



FINANCIAL ACCOUNTING SERVICES DIRECTORATE

PAYMENTS AND REVENUE MANAGEMENT POLICY

EC COGTA PAYMENTS AND REVENUE MANAGEMENT POLICY

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Document Number	03
Document Name	Payments and Revenue Management Policy
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Date completed	24/07/2024
Date of Approval	As per MEC approval

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Date Last Amended	
Date for next Review	As and when need arises (when there is a change in Legislation, Prescripts and/or Practice Notes or other compelling reasons to review the policy).
Related Policies/SOPs	<ul style="list-style-type: none">• Payments and Revenue Management SOP• S & T Policy• Salary Control SOP

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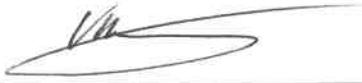
EC COGTA PAYMENTS AND REVENUE MANAGEMENT POLICY

SIGN OFF

I. Head of Department

This Payments and Revenue Policy has been **recommended** for approval by me, Mr V. Mlokothi, in my capacity as Acting Head of Department of Cooperative Governance and Traditional Affairs.

I am satisfied and concur with the contents of this Payment and Revenue Management Policy. The development and implementation of this Policy will assist in ensuring that the department is able to manage timely payment of suppliers and collection and pay over of all Revenue to Provincial Revenue Fund in compliance with Section 38(1)f read with Section 8.2.3 of Treasury Regulations.

Signed	
Designation	Acting Head of Department: Mr V. Mlokothi of Department of Cooperative Governance and Traditional Affairs- Eastern Cape
Date	01/11/2024

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II. Executive Authority

The Department of Cooperative Governance and Traditional Affairs has unprecedented opportunity to improve the livelihoods of the people by effectively rendering services that are expected to provide within its constitutional mandate and delegated authority.

I have envisaged a department that has the required capacity to respond adequately to challenges of our people. I therefore, trust that guidance from this Payments and Revenue Management Policy will contribute to the effectiveness and efficient management of finances of the department in compliance with the Public Finance Management Act, Act 1 of 1999 as amended and Treasury Regulations.

Signed	
Designation	MEC: Honourable Z.A. Williams of Cooperative Governance and Traditional Affairs- Eastern Cape
Date	14.11.2024

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1. INTRODUCTION

- 1.1** Section 38(1)f of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) as amended by Act No. 29 of 1999 read in conjunction with Treasury Regulations section 8.2.3 (a) and (b) requires that all payments due to creditors be paid within 30 days from receipt of an invoice or, in case of civil claims, the date of settlement or court judgement.
- 1.2** The policy also seeks to inform and guide employees on the recording of all revenue sources and revenue collected and to ensure that it is being paid over into Provincial Revenue Fund on monthly basis in terms Division of Revenue Act (DoRA)
- 1.3** Furthermore, the accounting officer is required to maintain proper accounts and records for all payments made and all revenue collected. Section 45 places the onus on each employee within the Department to take responsibility for the effective, efficient, economical, and transparent use of financial and other resources within that employee's area of responsibility.
- 1.4** This policy is triggered by the above backdrop.

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2. DEFINITIONS

2.1 To this policy the following definition is applicable:

#	ACRONYMS	DESCRIPTION
1.	BAS	Basic Accounting System
2.	CFO	Chief Financial Officer
3.	CSD	Central Supplier Database
4.	D	Director:- Financial Accounting Services
5.	Department or EC: Cogta	Eastern Cape:- Department of Cooperative Government and Traditional Affairs
6.	DORA	Division of Revenue Act
7.	EFT, CT	Electric Fund Transfer, Credit Transfer
8.	ECBD	Eastern Cape Bidding Documents
9.	Employees	Employees appointed as per Public Service Act of 1994 as amended
10.	FAS directorate	Financial Accounting Services Directorate
11.	HOD	Head of Department who is also the Accounting Officer of the Department(Cogta EC)
12.	Interface	Is the process of transferring financial information between the systems (BAS/LOGIS/PERSAL)
13.	King and Queens	Public office bearer Recognized by the President as per Traditional and Khoi-San leadership act No. 3 of 2019
14.	LOGIS	Logistic Information System
15.	MEC	Member of the Executive Council (Political office bearer)
16.	MOU	Memorandum of Understanding
17.	Payments & Revenue Unit/Section	The section responsible for supplier payments and revenue collected under financial accounting services directorate
18.	PERSAL	Personnel and Salary System
19.	PFMA	Public Finance Management Act
20.	PRF	Provincial revenue Fund

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#	ACRONYMS	DESCRIPTION
21.	Salary Administration Unit/Section	The section responsible for salary related payments and other benefits & allowances
22.	SBD	Standard Bidding Document
23.	SCM	Supply Chain Management Directorate
24.	TCC	Tax Clearance Certificate
25.	Traditional Leaders	Public office bearer Senior Traditional leaders/ headman and headwoman recognised by the Premier as per Eastern Cape Traditional Leadership and Governance Act No. 1 of 2017
26.	TR	Treasury Regulations

3. PURPOSE OF THE POLICY

- 3.1 It serves to provide guidance on the payment processes that need to be followed by the Hon MEC, Kings and Queens, Traditional Leaders, and Employees of the department.
- 3.2 To ensure that payments are properly processed within 30 days as prescribed by the legislation, TR 8.2.3, and Section 38(1)f of the PFMA.
- 3.3 To ensure that processes are uniformly understood by MEC, Kings and Queens, Traditional Leaders, and Employees within the department.
- 3.4 To manage Departmental revenue in ensuring compliance to National Treasury Regulations, Provincial Treasury Directives, Division of Revenue Act (DoRA), the PFMA and any other applicable legislation relevant in managing revenue.

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4. REGULATORY FRAMEWORK

- 4.1 Constitution of the Republic of South Africa
- 4.2 Public Finance Management Act 1 of 1999 as amended Section 38(1)f, Section 21(2) & 22(1)
- 4.3 Public Finance Management Act, Section 21, 28,32,38,39 and 45
- 4.4 Treasury Regulations 8.2.3, TR 7, 11 & TR 15.3,1-2
- 4.5 Treasury Guidelines / Practice / Instruction Notes
- 4.6 National / Provincial Circulars
- 4.7 BAS Notices/Manual
- 4.8 DORA (Division of Revenue Act)
- 4.9 Public Service Act of 1994 as amended
- 4.10 Traditional and Khoi-San leadership Act No. 3 of 2019
- 4.11 Eastern Cape Traditional Leadership and Governance Act No. 1 of 2017

5. SCOPE OF APPLICATION

- 5.1 This policy is applicable to all employees employed in terms of Public Service Act, 1994 as amended by Act 30 of 2007 as well as , Traditional Leaders, MEC, Kings/Queens, of the Department.

6. PAYMENT OF SERVICES AS WELL AS PREPAYMENTS AND ADVANCES

- 6.1 The department shall make payments only to service providers and/ or employees or, MEC, Kings/Queens, Traditional Leaders when services and/ or goods delivered, in instances where there is cession agreement, the department shall make payment to the borrower.
- 6.2 Any overpayments made will be dealt with in terms of Debt Management Recovery and Write off policy clause 11.6.
- 6.3 In respect of payment of services, documents are received from Internal Control Unit or end-users for processing of payments.
- 6.4 In respect of salary related benefits, claims or requests for payments are received from end-users and/or Human Resources Management/ or Traditional Institutional Support Services.

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- 6.5** Pro- forma invoices are only accepted for contractual obligation and normally requested towards year-end.
- 6.6** Advance payments are made only on National School of Governance (NSG) invoices as well as advances relating to employees and/ or MEC, Kings and Queens and traditional leaders travelling abroad on official duties.
- 6.7** Advances are capitalized under Pre-payments and Advances item and are only expensed where services have been confirmed to be rendered.
- 6.8** The valid supporting documents should be made available prior to processing of all payments, if not the payment is rejected and sent back to the end-user.
- 6.9** No documents received on the run date will be processed.

7. PAYMENT TYPES:-

7.1 Order payment:

- 7.1.1** It refers to those payments that are made through Logistical Information System (LOGIS) and are meant for payment of suppliers that provided services or delivered goods to the department.

7.2 Sundry payment:

- 7.2.1** It refers to those payments that are made directly through Basic Accounting System (BAS) using sundry method functionality to process payments.
- 7.2.2** All sundry payments must comply with **Provincial Treasury Circular 6 of 2022/23** (Controls on the use of sundry payment method on BAS).

7.3 PERSAL payments:

- 7.3.1** It refers to those payments that are made through Personnel and Salary System (PERSAL) to pay Persal related benefits to employees, MEC, Kings and Queens, traditional leaders such as S& T claims, fuel claims, leave gratuity and other allowances.

8. SEGREGATION OF DUTIES:-

- 8.1** The department follows certain control procedures and processes when a payment is being processed using BAS or LOGIS or PERSAL systems, depending on the nature of transactions

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9. LIMITATIONS:

9.1 The department shall, under no circumstances make any payments which do not comply with this policy.

10. REVENUE MANAGEMENT

10.1 Responsibility with regards to revenue collection: -

- The department is not a revenue generating department, but it does collect own revenue in the form of third-party commissions and any other form that may occur from time to time (e.g., proceeds from recoverable revenue, proceeds from insurance and auction sale).
- The department should also ensure that all revenue accruing to and collected by the department is properly accounted for.
- The department should ensure revenue pay-overs are made to Provincial Treasury to comply with DoRA monthly.

10.2 Sources of revenue

The departmental revenue is classified in two (2) categories which are:

10.2.1 Equitable share:-

- This amount is from National Treasury via Provincial Treasury (this amount includes conditional grant (where applicable) and public office bearers' remunerations)

10.2.2 Own Revenue: -

- Sale of goods and services other than capital assets–this includes the regular sales, which might take place in a department.
- Fines, penalties, and forfeits
- Interest, dividends and rent on land.
- Sale of capital assets
- Transactions in Financial assets and liabilities

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11. REPORTING OF PAYMENTS AND REVENUE COLLECTED

- 11.1** Instruction note 34 aims to enhance compliance with Section 38(1)(f) of PFMA which requires Accounting Officer to settle all contractual obligations and pay all money owing, including inter-governmental claims, within the prescribed or agreed period.
- 11.2** For the department to comply with Section 38(1)(f) of PFMA and TR 8.2.3 all payments must be processed within 30 days from the date of receipt of the valid invoices.
- 11.3** On a monthly basis the department reports on non-compliance for payments made after 30 days to Provincial Treasury through Instruction note 34
- 11.4** Reports on Accruals and Payables as well as creditors reconciliation are compiled and submitted to Treasury monthly and are also submitted to Financial Reporting office for the compilation of AFS/IFS quarterly.
- 11.5** Collected revenue is reported on the IFS/AFS.

12. REVIEW OF POLICY

- 12.1** This policy will be reviewed as and when the need arises in terms of gaps and/or new prescripts are issued by National Treasury.

13. CONTRAVENTION OF POLICY

- 13.1** Any failure to comply with this policy and its provisions may constitute financial misconduct and any employee found to be transgressing this policy will be subjected to a disciplinary enquiry in terms of the Public Services Act, 1999 and other relevant legislation.
- 13.2** The non-compliance to this policy will be reported to the accounting officer to consider enforcing consequence management.

14. EFFECTIVE AND IMPLEMENTATION DATE OF THE POLICY

- 14.1** This policy will be effective and implemented from the date of approval by the Member of the Executive Council of Cooperative Governance and Traditional Affairs.