



dhsps&l

Department:
Human Settlements, Public Safety & Liaison
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

DEPARTMENTAL ACCRUAL POLICY

2012-13 Financial Year

1.1 PREAMBLE

The policy outlines the identification, treatment and recognition of accruals in the department according to the requirements of the PFMA

The accounting officer of an institution must ensure that internal procedures and internal control measures are in place for payment approval and processing. This internal control should provide reasonable assurance that all expenditure is necessary, appropriate, paid promptly and is adequately recorded and reported.

Definition of accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorization for payment has not been effected on the system.

1.2 LEGISLATIVE REQUIREMENTS

Responsibility of the accounting officer (section 38(1)(a)(i) of the PFMA and Treasury Regulations 8.1.1

2 POLICY STATEMENTS AND APPLICATION SCOPE

The purpose of this policy is to

- Ensure that all accruals are identified and disclosed in the financial statements.
- Outline a procedure and process of dealing with accruals
- Ensure proper identification and recording of accruals,

RECOGNITION – ACCOUNTING POLICY

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

PROCEDURE

All invoices that have not been processed for payment as at the end of the reporting period, but which relate to that reporting period will be disclosed as accruals, regardless of whether payment was made subsequent to the end of the reporting period. Where goods / services have been delivered and no invoice has been received at year-end, an estimate of the invoice amount should be made based on the order, quotation or goods received note.

- For all the orders where goods have not been received yet at the end of the financial year, these must be recorded as commitments.
- All invoices received but not yet paid must be recorded as accruals
- An accrual report must be produced at the end of each quarter
- Invoices received by other units within the department must be recorded and submitted to Expenditure Management unit for capturing in the register. All invoices received that relate to the prior reporting period must be recorded as accruals
- A list of all departmental monthly expenditure must also be kept by responsible directorate to be submitted to expenditure management and recorded in the accrual listing
- The accrual listing of the department at year end must be signed off by its complier and approved by the finance unit head to ensure that the listing is complete and accurate.

- A list of all contractual obligations paid will be drawn on a monthly basis and will be compared with the commitment register to confirm payments that did not go through, which will form part of accruals.
- An open order report will be checked and all payments for which goods / services have been received and that are still outstanding at the end of the reporting period will be recorded as accruals.
- All claims (Interview, debates and competitions) against the department which relate to that financial year but not yet paid at the end of the reporting period must be on the accrual register.

Accruals should be disclosed per economic classification as well as per programme
 Accrual register will comprise of the following information for completeness:

Supplier name	Economic Classification	Program	Invoice/Delivery number	Invoice date	Amount

2.1 APPLICATION SCOPE

This policy will apply to all employees of the Public Safety and Liaison Branch of the department of Human Settlement, Public Safety and Liaison.

3 POLICY FRAMEWORK

3.1 IDENTIFICATION AND CONSULTATION OF STAKEHOLDERS

The policy is regulated by the Public Finance Management Act (No.1 of 1999 as amended by Act 29 of 1999) and the Treasury Regulations

3.2 IMPLEMENTATION STRATEGY

The implementation of the policy is 1 April 2012.

3.3 COMPLIANCE, MONITORING AND EVALUATION

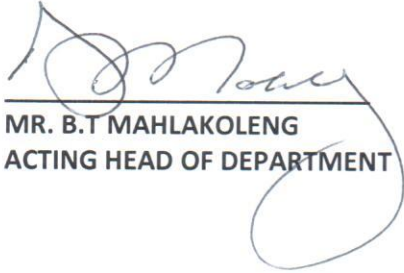
- Accrual report will be consolidated at the end of each quarter.
- A list of all departmental monthly recurring expenditure will be kept and considered while recording accruals
- The accrual listing of the department at the end of the reporting period will be signed off by the compiler and approved by the head of the directorate

3.4 POLICY REVIEW

The policy will be reviewed when the need arises or in case of the occurrence of extenuating circumstances.

3.5 POLICY IMPACT

The impact of this policy is to ensure that accruals are recorded completely and accurately, and ensuring that employees have a clear and comprehensive understanding of the procedures they must follow to record accruals.



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ACTING HEAD OF DEPARTMENT