged, systematic, disciplined, uniform integrated and auditable manner. It covers the manner in which projects involving the construction, refurbishment, rehabilitation, extension, alteration or day-to-day, routine, scheduled and emergency maintenance of infrastructure are conceived, budgeted for and delivered. |
| **Infrastructure Gateway System** | The IDMS infrastructure gateway system deals with the generic workflow associated with the delivery and maintenance of infrastructure and generates information, which informs decisions at particular points. It is not aligned to any particular funding or procurement procedures. |
| **Infrastructure Procurement** | The procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure. |
| **Interest Rate Implicit in Lease** | The discount rate that, at the inception of the lease, causes the aggregate present value of:   * The minimum lease payments; * The unguaranteed residual value to be equal to the sum of:   + The fair value of the leases’ asset: and   Any initial direct costs of the lessor. |
| **Irregular Expenditure** | Expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:   1. Public Finance Management Act, 1999 (No. 1 of 1999); 2. State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of that Act; or   Any provincial legislation providing for procurement procedures in that provincial government. |
| **Lease** | Both a Landlord/Lessor and a Tenant/Lessee can lease the property and where a Landlord/Lessor leases the property, it means that it rents it out to the Tenant/Lessee.  An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. |
| **Lease Term** | The non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option. |
| **Lessees Incremental Borrowing Rate of Interest** | The rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset. |
| **Lessee** | A party, or its duly authorised representative, its successor-in-title and/or its duly authorised employees, agents, intermediaries and if and to the extent applicable, that occupies a property and pays rent for it.  A party to a lease agreement to whom the lessor conveys the right to use an asset in return for a payment or series of payments for an agreed period of time.  A person or entity to whom a lease is given; a person or entity that leases property as a tenant. |
| **Lessor** | A party or its duly authorised representative, its successor-in-title and/or its duly authorised employees, agents, intermediaries and if and to the extent applicable, who makes the property available to the Lessee, irrespective of owning the property.  A party to a lease agreement who conveys to the lessee the right to use an asset in return for a payment or series of payments for an agreed period of time.  An owner of property who rents it to another party called a tenant and may be called a landlord. |
| **Letting** | To rent out to the Tenant/Lessee. |
| **Life-Cycle** | The period during which a custodian or user expects to derive benefits from the control or use of an immovable asset. |
| **Maintenance** | The combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function.  Maintenance can be distinguished between Scheduled and Unscheduled Maintenance. |
| **Master Lease Agreement** | A governing agreement that parties leasing property may use to define the condition agreed to between the Entity and Lessor. The Entity and Lessor can enter into several leases under the master agreement. |
| **Medium Term Expenditure Framework** | The framework and medium-term cycle that managers the budget of the Government. It is a 3-year cycle that allows government departments and entities to budget for the medium term and request funding for new policy objectives. |
| **Minimum Lease Payments** | The payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and, where appropriate, taxes to be paid by and reimbursed to the lessor, together with:   * For a lessee, any amounts guaranteed by the lessee or by a party related to the lessee, or * For a lessor, any residual value guaranteed to the lessor by:   + The lessee,   + A party related to the lessee, or   + A third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.   However, if the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised, the minimum lease payments comprise the minimum payments payable over the lease term to the expected date of exercise of this purchase option and the payment required to exercise it. |
| **Minister** | The Minister responsible for Public Works. |
| **Minor Works** | Include works necessary for enhancing assets to standards suitable for their intended purpose. |
| **Municipal Services** | Services provided to the public in the designated areas they live in by the Municipality, which includes at least the basic services required in terms of the Constitution namely, electricity, water supply, sewage collection and disposal and refuse removal. |
| **Net Investment in the Lease** | The gross investment in the lease discounted at the interest rate implicit in the lease. |
| **Non-cancellable lease** | A lease that is cancellable only:   * Upon the occurrence of some remote contingency; * With the permission of the lessor; * If the lessee enters into a new lease for the same or an equivalent asset with the same lessor; or   Upon payment by the lessee of an additional amount that, at inception, continuation of the lease is reasonable certain. |
| **Occupation Date** | The date on which a Lessee occupies a dwelling under a formal tenancy agreement (Master Lease Agreement). |
| **Operating Lease** | A lease arrangement, which does not transfer substantial risks and rewards, associated with ownership of an asset to the lessee. The lessee normally has use of the asset for a shorter period or a period, which is less than the useful life of the asset. |
| **Operation** | Combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use. |
| **Order** | An instruction to provide goods, services or any combination thereof under a framework agreement. |
| **Organ of Stage** | Any department of state or administration in the national, provincial or local sphere of government; or any other functionary or institution, exercising a power or performing a function in terms of the Constitution or a provincial constitution; or exercising a public power or performing a public function in terms of any legislation, but does not include a court or a judicial officer. (As defined in section 239 of the Constitution of the Republic of South Africa). |
| **Package Execution Plan** | A summary of the accepted package information at each gate as such information is progressively developed and the persons identified to assume functional responsibility for taking aspects of the project forward. |
| **Packaged Solution** | Work, which is grouped together for delivery under a single contract. |
| **Party / Parties** | The Lessor or Lessee individually or as a party, and parties refers collectively to the Lessor and Lessee or any of them as determined by the context. |
| **Planned Maintenance Budget Committee** | Consists of members from different branches that evaluate new projects to be included in the Implementation Plan of a specific year. The committee will evaluate the need, the feasibility and the estimate of a proposed project before recommending it to the BMC. |
| **Policy** | Principles used to guide good decision-making. |
| **Portfolio** | The total extent of immovable assets controlled or used by a National or Provincial Department. |
| **Precinct Plan** | A plan that covers a specific sub-area of the city and provides a blueprint for future development of the area. The plan also identifies specific catalytic projects that will be undertaken to support that development. The plan provides policies and strategies based on shared values that will shape development for years to come. The plan also outlines an implementation strategy and framework for community partnership. |
| **Principal** | A natural person who is a partner in a partnership, a sole proprietor, a director of a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984). |
| **Procurement Document** | Documentation used to initiate or conclude or both, a contract and/or the issuing of a Letter of Award. |
| **Procurement Strategy** | A selected packaging, contracting, pricing and targeting strategy and procurement procedure for a particular procurement. |
| **Programme** | The grouping of a set of related projects in order to deliver outcomes and benefits related to strategic objectives which would not have been achieved had the projects been managed independently. |
| **Public Private Partnership** | A commercial transaction between an organ of state and a private party in accordance with the National Treasury PPP unit and GTAC. |
| **Quality** | The totality of features and characteristics of a product or service that bears on the ability of the product or service to satisfy stated or implied needs. |
| **Quote** | A written offer in a prescribed or stipulated form in response to an invitation by DPW for the provision of goods, services or works with value threshold up to R500 000 VAT included. |
| **Rates, Taxes and Levies** | Fees paid to the authority, Body Corporate or Municipality, for specific services on the property. The fees are dependent on the property type. The entity must pay it to the authority that services the property such as a body corporate or municipality. |
| **Reconfigure** | The implementation of activities to make changes to the configuration of an immovable asset and thereby changing the functionality of the asset. Reconfiguration cannot be classified as maintenance as it comprises changes requested by a user to increase the functionality of the asset to contribute towards the achievement of service delivery objectives. A user therefore initiates reconfiguration, whereas a custodian initiates maintenance. |
| **Refurbishment** | Modifications and improvements to existing infrastructure in order to return it to an acceptable condition. This is a comprehensive capital works action intended to bring an immovable asset back to its original appearance or state or to extend its lifecycle. It may also be required for historical preservation. Refurbishment generally takes place at the end of an asset’s lifecycle to extend the lifecycle and gain further income potential from the asset. |
| **Rehabilitation** | Extensive work to bring infrastructure back to acceptable functional conditions, often involving improvements. |
| **Renewal of Lease** | Keeping an existing arrangement/lease in force for an additional period. Renewal usually requires something in writing or some action that evidences the new term. |
| **Repair** | Physical action taken to restore the required function of a faulty item. |
| **Repairs** | Everything which is required to be done in order to achieve the same goal as that envisaged in the definition of "maintenance", but which requires more labour and more expense than maintenance, such as the replacement of cables, taps, locks, floor tiles, geysers and the like. It entails the restoration of assets to the original condition but does not affect the value of the asset. |
| **Request for Proposal** | An RFP is used to receive proposals for goods/services. Typically, the agency is open to innovation in the type of product or how services are delivered. The outputs and outcomes are important, rather than the process that the supplier follows to deliver them. Interested suppliers are invited to submit proposals, giving details of how their goods or services will deliver the outputs and outcomes, along with the proposed prices. |
| **Responsibility Manager** | The official responsible for the management and control of a budget allocated to a specific responsibility (cost centre). This official is normally on Deputy Director level or higher. |
| **Scope of Work** | A document that specifies and describes the goods, services, or engineering and construction works which are to be provided, and any other requirements and constraints relating to the manner in which the contract work is to be performed. |
| **Scheduled Maintenance** | Maintenance projects flowing out of condition assessments or service life planning and which are included in a list in an infrastructure plan for implementation through the IGS. This is work carried out at a certain frequency to sustain the usability of the asset and prevent breakdown. |
| **Secondary Lease Period** | The period for which the Lessor or the Lessee may extend the agreement from the date on which the initial lease period expires. |
| **Service Level Agreement** | An agreement between two or more Organs of State setting out the terms, conditions, roles, and responsibilities that promotes and facilitates inter-institutional relations and the principles of participation, cooperation and coordination. This is also called a Service Delivery Agreement. |
| **Single Source Bidding** | A form of bidding where a pre-selection process following a detailed market analysis, identified only one amongst a few service providers to be requested to submit a final proposal. |
| **Sole Source Bidding** | A form of bidding where there is no competition and only one service provider exists, following a detailed market analysis to submit a proposal. |
| **Standard** | The latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury. |
| **Standard Operating Procedure** | Detailed written instructions to achieve uniformity of the performance of a specific function. |
| **Statutory Permission** | Any relevant approval, consent or permission in terms of any legislation required to plan and deliver the infrastructure. |
| **Strategic Plan** | The strategic plan of a custodian or user as prescribed in terms of the Public Service Act, 1994 (Proclamation R103 of 1994) and the PFMA |
| **Tenant** | A person who occupies land or property rented from a landlord. |
| **Tender Committee** | Approves bid / tender awards (erstwhile Bid Award Committee) |
| **The Minister of Public Works** | The custodian of immovable assets that vest in the National Government, situated within the former (pre 27 April 1994) Republic of South Africa, except in cases where National assets are assigned to other Ministers by virtue of specific legislation. |
| **The Minister of Rural Development and Land Affairs** | The custodian of immovable assets acquired for land reform purposes, as well as immovable assets that vest in the National Government, situated within the former homelands (as defined in the Constitution), except in cases where National assets are assigned to other Ministers by virtue of specific legislation. The Minister of Public Works, however, is responsible; custodial functions (mainly maintenance and management) in relation to immovable assets situated in the former homelands and occupied by a National Department in support of its service delivery objectives. |
| **Total Cost Provision** | The total completion cost estimate on a project. This might be based on the estimate or the funds authorised. The TCP can only be increased based on the approval of the delegated authority. |
| **Transversal Contract** | A contract facilitated by the Treasury or any other organ of State for goods and services that are required by more than one Department for purposes of deriving benefits from economies of scale. |
| **Treasury** | The National Treasury or Provincial Treasury, as defined in section 1 of the PFMA. |
| **U-AMP** | User Asset Management Plan as described in the Government Immovable Asset Management Act. |
| **Unearned Finance Revenue** | The difference between:   * The gross investment in the lease; and   The net investment in the lease. |
| **Useful Life** | The estimated remaining period, from the commencement of the lease term, without limitation by the lease term, over which the economic benefits or service potential embodied in the asset, are expected to be consumed by the entity. |
| **Unguaranteed Residual Value** | That portion of the residual value of the leased asset, the realisation of which by the lessor is not assured or is guaranteed solely by a party related to the lessor. |
| **Unscheduled Maintenance** | Refers to work carried out on a reactive basis as and when a breakdown is reported at the Helpdesk. |
| **Unsolicited Bid** | Any bid received by the Department outside its normal bidding process. |
| **Upgrade** | Includes Extensions or Additions. Comprehensive Capital Works that increases the value of the asset and extend the area or add new functionality to the asset. Upgrades can take place at any time through the lifecycle or the asset and will increase the income potential of the asset. |
| **Usable Space** | Usable space does not include common areas of a building such as lobbies, rest rooms, stairwells, storage rooms and shared hallways. Tenants leasing an entire floor or several floors, where the usable space will include the hallways and restrooms exclusively serving the tenant’s floor(s). |
| **User** | A national or provincial department that uses or intends to use an immovable asset in support of its service delivery objectives and includes a custodian in relation to an  immovable asset that it occupies or intends to occupy, represented by the Minister of such national department, Premier of a province or MEC of such provincial department, so designated by the Premier of that province. |
| **User Department** | A sector Department that uses or intends to use an immovable asset in support of its service delivery objectives (and includes a Custodian in relation to an immovable asset that it uses or intends to use in support of its own service delivery objectives). Also known as Client. |
| **Value-for-Money** | The optimal use of resources to achieve intended outcomes. |
| **Variation Order** | The formalisation of the change in scope of the works where such changes affect the financial or other status of a contract. |
| **Variation Order Committee** | A committee set up for the reviewing and approval of Variation Orders. |
| **VAT** | Value-Added Tax in terms of the VAT Act. |
| **Works** | A construction works as defined in terms of CIDB. |

| **ACRONYM** | **FULL DESCRIPTION** |
| --- | --- |
| **ABC** | Approved Budget for the Contract |
| **AECOM** | An American based company |
| **AFS** | Annual Financial Statements |
| **AKTEX** | IT system |
| **APC** | Acquisition and Production Cost |
| **APP** | Annual Performance Plan |
| **AR** | Asset Register |
| **ARM** | Asset Register Management |
| **ASD** | Assistant Director |
| **ASGISA** | Accelerated and Shared Growth Initiative South Africa |
| **AUC** | Assets Under Construction |
| **BAC** | Bid Adjudication Committee – also known as Tender Committee |
| **BAS** | IT accounting system |
| **B-BBEE** | Broad-based Black Economic Empowerment |
| **BEC** | Bid Evaluation Committee – also known as Evaluation Committee |
| **BEPP** | Built Environment Performance Plan |
| **BI** | Building Indexes |
| **BIU** | Business Improvement Unit |
| **BMC** | Budget Management Committee |
| **BOQ** | Bill of Quantities |
| **BSC** | Bid Specification Committee – also known as Documentation Committee |
| **CAD** | Computer Aided Design |
| **C-AMP** | Custodian Asset Management Plan |
| **CBE** | Council for the Built Environment |
| **CD** | Chief Director |
| **CD PM** | Chief Director Property Management |
| **CFO** | Chief Financial Officer |
| **CFP** | Certified Financial Planner |
| **CIDB** | Construction Industry Development Board |
| **CIPRO** | Companies and Intellectual Property Registration |
| **COGTA** | Cooperative Governance and Traditional Affairs |
| **CPAP** | Contract Price Adjustment Provision |
| **CPD** | Continuing Professional Development |
| **CPM** | Construction Project Management |
| **CPP** | Construction Project Planning |
| **CR** | Credits |
| **CSD** | Centralised Supplier Database |
| **CSG** | Chief Surveyor General |
| **CSIR** | Council for Science and Information Research |
| **CW** | Capital Works |
| **CWIP** | Capital Works Implementation Plan |
| **D** | Director |
| **DAFF** | Department of Agriculture, Fishing and Forestry |
| **DC** | Disposal Committee |
| **DCC** | Dutch Civil Code |
| **DD** | Deputy Director |
| **DDG** | Deputy Director General |
| **DG** | Director General |
| **DIRCO** | The Department of International Relations and Cooperation |
| **DLA** | National Department of Land Affairs |
| **DPW** | National Department of Public Works |
| **DR** | Debits |
| **DRDLR** | Department of Rural Development and Land Reform |
| **DRMS** | Dolomite Risk Management System |
| **DSI** | Dolomite Stability Investigations |
| **DTI** | Department of Trade and Industry |
| **EIA** | Environmental Impact Assessment |
| **EFT** | Electronic Funds Transfer |
| **EME** | Exempted Micro Enterprise |
| **EMP** | Environmental Management Plan |
| **ENE** | Estimates of National Expenditure |
| **EPWP** | Extended Public Works Programme |
| **EUL** | Estimated Useful Life |
| **EXCO** | Executive Committee |
| **FIDIC** | International Federation of Consulting Engineers – form of contract / Fédération Internationale des Ingénieurs-Conseils. |
| **FM** | Facilities Management |
| **FTE** | Full Time Equivalent Employee |
| **FV** | Future Value |
| **GC** | Intergovernmental Coordination |
| **GCC** | General Conditions of Contract for Construction Works – form of contract. |
| **GIAMA** | The Government-Wide Immovable Asset Management Act, Act No 19 of 2007 |
| **GIS** | Geographical Information System |
| **GITC** | GIAMA Implementation and Technical Committee |
| **GL** | General Ledger |
| **GPS** | Geographical positioning System |
| **GRAP** | Generally Recognised Accounting Practise |
| **GRC** | Gross Replacement Cost |
| **GTAC** | Government Technical Advisory Centre |
| **HO** | Head Office |
| **HR** | Human Resources |
| **HRA** | Human Resource Administration |
| **IA** | Investment Analysis |
| **IAR** | Immovable Asset Register |
| **IBC** | Infrastructure Budget Committee |
| **ICT** | Information and Communication Technology |
| **ID** | Identification Document |
| **IDMS** | Infrastructure Delivery Management System |
| **IDP** | Integrated Development Plan |
| **IGC** | Intergovernmental Committee |
| **IGS** | Infrastructure Gateway System |
| **IHC** | Inherent Hazard Classification |
| **IPIP** | Infrastructure Programme / Project Implementation Plan |
| **IPMP** | Infrastructure Programme / Project Management Plan |
| **IR** | Inventory Report |
| **IS** | Information Services |
| **IT** | Information Technology |
| **IUDF** | Integrated Urban Development Framework |
| **JBCC** | Joint Building Contracts Committee |
| **JFDC** | Joint Foreign Disposal Committee |
| **JIPSA** | Joint Initiative for Priority Skills Acquisition |
| **KAM** | Key Accounts Management |
| **KPI** | Key Performance Indicator |
| **LA** | Local Authority |
| **LAB** | Land Affairs Board |
| **LAW** | IT system used by Department of Rural Development |
| **LOGIS** | IT System |
| **LPI** | Land Parcel Identification |
| **MANCO** | Management Committee |
| **MDB** | Master Database |
| **MEC** | Member of the Executive Council |
| **MinMEC** | Ministers and Members of Executive Councils Meeting |
| **MinTOP** | Ministers and Top Management Meeting |
| **MISS** | Minimum Information Security Standard |
| **MOU** | Memorandum of Understanding |
| **MPAT** | Management Performance Assessment Tool |
| **MTEC** | Minister’s Committee on the Budget Technical Committee |
| **MTEF** | Medium Term Expenditure Framework |
| **MTSF** | Medium Term Strategic Framework |
| **MVR** | Municipal Valuation Rolls |
| **N-BAC** | National Bid Adjudication Committee |
| **N-BEC** | National Bid Evaluation Committee |
| **N-BSC** | National Bid Specification Committee |
| **NDP** | National Development Plan |
| **NDPW** | National Department of Public Works |
| **NEC 3** | New Engineering Contract – form of contract |
| **NEMA** | National Environmental Act |
| **NGO** | Non-profit organization that operates independently of any government, with a purpose to address a social or political issue |
| **NPO** | Non-profit organization dedicated to furthering a particular social cause or advocating for a shared point of view |
| **NT** | National Treasury |
| **OEUL** | Original Estimated Useful Life |
| **OHS** | Occupational Health and Safety |
| **OHSAS** | Occupational Health and Safety Assessment Series |
| **PA** | Principle Agent |
| **PBA** | Project Budget Administration |
| **PDIR** | Pre-Design Information Request |
| **PDR** | Preliminary Design Report |
| **PEP** | Package/Project Execution Plan |
| **PERSAL** | Personal and Salary Information System |
| **PFMA** | Public Finance Management Act |
| **PI** | Procurement Instruction |
| **PIA** | Protection of Information Act (PIA) |
| **PM** | Project Manager |
| **PMBC** | Planned Maintenance Budget Committee for DPW Capital Budget |
| **PMIS** | IT system |
| **PMG** | Pay Master General |
| **PMO** | Project Management Office |
| **PMS** | Project Management Scheduling Meeting |
| **PMTE** | Property Management Trading Entity |
| **POA** | Power of Attorney |
| **POE** | Post Occupancy Evaluation |
| **PP&E (PPE)** | Property, Plant and Equipment |
| **PPD** | Planning and Precinct Development |
| **PPM** | Property Performance Management |
| **PPP** | Public Private Partnership |
| **PPPFA** | Preferential Procurement Policy Framework Act |
| **PS** | Professional Services |
| **PSLVDC** | Provincial State Land Vesting and Disposal Committee |
| **PSP** | Professional Service Provider |
| **PTO** | Permission to Occupy |
| **PTOB** | Permission to Occupy and Build |
| **PV** | Present Value |
| **QS** | Quantity Surveyor |
| **QSE** | Qualifying Small Enterprise |
| **QSS** | Quantity Surveyor Services |
| **QTS** | Quote Tracking System |
| **R-BAC** | Regional Bid Adjudication Committee |
| **R-BEC** | Regional Bid Evaluation Committee |
| **R-BSC** | Regional Bid Specification Committee |
| **REIM** | Real Estate Investment Management |
| **REIRS** | Real Estate Information and Registry Services |
| **REMS** | Real Estate Management Services |
| **REUL** | Remaining Estimated Useful Life |
| **RFP** | Request for Proposal |
| **RFQ** | Request for Quotation |
| **RM** | Regional Manager |
| **RO** | Regional Office |
| **RSA** | Republic of South Africa |
| **RSR** | Railway Safety Regulator |
| **SABS** | South African Bureau of Standards |
| **SAC** | Senior Admin Clerk |
| **SACPVP** | South African Council for Property Valuers Profession |
| **SACTRP** | South African Council for Town and Regional Planners |
| **SAHRA** | South African Heritage Resources Agency |
| **SALGA** | South African Local Government Association |
| **SANS** | South African National Standards |
| **SAO** | Senior Admin Officer |
| **SARS** | South African Revenue Services |
| **SAS** | IT software suite used for advanced analytics and data management |
| **SCM** | Supply Chain Management |
| **SDA** | Service Delivery Agreement |
| **SDF** | Spatial Development Framework |
| **SDIP** | Service Delivery Improvement Plan |
| **SDP** | Site Delivery Programme |
| **SEMA’s** | Sectoral Environmental Management Acts |
| **SETA** | Skills Education Training Authority |
| **SG** | Surveyor General |
| **SIPDM** | Standard for Infrastructure Procurement and Delivery Management |
| **SITA** | State Information Technology Agency |
| **SLA** | Service Level Agreement |
| **SOE** | State Owned Enterprises |
| **SOP** | Standard Operating Procedure |
| **SP** | Sketch Planning |
| **SPCS** | Standard Professional Services Contract |
| **SPLUMA** | Spatial Planning and Land Use Management Act |
| **SQR** | Status Quo Report |
| **SRI** | Special Requirements Information |
| **SSA** | State Security Agency |
| **SSP** | Student Sponsorship Plan |
| **SWOT** | Strengths, Weaknesses, Opportunities and Threats |
| **TCP** | Total Cost Provision |
| **TI** | Tenant Installation |
| **TOR** | Terms of Reference |
| **TPS** | Town Planning Services |
| **TR** | Treasury Regulations |
| **TRA** | Threat and Risk Assessment |
| **U-AMP** | User Asset Management Plan |
| **UCA** | Utilisation and Contract Administration |
| **UDM** | User Demand Management |
| **VS** | Valuation Services |
| **WCS** | Works Control System |

# Document Purpose

The purpose of this Standard Operating Procedure (SOP) is to establish a standardised procedure for the Department of Public Works (DPW) and the Property Management Trading Entity (PMTE) when providing accommodation and built environment services to National Government User Departments.

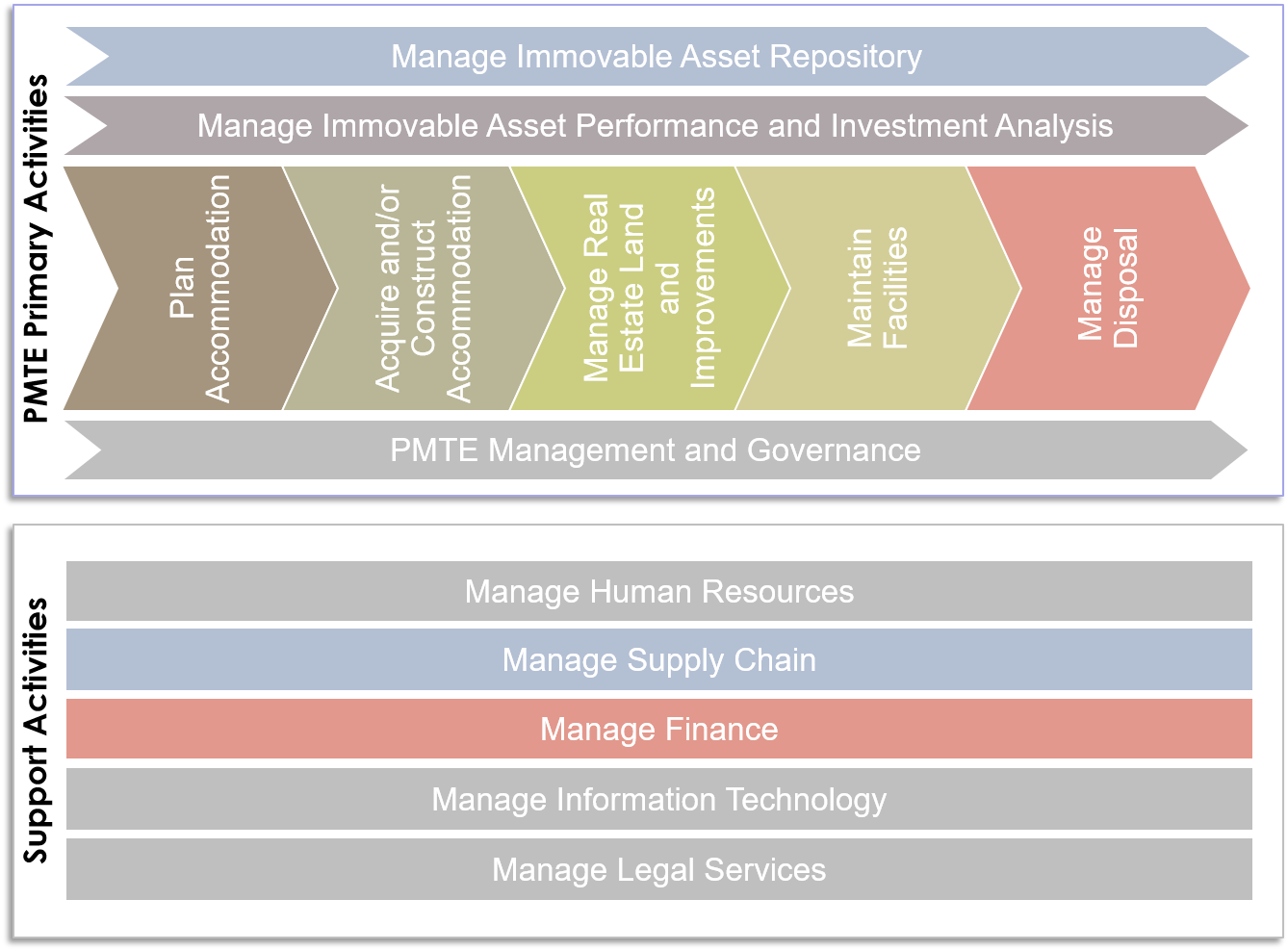
This document contains a set of step-by-step process instructions, called procedures, to direct staff members, contractors and consultants when executing routine operations. The SOPs aim to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and ensuring compliance and consistency with all relevant Regulations, Policies and Guidelines.

# Scope and Objective

## Value Chain Scope

The Value Chain is the set of primary and support activities that PMTE performs to provide accommodation and built environment services to National Government User Departments. Each Value Chain Activity in turn, decomposes into a lower level of processes and sub-processes.

Figure 1: PMTE Value Chain



This SOP applies to the following Value Chain activities:

| PRIMARY VALUE CHAIN ACTIVITIES | | SUPPORTING VALUE CHAIN ACTIVITIES | |
| --- | --- | --- | --- |
|  | Manage Immovable Asset Repository |  | Manage Human Resources |
|  | Manage Immovable Asset Performance and Investment Analysis |  | Manage Supply Chain |
| X | Manage Finance |
|  | Plan Accommodation |  | Manage Information Technology |
|  | Acquire and/or Construct Accommodation |  | Manage Legal Services |
|  | Manage Real Estate Land and Improvements |  | Other: |
|  | Maintain Facilities |  |  |

## Business Function Scope

This SOP applies to the following PMTE business functions:

|  |  |  |  |
| --- | --- | --- | --- |
| PROGRAMME 1: ADMINISTRATION | | PROGRAMME 4: REAL ESTATE MANAGEMENT SERVICES | |
| X | Finance: Financial Accounting |  | Property Finance and Administration |
|  | Finance: Financial Reporting |  | Acquisitions |
|  | Finance: Revenue and Debt Management |  | Disposals |
|  | Finance: Financial Planning and Budgeting |  | Utilisation and Contract Management |
|  | SCM: Movable Asset Management |  | Small Harbour Management |
|  | SCM: Logistics |  |  |
|  | SCM: Provisioning |  |  |
|  | SCM: Acquisition Goods and Services |  |  |
|  | SCM: Acquisition Infrastructure |  |  |
|  | SCM: Acquisition Property and Facilities Management | PROGRAMME 5: REIRS | |
| PROGRAMME 2: REAL ESTATE INVESTMENT MANAGEMENT SERVICES | |  | Real Estate Information and Registry Services |
| PROGRAMME 6: FACILITIES MANAGEMENT | |
|  | REIM: Valuation Services |  | Security Management |
|  | REIM: Industry Research |  | Hard Services |
|  | REIM: Property Performance Management |  | Soft Services: Cleaning |
|  | REIM: Investment Analysis |  | Soft Services: Horticulture |
|  | Precinct Planning and Development (PPD) |  | Green Buildings |
|  | User Demand Management (UDM) |  | Resource Efficiency |
|  | Project Budget Administration (PBA) | OTHER | |
| PROGRAMME 3: CONSTRUCTION MANAGEMENT | |  |  |
|  | Construction Project Management |  |  |
|  | Professional Services |  |  |

## Process Scope

The following process flows and activities are documented in this SOP. The process objective includes the range of activities covered within the process, as well as any specific process limitations or exceptions.

| PROCESS NAME | PROCESS OBJECTIVE |
| --- | --- |
| **Manage Supplier Entity Maintenance** | Management of the addition to or amendment of a Supplier Entity payment centrally within Head Office. |
| **Managing Accounts Payable Processing** | To ensure that there is timeous payment of suppliers on SAGE as well as WCS and PMIS  To compile, capture and authorise sundry payments on SAGE, and ensure that WCS and PMIS interfaces correctly to SAGE  Accurately report on compliance with Treasury regulation 8.2.3 |
| **Regional Payroll Coordination** | Facilitating payroll coordination in the Region for claims, allowances, deductions and payroll verifications. |
| **Head Office Payroll Management** | Ensure that 3rd party payments as well as PERSAL Exceptions are timeously cleared. This includes paying over and clearing of suspense accounts, SARS reconciliations as well as all payroll reporting. |
| **Manage Financial Batch Control and Document Control** | To provide assurance that all records in the batch are safeguarded, no records are processed more than once and to effectively file and archive documents. |
| **Cash Management** | Management of Cash including cashier services, banking services and petty cash. |
| **Manage Regional Financial Compliance, Reconciliations and Reporting** | Management of a variety of management accounting functions being performed in Regional Offices |
| **Manage SAGE Journals** | Ensure that adequately supported journals are captured, reviewed and authorised on SAGE.  Ensure safeguarding of journal batches. |
| **Manage Pay Master General** | Management of central Pay Master General activities within Head Office. |

# Process Execution Enablers

## Equipment Required

The following equipment is required to execute this SOP:

|  |  |
| --- | --- |
| EQUIPMENT TYPE | DESCRIPTION |
| IT INFRASTRUCTURE AND HARDWARE | All users implementing this SOP require access to basic IT infrastructure and hardware to support basic computer, information and telecommunication requirements. |
| IT SOFTWARE AND SYSTEMS | All users implementing this SOP require access to all basic IT software required to produce e-mails and Microsoft documents.  All users involved with the construction and registration of projects also require access to the Works Control System (WCS).  All users involved with property management require access to the PMIS System.  All users involved with finance and payments require access to the LOGIS System, in line with their financial delegations and segregation of duty roles.  All users involved with property documentation require access to the Paper Trail system.  All users involved with the asset register require access to the Archibus System.  All users implementing this SOP require access to GIS.  All users involved with town planning require access to Windeed. |
| OFFICE EQUIPMENT | All users implementing this SOP require access to all basic office equipment e.g. telephone, computer, printer and charging points for all mobile devices.  All users require appropriate and secure facilities for the storage and maintenance of hard copy confidential documents and contract documentation.  All users require adequate hard drive storage facilities for the storage and maintenance of electronic documentation.  All users require an adequate and externally located backup facility to ensure safeguarding of all process related material. |
| OTHER EQUIPMENT | All users involved in Construction, Cleaning Services, Horticultural Services, and Facilities Maintenance require access to specialised construction related equipment, which includes Occupational Health and Safety (OHS) personal safety equipment. |

## Roles

All personnel, departments, groups, contractors and/or subcontractors involved in the management, execution and/or monitoring of the processes set out in this SOP should familiarise themselves with the detailed contents thereof.

The following roles and impacted divisions are specifically identified within this SOP:

| ROLES |
| --- |
| ASD Financial Accounting |
| ASD PMG/ Designate |
| Assistant Director - Accounts Payable |
| Batch Control Accounts Payable |
| Cashier |
| Cashier Supervisor |
| Chief Director Financial Accounting |
| Chief Director Financial Planning & Budgeting |
| Chief Director Revenue & Debt |
| Chief Director Accounts Payable |
| Deputy Director Accounts Payable |
| Director Accounts Payable |
| Director Financial Accounting |
| Heads of Finance Regions |
| Line Function |
| Management Accounting |
| Projects HO/RO |
| Regional Manager |
| Responsible Official |
| State Accountant Financial Accounting |
| State Accountant Financial Reporting |
| State Accountant PMG |
| State Accountant /SSA/ASD Payroll Administration |
| Senior State Accountant - Accounts Payable (RO/HO) |
| State Accountant - Accounts Payable (RO/HO) |

\* The above list is grouped alphabetically.

## Reference Documentation

The referenced documents listed below are indispensable for the knowledgeable application of this SOP. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced documents (including any amendments) apply.

| **REFERENCE DOCUMENTATION** |
| --- |
| **POLICIES** |
| SCM Policy |
| DPW Immovable Asset Disposal Policy, 2013 |
| **LEGISLATION, STANDARDS AND REGULATIONS** |
| Architectural Professional Act (Act No. 44 of 2000) |
| Broad Based Black Economic Empowerment Act (Act No. 53 of 2003) |
| Built Environmental Professions Act (Act No. 43 of 2000) |
| Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) [CIDBA] |
| Construction Sector Transformation Charter, 2006 (Charter 2006) |
| Council for the Built Environment Act, 2000 (Act No. 43 of 2000) [CBEA] |
| Disaster Management Act (Act No. 57 of 2002) |
| DPW Broad‐based Black Economic Empowerment Strategy, 2006 (DPW BBBEES 2006) |
| Engineering Professions Act (Act No. 46 of 2000) |
| Environmental Conservation Act (Act No. 73 of 1989) |
| Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007) [GIAMA] |
| Green Building Framework, 2011 |
| Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005) |
| Land Affairs Act, 1987 (Act 101 of 1987) |
| Landscape Architectural Professional Act (Act No. 45 of 2000) |
| Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) |
| MTEF Guidelines (distributed annually) |
| National Treasury, *Occupational Health and Safety Specification for Construction Works Contracts*, National Treasury and Construction Industry Development Board |
| National Treasury, *Standard for a Construction Procurement System*, National Treasury and Construction Industry Development Board. |
| Occupational Health and Safety Act, 1993 (Act 85 of 1993) |
| Preferential Procurement Policy Framework Act (Act No. 5 of 2000) |
| Professional Council Acts that regulate the six Built Environment Professions (BEPs) |
| Project and Construction Management Profession Act (Act 48 of 2000) |
| Property Management Strategy on BBBEE, Job Creation and Poverty Alleviation, 2007 (PMS BBBEE  2007) |
| Property Sector Transformation Charter, 2007 (Charter 2007) |
| Public Service Act, 1994 (Proclamation R103 of 1994) |
| Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |
| National Environmental Management Act (Act No. 107 of 1998) |
| National Environmental Management Waste Act (Act No. 59 of 2008) |
| National Infrastructure Maintenance Strategy (NIMS) |
| National Railway Safety Regulator Act (Act No. 16 of 2002) |
| National Spatial Development Perspective, 2006 |
| National Treasury, Standard for Infrastructure Delivery Management System, |
| National Veld Fire Act (Act 101 of 1998) |
| Property Sector Charter Codes gazetted in June 2012 in terms of section 9(1) of the BBBEE Act 53 of 2003 |
| Property Valuers Profession Act (Act 47 of 2000) |
| Quantity Surveying Profession Act (Act 49 of 2000) |
| State Land Disposal Act, 1961 (Act No. 48 of 1961) |
| Supply Chain Management Framework as published in Gazette No. 25767 dated 5 December 2003 |
| The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) [Constitution] |
| Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) [CIDBA] |
| DPW White Paper: Creating an Enabling Environment for Reconstruction, Growth and Development in  the Construction Industry, 1999 [White Paper (1999)] |
| White Paper – Public Works: Towards the 21st Century (1997) [White Paper (1997)] |
| **GUIDELINES, DOCUMENTS, PROGRAMMES, MANUALS AND HANDBOOKS** |
| Association of local Government Engineering NZ and National Asset Management Steering (NAMS) Group. International Infrastructure Management Manual – South African Edition 2006. ISBN No 0-473-10685-X |
| Department Co-operative Government and Traditional Affairs. Municipal Infrastructure - An Industry Guide to Infrastructure Service Delivery Levels and Unit Costs. January 2010 |
| IDM Toolkit. Delivery Management Guidelines: Delivery Process 1 - Portfolio Management. www.cidb.org.za/\_layouts/toolkit/index.html |
| Interim Business Process for Planning and Precinct Development (PPD), version 1 |
| Interim Guidelines for Investment Analyst, August 2007 |
| Investment Analysis Checklist |
| KAM Regional Office Processes: signed on 07/08/2008 |
| National Department of Public Works. Guidelines for Users - User Asset Management Plans (UAMPs) <http://toolkit.cidb.org.za/Shared%20Documents/DP2-S10%20Guideline%20for%20U-AMP%20(2008-10-20)%20Version%201.pdf#search=UAMP> |
| National Youth Service, 2007 |
| PMTE Budget Framework Document (issued by Financial Planning) |
| PW 344 APPROPRIATE DEVELOPMENT OF INFRASTRUCTURE ON DOLOMITE: GUIDELINES FOR CONSULTANTS |
| Public Works Property Management Strategy (Black Economic Empowerment Guidelines), 2007 |

# Process and Procedure

## Process Legend



## Manage Financial Accounting

The financial accounting process is focused at effectively managing financial aspects of the PMTE, with key focus on the Manage of accounts receivable and accounts payable (including entity maintenance), payroll and salaries, while also monitoring recording and reconciliations of batch processes. The preparation of financial statements and the management of the bank account of the department.

### 5.2.1 Manage Supplier Entity Maintenance

|  |  |
| --- | --- |
| PROCESS NAME | Manage Supplier Entity Maintenance |
| PROCESS OBJECTIVE | Management of the addition to or amendment of a Supplier Entity payment centrally within Head Office. |
| INITIATING PARTY / PROCESS | Finance – Head and Regional Office |
| INITIATING EVENT / TRIGGER | * Daily Receipt of Entity Maintenance Requests (Entity Maintenance Form) for new creation or amendments |
| OUTPUT / RECORDS PRODUCED | * Updated Form PW1423 * Entity maintenance quarterly report * Safety Net Authorisation * PMIS/WCS Entity Authorisation |
| GOVERNANCE | * NT Regulations /Instruction Notes and Circulars * SCM Policy/ Directives/Delegations / Circulars * Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |

**Diagram 1: Manage Supplier Entity Maintenance Process Flow**



**Table 1: Supplier Entity Maintenance Process Activity Detail Table**

| **NO** | ACTIVITY | ACTIVITY DESCRIPTION | IT SYSTEM | ROLE |
| --- | --- | --- | --- | --- |
|  | RECEIVE ENTITY MAINTENANCE REQUEST | | | |
|  | Receive Entity Maintenance Request | RO Line function receives the Entity maintenance form from the supplier and submits it to RO Finance. RO Finance then submits the form on a daily basis to HO Entity Maintenance Team. For HO the form is submitted directly to HO Entity Maintenance. | Outlook/ Manual | SA / SSA (RO)  SA / SSA (HO) |
|  | Acknowledge Receipt of Request | HO prepares an e-mail to the ROs informing them that the Supplier Entity Requests have been received. | Outlook | SA / SSA [HO] |
|  | CONFIRM SUPPLIER DETAILS ON CSD | | | |
|  | Verify Supplier Information | Verify the correctness and completeness of the entity form. Conduct a check to identify duplicated suppliers.  Verify the Entity on the National Supplier database (including latest Tax Clearance information).  The following is checked:   * All fields on the document are completed with a bank stamp; or letter based on the specific bank * There is a valid authorized signature on the bank form; or bank letter * Bank Statements/a cancelled cheque /Bank Letter is attached; (only applicable to non-CSD suppliers) * Valid Tax Clearance certificate and if not supplied it is extracted from CSD; where applicable; (not applicable for individuals, government institutions) * Copy of the ID Document of the person who signed Page 3 of 3 (for Sole Proprietor / Individual); * Letter for approved business with the Department; and * Report extracted from CSD. | CSD | SA/SSA [HO] |
|  | Request Outstanding Documents | Request outstanding documents (if required). |  | SA / SSA [HO] |
|  | Update Register | Update details on the Excel register for the entity maintenance forms. Form PW1423. |  | SA / SSA [HO] |
|  | Distribute Request to Capturers | Distribute to responsible Capturers daily. A Capturer captures the request and a Senior State Accountant (SSA) authorizes.  Note:  For segregation of duties, the person who captures should not be the one authorizing. For example, the SA captures and the SSA authorizes. |  | SA / SSA [HO] |
|  | Authorise the Request | A Senior State Accountant (SSA) authorizes the request. |  | SA/SSA HO |
|  | CAPTURE AND VERIFY THROUGH SUPPLIER VERIFICATION (Sundry Payment) 4 | | | |
|  | Capture Entity on Supplier Verification | Capture the entity on verification system within 1 working day from receipt. | Safety Web | SA (HO) |
|  | Confirm Supplier Verification | Check Safety Net for verified or rejected banking details. The status update on Safety Net takes 3 to 7 days after capturing.  Confirm Rejection of Entity on Supplier Verification System (National Treasury)  Rejected Status: Check Reason;  Possible reasons for rejection:  Incorrect supplier name or Company name or Name of individual;  Incorrect initials;  Incorrect ID number; or  Incorrect Company registration number.  Send mail to Stakeholder/Regional Office; Recapture on Supplier Verification system (Safety Net) and allow 2-4 days. | Safety Net | SA (HO) |
|  | Create or update Supplier | Create or update Supplier code and capture Business Partner on SAGE. Select the correct profile (Supplier). | SAGE | SA (HO) |
|  | Authorise Supplier | Authorize the captured Business Partner (Supplier) on SAGE. | SAGE | SSA (HO) |
|  | CAPTURE AND VERIFY THROUGH SUPPLIER VERIFICATION (PMIS and WCS) | | | |
|  | Confirm CSD verification | Confirm CSD verification | CSD | SA (HO) |
|  | Create or update Supplier | Create or update Supplier on WCS / PMIS within 1 working day from receipt | WCS/PMIS | SA (HO) |
|  | Authorise Supplier | Authorize the captured Supplier on WCS / PMIS system. This is done within 1 Working day from capturing.  WCS/PMIS interfaces directly to Safety Net on a daily basis. | WCS/PMIS | SSA (HO) |
|  | PROVIDE FEEDBACK TO REQUESTER | | | |
|  | Notify Requester (HO/or RO) | Notify requester HO and/or RO of outcome of supplier entity authorisation. |  | SA/SSA (HO) |
|  | MANAGE ENTITY MAINTENANCE DOCUMENT MANAGEMENT AND FILING | | | |
|  | File Documents | File documents for audit purposes within 2 working days after finalization. |  | SSA & SA (HO) |
|  | MANAGE ENTITY MAINTENANCE MONTHLY REPORTING | | | |
|  | Compile Monthly Entity Maintenance Report | The report is compiled monthly, and then consolidated for quarterly reporting regarding the entities received, entities rejected with reasons, entities carried over, etc. | Excel | SSA (HO) |

### 5.2.2 Manage Accounts Payable Processing

|  |  |
| --- | --- |
| **PROCESS NAME** | Manage Accounts Payable Processing |
| **PROCESS OBJECTIVE** | * To ensure that there is timeous payment of suppliers on SAGE as well as WCS and PMIS * To compile, capture and authorise sundry payments on SAGE, and ensure that WCS and PMIS interfaces correctly to SAGE * Accurately report on compliance with Treasury regulation 8.2.3 |
| **INITIATING PARTY / PROCESS** | Line function managers including:   * Construction Projects Management * Property Payments * Facilities Management * Provisioning & Logistics * Support Services (Legal, HR, Finance, ICT) |
| **INITIATING EVENT / TRIGGER** | * Payment Batch from Regional Office or Line functions within Head Office |
| **OUTPUT / RECORDS PRODUCED** | * Document control * SAGE payment run * WCS payment run * PMIS Payment run * 30 Day Reports |
| **GOVERNANCE** | * NT Regulations /Instruction Notes and Circulars * Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |

**Diagram 2: Manage Accounts Payable Processing Process Flow**



**Table 2: Manage Accounts Payable Processing Process Activity Detail Table**

| NO | ACTIVITY | ACTIVITY DESCRIPTION | HO ROLE | IT SYSTEM | RO ROLE |
| --- | --- | --- | --- | --- | --- |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | MANAGE WCS PAYMENT ADMINISTRATION (AUTHORIZATION) | | | | |
|  | Compile Payment Batch | Compile and Authorise the batch documentation according to delegation of authority. | Projects HO |  | Projects RO |
|  | Capture Payment | Capture the batch and submit the batch together with Compliance checklist with batch header to the Regional/Head Office Finance Unit for verification. | Projects HO | WCS | Projects RO |
|  | Receive Authorised Payment Batch | Receive authorised payments (payment batch) from PMTE Project Offices with WCS printout, progress payment and Reapatala tracking number. The documents received include the invoice with all supporting information.   * Record authorised payments (payment batch) received from PMTE Project Offices in payment register; * Ensure that payments (payment batch) received from the line function is signed according to the Departmental Delegations; and * Verify the Compliance checklist against the information supplied and sign the checklist. * For payments greater than R1 mil, Line Function compiles a TT payment letter. | SA Accounts Payable |  | SA Accounts Payable |
|  | Verify and Authorise Payment | Compare and verify payment details on the WCS system against the payment batch (manual) and sign the payment batch.  Ensure that payment is captured correctly and authorise the payment.  Return incorrectly captured payment to Senior Accounting Clerk for rectification. The incorrectly captured payments are returned to the line functions and will only be processed once they have been rectified.  If the captured payment is verified as correct, stamp the documents as “PAID”. | ASD Accounts Payable | WCS | SA Accounts Payable |
|  | Submit Payment TT Letter (If Required) | For payments greater than R1 mil, Telegraphic Transfer (TT) Letter is extracted from batch and submitted to PMG team.  The letter must be received by PMG before 10am for the Safety Net Run. | SA Accounts Payable |  | SA Accounts Payable |
|  | Run WCS Interface to Sage | The payment is run manually on WCS at 12 pm and interface to SAGE. (The interface to the bank is done by SAGE Controller and completes at 3pm). | ASD Accounts Payable | WCS, SAGE | N/A |
|  | Allocate SAGE Payment number | Allocate SAGE Payment number that appears on the system to the payment advice (where applicable). | SA Accounts Payable | SAGE | SA Accounts Payable |
|  | Send Payment Documentation to Batch Control | Send payment documentation to batch control. | SA Accounts Payable |  | SA Accounts Payable |
|  | Send the Proof of Payment | Send the proof of payment when requested. | SA Accounts Payable |  | SA Accounts Payable |
|  | WCS/SAGE INTERGRATION (MANUAL) | | | | |
|  | Run Manual Payment | The Payment is done manually on WCS at 12pm daily and then interfaces with SAGE. (The interface to the bank is done by SAGE Controller and completes at 3pm). Refer to 1.6 above for the details and the activities to follow to complete the process. | ASD Accounts Payable | WCS, SAGE | n/a |
|  | WCS/REAPATALA INTERGRATION (AUTO) | | | | |
|  | Run WCS and Reapatala Integration | The Reapatala auto number is auto updated with the information from WCS using the registry unique number. | Auto | WCS | Auto |
|  | Manage Exceptions | Obtain the Reapatala exceptions report from IT and manually update Reapatala. | ASD Accounts Payable | WCS | ASD Accounts Payable |
|  | **MANAGE PMIS PAYMENT ADMINISTRATION (AUTHORIZATION)** | | | | |
|  | Compile Payment Batch | Compile and Authorise the batch documentation according to delegation of authority. | Line Function HO |  | Line Function RO |
|  | Capture Payment | Capture the batch and submit the batch together with Compliance checklist with batch header to the Regional/Head Office Finance Unit for verification. | Line Function HO | PMIS | Line Function RO |
|  | Receive Authorised Payment Batch | Receive authorised payments (payment batch) from Line Function, progress payment and Reapatala tracking number. The documents received include the invoice with all supporting information.   * Record authorised payments (payment batch) received from Line Function in payment register; * Ensure that payments (payment batch) received from the line function is signed according to the Departmental Delegations; and * Verify the Compliance checklist against the information supplied and sign the checklist.   For payments greater than R1 mil, Line Function compiles a TT payment letter. | SA Accounts Payable |  | SA Accounts Payable |
|  | Verify and Authorise Payment | Compare and verify payment details on the PMIS system against the payment batch (manual) and sign the payment batch.  Ensure that payment is captured correctly and authorise the payment.  Return incorrectly captured payment to Senior Accounting Clerk for rectification. The incorrectly captured payments are returned to the line functions and will only be processed once they have been rectified.  If the captured payment is verified as correct, stamp the documents as “PAID”. | SA Accounts Payable | PMIS | SA Accounts Payable |
|  | Submit Payment TT Letter (If Required) | For payments greater than R1 mil, Telegraphic Transfer (TT) Letter is extracted from batch and submitted to PMG team.  The letter must be received by PMG before 10am for the Safety Net Run. | SA Accounts Payable |  | SA Accounts Payable |
|  | Run PMIS Interface to Sage | The Interface is automated and triggers on authorisation of payment. (The interface to the bank is done by SAGE Controller and completes at 3pm). | ASD Accounts Payable | PMIS, SAGE | N/A |
|  | Allocate SAGE Payment number | Allocate SAGE Payment number that appears on the system to the payment advice (where applicable). | SA Accounts Payable | SAGE | SA Accounts Payable |
|  | Send Payment Documentation to Batch Control | Send payment documentation to batch control. | SA Accounts Payable |  | SA Accounts Payable |
|  | Send the Proof of Payment | Send the proof of payment when requested. | SA Accounts Payable |  | SA Accounts Payable |
|  | **PMIS/SAGE INTERGRATION (AUTO)** | | | | |
|  | Run PMIS and Sage Integration | The Interface is automated and triggers on authorisation of payment. (The interface to the bank is done by SAGE Controller and completes at 3pm). Refer to 4.6 above for the details and the activities to follow to complete the process. | Auto Run | PMIS, SAGE | Auto Run |
|  | MANAGE SUNDRY PAYMENT ADMINISTRATION (AUTHORIZATION) | | | | |
|  | Sundry Payments consist of the following items: All other payments outside of PMIS, WCS and PERSAL | | | | |
|  | Compile Payment Batch | Compile and Authorise the batch documentation according to delegation of authority. | Line Function |  | Line Function |
|  | Receive Payment Batch | Receive the certified payments (payment batch) from PMTE line functions in the Payment Register (physical signature). The Supplier invoice contains the Reapatala number.  Record the certified payments (payment batch) from PMTE line functions in the Payment Register. | SA Accounts Payable |  | SA Accounts Payable |
|  | Verify Certified Invoices | Receive approved sundry payment advice with supporting documents and check signature of the compiler, reviewer, authoriser and CD’s approval (when there is deviation from standard process – Payment should have been processed on PMIS/ WCS /PERSAL).  Ensure that payments (payment batch) received from the line function are signed according to the Departmental Delegations. Where there is a missing signature, return the Sundry payment advice to the person whose signature is missing.  Incorrect and incomplete Payment Advices are returned to the responsible Line Function for rectification.   * Insert Reapatala number on payment batch; * Insert batch header; * Verify and validate all documents in the batch for accuracy and completeness; * Verify that the Compliance Checklist is signed and approved; * Verify Budget Allocation; and * Verify Banking Details on the document versus the system. | SA Accounts Payable |  | SA Accounts Payable |
|  | Capture Payments | Capture the payments on SAGE and complete the payment number on the payment advice. Send the sundry Payments to Supervisor (ASD) for authorisation. | SA Accounts Payable | SAGE | SA Accounts Payable |
|  | Receive Authorised Payment Batch | Receive authorised payments (payment batch) from PMTE Project Offices, progress payment and Reapatala tracking number. The documents received include the invoice with all supporting information.   * Record authorised payments (payment batch) in payment register; * Ensure that payments (payment batch) received from the line function is signed according to the Departmental Delegations; and * Verify the Compliance checklist against the information supplied and sign the checklist.   For payments greater than R1 mil, Line Function compiles a TT payment letter. | SA Accounts Payable |  | SA Accounts Payable |
|  | Verify and Authorise Payment | Compare and verify payment details against the payment batch (manual) and sign the payment batch.  Ensure that payment is captured correctly and authorise the payment.  Return incorrectly captured payment to Senior Accounting Clerk for rectification. The incorrectly captured payments are returned to the line functions and will only be processed once they have been rectified.  If the captured payment is verified as correct, stamp the documents as “PAID”. | ASD Accounts Payable |  | ASD Accounts Payable |
|  | Submit Payment TT Letter (If Required) | For payments greater than R1 mil, Telegraphic Transfer (TT) Letter is extracted from batch and submitted to PMG team.  The letter must be received by PMG before 10am for the Safety Net Run. | SA Accounts Payable |  | SA Accounts Payable |
|  | Run Sage Interface | The payment is run at 12 pm and interface to SAGE. (The interface to the bank is done by SAGE Controller and completes at 3pm). | ASD Accounts Payable | SAGE | N/A |
|  | Allocate SAGE Payment number | Allocate SAGE Payment number that appears on the system to the payment advice (where applicable). | SA Accounts Payable | SAGE | SA Accounts Payable |
|  | Send Payment Documentation to Batch Control | Send payment documentation to batch control. | SA Accounts Payable |  | SA Accounts Payable |
|  | Send the Proof of Payment | Send the proof of payment when requested. | SA Accounts Payable |  | SA Accounts Payable |
|  | SAGE PAYMENT RUN (AUTO) | | | | |
|  | Run SAGE Payment | SAGE automatically runs the payment execution. | Auto Run | SAGE | Auto Run |
|  | Distribute Payment Document | Distribute payment documents, i.e. to the cashier and Accounts Payable official. | SA Accounts Payable |  | n/a |
|  | MANAGE REJECTED PAYMENTS | | | | |
|  |  | | | | |
|  | Extract the list of rejected payments | When payments are rejected by Bankserv or Safety Net:   * Extract the list of rejected payments * Distribute to Line Function for investigation and correction * Receive email notification from Line Function to confirm that the information has been corrected and a request for re-submission **(8.2)** or that payment must be cancelled **(8.3)**. | SA/ ASD: Accounts Payable | Safety Net | n/a |
|  | Resubmit Rejected Payments | * Accounts Payable confirms the payment rejection and confirms that problem was addressed. Upon verification that the initial problem was addressed, resubmit the payment on SAGE; and * For payments greater than R1 million, obtain the TT letter. * Ensure that all required information is included in the TT letter in order to match the payment with Safety Net; and * Review the TT letter from the Line Function / RM and send to PMG team for processing to Safety Net. | SA/ ASD: Accounts Payable |  | n/a |
|  | Cancel Rejected Payment | * On receipt of the request for cancellation from Line Function or the request is older than 90 days in the system the payment is cancelled. * Select the cancel function and complete the rest of the activities on SAGE. * After cancellation, issue a credit note against the Invoice. |  |  |  |
|  | RECALL PAYMENTS (INCORRECTLY PAID PAYMENTS) | | | | |
|  | Receive Request To Recall | Receive a request to recall a payment | ASD / DD Accounts Payable  SA Accounts Payable |  |  |
|  | Recall Payment on or Before Clear Date | Where incorrect payments are identified within 2 days before the submission to the commercial bank of making the payment, HO recalls the amount paid with the Reserve Bank.   * Submit recall register (MP296) to the Reserve Bank signed by two (2) authorised signatories. * The response from the Reserve Bank will be either successful or unsuccessful. * In case of a successful response, the receipt is matched against the initial payment cancelling the transaction on SAGE. * In case of an unsuccessful response, notify the RO /HO Finance to recover the money. Credit Note to be created on the originating source system, see **(9.3)** below. | SA/ASD / DD Accounts Payable |  | n/a |
|  | Recall Payment After Clear Date | If incorrect payments are only identified after submission to the commercial bank and unsuccessfully recalled then the relevant office creates a credit note to recover the duplicated amount to be recalled. Recover the over payment in line with delegations.  Capture the Credit Note;  Authorize the Credit Note;  Manage as a receivable. | SA/ASD / Senior Official (CD,D,DD) Accounts Payable |  | SA/ASD / Senior Official (CD,D,DD) Accounts Payable |
|  | MANAGE UNPAID TRANSACTIONS | | | | |
|  | Obtain Payment Listing Report | Obtain the rejected supplier (all SAGE related payments) payment list. | DD Accounts Payable |  | DD Accounts Payable |
|  | Investigate Unpaid Supplier Related Transactions | Investigates Unpaid Supplier Related Transactions.  When a supplier is not verified, the payment is not made. The payment must be taken back to the supplier to verify their account on CSD.  When a Reapatala number was not captured, the payment remains unpaid.  Once the banking details have been corrected, the payment is re-issued by HO. The payment may also be cancelled. | n/a | Reapatala | ASD / SSA Accounts Payable |
|  | Investigate Reasons for Unpaid Transaction | Investigate reasons for unpaid transactions:   * AP003002: Accounts Payable; and * AP003924: Bank Recon. | ASD Accounts Payable |  | ASD Accounts Payable |
|  | Update the incorrect details | Update the incorrect details. The system then automatically interfaces. | Line Function |  | n/a |
|  | Reissue Unpaid Payment | System automatically generates the payment as required. | Auto | SAGE | Auto |
|  | MANAGE DUPLICATE PAYMENTS | | | | |
|  | Identify Duplicate Payments | Identify duplicate payments through the monthly bank reconciliation or as informed by a supplier or Line Function. | ASD / DD Accounts Payable | SAGE | ASD Accounts Payable |
|  | Delete Duplicate Payment Before Authorisation. | Delete the duplicate payment before authorisation. | ASD / DD Accounts Payable | SAGE | ASD Account Payable |
|  | Recall Duplicate Payment After Authorisation. | Where duplicate payments are identified after authorisation on or before submission to the commercial bank, HO recalls the amount paid with the Reserve Bank.  Pair off invoices, if required. Refer to Recall Payment Process. | ASD / DD Accounts Payable |  | n/a |
|  | Cancel Duplicate Payment (Credit Note) After Clear Date | If duplicate payments are only identified after submission to the commercial bank and unsuccessfully recalled then the relevant office creates a 2 days, create a credit note to recover for the duplicated amount to cancel the payment in line with delegations.   * Capture the Credit Note; * Authorize the Credit Note; and * Pair off invoices, if required.   Refer to the process as in **(9.3)** | ASD / DD Accounts Payable |  | n/a |
|  | Store Documents | Compile the payment batch and send the duplicate payment documents to Batch Control for filing. Electronic process where a credit note is done and comments are added to explain the reasons for issuing the credit note. | SA / ASD / DD Accounts Payable |  | SA / SSA Accounts Payable |
|  | SAGE/REAPATALA INTEGRATION (AUTO) | | | | |
|  | Run Reapatala/SAGE Integration | Reapatala is auto updated with the information from SAGE. | Auto Run | Reapatala, SAGE | Auto Run |
|  | Manage Exceptions | Obtain the Reapatala exceptions report from IT and manually update Reapatala. | ASD Accounts Payable | Reapatala | ASD Accounts Payable |
|  | MANAGE ACCOUNTS PAYABLE REPORTING AND RECONCILIATIONS | | | | |
|  | Draw Age Analysis Report | Each office (HO/RO) to draw Age Analysis report from SAGE. Investigate and clear the exceptions. | ASD / DD Accounts Payable | SAGE | ASD / DD Accounts Payable |
|  | Investigate Accounts Payment Exceptions | Investigate payment exceptions on the Age Analysis report and address the discrepancies in line with the applicable processes. | ASD / DD Accounts Payable |  | ASD / DD Accounts Payable |
|  | Manage Month End Closure Open Transactions | * All Regions to draw a list of Open Transactions from SAGE based on the Clopper Report; * Process all outstanding Open Transactions prior to the month end cut-off date. | ASD / DD Accounts Payable | SAGE | ASD / DD Accounts Payable |
|  | Clearing of Accounts Payable Accounts | * Draw the Trial Balance and General Ledger reports from SAGE. * Identify exceptions and movements * Request Supporting documents for identified transactions * Investigate the exceptions and determine the next cause of action. * Capture and Approve a journal to clear the exceptions * Capture and Authorise Payment to clear the exceptions; * Prepare monthly Age Analysis report on remaining transactions | SA/ ASD / DD Accounts Payable | SAGE | SA/ ASD / DD Accounts Payable |
|  | MANAGE 30 DAY REPORTING | | | | |
|  | 30 Day Exceptions | * Draw detail report from Reapatala; * Draw Summary reports for Unpaid invoices within and over 30 days; * Draw Summary reports for paid invoices within and over 30 days; * Compare the Summary of Unpaid Invoices Reports against the Summary of Paid Invoices Reports; * Compile NT report; and * Forward to NT by the seventh (7th) of every month. | DD Accounts Payable | Reapatala | n/a |
|  | 30 Day Reporting | The 30 day Reporting is a Snapshot of invoices received for the year;   * Do Trend analysis of paid invoices; * Do Age analysis of unpaid invoices; * Conduct Regional unpaid invoice comparatives; and * Conduct Branch unpaid invoice analysis. * Prepare presentation to EXCO/MinTop by SA * Review by Director Financial Accounting | SA Financial Accounting |  | n/a |
|  | 30 Day Sector Reports | DPW and Provinces compile and do presentation on the Sector Report;   * Submit Sector Report for review by the CFO/Head PMTE Finance; * Prepare Trend Analysis of payments made and invoice Outstanding within Public Works sector; * Review by Director Financial Accounting | SA Financial Accounting |  | n/a |

### 5.2.3 Regional Payroll Coordination

|  |  |
| --- | --- |
| **PROCESS NAME** | Regional Payroll Coordination |
| **PROCESS OBJECTIVE** | Facilitating payroll coordination within the Regions for claims, allowances, deductions and payroll verifications. |
| **INITIATING PARTY / PROCESS** | Human Resources Unit |
| **INITIATING EVENT / TRIGGER** | Receipt of salary duplications and allowances; Travel claims from SCM; Employee timesheets / |
| **OUTPUT / RECORDS PRODUCED** | * Approval of salary advice * Authorise Subsistence and Travel Claim Payment * Deductions * Payment of Allowance * Payment schedule |
| **GOVERNANCE** | * NT Regulations /Instruction Notes and Circulars * Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |

**Diagram 3: Regional Payroll Coordination Process Flow**



**Table 3: Regional Payroll Coordination Process Activity Detail Table**

| NO | ACTIVITY | ACTIVITY DESCRIPTION | HEAD OFFICE ROLE | SYSTEM | REGIONAL  OFFICE ROLE |
| --- | --- | --- | --- | --- | --- |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | MANAGE SUBSISTENCE AND TRAVEL CLAIMS | | | | |
|  | Receive Subsistence and Travel Claim | Receive subsistence and travel claim from SCM as per the:   * New NT measures related to travel and subsistence to be implemented by accounting officers of departments and constitutional institutions and accounting authorities of public entities listed in Schedules 2 and 3 to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999); * Cost containment measures related to travel and subsistence that are applicable to executive authorities will be prescribed in the Ministerial Handbook; and * NT Instruction must be read in conjunction with NT Instruction No. 02 of 2016/2017 dated 30 September 2016 on Cost Containment Measures. | n/a |  | SA Payroll Administration |
|  | Capture Subsistence and Travel Claim Information | Capture Subsistence and Travel claims on PERSAL. | n/a | PERSAL | SA Payroll Administration |
|  | Verify Claim Information | Verify the captured information. | n/a | PERSAL | SA Payroll Administration |
|  | Authorise Claim Payment | Authorise the Subsistence and Travel claim payment. | n/a | PERSAL | SSA Payroll Administration |
|  | Store Documents | File the Subsistence and Travel Claim Documents in the Finance Storeroom. | n/a |  | SA Payroll Administration |
|  | **MANAGE GENERAL ALLOWANCE AND DEDUCTIONS** | | | | |
|  | Receive Employee Deductions and Allowances | Receive Deductions and Allowances. These include:   * Parking fee payments; * Garnishee orders; * Employee Union subscriptions; and * Employee policies and insurances deductions and allowances. | n/a |  | SA Payroll Administration |
|  | Capture Employee Deductions and Allowances | Capture the allowances and / or deductions on PERSAL. | n/a | PERSAL | SA Payroll Administration |
|  | Authorize Employee Deductions and Allowances | Authorise the allowances and / or deductions on PERSAL. | n/a | PERSAL | SSA Payroll Administration |
|  | Store Documents | File the Allowances and Deductions documents in the Finance Storeroom. | n/a |  | SA Payroll Administration |
|  | **MANAGE SALARY ADVICE VERIFICATION/EPWP PAYMENTS (REGIONAL)** | | | | |
|  | Verify EPWP Time Sheet Information | Verify Time sheet / EPWP Information. Timesheets are verified with the information received from the PMs and Cost Centre Managers.  Timesheets are verified as follows:   * Once receive it is verified; * It then gets captured on PERSAL; * Authorisation of the timesheets takes place; and * The timesheets are filed. | n/a | PERSAL | SA Payroll Administration |
|  | Capture EPWP Salary Advice | Capture details from the salary advice on PERSAL and review the salary advice. | n/a | PERSAL | SA Payroll Administration |
|  | Compile EPWP Payment Batch | If not received from HR, compile the payment batch as follows:   * Compile the batch documentation; * Submit the batch to the Regional/PMTE Finance Unit for verification; * After the batch has been verified a batch header is included and a batch number and payment number are allocated; and * The batch is included in the batch register. | n/a | PERSAL | SA Payroll Administration |
|  | Receive Salary Advice | Receive Salary Advice from HR.  This is also valid for Termination of Employees or contractors. Salary changes are made in the first week of the month and salary payments are done on the 15th of each month. | n/a |  | SA Payroll Administration |
|  | Approve Advice | Approve salary advice on PERSAL, for auto submission to HO HR for certification. | n/a | PERSAL | SA Payroll Administration |
|  | Store Salary Advice | File the EPWP Timesheets and all approved Salary Advices in the Finance Storeroom. | n/a |  | SA Payroll Administration |
|  | Certify Payroll | Payroll is certified centrally at HO HR. The PERSAL run is captured on Mondays and runs on Wednesdays. | n/a | PERSAL | n/a |
|  | Distribute Payslips | Receive and distribute the manual Payslips as required. | n/a |  | SA Payroll Administration |
|  | **MANAGE PERSAL EXCEPTIONS** | | | | |
|  | Receive PERSAL Rejection Information | Receive information from HO (DPW Salaries Unit) indicating all rejected payments on PERSAL. | n/a | PERSAL | SA Payroll Administrator |
|  | Re-issue the Payment | * Compile the batch documentation and submit the batch to the Regional/PMTE Finance Unit for verification; and * After the batch has been verified, a batch header is included and the batch is sent to the relevant unit for execution. |  |  | SA Payroll Administrator |
|  | Authorise Payment on SAGE (if required) | * Register the payment on SAGE by capturing and verifying the payment; and * Authorise the re-issue of the payment on SAGE in line with delegations. | n/a | SAGE | SA Payroll Administrator |
|  | Manage PERSAL Supplementary Run | * Capture the details from the salary advice on PERSAL; and * Review and approve the Salary Advice in line with delegations.   The Supplementary PERSAL RUN is performed automatically twice a week.  Capturing is done on Mondays for inclusion in the Wednesday PERSAL Run for payment the following Monday.  The second capturing is done on Thursday for inclusion in the Monday PERSAL Run for payment the following Thursday. | n/a | PERSAL | SA Payroll Administrator |
|  | Store Exception Documents | PERSAL exception documents are batched and stored separately in the Finance Storeroom. | n/a |  | SA Payroll Administrator |

### 5.2.4 Head Office Payroll Management

|  |  |
| --- | --- |
| **PROCESS NAME** | Head Office Payroll Management |
| **PROCESS OBJECTIVE** | Ensure that 3rd party payments as well as PERSAL Exceptions are timeously cleared. This includes paying over and clearing of suspense accounts, SARS reconciliations as well as all payroll reporting. |
| **INITIATING PARTY / PROCESS** | Human Resource Administration |
| **INITIATING EVENT / TRIGGER** | PERSAL Transaction from HR; Receipt of statement (EF70) for unpaid salaries; SAGE Suspense Account |
| **OUTPUT / RECORDS PRODUCED** | * SARS Reconciliation (Bi-Annual & Annual) * Payments and Journals * Cleared Suspense Accounts * Garnishee Order reports * IRP5 Certificates |
| **GOVERNANCE** | * NT Regulations /Instruction Notes and Circulars * Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |

**Diagram 4: Payroll Management Process Flow**



**Table 4: Head Office Payroll Management Process Activity Detail Table**

| NO | ACTIVITY | ACTIVITY DESCRIPTION | IT SSYSTEM | HEAD OFFICE ROLE | REGIONAL  OFFICE ROLE |
| --- | --- | --- | --- | --- | --- |
| **NB Note:**  Payroll run and overtime is performed by HRA. The Payroll is run and payment processed on PERSAL. Expenditure from PERSAL is integrated with SAGE to ensure accurate reporting. Payments to SARS, GEPF, GEMS, etc. are processed by the PMTE. | | | | | |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | MANAGE THRID PARTY PAYMENTS (GEPF, GEMS, AND GARNISHEES ETC.) | | | | |
|  | Pay Financial Institutions Electronically | Payments are made twice a month to the financial institutions electronically. | PERSAL | Auto | n/a |
|  | Prepare Telegraphic Letters | Prepare and submit telegraphic letters for EFT payments to SARS, GEPF and GEMS to the PMG Unit for Authorisation. |  | SA/SSA Payroll Administrator | n/a |
|  | Extract Pay-Over Report | Extract Pay-Over report from Vulindlela for Garnishee order and medical Aid. | Vulindlela | SA/SSA Payroll Administrator | n/a |
|  | Distribute Third Party Statements | Email reports to the distribution list for Garnishee and medical Aid beneficiaries. | Outlook | SA/SSA Payroll Administrator | n/a |
|  | MANAGE RESERVE BANK UNPAID TRANSACTIONS | | | | |
|  | Receive Statement (EF70) for Unpaid Salaries and Housing | Receive statement (EF70) for unpaid salaries and housing allowance from the SA Reserve Bank per email as and when unpaid transaction occurs at Bank Serve / Reserve Bank. (i.e. Bank account closed, successfully recalled transactions by HR, etc.) |  | SA/ SSA Payroll Administrator | n/a |
|  | Draw Salary Information | Draw the relevant payment information per case from PERSAL with all information regarding the unpaid (closed bank account / recalled / etc.) transaction (salaries / housing / supplementary payment/ Garnishee Order) and identify which RO the unpaid payment emanated from. | PERSAL | SA/SSA Payroll Administrator | SA Payroll Administrator |
|  | Prepare Credit Note | Prepare credit note and send to RO (Finance: Salaries) per email for further processing and finalisation. |  | SA/SSA Payroll Administrator | n/a |
|  | Allocate the Unpaid Transaction | Prepare journal to allocate the unpaid transaction from SAL: PERSAL Outstanding Payments to the suspense account (ACB recall / Reversal control / Garnishee order GL account). |  | SA/SSA Payroll Administrator | n/a |
|  | MANAGE SARS RECONCILIATIONS | | | | |
|  | Extract Information and Compile Spreadsheet for Total Calculation | Extract information from Vulindlela at month end pay-over to SARS on or before the 7th of the following month and compile excel spreadsheet to compare the total calculation (TT payment to SARS). | Vulindlela | SA/SSA Payroll | n/a |
|  | Prepare Monthly Tax Reconciliation | Prepare the monthly tax reconciliation spreadsheet and submit the EMP201 to SARS through E-Filing. | E-Filing | SA/SSA Payroll Administrator | n/a |
|  | Prepare Manual Payment | Preparation of manual payments to SARS are done from the suspense account and deducted from the officials via manual payments.   * Complete the sundry payment to SARS (SA Payroll) * Verify the completed payment; (SSA Payroll) * Authorise Completed payment (ASD: Payroll) * Submit payment to Account Payable for processing of payment (ASD Payroll) * Receive the relevant classifications; * Reconcile the amounts; * Complete the SARS payment; and   File the related payment batch for audit purposes. |  | SA/SSA/ASD Payroll | n/a |
|  | Import, Capture and Submit Employee Tax Pay-Over | Conduct bi-annual (September) due by 31st October and annual (February) due by 31st May import from E-filing and capture the declaration on the employee’s tax pay-over on Easy-File and E-filing and submit to SARS (EMP501). | Easy-File  E-filing | SA/SSA Payroll Administrator | n/a |
|  | Capture manual IRP5 | Capture manual IRP5 on Easy-File. End of the financial year where not covered (Money received outside of the PERSAL system). | Easy-File | SA/SSA Payroll Administrator | n/a |
|  | Distribute IRP5 Forms | Distribute printed IRP5 forms from SITA to RO and HO officials after the May reconciliation before 1st July. |  | SA/SSA Payroll Administrator | n/a |
|  | POSTING AND CLEARING OF SUSPENSE ACCOUNT | | | | |
|  | Draw Suspense Account | Draw the suspense account from SAGE. | SAGE | SA/SSA Payroll Administrator | SA/SSA Payroll Administrator |
|  | Clearing of Accounts | * Identify exceptions and movements * Request Supporting documents for identified transactions * Investigate the exceptions and determine the next cause of action. * Capture and Approve a journal to clear the exceptions * Capture and Authorise Payment to clear the exceptions; * Prepare monthly Age Analysis report on remaining transactions | SAGE | SA/SSA Payroll Administrator | SA/SSA Payroll Administrator |
|  | MANAGE PAYROLL REPORTING | | | | |
|  | Prepare Monthly Suspense Account Reconciliation | Prepare monthly suspense account reconciliation based on the journals captured. |  | SA/SSA Payroll Administrator |  |
|  | Review Monthly Reconciliation | Review of monthly reconciliation to the GL Account. |  | SSA/ASD Payroll Administrator |  |
|  | Prepare Systems (PERSAL/ SAGE) Reconciliation | Prepare systems (PERSAL / SAGE) reconciliation for inclusion in the financial statements. | PERSAL / SAGE | ASD Payroll Administrator |  |

### 5.2.5 Manage Financial Batch Control and Document Control

|  |  |
| --- | --- |
| **PROCESS NAME** | Manage Financial Batch Control and Document Control |
| **PROCESS OBJECTIVE** | To provide assurance that all records in the batch are safeguarded, no records are processed more than once and to effectively file and archive documents. |
| **INITIATING PARTY / PROCESS** | Finance |
| **INITIATING EVENT / TRIGGER** | Receipt of compiled Payment batches and journals from Finance. |
| **OUTPUT / RECORDS PRODUCED** | Document Control Register  Document Filing and Archiving |
| **GOVERNANCE** | * NT Regulations /Instruction Notes and Circulars * Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |

**Diagram 5: Manage Financial Batch Control and Document Control Process Flow**



**Table 5: Manage Financial Batch Control and Document Control Process Activity Detail Table**

| NO | ACTIVITY | ACTIVITY DESCRIPTION | SYSTEM | ROLE |
| --- | --- | --- | --- | --- |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | MANAGE BATCH CONTROL | | | |
|  | Draw a document control Report | Draw a document control report from SAGE for all journals and Payments batches processed for the week. | SAGE | SA/ SSA/ Accounts Payable |
|  | Receive and Process Payment Batch and Journals and compare | Receive journals and payment batches from users.  Sign on the register of journals/ payments as proof of receipt of batches.  Compare payment/ journal number to the physical batch. The payment batch comes with a payment number. Enter the payment number in the batch register. |  | Batch Controller Accounts Payable |
|  | Identify Outstanding Payment and Journal Batches | Obtain the SAGE payment and journal report.  Reconcile the payments and journals against the physical documents received to identify outstanding payment batches and investigate missing journals.  Follow up on outstanding documentation. |  | Batch Controller Accounts Payable |
|  | File Payment and Journal Batches | File documents received from users as follows:   * Sundry payments according to payment number; and * Journals according to journal number.   Store the documents in the storeroom. |  | Batch Controller Accounts Payable |
|  | MANAGE DOCUMENT CONTROL | | | |
|  | Receive Request for Payment or Journal Batches | Receive request for a Payment and or journal batch from End Users adhoc via Replacement Voucher. |  | Batch Controller Accounts Payable |
|  | Retrieve requested Payment or Journal Batch | Retrieve requested Payment or Journal Batch from the Batch room. |  | Batch Controller Accounts Payable |
|  | Issue the requested Payment or Journal Batch | Contact the requestor to come collect the requested Payment or Journal Batch.  Check out the requested Payment or Journal Batch by signing for it on the register. |  | Batch Controller Accounts Payable |
|  | Receive and File returned Payment and Journal Batches | File documents received from users as follows:   * Sundry payments according to payment number; and * Journals according to journal number.   Store the documents in the storeroom. |  | Batch Controller Accounts Payable |
|  | Archive Documents | Compile a register of Payment and Journal Batches to the Archive store.  Registry to sign-off on the register for all the Payment and Journal Batches received from the Batch Controller. |  | Batch Controller Accounts Payable |

### 5.2.6 Cash Management

|  |  |
| --- | --- |
| **PROCESS NAME** | Cash Management |
| **PROCESS OBJECTIVE** | Management of cash including cashier services, banking services and petty cash. |
| **INITIATING PARTY / PROCESS** | PMG Team |
| **INITIATING EVENT / TRIGGER** | Bank Statement for reconciliations; Petty Cash Request; Rental payments |
| **OUTPUT / RECORDS PRODUCED** | * Signed Reconciliations * Cleared Accounts * Credit Note |
| **GOVERNANCE** | * NT Regulations /Instruction Notes and Circulars * Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |

**Diagram 6: Cash Management Process Flow**



**Table 6: Cash Management Process Activity Detail Table**

| NO | ACTIVITY | ACTIVITY DESCRIPTION | SYSTEM | ROLE |
| --- | --- | --- | --- | --- |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | MANAGE CASHIER ASSIGNMENT AND AUTHORISATION | | | |
|  | Appoint Cashier Official | Appoint an Official to handle State monies through a standard appointment letter. The appointment letter applies to both permanent as well as acting personnel.  If the appointed cashier is not available, appoint a temporary cashier. The appointments are updated every financial year.  Receive appointment letter, which was drafted as per the NT Regulation, for signature. The regulations state that the Official must be someone capable of handling State monies. The letter is signed over and above the Official’s employment contract. |  | SA/ ASD: Accounts Payable |
|  | File Appointment Letter | The signed Appointment letter is filed in the Finance Folder. A copy of the appointment letter should be submitted to HR to be placed on the employee file. Only submit Appointment letter for Permanent Cashier to HR. |  | SA/ ASD: Accounts Payable |
|  | MANAGE PETTY CASH | | | |
|  | Manage Petty Cash Bank Account | Each Region has their own Petty Cash Bank account (on SAGE).  The PMG team transfers funds to the regions once off. | SAGE | SA PMG |
|  | Manage Petty Cash Withdrawals | Authorise the withdrawal and issuing of physical petty cash to the Cashier.  Only appointed officials signatories may handle Petty Cash. |  | SA/ ASD: Accounts Payable |
|  | Physical Petty Cash Management | Receive the petty cash and ensures safekeeping of physical cash at all times.  **Note:** Payments are made from the physical petty cash and counting of the physical cash is part of the daily and month reconciliations. |  | Cashier |
|  | Manage Petty Cash Voucher | Receive the Approved petty cash voucher from the petty cash applicant / responsible sections. The Applicant will complete the Petty Cash Requisition Form including the following:   * Applicants Name; * Description; * Objective; * Item; * Responsibility; * Amount; |  | Cashier |
|  | Manage Petty Cash Disbursement | Verify the form to see if all the details are correct and if it has been signed. The checks and balances are done by taking the following into consideration:   * That the description matches the definition of the Petty Cash; * The Applicant is claiming from the correct fund; * The Applicant works in the Department as indicated; * Confirmation that funds are available; and * Threshold approval has been obtained (where the amount exceeds the limit authorised for petty cash payments).   Authorise Petty Cash request by signing the requisition form and issue the cash. |  | Cashier |
|  | Manage Petty Cash Receipts | The Cashier receives the purchase receipts from the sections to support the expenditure within 24 hours after the issuing of the petty cash. The receipt of purchase is reconciled with the petty cash form.  Should the sections not submit the receipts within 24 hours, the cashier must follow up. |  | Cashier |
|  | Reconcile Petty cash (daily/monthly) | Check and compare the vouchers, cash on hand and bank balances. All amounts must balance.  Each Region receives a monthly bank statement for reconciliation purposes every month end.  The Monthly Petty Cash recon is submitted to Head Office.  Supervisor ensures that cash in hand and receipts issued balances by signing the reconciliation.  Unscheduled spot checks to be done adhoc by the Supervisor. |  | Cashier/ SA/ ASD: Accounts Payable |
|  | Replenish Petty Cash | The Cashier Compiles the Payment Batch.  The Supervisor reviews the Payment Batch.  The Manager authorizes the Payment Batch and submits to the Cashier for capturing on SAGE.  The payment documentation is taken through to the batch controller for filling.  All expenses from Petty Cash are recorded against the petty cash account on SAGE.  The Financial Accounting Personnel will attach the PAID stamp on the Sundry Payment Form and all supporting documentation to ensure they are not presented for payment again. | SAGE | Cashier/ SA/ ASD: Accounts Payable |
|  | MANAGE CASH RECEIPTS AND BANK DEPOSITS | | | |
|  | Receive Payment | Receive the payment from internal and external clients. |  | Cashier |
|  | Ensure Safekeeping of Cash | Ensure Safekeeping of Cash. |  | Cashier |
|  | Issue Receipt for Money Received | Cashier issues a written manual receipt.  The receipts are prepared three-fold, one copy is given to the payer, and two copies remain behind in the receipt book of which two of these receipts will be batched after the deposit in the bank has been made. The receipt is prepared upon receipt of cash.  Cashier records the receipt number of the issued receipt in the remittance register against the relevant amount received.  Cashier cancels the incorrectly issued receipt by writing the word “Cancelled” on the original and all two copies of the receipt and keeps all the copies in the Receipt book. The cancelled receipts are reviewed when the money is going to be deposited. |  | Cashier |
|  | Manage Physical Cash Bank Deposit | The Cashier does banking and daily deposits are entered into a deposit book. A batch consists of the following:   * Copy of the deposit slip; and * All receipts applicable to the deposit.   The batch cover sheets serve as a proof that it was authorised by senior officials. The Cashier then prepares a daily deposit and does the banking.  The Cashier deposits the money at a commercial bank into the applicable DPW account.  The daily deposit is updated in the deposit book. |  | Cashier |
|  | Authorise Receipt Book and Deposit Book | The Supervisor ensures receipts were issued correctly and in sequence and signs, the receipt book and deposit book as proof that it was checked.  Hand everything back to cashier. |  | Cashier Supervisor |
|  | Forward Documents to Batch Control | The cashier draws up a list of batches captured. Forward list together with captured receipts to Batch Controller for filing and safekeeping. |  | Cashier |
|  | MANAGE PETTY CASH BANK RECONCILIATION | | | |
|  | Send Copies of Receipts Issued and Deposits Made | On a regular basis, send copies of receipts issued and deposits made to PMG for reconciliation purposes. |  | Cashier |
|  | PMG CASH FLOW MANAGEMENT | | | |
|  | Allocate Receipts and Deposits in the Inter Response Clearing Account | A list of all receipts and deposits made into the Inter Response Clearing Account is allocated in accordance with the reference numbers and submitted to the ROs. |  | SA PMG |
|  | Clear Unallocated Receipts | The HO clears all unallocated receipts to the correct account accordingly. |  | SA PMG |
|  | MANAGE DIRECT DEPOSIT RECEIPTS | | | |
|  | Extract Safety-net Report | Extract Safety-net report (daily list) from Safety net. | Safety-net | SA PMG |
|  | Reconcile Safety-net | Reconcile Safety-net:   * Where Safety-net does not reconcile, log a call to System control; * System control informs PMG when the issue is resolved. | Safety-net | SA PMG |
|  | Verify Safety-net | Verify that transactions in Safety net has interfaced to SAGE.  Identify where the amounts comes from and identify the next cause of action. | Safety-net  SAGE | SA PMG |
|  | Request Proof of Payment | Request a proof of payment from client through the use of an email or a telephone. The proof of payment will provide information on the invoice that was paid by the client. |  | SA PMG |
|  | Prepare Allocation Schedule | Prepare the allocation schedule, which should be forwarded to Debt and Revenue Management as confirmation of receipt of customer payment.  Forward the payment stub and the allocation schedule to the Debt and Revenue Management for the confirmation of the client’s details and amount. |  | SA PMG |
|  | Allocate the Receipts | Process manual journal to allocate receipts from Bank Adjustments account to the correct customer account / cost centre, e.g. from Bank Adjustments Account to Municipal Service Account.  Allocate to the regional Inter Responsibility Account for transaction relating to the regions. |  | SA PMG |
|  | Print-out Journal and Prepare Credit Note | Print-out the journals and prepare Credit Note as confirmation that:   * The customer has paid; * The amount has been allocated to the cost centre; and * Sign the journal cover and Credit Note form. |  | SA PMG |
|  | Review Credit Note and Authorise | Send the Credit Note together with a copy of journals to the ASD for review and Approval. | SAGE | ASD PMG |
|  | File Journals and Credit Notes | Upload the Approved Journals and Credit Notes onto PaperTrail | PaperTrail | SA PMG |
|  | Submit Journals to Batch Controller (Monthly) | Submit the Journals to Batch Controller monthly. |  | SA PMG |

### 5.2.7 Manage Regional Financial Compliance, Reconciliations and Reporting

|  |  |
| --- | --- |
| **PROCESS NAME** | Manage Regional Financial Compliance, Reconciliations and Reporting |
| **PROCESS OBJECTIVE** | Management of a variety of management accounting functions being performed in Regional Offices |
| **INITIATING PARTY / PROCESS** | ASD Financial Accounting |
| **INITIATING EVENT / TRIGGER** | Suspense Accounts |
| **OUTPUT / RECORDS PRODUCED** | Expenditure vs Allocation Report  Reconciliations Filed on O-drive |
| **GOVERNANCE** | * NT Regulations /Instruction Notes and Circulars * Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |

**Diagram 7: Manage Regional Financial Compliance, Reconciliations and Reporting Process Flow**



**Table 7: Manage Regional Financial Compliance, Reconciliations and Reporting Process Activity Detail Table**

| NO | ACTIVITY | ACTIVITY DESCRIPTION | SYSTEM | HEAD OFFICE ROLE | REGIONAL  OFFICE ROLE |
| --- | --- | --- | --- | --- | --- |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | MANAGE FINANCIAL COMPLIANCE | | | | | |
|  | Monitor Suspense Account | Investigate Suspense Account Item and allocate appropriately. Manage write-off where necessary.   * Draw the suspense account from SAGE. |  | ASD Financial Accounting / Management Accounting | ASD Financial Accounting / Management Accounting |
|  | Clear Suspense Account | * Identify exceptions and movements * Request Supporting documents for identified transactions * Investigate the exceptions and determine the next cause of action. * Capture and Approve a journal to clear the exceptions * Capture and Authorise Payment to clear the exceptions; * Prepare monthly Age Analysis report on remaining transactions |  | ASD Financial Accounting / Management Accounting | ASD Financial Accounting / Management Accounting |
|  | MANAGE REGIONAL FINANCIAL RECONCILIATIONS | | | | | |
|  | Manage Monthly Financial Reconciliations | The following monthly reconciliations are done:   * Sub module vs Trial Balance recon (only done by HO); * Debtors recon, done as part of revenue and accounts receivable function; * Petty Cash recon; * Bi-Annual Accruals for financial statement inputs; * Suspense account age analysis and follow-up; * Update finance workbooks (could be done daily for monthly consolidation); * Lease Recon against MDB, Revenue and Debt; and * Ad-hoc property rental reconciliation. |  | n/a | SA Financial Reporting / Management Accounting |
|  | Manage Suspense and Ledger Recons | Extract the Trial Balance from SAGE and draw the account enquiry for the relevant account.  If there are any movements:   * Verify the inputs and relevant documentation; * Follow up on balances and identify accounts causing the trial balance not to balance; * Follow up on non-balancing items. Investigate the identified amounts causing the variances in the trial balances; and * Liaise with the applicable persons.   All account listings are updated manually (on an Excel spreadsheet) with the movement from the Trial Balance. These are cleared in the subsequent month:   * Generate a detailed account recon analysis; and * Verify the reconciliation schedule.   The account listing recon is signed by the reviewer and distributed.  File the bank recon on the O-drive as well as a physical copy in the file. | SAGE |  |  |
|  | Manage Financial Workbook Updates | Conduct mid-year and year end accrual / commitment reconciliation and update workbooks received from HO as input into the Financial Statements. This includes expenditure and payment listings. |  | n/a | ASD Financial Accounting / Management Accounting |
|  | Manage Receipts Allocation for Rental Debtors / Receipts | * The RO will re-allocate the amount from the inter-response account to the correct ledger account. The ledger accounts are submitted to the ASD for approval; and * Batch receipts are sent to Batch Control for filing and safekeeping. |  | n/a | SA Financial Reporting / Management Accounting |
|  | Monthly Movable Asset Reconciliation | Movable Assets as received by SCM are signed off by the Head of Finance.  As coordinated by Financial Reporting in Head Office, regions provide monthly input.  Depreciation journals are done Nationally at Head Office. |  | SA PMG | SA Financial Reporting / Management Accounting |
|  | Manage Financial Statement Input | Review and provide inputs into the interim and final financial statements and submit back to HO. |  | n/a | ASD Financial Reporting / Management Accounting |
|  | MANAGE REGIONAL FINANCIAL REPORTING | | | | | |
|  | Manage Financial Reports | Manage budgeting allocation confirmations.  Ensure correct allocation of Capital and Current Expenditure and produce Expenditure Report. Produce Expenditure vs Allocation Reports. |  | n/a | ASD Financial Accounting / Management Accounting |

### 5.2.8 Manage Sage Journals

|  |  |
| --- | --- |
| **PROCESS NAME** | Manage SAGE Journals |
| **PROCESS OBJECTIVE** | Ensure that adequately supported journals are captured, reviewed and authorised on SAGE.  Ensure safeguarding of journal batches. |
| **INITIATING PARTY / PROCESS** | All branches |
| **INITIATING EVENT / TRIGGER** | Reporting and Reconciliation Schedule  Daily transactions, workbooks, misallocations, corrections, etc. |
| **OUTPUT / RECORDS PRODUCED** | * Journals |
| **GOVERNANCE** | * NT Regulations /Instruction Notes and Circulars * Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |

**Diagram 8: Manage SAGE Journals Process Flow**



**Table 8: Manage SAGE Journals Process Activity Detail Table**

| NO | ACTIVITY | ACTIVITY DESCRIPTION | SYSTEM | ROLE |
| --- | --- | --- | --- | --- |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | COMPILE JOURNAL REQUEST HARD COPY | | | |
|  | Identify a Journal Need and Prepare the journal | Upon identifying a misallocation or a correction of an error, prepare the relevant journal with the supporting documents. |  | Responsible Official |
|  | REVIEW JOURNAL ENTRY HARD COPY | | | |
|  | Review Journal | All journals are reviewed for accuracy and to ensure that all the required supporting documents are attached. |  | Responsible Official |
|  | APPROVE JOURNAL HARD COPY | | | |
|  | Approve the Journal Batch | Two (2) people, the Compiler and the Approver, sign the Journal Batch. |  | Responsible Official |
|  | CAPTURE JOURNAL ON SAGE | | | |
|  | Capture the Journal on SAGE | The journals are captured on SAGE after the Approval as per above. |  | Responsible Official |
|  | FINALISE JOURNAL ON SAGE | | | |
|  | Finalise Journal | Finalise the journals on SAGE based on the segregation of duties. |  | Responsible Official |
|  | MANAGE DOCUMENT CONTROL | | | |
|  | Ensure Safe-Guarding of Journal Batches | Ensure safeguarding of journal batches. |  | Responsible Official |

### 5.2.9 Manage Pay Master General

|  |  |
| --- | --- |
| **PROCESS NAME** | Manage Pay Master General |
| **PROCESS OBJECTIVE** | Management of central Pay Master General activities within Head Office to include Safety Net Authorisation, Suspense Account and Ledger reconciliations |
| **INITIATING PARTY / PROCESS** | * Account Payables, and * PMG. |
| **INITIATING EVENT / TRIGGER** | * Safety Net Bank Statement * Day-end Report * Receipt of payment letter from accounts payable * Receipt of daily statement * Receipt of Suspense Account * Compilation of Journal * Cash Receipt by Cashier |
| **OUTPUT / RECORDS PRODUCED** | * Verification of payment against compliance check * Payment capture * Remittance advice * Reconciliation of suspense accounts * Trial Balance * Analysis of Trial balance * Period closure (SAGE) * Allocation of receipts * Clearing of Clopper report * Compliance Certificate Submitted to NT * Bank Reconciliation |
| **GOVERNANCE** | * NT Regulations /Instruction Notes and Circulars * Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] |

**Diagram 9: Manage Pay Master General Process Flow**



**Table 9: Manage Pay Master General Process Activity Detail Table**

| NO | ACTIVITY | ACTIVITY DESCRIPTION | SYSTEM | HEAD OFFICE ROLE | REGIONAL OFFICE ROLE |
| --- | --- | --- | --- | --- | --- |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | SAFETY NET AUTHORISATION | | | | |
|  | Receive TT Letter | Receive the TT letter from Accounts Payable and/or line function responsible for payments greater than R1 million and/or resubmissions.  *Note:*   * The payment must be signed by the DD: Accounts Payable; * A letter with full supplier details to accompany the payment; and * This must be received by 10am for Safety Net run. |  | SA PMG | n/a |
|  | Reconcile TT Letter against the Safety Net Information | Review the TT letter to ensure that it corresponds with Safety Net in terms of:   * Details; * Amounts; * Name; and * Bank account. | Safety Net | SA PMG | n/a |
|  | Reject Payment on Safety Net | If the details do not correspond or the TT letter is not received, reject the transaction on Safety Net. Two delegated employees conduct rejection as authorisers. The rejected payment will remain on outstanding payment account (003924) until corrections are effected by the responsible officials).  The initiator is informed that the payment was rejected and the corrections that need to be made for payment to be processed.  The Payment Initiator may request a resubmission of the payment by Head Office Accounts Payable after corrections have been made. |  | SA PMG | n/a |
|  | Approve Payment on Safety Net | Where the TT letter corresponds with the information on Safety Net, the payment is authorised on Safety Net by two different officials in compliance of the segregation of duties. | Safety Net | SA PMG | n/a |
|  | Auto Safety Net Run | The payment process will continue automatically on the Safety Net. |  | Auto | n/a |
|  | Verify Payment | To confirm that the payment was processed, the daily statement is extracted from Safety Net .and checked. | Safety Net | SA PMG | n/a |
|  | Manage Bank Rejection on Safety Net | If the bank rejects the payment (for example due to a closed account):   * NT will inform PMG via email of the rejection; * The rejected payment will show as a receipt in the bank account; * Compile a manual journal to reverse the payment on SAGE to the outstanding payments account (003924); and * Confirm the payment on the daily Safety Net bank statement in order to allocate the receipt. | SAGE | SA PMG | n/a |
|  | Manage Daily Safety Net Bank Statement | * Print the daily Safety Net bank statement and check against the bank statement for manual receipts and allocations; and * File the documents as supporting documents to the receipts journal for processing on SAGE. |  | SA PMG | n/a |
|  | PAYMENT ALLOCATIONS FOR CLIENT DEPARTMENTS | | | | |
|  | Print Day End Report (Daily Safety Net Bank Statement) | Print day end report or bank statement from Safety Net, which will contain all the invoices paid by Clients into the PMG account. | Safety-Net | SA PMG | n/a |
|  | Request Proof of Payment | Request proof of payment from the relevant Client department. |  | SA PMG | n/a |
|  | Prepare Allocation Schedule | Prepare allocation schedule manually on an Excel spreadsheet to confirm receipts against the proof of payment and day end reports. |  | SA PMG | n/a |
|  | Submit Allocation Schedule | Submit allocation schedule to officials in Revenue and Debt for confirmation of the associated invoice number as linked to the General Ledger Account Number.  Officials in Revenue and Debt should confirm receipt of the allocation schedule and return to PMG for allocation.  The following is submitted back to PMG with the allocation schedule:   * The invoices which are linked with the associated invoice number on the allocation schedule; and * The General Ledger Account number to which the invoices are linked. | SAGE | SA PMG | n/a |
|  | Allocate Receipts | Receipts are allocated to a particular invoice on SAGE. The SA will capture the allocations and submit to the ASD for review and authorisation of the allocations respectively. | SAGE | SA / ASD PMG | n/a |
|  | Batch and Forward Receipts | Batch the journal receipts and send them to Batch Control for filing and safekeeping. |  | SA PMG | n/a |
|  | RECEIPTS ALLOCATION FOR RENTAL DEBTORS | | | | |
|  | Print Day End Report / Daily Safety Net Bank Statement | Print day end report or bank statement from Safety Net.  ***Note:***  *Amounts are paid by the rental debtors into the ABSA Bank Account and swept into the PMG Account by the bank.* | Safety Net | SA PMG | n/a |
|  | Confirm Debtor Rental Number | Using the day end report check the debtor rental numbers and the PMIS system to allocate the receipt to the Region to which the debtor belongs.  If there is no debtor rental number, request more information from ABSA regarding full details of the receipt and/or deposit. |  | SA PMG | n/a |
|  | Process Journals On SAGE | Capture the relevant journals on SAGE (in line with the SAGE Journal process). The receipts of the rental amounts are allocated to the relevant Regions through the inter-response account (002875).  Note:  Inter-response is a temporary suspense account to be cleared by the Region. | SAGE | SA PMG | n/a |
|  | MONTH END CLOSURE/CLOPPER REPORT | | | | |
|  | Extract Clopper Report | Extract Clopper Report from SAGE on a daily basis from month end to the 7th of the month. | SAGE | ASD PMG/ Designate | n/a |
|  | Distribute Clopper Report to RO | Distribute the Clopper report to the RO’s for finalisation of the open transactions. Finance will check for any open transactions and liaise with RO and HO Officials to close all outstanding transactions in the report. |  | SA PMG/ Designate | Responsible Officials |
|  | Follow up On Finalisation of Transactions | Follow up with the Responsible Officials regarding outstanding open transactions on the Clopper report.  **Note:**  Responsible Officials will authorise, otherwise delete open transaction journals not cleared on the due date from the system to ensure compliance to month end closure dates. |  | SA PMG/ Designate | n/a |
|  | Ensure Month End Functionality | Perform the month end closure on SAGE by the 7th of every month. | SAGE | PMG HO | n/a |
|  | SUSPENSE ACCOUNT AND LEDGER RECONCILIATION | | | | |
|  | Clear Suspense Account and Ledger Recons | * Draw the Trial Balance and General Ledger reports from SAGE. * Identify exceptions and movements on the reports * Request Supporting documents for identified transactions * Investigate the exceptions and determine the next cause of action * Capture and Approve a Journal to clear the exceptions * Prepare, capture and Authorise Payment to clear the exceptions; * Prepare monthly Age Analysis report on remaining transactions on the standard template | SAGE | SA PMG | n/a |
|  | Clearing of PMG Suspense Accounts | * All system generated transactions are manually matched to clear them; * The account is cleared by passing a journal in line with the SAGE Journal process (The authorisation of the journal is based on the supporting documents. The journal is then authorised on SAGE.); as well as Journals created through an integration/interface of bank statements (Note: EBT (Electronic Bank Transfer) files (payments < R1 mil) and Rejection files from IT). * Compare this against the bank statement and match the totals * Funds incorrectly deposited in the PMG account are refunded via a manual payment. PMG submits a sundry payment to officials in AP to process the manual payment on SAGE. (All supporting documents attached); and * Receive updated EBT (Electronic Bank Transfer) files (payments < R1 mil) and Rejection files from IT on the O-drive. Compare this against the bank statement and match the totals. | SAGE | SA PMG | n/a |
|  | BANK RECONCILIATION (RECEIPTS AND OUTSTANDINGS) | | | | |
|  | Draw Bank Reconciliation | Draw the Bank Reconciliation from SAGE on the day following the closure of the month end.  *The bank statements from the Bank* Serve as supplied by NT *are uploaded by IT onto Sage.*  Note: On a yearly basis, NT issues instruction notes with due dates for the submission of the Bank Reconciliation. | SAGE | SA PMG | n/a |
|  | Manage Trial Balance | * Draw the Trial Balance from SAGE and get the cash book statement from NT; * Compare the cash book statement to the Trial Balance and Bank Reconciliation Report; * Compare outstanding payment report to the Bank Adjustment Report on SAGE and compare against Trial Balance; * Investigate all exceptions (as and when required); and * Obtain supporting documents for the exceptions to be cleared in the next month. | SAGE | SA PMG | n/a |
|  | Manage Bank Recon / Report | * Perform the reporting and reconciliations of receipts and deposits at least once a week; * Draw all Bank Reconciliation Reports and Report on them monthly:   + Trial Balance;   + Bank Adjustment; and   + Outstanding Payments. * Compile the Bank Reconciliation Report and submit to the Head of Finance for review and approval by the 3rd week of the month (typically by the 21st of each month); * Once the Head of Finance approves, submit to NT in line with the NT due dates; and * Ensure the Messenger delivery book is signed by Officials at NT as proof of receipt. |  | SA PMG | n/a |
|  | File Bank Reconciliation | File the bank reconciliation on the O-drive and file a physical copy. |  | SA PMG | n/a |
|  | Update APP monthly Report | Complete the monthly APP with the narrative and POE in the relevant month. |  | D: Financial Accounting | n/a |
|  | COMPLIANCE CERTIFICATE | | | | |
|  | Update NT Standard Template | All regions and head office finance directorates update the standard template, applicable to all regions and head office; including action plan, timeframe and responsible official  Note: On a yearly basis, NT issues instruction notes with due dates for the preparation of the compliance certificate. |  | SA PMG | n/a |
|  | Consolidate Compliance Certificate | HO will update the consolidated compliance certificate based on the indicators applicable with input from all regional offices and head office finance directorates. To be routed to Head of Finance for signature typically by the 3rd week of the month.  For all non-compliance, indicate the area of non-compliance together with the supporting actions to remedy and the target period within which to resolve the particular issue. |  | Finance | Finance |
|  | Submit Authorised Compliance Certificate | Submit Authorised Compliance Certificate ten (10) days after month end to the NT |  | CD: Revenue & Debt;  Financial Accounting; Financial Planning & Budgeting; | Heads of Finance regions |
|  | Authorise Compliance Certificate | For HO the CD Financial Accounting and Reporting and in the Regions the respective Regional Manager must authorise.  Coordinated by Heads of Finance regions. (HO: Revenue & Debt Management, Financial Accounting, Financial Planning & Budgeting) |  | CD: Revenue & Debt  Fin Accounting; Financial Planning & Budgeting; | Regional Manager |
|  | Approve Consolidated Compliance Certificate | The Head of Finance must Approve the Consolidated Compliance Certificate and return it to PMG for submission to NT. |  | Head of Finance |  |
|  | Submit Consolidated Compliance Certificate to NT | Once approved by the Head of Finance, submit the Consolidated compliance certificate to NT, ensuring the messenger delivery book is signed as proof of receipt.  Save the compliance certificate on the O-drive and file a physical copy. |  | PMG SA | n/a |

# Performance Indicators

The following Key Performance Indicators (KPIs) reflect the critical success factors of the processes:

## Strategic Objectives and Annual Targets

|  | **STRATEGIC OBJECTIVE** | **STRATEGIC PLAN TARGET**  **(5 YEAR TARGET)** | **ESTIMATED PERFORMANCE 2018/19** | **MEDIUM TERM TARGETS** | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2019/20** | **2020/21** | **2021/22** |
| 1 | To provide compliant internal control and financial services | Clean audit outcome | Adverse audit outcome 2016/2017 | Unqualified audit outcome for 2017/2018 (with reduced findings on other matters – 2016/17 base line) | Unqualified audit outcome for 2018/2019 (with reduced findings on other matters – 2017/18 base line) | Unqualified audit outcome for 2019/2020 (Clean Audit) |

## Performance Indicators and Annual Targets

| **STRATEGIC OBJECTIVE** | | **ESTIMATED PERFORMANCE 2017/18**  **2018/19** | **MEDIUM TERM TARGETS** | | |
| --- | --- | --- | --- | --- | --- |
| **2019/20** | **2017/18** | **2018/19** |
| **Strategic objective: To provide compliant internal controls and financial services** | | | | | |
| 2 | Percentage of compliant invoices settled within 30 days | 100% (121 774) of compliant invoices settled within 30 days | 100% of compliant invoices settled within 30 days | 100% of compliant invoices settled within 30 days | 100% of compliant invoices settled within 30 days |
| 3 | Number of new revenue generation sources incubated | 2 of new revenue generation sources incubated | 2 of new revenue generation sources incubated | 2 of new revenue generation sources incubated | 2 of new revenue generation sources incubated |
| 4 | Number of identified user Departments issued with Itemised billing | 10 identified user departments issued with Itemised billing | 15 identified user departments issued with Itemised billing | 19 identified user departments issued with Itemised billing | 22 identified user departments issued with Itemised billing |

## Quarterly Targets

| **PERFORMANCE INDICATOR** | | **REPORTING PERIOD** | **ANNUAL TARGET 2018/19** | **QUARTERLY TARGETS** | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **1ST** | **2ND** | **3RD** | **4TH** |
| 2 | Percentage of compliant invoices settled within 30 days | Quarterly | 100% compliant invoices settled within 30 days | 100% compliant invoices settled within 30 days | 100% compliant invoices settled within 30 days | 100% compliant invoices settled within 30 days | 100% compliant invoices settled within 30 days |
| 3 | Number of new revenue generation sources incubated | Annually | 2 newly identified revenue sources incubated |  |  |  | 2 newly identified revenue sources incubated |
| 4 | Number of identified user departments issued with Itemised billing | Annually | 15 identified user departments issued with Itemised billing | 15 identified user departments issued with Itemised billing |  |  |  |

## Technical Performance Indicator Details

### Indicator 1.2

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Strategic Goal:** | To support service delivery in a smart, proactive and business centric manner that is aligned to statutory requirements | | | | | | | |
| **Strategic Objective:** | To provide a compliant internal control and financial service | | | | | | | |
| **Indicator Title** | **Percentage of compliant invoices settled within 30 days** | | | | | | | |
| **Short description** | This indicator is measuring the percentage of compliant invoices received from suppliers that are paid within 30 days in line with legislative requirements. An invoice is only regarded as valid once the work has been certified as completed in accordance with the requirements of the PMTE. | | | | | | | |
| **Purpose/importance** | To indicate how effectively the PMTE is paying suppliers in line with the statutory requirements of the PFMA and Treasury Regulations. | | | | | | | |
| **Source/collection of data** | Invoices received from supplier, payments register / Reapatala Invoice Tracking System and SAGE X3.  The data is updated by executing units on the Reapatala system. The information is then extracted quarterly for reporting. | | | | | | | |
| **Method of calculation** | Count the number of compliant invoices settled within 30 days and express this as a percentage of the total number of compliant invoices received for the same period.  Number of compliant invoices paid within 30 days  Total number of compliant invoices received for the same period | | | | | | | |
| **Unit of Measure** | Percentage | | | | | | | |
| **Data limitations** | None | | | | | | | |
| **Type of indicator** | Output | | | | | | | |
| **Calculation type** | Non-cumulative | | | | | | | |
| **Reporting cycle** | Quarterly | | | | | | | |
| **New indicator** | No | | | | | | | |
| **Desired performance** | The PMTE will ensure that all compliant invoices are paid within 30 days. | | | | | | | |
| **Indicator owner** | Chief Director: Financial Accounting and Reporting | | | | | | | |
| **Indicator updater** | Director: Financial Accounting | | | | | | | |
| **Baseline** | **Year – 3**  **Audited Actual** | | **Year – 2**  **Audited Actual** | | **Year – 1**  **Audited Actual** | | **Current Year**  **(Estimated Performance)** | |
| 76% (128 262) | | 85% (128 562) | | 86% (137 435) | | 100% (121 774) | |
| **Annual Targets** | **2017/18 (EP)** | **2018/19** | | **2019/2020** | | **2020/2021** | | **2021/2022** |
| 100% | 100% | | 100% | | 100% | | 100% |
| **Portfolio of Evidence** | Reapatala Report indicating date of invoice received, status, compliance, date paid | Reapatala Report indicating date of invoice received, status, compliance, date paid | | Reapatala Report indicating date of invoice received, status, compliance, date paid | | Reapatala Report indicating date of invoice received, status, compliance, date paid | | Reapatala Report indicating date of invoice received, status, compliance, date paid |
| **Quarterly targets 2018/19** | **Quarter 1** | | **Quarter 2** | | **Quarter 3** | | **Quarter 4** | |
| 100% | | 100% | | 100% | | 100% | |
| **Portfolio of evidence** | Reapatala Report indicating date of invoice received, status, compliance, date paid | | Reapatala Report indicating date of invoice received, status, compliance, date paid | | Reapatala Report indicating date of invoice received, status, compliance, date paid | | Reapatala Report indicating date of invoice received, status, compliance, date paid | |

### Indicator 1.3

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Strategic Goal:** | To support service delivery in a smart, proactive and business centric manner that is aligned to statutory requirements. | | | | | | | |
| **Strategic Objective:** | To provide a compliant internal control and financial service. | | | | | | | |
| **Indicator Title** | **Number of new revenue generation sources incubated.** | | | | | | | |
| **Short description** | The indicator is measuring the incubation of newly identified revenue generation sources. The incubation process involves the identification of new revenue opportunities, conducting a cost benefit assessment to evaluate the expected returns to be generated, the testing of the market and concluding of agreements that will translate into sustainable future revenue receipts in the outer years. | | | | | | | |
| **Purpose/importance** | Growth of the revenue base of PMTE to fund operational requirements. | | | | | | | |
| **Source/collection of data** | Revenue generation implementation plans. | | | | | | | |
| **Method of calculation** | A simple count of the number of revenue generation sources incubated. | | | | | | | |
| **Unit of Measure** | Number | | | | | | | |
| **Data limitations** | None | | | | | | | |
| **Type of indicator** | Input | | | | | | | |
| **Calculation type** | Non-cumulative | | | | | | | |
| **Reporting cycle** | Annually | | | | | | | |
| **New indicator** | No | | | | | | | |
| **Desired performance** | The conclusion of new agreements that will generate new and sustainable sources of revenue to fund operational requirements within the PMTE. | | | | | | | |
| **Indicator owner** | Chief Financial Officer | | | | | | | |
| **Indicator updater** | Head: Operationalisation and Financial Sustainability Programme | | | | | | | |
| **Baseline** | **Year – 3**  **Audited Actual** | | **Year – 2**  **Audited Actual** | | **Year – 1**  **Audited Actual** | | **Current Year**  **(Estimated Performance)** | |
| - | | - | | - | | 2 | |
| **Annual Targets** | **2017/18 (EP)** | **2018/19** | | **2019/2020** | | **2020/2021** | | **2021/2022** |
| 2 | 2 | | 2 | | 2 | | 2 |
| **Portfolio of Evidence** | Approved revenue generation Implementation Plans | New revenue generation agreements signed | | New revenue generation agreements signed | | New revenue generation agreements signed | | New revenue generation agreements signed |
| **Quarterly targets 2018/19** | **Quarter 1** | | **Quarter 2** | | **Quarter 3** | | **Quarter 4** | |
| - | | - | | - | | 2 | |
| **Portfolio of evidence** |  | |  | |  | | New revenue generation agreements signed | |

### Indicator 1.4

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Strategic Goal:** | To support service delivery in a smart, proactive and business centric manner that is aligned to statutory requirements. | | | | | | | |
| **Strategic Objective:** | To provide a compliant internal control and financial service. | | | | | | | |
| **Indicator Title** | **Number of identified user departments issued with itemised billing.** | | | | | | | |
| **Short description** | This indicator is measuring itemised billing issued to identified user departments for State accommodation that is occupied by the user department in order to generate the appropriate accommodation charges. | | | | | | | |
| **Purpose/importance** | The purpose is to recover accommodation charges as per the approved user charges model and to ensure financial stability of the PMTE. | | | | | | | |
| **Source/collection of data** | IAR, Billing System. | | | | | | | |
| **Method of calculation** | A simple count of the number of identified user departments that have been issued with Itemised billing. | | | | | | | |
| **Unit of Measure** | Number | | | | | | | |
| **Data limitations** | Non componentisation of the Immovable Asset Register | | | | | | | |
| **Type of indicator** | Input | | | | | | | |
| **Calculation type** | Non-cumulative | | | | | | | |
| **Reporting cycle** | Annually | | | | | | | |
| **New indicator** | Yes | | | | | | | |
| **Desired performance** | Implementation of itemised billing to all user departments. | | | | | | | |
| **Indicator owner** | Chief Financial Officer. | | | | | | | |
| **Indicator updater** | Chief Director Revenue and Debt Management. | | | | | | | |
| **Baseline** | **Year – 3**  **Audited Actual** | | **Year – 2**  **Audited Actual** | | **Year – 1**  **Audited Actual** | | **Current Year**  **(Estimated Performance)** | |
| - | | - | | - | | 10 | |
| **Annual Targets** | **2017/18 (EP)** | **2018/19** | | **2019/2020** | | **2020/2021** | | **2021/2022** |
| 10 | 15 | | 19 | | 22 | | 27 |
| **Portfolio of Evidence** | Schedule of user departments with Itemised billing (supported by signed MOU / SLA) | Schedule of user departments with Itemised billing (supported by signed MOU / SLA) | | Schedule of user departments with Itemised billing (supported by signed MOU / SLA) | | Schedule of user departments with Itemised billing (supported by signed MOU / SLA) | | Schedule of user departments with Itemised billing (supported by signed MOU / SLA) |
| **Quarterly targets 2018/19** | **Quarter 1** | | **Quarter 2** | | **Quarter 3** | | **Quarter 4** | |
| 15 | | - | | - | | - | |
| **Portfolio of evidence** | Schedule of user departments with Itemised billing (supported by signed MOU / SLA) | |  | |  | |  | |

# Authority

This SOP is supported by and should be read in conjunction with the latest Official Delegations of Authority document as issued by Management. Where there are differences between the delegated authorities and/or the powers stated in this SOP and the delegated authorities and/or powers within the latest Official Delegations of Authority, the Official Delegations of Authority will supersede any authority and/or powers implied within this document.

Where there are authority and/or power discrepancies or should the authority and/or power be unclear, a formal request should be submitted to the relevant Management Committee to obtain formal clarification of the relevant authority and/or power.

# Contingency

If an implementation deviation occurs with a SOP, this can be either the result of unacceptable implementation by the responsible employees or it might be the SOP itself that is at fault. Perhaps the user found a much superior way of doing the job, from the one described in the SOP. If the cause lies with the SOP, this indicates that the SOP needs to be updated since continuous deviation in implementation is not acceptable.

There may be exceptional cases where it is necessary or appropriate to work outside a SOP, e.g. in the event of a computer breakdown. In such situations, the professional judgement of the manager in charge must remain paramount.

When the procedure in a SOP cannot be followed, a formal request for deviation should be obtained in writing from the relevant supervisor and manager.

The manager is responsible for formally recording all incidences of non-conformance with SOPs. In some cases, it may be possible to anticipate situations where changed circumstances will apply. These should be reflected within the SOP’s in the next revision.

# SOP Engagements and Participation

## Engagement Types

**Initial Engagements:** The objective of the Initial Engagements was to obtain a high-level understanding of the Divisions’ processes as well as the challenges with current processes.

**High Level Process Clarification Engagements:** The objective of the High-Level Process Clarification Engagements was to obtain an understanding of the Divisions’ high-level end to end as-is process and verify those processes against the process hierarchy developed as part of the Initial Engagement Phase. The input is used to finalize the As-Is Value Chain, Process Hierarchy and End-to-end Process View.

**Activity Clarification Engagements:** The objective of these sessions is to verify the step-by-step activities for each identified process. This input will be used for Process Analysis and To-Be Standard Operating Procedure design purposes.

The following teams and people were consulted in the drafting of the latest SOP version:

| ENGAGEMENT DATE | ENGAGEMENT DETAILS |
| --- | --- |
| **10 January 2019** | Confirmation of SOP for Financial Accounting and Reporting Continued |
| **21 December 2018** | Confirmation of SOP for Financial Accounting and Reporting Continued |
| **20 December 2018** | Confirmation of SOP for Financial Accounting and Reporting Continued |
| **19 December 2018** | Confirmation of SOP for Financial Accounting and Reporting |
| **11 October 2018** | BPR Phase 2 Finance: Accounts Payable (Manage Unpaid Payments) SOP Content Confirmation |
| **09 October 2018** | BPR Phase 2 Finance: Accounts Payable SOP Content Confirmation |
| **09 October 2018** | BPR Phase 2 Finance: Payroll & Entity Management SOP Content Confirmation |
| **20 August 2018** | BPR Project - Finance Phase 2 Implementation Approach |
| **15 February 2018** | Head Office: Reporting Verification |
| **8 February 2018** | Head Office: Payroll Verification |
| **31 January 2018** | Head Office: PMG Verification |
| **24 November 2017** | National Branch Verification |
| **7 November 2017** | Head Office: Verification Positioning |
| **14 July 2017** | Head Office: Financial Reporting |
| **28 June 2017** | Head Office: Financial Accounting |
| **19 April 2017** | Pretoria: Financial Reporting and Financial Accounting |
| **29 March 2017** | Head Office: Financial Accounting and Reporting |
| **27 February 2017** | Pretoria: Finance |
| **25 October 2016** | Department Head Initial Engagement |

## Stakeholder Distribution List

This SOP has been distributed to the following individuals and teams for review and/or implementation purposes:

| **SOP DISTRIBUTION LIST** |
| --- |
| Andre Joubert |
| Belinda Van Der Merwe |
| Disebo Nale |
| Duduzile Chauke |
| Herbie Abrahams |
| Khutso Lefutla |
| Lesetja Toona |
| Mandla Sithole |
| Martie Jooste |
| Mpho Selepe |
| Nhlanhla Gama |
| Nomsa Ngwenyama |
| Ntsoaki Moleleki |
| Phuti Meso |
| Piet Cossa |
| Rendani Ratshibaya |
| Rosinah Mokgoatjane |
| Solomon Mziyako |
| Tebogo Mogale |
| Thomas Seletela |
| [Tsheko Sedibane](mailto:tsheko.sedibane@dpw.gov.za) |

# Annexures and Attachments

The following annexures and attachments support the content of this SOP:

| ATTACHMENT / ANNEXURE | FULL DESCRIPTION |
| --- | --- |
| Definitions and Acronyms | List of definitions and Acronyms used in the SOP is as provided section 1 (see page 7 to 28) |
|  |  |
|  |  |