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Enquiries: SDD van Wyk

Financial Accounting Minute: 0001/2017

To: Superintendent-General, Deputy Directors-General, Chief Directors, Directors (Head Office and district offices), Heads of all sub directorates and divisions, and finance personnel

**Subject: Basic Accounting System (BAS) – Closing procedures for the 2016/17 Financial Year**

#### 1. Introduction

In terms of section 40(1)(c) of the Public Finance Management Act, 1999 (Act 1 of 1999) the Western Cape Education Department (WCED) **must** submit annual financial statements to the Auditor-General by 31 May 2017. For the 2016/17 financial year, which ends on 31 March 2017, it is necessary to close the WCED's books before 30 April 2017. The envisaged closing date is **25 April 2017**. Forced closure will be activated by the National Treasury in the event that a department fails to close its books on time. For this reason, an urgent appeal is made to all parties to take note of the following arrangements to ensure that the requirements are met.

#### 2. Payments on BAS for March 2017

2.1 The Directorate: Management Accounting, in conjunction with the BAS Systems Controller, is currently managing the process in respect of payments on BAS for the 2016/2017 financial year. These offices have already disseminated information to users for payments on BAS and Logis.

2.2 To ensure all expenditure is processed against the current financial year's budget on BAS, payments must be authorised no later than 24 March 2017 (last BAS run date for March 2017). Payments authorised after 31 March 2017 will be posted in the new financial year 2017/18. This must be avoided at all costs as the new year's budget will be debited. It is strongly recommended that the last payments in respect of the 2016/17 financial year for BAS and Logis be captured and approved by **17 March 2017**, to avoid bottlenecks.

3. **Transport and subsistence (T&S) advances and claims**

T&S advances do not affect the closing of the financial year, but the normal BAS payment run dates will still apply. However, because T&S expenditure is charged against voted funds only once the claim has been processed, it is important that all claims outstanding for the 2016/17 financial year are processed timeously. As these claims and advances are processed on PERSAL, they must be submitted by no later than **14 March 2017**. Any claims submitted after that date will be charged to the 2017/18 financial year. All differences, in the event of a claim being less than the advance, must also be repaid by **17 March 2017**.
4. **Receipts (Districts and DFA)**

All offices responsible for issuing BAS receipts must ensure that receipts for March 2017, irrespective of deposit date, are accounted for in the accounting month March (03) and that all pending receipts have been allocated on BAS. Authorisers must also ensure that all cancelled receipts are duly authorised.
5. **Petty cash expenditure (Districts and DFA)**

All petty cash expenditure up to 31 March 2017 must be accounted for during March 2017.
6. **Accounting month March (03) (Districts, DFA and DPM)**

It is imperative that the correct posting date is used on BAS at all times, especially when journal entries i.r.o. corrections for the 2016/17 financial year are being captured during April 2017. All authorisers must also ensure that journals captured for March 2017 are authorised timeously within their workflows.
7. **Outstanding transactions on BAS**

All outstanding transactions with a status of *open reject*, *to be rejected*, *incompl*, *tobeact*, *tobeau* and *rejauth* must be maintained, authorised or cancelled. An outstanding transactions report per functional area (payment, journals, etc.) can be requested on BAS at the reporting function (*Other Reports*). The responsible users can be identified from this report for the purposes of finalising the outstanding transactions. Alternatively, an outstanding transaction enquiry dialogue can be viewed for outstanding transactions in the Creditor Management and Creditor Payment functional areas. The due date for the clearance of outstanding transactions is **14 March 2017**.
8. **BAS interfaces and exceptions (DFA)**

The responsible officials must ensure that all bank and PERSAL interface exceptions are cleared before final closure. The BAS Systems Controller must ensure that all PERSAL runs have interfaced with BAS and that the bank interfaces have taken place.

9. **Assets and liabilities accounts (DFA)**

In order to disclose assets and liabilities accounts correctly in the financial statements, it is imperative that the necessary steps are taken to clear these accounts to reflect the correct balances, e.g. credit balances on debt accounts. In instances where debit amounts do not relate to credit amounts (and vice versa), these debits and credits must be specified and aged separately by the responsible officials for the purpose of the financial statements. In this respect, the necessary supporting documentation must also be submitted. In the case of investment accounts for special funds, the balances must be reconciled for final statement purposes.

10. **Claims payable and claims receivable (DFA)**

In respect of amounts owing by and to other departments, it is a requirement that certificates of confirmation of amounts outstanding are submitted for audit purposes for each department with whom the WCED has transacted.

The confirmation letters must be sent out immediately after year-end (25 April 2017) and returned by no later than 30 April 2017, so as to enable departments to submit this information to the Provincial Government Accounting Services of the Provincial Treasury by **15 May 2017** and to disclose the correct balances in their financial statements. See PT Circular 40 of 2008, dated 26 September 2008, in this respect.

11. **Revenue pay-overs (DFA)**

All revenue received for the 2016/17 financial year should be allocated and paid over to the Provincial Revenue Fund by 31 August 2017.

12. **PERSAL reports required for AFS**

The Chief Directorate: People Management Practices must request the prescribed PERSAL reports on contingent liabilities and employee benefit provisions on **31 March 2017**.

13. **Closure of the financial year (DFA)**

The closure of the workflows for the 2016/17 financial year, ending 31 March 2017, will take place on **24 April 2017**. This means that only the Accounting Control Section of the Directorate: Financial Accounting will be able to process further adjustments (journals) for March 2017 before final closure, which will take place on **25 April 2017**. All BAS users are requested to ensure that all the necessary adjustments are authorised by **24 April 2017**. The audit final closure will take place only after the auditing of the WCED's financial statements have been completed by the Office of the Auditor-General.

14. **Accruals: Goods and services received and not yet invoiced, as well as unpaid invoices as at 31 March 2017.**

For the purposes of reporting on accruals, all offices must submit their invoice registers, as well as all goods and services received and not yet invoiced, as at 31 March 2017

to the Voucher and Loss Control Division of the Directorate: Financial Accounting, for the attention of Mr Hein Burger.

15. Your co-operation in regard to the requirements of this minute will be appreciated.

**SIGNED:** L J ELY  
**DEPUTY DIRECTOR GENERAL: FINANCE**  
**DATE:** 2017-03-10