

**DEPARTMENT OF SPORT, ARTS AND CULTURE
LIMPOPO PROVINCIAL GOVERNMENT**

POLICY ON PAYMENTS

1. PREAMBLE

The Department of Sport, Arts and Culture effects its payment through Electronic Bank Transfers [EBT] except in situations where small payments (less than R2000), which do not warrant EBT, are required at a short notice.

2. PURPOSE

To regulate and describe basic procedures that should be performed when making payments within the Department.

3. AUTHORISATION

This policy is authorized in terms:

- 3.1 Public Finance Management Act, 1999
- 3.2 The Treasury Regulations issued in terms of the Public Finance Management Act as amended,
- 3.3 Supply Chain Management Framework, 2003
- 3.4 Public Service Act , 1994
- 3.5 Preferential Procurement Policy Framework Act ,5 of 2000
- 3.6 Division of Revenue Act, No.2 of 2006

5. POLICY PROVISIONS

5.1 Payments from voted moneys shall be made only in respect of:

5.1.1 Any authorised transfer payment;

5.1.2 Services rendered to the Department;

5.1.3 Amounts payable in terms of any law;

5.1 Performance of a contractual obligation;

5.1.5 Execution of a judgment of a court of law

5.1.6 Authorised advance;

5.1.7 Expenditure that can be met within the available funds; and

5.1.8 Expenditure which strictly conforms to the purpose voted for;

particular contract or approved by the Accounting Officer or delegated official

5.2 No payment will be made before it is due (in advance) unless specifically provided for in a

6. INCURRING OF AND AUTHORITY FOR PAYMENTS

- 6.1 Unless an authority specifies some other date, or from the nature of the authority it appears otherwise, the date of such authority shall be the date on which expenditure may commence or be incurred. Unless explicitly stated therein, authorities for expenditure shall not have retrospective effect.
- 6.2 Authority for recurrent services or payments due in terms of a law, regulation or contract shall be regarded as renewed by the general authority of an appropriation act.
- 6.3 In all cases where special authority for payment is granted the relevant voucher shall have copies of such authority attached to it.
- 6.4 Only written approval granted in terms of the financial and procurement delegations to incur a financial liability shall be accepted

7. METHOD OF DEALING WITH PAYMENTS AND VOUCHERS

- 7.1 All officials shall make suitable arrangements to ensure that all claims payable by their units are received within a reasonable period in order to ensure that claims against the Department are paid within thirty days of receipt of invoice.
- 7.2 All officials certifying claims must ensure that all claims presented for payment have not already been paid.
- 7.3 All concerned officials must take care that payments for services rendered and supplies delivered under contract are in accordance with the conditions of the contract.
- 7.4 Prior to a payment being made the person checking the voucher for payment shall certify it accordingly and ensure that the following requirements have been complied with, viz. That the claim is:
 - a) a proper charge against State moneys and has not already been paid;
 - b) in accordance with a law, regulation, tariff or agreement or that it is fair and reasonable;
 - c) covered by necessary authority;
 - d) correct with regards to the period covered by the claim;
 - e) correct with regards to computations;
 - f) supported, where applicable, by the necessary documents or an explanation of their absence; and
 - g) the person being referred to in the above-mentioned instruction, is the authorised official to whom this task has been entrusted by delegation to check and authorise the payment before it is sent through for payment. Thus, it is the responsibility within each line function where expenditure is incurred and payment in terms of delegation being authorised, to ensure that the mentioned requirements are adhered to before the account can be certified as "payable".
- 7.5 Certificates in support of vouchers shall be given only by officials who have actual knowledge of the services or goods supplied.
- 7.6 The following shall be certified in respect of the various services and claims:

	<i>Service/Supplies</i>	<i>Requirement</i>
(a)	<i>Goods supplied</i>	that goods were in fact required for official purposes and for an approved service, were on receipt correct and in good condition and that the receipt of goods had been entered in the records; that the rates are in accordance with a contract or that they are otherwise fair and reasonable and that the supplier is entitled to payment.
(b)	<i>Services rendered -</i>	that the services rendered were necessary for official purposes and were satisfactorily carried out, and that the charges are according to the relative tariff, contract or agreement, or otherwise are fair and reasonable and that the supplier is entitled to payment.
(c)	<i>Subsistence and other allowances</i>	That the claim or allowance is in line with the prescripts.
(d)	<i>Claims for petty cash</i>	that the expenses were actually incurred and paid on behalf of the Department

- 7.7 An initial or progress payment **in terms of a contract** shall not be considered an advance but shall be brought into account as a direct charge and a voucher for such payment shall –
- a) show the total amount payable in terms of the contract;
 - b) be supported by a certificate from a duly authorised official that the supplier is entitled to the payment in terms of the contract.
- 7.8 Payments for goods or services rendered under a contract shall be supported by certificates by authorised officials to the effect that such payments are in accordance with the terms of the contract and, where applicable, that work to the value of the amount to be paid has been properly performed.
- 7.9 Where the services of professional consultants are used to supervise work given out on contract, a certificate that a progress payment has become due under the contract shall be accepted from such consultants for the purpose of payment subject to the provisions of paragraph 8.
- 7.10 Any final payment upon the completion of a contract shall, in addition to the certificate referred to in paragraph 9, be supported by a certificate by a duly authorised official in the Department that the terms of the contract have been properly complied with.
- 7.11 All claims shall be examined and, if in order, paid as soon as possible and no payment shall be delayed with the object of avoiding an over expenditure on a main division
- 7.12 Payments may be made only to claimants to whom they are due or to their duly authorised representatives. Paying officials shall satisfy themselves that the

representatives concerned are duly authorised by power of attorney or other proper authority to receive such payments.

- 7.13 If an error or overcharge is made on an invoice or claim or if such invoice or claim contains an item which is not acceptable as a charge against voted money, or if a payment voucher differs from the account submitted, the correct amount due shall be paid and the supplier or claimant notified accordingly.
- 7.14 Where requisitions, invoices or statements comprise supporting documents to a payment voucher, sufficient detail shall be given on the voucher to ensure that the expenditure can be identified should the requisitions, invoices or statements become detached or removed
- 7.15 After payment, the supporting documents concerned shall be marked or stamped as "PAID".
- 7.16 Unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from date the invoice or claim has been received, in the case of civil claims, from the date of settlement or court judgment.

8. OFFICIAL ORDER FORMS

- 8.1 A delegated official must appoint responsible and trustworthy officials in writing to sign official order forms issued for the procurement of goods and services. Officials so appointed shall satisfy themselves that the order is according to contract or that exemption has been obtained from the Departmental Bid Committee, Treasury approval, where applicable or any other approval have been obtained and that the details are attached to the order form.
- 8.2 Orders for the purchase of provisions, stores and requirements, and requisitions for the supply of services shall be placed only on the prescribed forms and such forms shall constitute an essential part of any vouchers submitted in support of payment.
- 8.3. When goods and services are urgently required and are ordered by fax, telephone etc. the order number shall be given to the service provider on a later date. The official order form shall then be forwarded to the supplier as soon as possible after the order has been placed. Where the issue of an official order for the supply of goods or services has been overlooked and the omission is only discovered later, the order form shall nevertheless be completed to avoid double payments.
- 8.4 The accounts (payment) copy of the order shall be retained in the issuing office until the goods or services requisitioned for or ordered are received or rendered when the necessary certificates of receipt shall be completed and the voucher submitted for acceptance and payment..
- 8.5 To prevent double payments in cases where the payment copy of an order has been misplaced, the following procedure shall be followed:
- 8.6 The payment officer shall ensure that the order number has not been recorded as paid on the system.
- 8.7 A copy order form, containing all the details appearing on the missing order form, shall be dispatched by the issuing office to the recipient of the goods or service for certification that the goods have been received and are as ordered, or that the service has been satisfactorily carried out.

- 8.8 When the certified form is received back in the issuing office the copy of the order form shall be endorsed as follows:

“Original payment copy misplaced – not previously paid”; and

Thereafter the copy shall be used to serve as the payment copy and, as proof that the order has been executed, the certified form shall be attached and submitted together with the invoice for payment

9. WARRANT VOUCHERS, CHEQUES AND ELECTRONIC PAYMENTS.

- 9.1 Accounting officers of departments must assign authority in writing to officials to approve warrant vouchers, cheques or electronic payments.
- 9.2 Two authorised officials must sign hand-drawn vouchers or cheques in terms of the delegated authorities.
- 9.3 All payments in excess of R2 000 must be effected electronically unless otherwise approved by the relevant treasury. Payments may not be split to circumvent this regulation and any non-compliance with this regulation constitutes financial misconduct.
- 9.4 All warrant vouchers and cheques must be crossed “NOT NEGOTIABLE” and should also preferably be crossed “NOT TRANSFERABLE” between parallel lines. The cancellation of crossings is not permitted

10. REQUIREMENTS FOR THE ISSUE OF REPLACEMENT WARRANT VOUCHERS.

10.1 In the case of a warrant voucher not received by the payee:

A written declaration must be obtained from the payee to the effect that the warrant voucher was not received and that, should it be received at a later date, it will be returned to the Department; and

- 10.2 An instruction to stop payment must immediately be issued to the responsible bank. Once confirmation has been received that the cheque was stopped, the transaction must be reversed and a new warrant voucher or cheque issued and accounted for.

10.3 In the case of LOSS or DAMAGE of a warrant voucher

The loss or damage of a warrant voucher must immediately be reported in writing to the Chief Financial Officer.

- 10.4 When a warrant voucher is lost or stolen before encashment, an instruction to stop payment must be issued immediately to the relevant bank. The related transaction must be reversed and a new warrant voucher issued.

- 10.5 If a warrant voucher is fraudulently cashed, it may not be replaced before an indemnity has been obtained, the S.A. Police Service has finalised its investigation and/or the Loss Control Officer recommends the replacement.

11 UNCASHED WARRANT VOUCHERS

- 11.1 The monetary value of an uncashed warrant voucher must be reversed against its original allocation after six (6) months of date of issue (Stale warrant voucher).
- 11.2 If the amount is subsequently claimed, payment must be verified (cross-referenced to the original payment) and made as prescribed.
- 11.3 If the 6 months period stretches into the new financial year then the warrant voucher must be surrendered as revenue. In this case, if the amount is subsequently claimed, payment must be made from revenue, after it has been verified (cross-referenced to the original payment).

12. DATE OF PAYMENT IS DATE OF CHARGE

- 12.1 Under the cash basis of accounting the date of payment is the date of charge, and shall be strictly observed.
- 12.2 All payments made, shall be accounted for by the department in the financial year in which the payments were made

13 DEVIATIONS

Request for deviations must be submitted to the Accounting Officer or delegated official for consideration.


14 MONITORING

It is the responsibility of the Sub-branch Budget, Salaries and Expenditure to monitor and report on the policy provisions by all employees in the Department of Sport, Arts and Culture.

15 AMENDMENT

This policy may be amended as and when the need arises and shall follow the initial process of policy development.

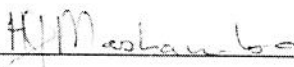
Recommended/Not recommended



HEAD OF DEPARTMENT

26/07/2007
DATE

Approved/~~Not approved~~



MEMBER OF EXECUTIVE COUNCIL

26/07/2007
DATE

**DEPARTMENT OF SPORT, ARTS AND CULTURE
LIMPOPO PROVINCIAL GOVERNMENT
POLICY ON THE MANAGEMENT OF DEBTORS**

1. PREAMBLE

Debts or Accounts receivables are defined as amounts due to the department and expected to be collected by the department or government agent. Accounts receivables in government (public sector) are classified as short-term receivables that are normally, but not necessarily, expected to be collected within a year.

The Department of Sport, Arts and Culture has deemed it necessary to have a policy on debtors that will regulate all debts accruing to the Department including any amount owing to or receivable by the Department of Sport, Arts and Culture.

2. PURPOSE

The purpose of the policy is to establish clear guidelines for the management of debtors in the Department of Sport, Arts and Culture.

3. AUTHORISATION

The policy is authorized in terms of:

- 3.1. The Public Finance Management Act, (Act No. 1 of 1999) as well as Treasury Regulations (Paragraph 11 of Part 5).
- 3.2. In terms of section 38 of the Public Finance Management Act, the accounting officer of a Department must take effective and reasonable steps to collect all money due to the department.

4. POLICY PROVISIONS

The policy applies to all employees, service providers and any member of the public who owe the Department of Sport, Arts and Culture any money arising from service rendered, overpayments, advances, fines or any other money due to the Department.

4.1 Responsibility of the Department

It is the responsibility of the Office of the Chief Financial Officer (CFO) to notify all its debtors of the amount owed by means of invoices, statements or letters of demand.

- 4.1.1. All debts shall be recorded and will be cleared when settled in full or written-off in terms of the applicable prescripts.

- 4.1.2. All long outstanding debts (longer than 6 months) shall be referred to the Legal Advisors who will issue a letter of demand to the clients.
- 4.1.3. If no response is forthcoming from the client, the matter shall be referred to the State Attorney to consider a legal demand and possible legal proceedings in a court of law, where the options are considered economical.

4.2. Recovery of Debts by Installments

- 4.2.1. The Accounting Officer may authorize the recovery of debts by installments of not more than twelve (12) months.
- 4.2.2. Treasury approval is required where debts are recovered in a period exceeding twelve (12) months.
- 4.2.3. Interest must be charged at the prevailing interest rates as determined by the Minister of Finance, unless the debt arose from the negligence/oversight of the Department of Sport, Arts and Culture. Interest shall be charged after thirty days (30) of the due date of the debt.
- 4.2.4. In determining the period of payment the debtor's financial position shall be taken into accounts that the recovery would not cause undue hardship to the debtor or his/her dependants.

4.3. Debts Arising from State Guarantee Issued to a Financial Institution

- 4.3.1. Where the debt arose from a state guarantee, after the resignation of an employee, the Department of Sport, Arts and Culture shall recover such amounts in full from the pension of the employee concerned. Where the amount of pension cannot cover the total debt, an agreement must be made with the debtor on how to recover the outstanding balance.
- 4.3.2. Where the official is defaulting on the monthly mortgage bond payments resulting in the house being repossessed and the state guarantee being recalled by the financial institution, the Department of Sport, Arts and Culture shall settle the state guarantee and the said amount will be recovered monthly from the employee's salary.

5. WRITING OFF OF DEBTS

Debts may be written off if the accounting officer is satisfied that:

- 5.1 All reasonable steps have been taken to recover the debt and the debt is not recoverable.
- 5.2 The Accounting officer is convinced that:
 - 5.2.1. Recovery of the debt will be uneconomical
 - 5.2.2. Recovery would cause undue hardship to the debtor or his/her dependants; or

- 5.2.3. It would be to the advantage of the state to effect a settlement of its claim or to waive the claim.
- 5.3. The accounting officer must ensure that funds are available for the writing off of the debts.
- 5.4. Debts below R10-00 can immediately be written off
- 5.5. From R10-00 to R49-99 – one letter must be addressed to the debtor. If no response is received within 30 days of the date of the letter, the debt must be written off
- 5.6. From R50-00 to R150-00 – two letters must be addressed to the debtor. If no response is received within 90 days of the date of the first letter, the debt must be written off.
- 5.7. From R150-01 to R1000-00 – three letters must be addressed to the debtor. If no response is received within 120 days, all reasonable steps must be taken to recover the debt.
- 5.8. All debts written off must be disclosed in the Annual Financial Statements.

6. SCOPE OF APPLICATION

The policy shall be applicable to all debtors of the Department of Sport, Arts and Culture.

7. MONITORING

It is the responsibility of the Office of the CFO or his delegate to ensure compliance with the provisions of this policy.

