dhsps&l

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

PROCEDURE MANUAL

FOR

CREDITORS PAYMENTS

CONTENTS

1. INTRODUCTION

The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) entrenched that government operations, expenditure and decision making should be managed openly. This means that departmental policy and procedure should be put in place to promote transparent governance.

The government's major objective is to manage its resources effectively and efficiently in terms of the constitution to enable all spheres of government to achieve expected goals, objectives and targets, and to promote social and economic development.

2. PURPOSE

The aim of this user manual is to provide guidelines in terms of payments processes to ensure compliance with Legislation, Policies and Procedures in the North West Department of Human Settlement, Public Safety & Liaison (Public Safety & Liaison branch).

3. REQUIREMENTS IN RESPECT OF PAYMENTS

Payments from voted funds shall be made only in respect of the following:-
  a. Any authorized transfer payment
  b. Services rendered to the Department
  c. Value received
  d. Amount payable in terms of any law
  e. Performance of contractual obligation
  f. Any authorized advance
  g. Conditions of service

4. SYSTEM DESCRIPTION FOR CREDITORS PAYMENTS

The following are the sub-divisions within the payments unit:
  1. Registry
  2. Compliance &Pre-Audit
  3. Invoice capturing
  4. Processing/Remittance
  5. Filing

4.1 REGISTRY

On receipt of full set of payment vouchers the registry section will perform the following:
  - The registry clerk will record the payment vouchers in the Incoming Register.
  - Attach a Payment Flow &Quiry Sheet for every payment voucher

- Assign/create a file number for all claims received
- Assist internal and external auditors with retrieving of payment vouchers for audit purposes.

4.2 COMPLIANCE&PRE-AUDIT

Vouchers received from registry section are carefully scrutinized by the Pre-Audit section to ensure compliance with PFMA, Procurement Procedures, Tender Board regulations and Treasury Regulations.

4.2.1 BACKGROUND

- Audit vouchers submitted for payment to ensure that they are complete, realistic, accurately captured, properly authorised and comply with Regulations,Policies& Acts.
- Use Walker system to download information relating to outstanding payment "open order report".
- Write informal queries in a report form.

4.2.1.1 Knowledge

- Supply Chain Management: A guide for Accounting Officers
- Preferential Procurement Policy Framework Act no 5 of 2000
- Preferential Procurement Regulations
- Treasury regulations
- Public Finance Management Act no 1 of 1999

The above mentioned Acts/regulations are necessary to ensure completeness, accuracy and properauthorization of payments.

4.2.1.2 Experience necessary to perform the job successfully:

- Specialised knowledge of Walker& BAS systems.
- Analyse and solve problems by referring to policy guidelines.
- Frequent interpretation and informed decision making in the control and payment of creditors.

4.2.1.3 Composition of a payment voucher

- Order form/NW.M4 form
- Quotations
- Procurement Requisition/Control form
- Original tax invoice or certified copy of invoice (Certified by supplier)
- A pro-forma invoice i.e. if necessary or required
- See the attached checklist for claims

4.2.1.4 Additional Documents

- Motivation letters i.e. if necessary or required.
- Copies of consultants' agreements and amendments.
- Copies of contracts (for contracted suppliers) and amendments.
- Departmental Tender Committee /Regional Tender Committee Approvals.

NB: All documents should preferably be in English.

4.2.2 DUTIES OF COMPLIANCE &PRE-AUDIT SECTION

4.2.2.1 Administration of Financial Documents

The following documents are properly checked:

4.2.2.1.1 Order form, Requisition form / Control form, NW.M1

- It has to be formal government forms.
- They should bear a valid allocation code as reflected in the chart of accounts.
- Description should not be vague.
- Amount and the description on order form should be the same as appears on the tax invoice.
- Authorised signatories (as per list of signatories submitted) should sign the above named forms (order, VA1, VA2).
- All cancellations and alterations (overwriting) should be initialled.
- Tippexing of any text or figures is not acceptable on the forms.
- If tax invoice differs with order form, change order should be effected.
- If payment is for part payment, it should state that.

4.2.2.1.2 Tax Invoice

- Agree supplier's details on the invoice to the order, i.e. Name and address, etc.
- Check calculations on the invoice.
- Ensure were VAT is charged that the correct rate is used.
  Note: Ensure that only registered suppliers charge VAT.
- Cast the Invoice.
- Agree the amount and description on the invoice to the order and quotations.
- Ensure that original invoices are used for payment, if not ensure that proper/authorised motivation is written and attached (signed by the programme manager).
- A pro forma invoice is only accepted when the supplier is unable to submit a valid tax invoice before payment is made.

If pro-forma invoice is used, a letter must accompany it from the programme manager explaining the reasons of not issuing an invoice prior to payment.

- Note: same test is done on Pro-forma, like on invoice e.g. Cast, check VAT registration etc.
- In summary, what is procured per order must agree to what has been invoiced.
- Reconciliation should be done on all the tax invoices that do not balance to the order.
- Unauthorised alterations by officials on tax invoices are not allowed.

4.2.2.1.3 Control Form/Funds Certificate

- The allocation code should be the same as on documents mentioned above.
- Commitment to date and balances should be clearly specified.
- All other authorised signatories should sign the form.
- Description of items should be specified.
- All cancellations and alterations (overwriting) should be initialled.
- Tippexing of any text or figures is not acceptable.
- Cross casting should be done to ensure that the amounts are correctly calculated.

4.2.2.1.4 Quotations

- At least three quotations are sought (for purchases less than R30 000.00).
- A motivation should be submitted for not choosing the lowest quotation.
- Quotations must be comparable in terms of goods and/or service specifications.
- Alteration on quotation can only be done by suppliers and not by government officials.

4.2.2.1.5 Contract/Agreement (for contracted suppliers and consultants)

- A complete copy of a valid contract/agreement (for contracted suppliers and consultants) should be submitted to CCP section for the records by the user departments.
- After expiry of the contract the said department should submit a renewed contract with revised rates (if applicable).

4.2.2.1.6 Cellphone and Departmental Procurement Policies

Payments should comply with the internal policies of the department.

4.2.2.2 Scrutinise Vouchers for Compliance with PPPF Act.

4.2.2.2.1 It is a Preferential Regulation that:

a) All purchases or services rendered that amount to (up to R30 000.) should be accompanied by at least three quotations.

b) Any purchases or services rendered ranging from R30 000 to R500 000 require bidding process through a 80/20 point scoring principle as per the PPPF Act no 5 of 2000 & its Regulations.

c) All purchases or services rendered prior to proper approval, should be accompanied by expost facto approval.

5. INVOICE CAPTURING

- On transactions 020, 021 and on Walker Financial System, data from the invoice is captured into the system for normal/blanket/contract orders.
- For One Time Claims, transactions Z50, Z41, 027 are used to capture data from the source document into the Walker Financial System.
- On transaction 029, an invoice inquiry is done to ensure that the amounts captured on 020 and on 021 is in balance.

6. PROCESSING/REMITTANCE

- Payment vouchers for different departments are received from Compliance &Pre-Audit section.
- On transactions Z47, 025 and 029 of Walker, it is checked whether the data is correctly captured into the system.
- On Z47: Type in the first 9 characters of the order and enter. Check whether the invoice is loaded correctly. Also make sure that the invoice amount corresponds with the order amount.
- Make sure about newly created invoice numbers.
- An invoice number should be created for the payment of invoices:
    i) With general invoice numbers (the receipt books bought at general dealers)
    ii) Without invoice numbers
    iii) In cases of pro-forma invoices.
- The format of an invoice number which should be created is as follows:
    i) Use the first 3 characters of the name of the type of service which has been rendered (written on the order form)
    ii) Put down/(slash) and combine with the invoice date in the order of year, month and day (yyyy/mm/dd).

    iii)   E.g. Service rendered for Mr L Thabe for accommodation on 3 July 2002 will be LTH/20020703.

    iv)   In cases of bursary payments to Universities etc. the student number combined with the series of payment used to create an invoice number. e.g. Student no. 54678231 and the 2nd payment for his studies is 54678231/02.

- Specific attention is given to the correct capturing of invoices, eliminating of over payments or wrong payments etc.
- The function of Z46 can also be used to make sure whether it is the first time that the invoice is used.
- On 031 a check should be done for the editing of payments to One Time Vendors. If the supplier is already registered on the Creditor File, the voucher should be send back to the concerned Unit to be fixed by opening a new order with the correct supplier number.
- Payments to one-time vendors should also be checked on 025 to make sure that the function of adding the suppliers' details was done. If it does not appear on 025 it means that the function of 027 was not done by the concerned department and should be returned. Check for reference number for one-time vendors.
- If all information is correct on Z47 the next transaction will follow, 025:

    i)   The supplier code will automatically be drawn through.
    ii)   For action put down v (vary).
    iii)   Type in the department code plus the correct invoice number.
    iv)   Enter – the amount to be paid will be displayed.
    v)   Put a (b) at the action field and enter.
    vi)   The balance should tally with the amount to be paid.
    vii)   Make sure no differences in the form of over or underpayment is shown.

- If any incorrect information had to be fixed, a new check must then be done on transactions 025 and Z47 to make sure if the Capturing Unit corrected the information.
- Documents are then handed over to the Remittance division so that the releasing of the payment can be done.
- It is of utmost importance to make sure that the invoice number corresponds with the captured information and that the invoice amounts tally with the amount on the order.
- Different invoices for one order must be captured respectively with their unique invoice numbers to tally with the amount on the order.

6. FNB ONLINE PAYMENTS > R1M

- Payments exceeding R1m are paid through electronic bank transfers.
- Bank Credit Transfer Certificates are requested daily from BAS to check for payments exceeding R1m
- BAS Credit TransfersCertificate are attached to a payment voucher for approval of payment by Director, CFO and HOD.

- Users with access to FNB accounts use their User profiles to log onto the website for capturing and authorising online payments.

7. DISBURSEMENT OF PAYMENTS ON BAS SYSTEM

- Payments are disbursed on BAS system on daily basis before mid-day.
- If there is a payment certificate for payments above million it will be printed and send for signatures.

8. CONTROL OF ONE –TIME VENDORS (OVT)

- OTV can be used where the purchase is less than R50 000.
- All vendors should be encouraged to register as suppliers on Walker system.
- Where OTV is rightfully used, a transaction should be used to control these vendors to make sure their services stay those of a OTV nature.
- The use of SMME as OTV should not be discouraged, but good control thereof is of the utmost importance.

9. FILING

- Receive payment vouchers after invoice authorisation from Processing/Remittance unit.
- All pages of the payment voucher must be stamped "PAID"
- The flow of file is signed-off for final filing.
- Open yellow file and put paid payment voucher.
- Payment voucher reference number is reflected outside the yellow file.
- The final Z20 file sequenced by supplier name is put on Filing Cabinet for future reference.

10. RECONCILIATION OF INVOICES

- Monthly statements from service providers are reconciled with payments from the BAS System.
- Reconciliations statements are forwarded to service providers for allocation of payments to relevant accounts.

This Manual is reviewed on regular basis to keep up with recent developments and legislative changes.

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Date