



Province of the

EASTERN CAPE

SOCIAL DEVELOPMENT
& SPECIAL PROGRAMMES



REVENUE POLICY

Policy Registration No: 2012-317

CONTENTS

- i. Definitions And Terms
- ii. Legislative Framework
- iii. Preamble
- iv. Purpose
- v. Scope And Accountability
- vi. Principles And Values
- vii. Policy Statement
- viii. Collection And Receipt Of State Monies
- ix. Cash Management
- x. Reconciliation Of Accounting Books
- xi. Accounting Records
- xii. Acceptance Of Cheques
- xiii. Refunds
- xiv. Segregation Of Duties
- xv. Safeguarding Of Documents
- xvi. Remittance Registers
- xvii. Register Of Returns
- xviii. Revenue Items
- xix. Tariff Structure
- xx. Establishment Of Collection Points
- xxi. Approving Authority
- xxii. Administration Of The Policy
- xxiii. Effective Date Of The Policy
- xxiv. Procedures For Implementation
- xxv. Monitoring Mechanisms
- xxvi. Policy Recommendations And Approval

DEFINITION AND TERMS

- i. **PFMA**-Public Finance Management Act
- ii. **PMG**- Paymaster General Account
- iii. **Deficit**- Shortfall in revenue
- iv. **Surplus**- excess amount
- v. **Cashier**- Occupation focusing on the handling of cash money.
- vi. **Revenue**-Income received by the department for goods and services sold.
- vii. **BAS**- Basic Accounting System
- viii. **HOD**- Head of Department
- ix. **Suspense Account**- An account in the general ledger in which amounts are temporarily recorded.
- x. **Tariffs**- List or schedule of prices

LEGISLATIVE FRAMEWORK

- i. Public Finance Management Act No.1 of 1999 section 22(1)
- ii. Treasury Regulations chapter 7.

1. PREAMBLE

The department of Social Development and Special Programmes collects revenue on a small scale.

Currently the situation with regard to revenue collection is that there are no documented processes that provide for the identification, collection, recording, reconciliation and safeguarding of information about revenue. This has resulted in Auditor-General raising queries against the department. If the situation is not attended to the Auditor General may end up qualifying the Department on this issue. This situation necessitates the development and implementation of the revenue collection policy.

2. PURPOSE

The purpose of this policy is to provide uniform guidelines regarding the collection and administration of revenue within the Department of Social Development and Special Programmes in order to meet the strategic goals of the Department and comply with the Public Finance Management Act requirements and Treasury regulations. Through this policy the department wants to ensure that queries pertaining to documented revenue management processes are not raised by the Auditor-General (AG).

3. SCOPE AND APPLICABILITY

The scope and applicability of the policy include the following:

3.1 Staff

Some of the revenue relates to recoveries from staff members who are indebted to the department.

3.2 Projects

In the event of recovery of funds due to fraudulent activities in projects those funds will be credited to revenue if they relate to previous financial years.

3.3 Suppliers

Overpayment to suppliers is recovered and recorded as revenue if it relates to previous years.

3.4 Other revenue items

Other revenue items include:

- a) Sale of tender documents
- b) Commission insurance
- c) Boarding and lodging

3.5 Revenue Committee

This committee was formed to identify revenue sources in the department. It was also formed to deliberate on issues pertaining to revenue management. Its additional role will be to monitor the implementation of the revenue policy. The committee is composed of members from each districts and the head office.

4. PRINCIPLES AND VALUES

The department has adopted a zero tolerance approach on corruption where all newly recruited staff will undergo vetting and screening.

The policy is also underpinned by the following values:

- 1) Transparency
- 2) Honesty

These values relate to the policy in the sense that the management of public funds should be handled with highest standards of honesty and transparency.

5. POLICY STATEMENT

The policy statement is detailed here under.

6. COLLECTION AND RECEIPT OF STATE MONEYS

- 6.1 Cashiers: The duties of the person responsible for the collection and receipt of state moneys will be assigned to them in writing by the Head of the section.
- 6.2 Any person whose duties include the receipt of state moneys shall be responsible for the safe custody of all such state moneys under his/her control. All cheques and cash must be kept in a safe until such time that it is deposited into the Department's PMG account. The office of the person

- responsible for the receipt of state money shall be kept locked at all times when the official is not physically present in that office.
- 6.3 Persons entrusted with the receipt and handling of state moneys shall be rotated every two years. Where circumstances necessitates, the Chief Financial Officer may authorise a departure from this regulation in writing.
 - 6.4 If a person entrusted with the receipt or collection of state money is relieved of his/her duties, either temporarily or permanently, his/her receipts, cash books, and cash on hand should be checked and balanced and the correctness of the balances and cash on hand certified by the signatures of the person being relieved, the person taking over and the Supervisor. In the case where the person being relieved is unable to certify the third person shall be called upon to certify the correctness of the balance by appending his/her signature.
 - 6.5 When a person is relieved, the handing over certificate must be completed with the contents of any safe or cash register handed over and shall be certified by the persons mentioned above.
 - 6.6 Supervisors: The Supervisor of the cashier must be designated in writing by the Head of the office.

7. CASH MANAGEMENT

- 7.1. Revenue identification

Cashiers accepting money on behalf of the State must check the relevant documents and sources of information to ensure that money received is allocated to the correct revenue classification.
- 7.2. Issuing of official receipt
 - 7.2.1. All moneys received will be brought into account by the issuing of an official receipt. Manual receipts must be captured into the Basic Accounting System the same day of issuing the receipt or as soon as the system is available. All manual receipts must be completed in full with a ballpoint pen and entries with an erasable ballpoint are not permissible.
 - 7.2.2. All money received, which cannot immediately be allocated shall be credited to a suitable "Suspense Account" after an official receipt has been issued. The money will be correctly allocated immediately when the allocation is available. All such entries on a suspense account must be cleared within one month after it was placed on the account. When the remittance can be allocated, such adjustments must be authorised in writing by the Head of collection office after it has been processed on the system.
- 7.3. Alterations and cancellation of receipt
 - 7.3.1. Alterations will not be made to the name of the payer; the amount in words, the amount in figures and the date of any official receipt and no erasures of any kind shall be permitted.
 - 7.3.2. If a receipt is cancelled, the word "CANCELLED" will be endorsed by means of a rubber stamp or in bold across the faces of the original receipt as well as two copies and stapled together in the receipt book and preserved for inspection. Persons cancelling receipt must sign below double lines across receipt's face on the original receipt. A cancelled receipt must be indicated in the cash book.
- 7.4. Duplicate receipt
 - 7.4.1. Under no circumstances will more than one original receipt be issued for the same payment. If a further original receipt is issued by mistake, it will be cancelled in accordance with the procedure.
 - 7.4.2. Where the payer does not receive, or loses the original receipt and requires evidence, a certified copy of the book copy may be given.
- 7.5. Depositing of state money

All revenue received by a cashier must be deposited daily into the Department's PMG account or for amount less than R500, as soon as practicable but on the last working day of the month. Where there are some exceptions, an authorisation in writing should be obtained from the Head of the Department.
- 7.6. Surplus or deficit
 - 7.6.1. Any surplus of cash discovered will immediately be brought into account as surplus cash and deposited or paid to Revenue. Receipt will be issued indicating surplus cash as payment.

- 7.6.2. Any shortage discovered in cash or face value forms will be dealt with by investigating the matter and the cashier will have to refund the shortage in cash. A suitable note will be made in the relative Cash book.

8. RECONCILIATION OF ACCOUNTING BOOKS

The supervisor of the cashier must reconcile accounting books on a daily basis.

Ensure that the person entrusted with the collection of state moneys bring the amounts in their care into account.

The Head of the Office or the person designated by him in writing must reconcile accounting books once a month and shall sign and date the books to indicate that all instructions were complied with.

8.1. The supervisor will:

- a) reconcile accounting books not later than a day after banking is done
- b) indicate the deposit number, amount, signature and date on the back of the last receipts as indication that the receipts were checked against the deposit
- c) indicate on the back of the deposit slip the receipt numbers totalling to the deposit e.g. receipt number 129 – 133
- d) Check that moneys which should have been banked, have not been withheld and that the instructions regarding the receipt, custody and disposal of state moneys have been carried out.
- e) Certify the cashbook as correct and as a true reflection that money received was completely banked
- f) Take effective steps to correct any irregularities found
- g) Verify that all remittances received were issued with a receipt and the receipt was captured correctly on BAS

9. ACCOUNTING RECORDS

9.1 The following accounting records must be kept at every collection point:

- (a) Cash Book
- (b) Receipt Book
- (c) Deposit book
- (d) Register of face value forms
- (e) Register of surplus and deficit
- (f) Stock register

A requisition form must always be completed when requesting accounting books.

10. ACCEPTANCE OF CHEQUES

10.1 Private cheques

A private cheque that is not guaranteed by the bank may not be accepted. The risk in accepting cheques that are not bank guaranteed is that they may be dishonoured by bank and recovering the money from the client may be problematic. Employees receiving state moneys will be held liable for losses and damages incurred for not following this regulation.

11. REFUNDS

Moneys incorrectly collected, as revenue must be repaid out of the current revenue collections. A copy of the original receipt, where the money was paid to the Department must be attached to the payment advice

All refunds to be made by the revenue section. Only the Chief Financial Officer or his / her designee may approve claims for refunds.

12. SEGREGATION OF DUTIES

The custodian of the face-value forms and the person entrusted with the receipt of state money may not be the same person. That person should be at the rank higher than that of the Cashier.

13. SAFEQUARDING OF DOCUMENTS

All face-value forms must be entered in the register and kept in safe. The supervisor designated in writing by the Head of office must check the face-value forms in the safe against the register sign and date the register once a month. Used stock will be kept numerically in a safe place at all times.

14. REMITTANCE REGISTER

Two persons should open post and details of all payments received by post should be entered into a remittance register. Details of the receipt number issued for a payment received by post shall be entered into the remittance register.

The revenue supervisor will once a month inspect the remittance register and verify the entries with the receipt issues.

15. REGISTER OF RETURNS

The head office must maintain the register of returns wherein all the returns are recorded when they are received.

16. REVENUE ITEMS

Particulars of revenue items collected and their tariffs will be maintained at each collection points and District offices.

17. TARIFF STRUCTURE

All tariffs will be reviewed annually and a proposal for revision thereof must be sent to Provincial Treasury for approval.

All payments received must be in accordance with the relevant approved tariffs.

18. ESTABLISHMENT OF THE COLLECTION POINTS

Any point where there is a potential for revenue collection. The revenue committee with a responsibility to adopt any revenue point where there is a potential revenue

19. APPROVING AUTHORITY

The office of the Head Of Department (HOD) is responsible for approving policies after getting feedback from Policy Unit.

20. ADMINISTRATION OF THE POLICY

The revenue unit at Financial Planning Services Directorate is responsible for administration and enforcement of the policy.

21. EFFECTIVE DATE OF THE POLICY

The policy will be effective from date of approval.

22. PROCEDURES FOR IMPLEMENTATION

The revenue collection process starts with the appointment of cashiers and revenue committee members. Revenue committee meets whenever there is a need to do so. The cashiers receive money from members of the public. At the end of the day he/she and the supervisor reconcile receipts with cash. Receipts are captured on BAS. The supervisor performs day-end on BAS. Each month after the closure of books revenue report is requested on BAS and revenue pay-overs to Provincial Treasury done.

23. MONITORING MECHANISM

The revenue unit in the Financial Planning Services directorate assisted by the revenue committee will monitor the policy. Questionnaires will be distributed and quarterly reviews will be done to ensure the policy is adhered to.

24. REVIEW OF THE POLICY

This policy will be reviewed when need arises e.g. change in legislation or changes in the provincial revenue policy etc.

25. POLICY RECOMMENDATION AND APPROVAL

Comments

Recommended/ ~~Not Recommended~~



Head of Department: Dept. of Social
Development & Special Programmes

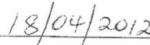


Date

Approved/ ~~Not Approved~~



MEC: Dept. of Social Development &
Special Programmes



Date