



ADMINISTRATION AND MANAGEMENT OF BOOKKEEPING
DOCUMENT INFORMATION AND LOG

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3. BANKING

BOOKKEEPING POLICY

1. BACKGROUND AND OBJECTIVES

The Bookkeeping function is responsible for the rendering of bookkeeping services in the Department of Culture, Sport and Recreation and for the performing of key accounts.

Bookkeeping should achieve the following

- Ensure that the bank account is reconciled on a daily basis
- Ensure that bulk expenditure is allocated to the correct cost centers or sections
- Ensure that all journals are valid and accurate
- Ensure that all suspense accounts are reconciled and cleared
- Ensure that the PMG and Exchequer accounts are reconciled
- Ensure that no payments are made where cash is restricted.

INTERNAL CONTROLS

2.1 Managing the interface between banks and BAS

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2.1.1 State Accountant

- Access the BAS system on a daily basis and determine whether the interface occurred
- Agree the bank balance to the BAS account balance and verify that the accounts balance
- For any return payments that may not have interfaced properly, prepare the EF70 interface. Submit the EF70 to the Assistant Director,; Bookkeeping for approval.
- Should the bank balance not agree to the BAS account balance after processing of the EF70 interface, log a call with the Help desk,
- Follow up on enquiries on a daily basis to ensure that any discrepancies are properly cleared.

2.1.2 Assistant Director

- Obtain EF70 interface from the state accountant
- Review the EF70 interface and approve it after ensuring all allocations are correct

2.2. Performance on daily bank reconciliations

2.2.1 State Accountant

- After the daily banking interface, obtain an exception report from the BAS system,
- Investigate the report and determine the exact nature and origin of each exception
- Resolve the exceptions on-line(on BAS) by crediting the PMG adjustment account,
- Prepare a written journal document

2.2.2 Assistant Director

- Review the PMG adjustment account on a daily basis to ensure it is cleared. Report the status to the Deputy Director on a daily basis, and if it is not cleared, attach a reconciliation of outstanding items to the report submitted to the Deputy Director,
- Ensure that all outstanding items on the PMG adjustment account is cleared monthly prior to the forced closure date, as communicated by Treasury from time to time.

2.2.3 Deputy Director

- Obtain the report from the Assistant Director and enquire on any discrepancies
- Sign the report as proof of review

2.3 Performance of monthly bank reconciliations

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2.3.1 Assistant Director

- Print the monthly reconciliation
- Investigate all reconciling items and determine their validity and accuracy
- Recommend any adjustments to the bank reconciliation and identify items for further investigation,
- Prepare a report, which should include the following
 - ◆ Any recommended adjustment
 - ◆ Items identified for further investigation
 - ◆ Items identified which are invalid or inaccurate
- Attach the report to the Bank reconciliation and submit it to the Deputy Director for the review

2.3.2 Deputy Director

- ❖ Obtain the report on the monthly bank reconciliation from the Assistant Director
- ❖ Act on recommendation by the assistant director by either disapproving the recommendations, with reasons, or instruct the relevant staff to investigate items
- ❖ Submit the bank reconciliation to the Director with the monthly management reports
- ❖ Approve any recommended adjustments and instruct the state accountant to prepare the journals.

2.3.3. state accountant

- ❖ Prepare the journals

2.4 MANAGING AND PROCESSING OF JOURNALS

Types of journals

Journals fall into the following categories:

- ❖ PMG Journals
- ❖ Bulk payments journals

2.5 ACCOUNTING OF UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE

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❖ Books not finally closed

2.5.1.1. Unauthorized expenditure as contemplated in section 34 of the Public Finance Management Act, 1999(Act 1 of 1999) (PFMA), must, provided the books for the financial year in which it is incurred: "Unauthorised expenditure" for that financial year. The amount of the unauthorized expenditure must be disallowed as follows:

Debit: Unauthorized Expenditure Account

Credit: The relevant expenditure allocation

1.1.2. Should the expenditure be authorized by legislation in terms of section 34(1) of the PFMA, the amount must be dealt with as follows:

Debit: Exchequer Issues Account

Credit: Unauthorized Expenditure Account

1.1.3 If the legislature does not approve the unauthorized expenditure in terms of section 34(1)(a) of the PFMA the amount shall be dealt with as follows:

Debit: Relevant programme in current financial year

Credit: Unauthorized Expenditure Account

1.1.4 Should the amount be recovered from the responsible official, the amount recovered must then be allocated to the Unauthorized Expenditure Account

1.1.5 If the amount is irrevocable. It must be written off as a charge against the relevant programme and the expenditure item: Theft and losses

2. Books finally closed

2.1.1 Unauthorized expenditure in respect of any previous financial year which originate after the books of the Department have been closed must be dealt with as follows:

Debit: Unauthorized Expenditure Account

Credit: Exchequer Issues Account

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2.1.2 The amount must be paid to the Treasury and a warrant voucher must be issued against the Exchequer Issues Account as surrender in respect of the current financial year.

2.1.3 Should the expenditure and additional funds be authorized by parliament, the funds be requisitioned in the usual manner and allocated to the Unauthorized Expenditure Account.

2.1.4 Should expenditure be authorized but additional funds are not approved by legislature, the amount must be dealt with as follows:

Debit: Relevant programme

Credit: Unauthorized Expenditure Account

2.1.5 Should the legislature not approve the unauthorized expenditure, the amount must be recovered from the responsible officer/beneficiary. The amount recovered must then allocated to the Unauthorized Expenditure Account.

2.1.6 If the amount is irrecoverable, it must be written off as a charge against the relevant programme and the expenditure item "Theft and losses"

IRREGULAR/FRUITLESS AND WASTEFULL EXPENDITURE

1.1. The financial transactions in respect of the above-mentioned expenditure must be accounted for in a separate expense account according to each classification namely irregular/fruitless and wasteful expenditure. Irregular/ fruitless and wasteful expenditure incurred must be dealt with as follows:

Debit: Relevant suspense account (according to classification)

Credit: Relevant expenditure account

1.2 Should the non-compliance with the prescripts not be condoned by the Treasury or the Director-General the amount must be dealt with as follows:

Debit: Relevant expenditure allocation

Credit: Relevant suspense account.

1.3 should the non-compliance with the prescripts not be condoned, the amount must be recovered from the responsible officer and allocated to the Irregular/ Fruitless and Wasteful Expenditure Account.

1.4. If the amount is irrecoverable, it must be written off as a charge against the relevant programme and expenditure item: thefts and losses.

2. Books finally closed

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- 2.1. Irregular/fruitless and wasteful expenditure identified after the books in respect of any previous financial year have been closed, must be dealt with in the current financial year as follows:

Debt: Irregular/fruitless and wasteful expenditure account

Credit: Revenue

- 2.2. Should the non-compliance with prescripts be condoned by the treasury or director-General the amount must be dealt with as follows:

Debit: Relevant programme and expenditure item

Credit: Irregular/fruitless and wasteful expenditure account

- 2.3. Should the non-compliance with prescripts not be condoned, the amount must be recovered from the responsible officer and allocated to the Irregular/fruitless and wasteful expenditure account.

- 2.4. If the amount is irrecoverable, it must be written off as a charge against the relevant programme and expenditure item: Thefts and losses.

2.6. Managing Debt and suspense accounts

2.6.1. Assistant Director

- Obtain the trail balance at the end of each day and identify suspense accounts which are not cleared;
- Identify any un-cleared suspense accounts and submit request to the salary management to investigate and reconcile the suspense accounts.
- Follow up weekly and obtain reconciliation from the relevant section
- Recommend any adjustments to the suspense accounts and submit the recommended adjustments, reconciliations and trial balance to the deputy director for review on a weekly basis.

2.6.2. Deputy Director

- Obtain daily, monthly trial balance, suspense account reconciliations and recommended adjustments from the assistant director;
- Review the trial balance and ensure all un-cleared suspense accounts are reconciled;
- Review the suspense account reconciliations and investigate unusual and large reconciling items;
- Review the recommended adjustments for validity and accuracy;
- Approve the documentations to the assistant director for record keeping and any approved journals to the state accountant for processing.

2.7. Monthly reconciliation of PMG and Exchequer accounts

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2.7.2. State Accountant

- Prepare the following reconciliations on a monthly basis on the prescribed format:
- Exchequer reconciliation;
- Un-cleared suspense accounts;
- Exchequer Grant Account reconciliation;
- Statutory Exchequer Grant reconciliation;
- All reconciliations required by National Treasury.
- Follow up on any reconciling items, obtain supporting documentation and attach the documents to the reconciliations;
- Sign the reconciliation as prepared and submit the reconciliations to the assistant director for review.

2.7.3. Assistant Director

- Obtain the reconciliations as prepared by the state accountant;
- Review the reconciliations and agree reconciling items to the supporting documentation;
- Adjust the reconciliation as deemed necessary and attach the necessary supporting documentation;
- Sign the reconciliation and submit it to the deputy director.

2.7.4. Deputy Director

- Review the reconciliations and enquire on reconciling items as identified;
- Ensure that all reconciling items are valid and accurate;
- Sign the reconciliation and submit to the CFO, who will submit it to the HOD.

2.7.5 CFO

- Review the reconciliation as prepared for reasonability and sign the reconciliations as approved;
- The CFO should submit to the HOD to sign off and the Deputy Director should then. Treasury prior to the 15th of every month. (The CFO should submit to the HOD for sign off & the Deputy Director should then submit to treasury)

2.8 Management of cash flow

- Bookkeeping's only purpose with regards to managing the cash flow, is to disable the authorization of payments on the BAS system;
- When the cash balances approaches this minimum, bookkeeping should disable the authorization of payments on the BAS system;
- Should any payments be critical to continue with the operations of the department, the payment should be authorized by Chief financial officer, in writing; where-after bookkeeping can enable the authorization of the payment.

2.8.2 Deputy Director

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- Review the cash balances on a daily basis and determine the value of outstanding payments;
- Deduct the salaries to be paid during the month from the total cash available, after deducting outstanding payments;
- Should the available cash resource amount to the minimum cash balance, the BAS payments authorization should be disabled;
- The Deputy Director should be notified that the payments authorization on the BAS system is disabled;
- Then a critical payment is required, review the authorization by the CFO and HOD and enable the authorization for that payment on the BAS system;
- When there are sufficient cash resources, enable the authorization of payments and notify all appropriate parties of the action.

3. Banking

The department is currently using one account which is the PMG account. Revenue collection is deposited into the same account until it is transferred to the Provincial Treasury on monthly basis. This policy will be reviewed every year and will be updated to reflect any major changes in strategic direction and/or any major organizational changes.

7. IMPLEMENTATION

- (a) This policy is effective from 01 April 2019
- (b) The responsibility for implementation of this policy rests with the Management Accountant, within the office the Chief financial officer.

8 POLICY APPROVAL



MR G S NTOMBELA

HEAD: CULTURE, SPORT AND RECREATION

DATE: 11/2/19