

ANNUAL FINANCIAL STATEMENTS 2009/2010

Closing dates for year-end processes

As you are aware the financial year for the City closes on 30 June every year.

In terms of the Municipal Finance Management Act (No 56 of 2003) the City's Financial Statements must be completed and signed by 31 August 2010, for submission to the Auditor General.

A draft set of financial statements must be submitted to the Audit Committee at its meeting of 26 August 2010. To achieve this, the draft financial statements must be completed by 20 August 2010.

This target deadline of 20 August 2010 can only be achieved if all the different role players commit themselves to the process. The respective functional areas which are implicated in the year-end closing are tabled below with dates by which their particular processes must be complete.

	Completion date
Closing of Cash Book	30/06/2010
Closing Date of Service Entry Sheet Capturing (expenditure relating to services)	14/07/2010
Inventory (Stock Sheets)	05/07/2010
Verification of Moveable Assets	31/05/2010
Closing Date of GRN Capturing(excl stock)	14/07/2010
Closing Date Manual Journals	23/07/2010
Closing Date of GRN Capturing(stock)	30/06/2010
Closing Date of Leave Forms Capturing	21/07/2010
Releasing or refusal of sundry payment invoices	16/07/2010
Closing of Foreign exchange transactions	25/06/2010

For the closing of creditors by 14 July 2010, via the GRN system, it will be necessary for the Purchase Department to close well in advance of 30 June 2010 for capital purchases. The stores will be closed for issues on 30 June 2010.

In order to achieve these deadlines the following procedures must be noted and strictly adhered to:

1. Stores/procurement/accounts payable

Stores

- 1.1 Stock issues close for the financial year on 30 June 2010.

Procurement

- 1.2 The Procurement Department will close for placing of purchase orders on 25 June 2010. The delivery of goods must take place on or before 30 June 2010 and the relevant documentation must reach the Procurement Department by this date for processing.
- 1.3 Purchase orders on the Capital Budget close for the financial year on 31 May 2010. Orders can still be placed on a particular service/project providing it forms part of the following year's Capital Budget.

Accounts Payable

- 1.4 For progress payments on contracts to be made in the current financial year the relevant documentation must reach the Accounts Payable office by 30 June 2010. Only fully motivated exceptions of an extraordinary nature will be considered by the Accounts Payable section after this date.
- 1.5 Departments must take note that only invoices in respect of goods/services that are received/rendered on or before 30 June 2010 (that is in Council's possession) must be taken into account as creditors. Furthermore, it must be noted that the goods received notes/service entry sheets in respect of the aforementioned goods/services must be dated on or prior to 30 June 2010 in order to be taken into account as creditors.
- 1.6 It must be noted that if goods/services have not been received/completed on or before 30 June 2010, it will be for the account of the 2010/2011 financial year.
- 1.7 In the light of above, it is clear that no fictitious creditors must/will be created and no projects can as such be carried over into the new financial year, unless provision has been made as per the stipulation of the MFMA in the 2010/2011 budget.
- 1.8 Cost Centre Owners are responsible for the release or the refusal of sundry invoice payments and must ensure that the refusal or release is executed on or prior to 16 July 2010 for transactions relevant to 2009/2010 financial year.
- 1.9 The responsibility to adhere to these dates lies entirely with the departments and no exceptions will be considered. Please note that under no circumstances will the sundry payment method be used at year-end for any purchase orders placed during the year.
- 1.10 It must be noted that invoices for foreign exchange transactions must reach the Account Payable department on or before 25 June 2010.

2. Capturing of Goods Received Notes (GRN'S) and service entry sheets

The capturing of GRN'S (goods received notes) and service entry sheets to update expenditure records closes on 14 July 2010, and stock records by 30 June 2010.

Directorates to ensure that for all goods received up to 30 June 2010 the GRN's are captured.

3. Cash takings

All cash takings up to the last day, i.e. 30 June 2010 and banked after this date must be brought into account for the year ending 30 June 2010.

4. Petty cash advances

Departments must ensure that all petty cash floats are replenished prior to 18 June 2010.

5. Internal billing

The raising and settlement (reconciliation) of internal billing transactions via ISU-SD must be completed by 30 June 2010. No 2009/10 transaction may be accounted for in 2010/11.

6. Asset registers

6.1 Asset verification (closed)

In order to finalise the verification of assets all Directorates must submit fully motivated detailed lists of missing assets to Corporate Asset Control by 31 May 2010 for writing off with the relevant asset movement forms attached.

6.2 Impairment losses

The information regarding impairment losses must be forwarded to the corporate asset section on or before 16 July 2010.

The impairment loss per asset needs to be determined as the difference between the net realisable value and the carrying value of the asset.

6.3 Asset completion date

Special attention must be given whether a project or a portion of a project has been commissioned.

To facilitate the capitalisation of these projects and also to avoid unnecessary audit issues, project managers must ensure that the completion date field on the WBS element is completed.

6.4 Bar coding

Project Managers must ensure that all assets including those purchased during the year are bar coded..

7. Costing

7.1 Activity based costing

Activity Based Costing inputs via Co-module (Controlling), PM-module (Plant Maintenance) or PS-module (Project Systems for Capital or Operational projects) have to be finalised and captured (including repostings and reversals) on the SAP system before 14 July 2010 (secondary cost).

The basis for Activity Based Costing input is the timesheets for cost recovery purposes for labour/vehicle/plant utilisation. Other inputs will be the activities based on the number of units produced by e.g. Printing & Reproduction services who produced photocopies for various internal clients/cost centers.(also include uploads for office rental, telephone calls, radio trunking, electronics, CCTV maintenance and CCTV inspections).

No current year transactions should be captured in the next financial year. This will also include corrections of 2009/2010 transactions.

7.2 Reposting of primary cost/secondary cost

Reposting of primary cost for 2009/2010 has to be finalised and captured on the SAP system before 16 July 2010.

Reposting of secondary cost can only be done in period 12 – due date 14 July 2010.

7.3 Plant maintenance confirmation

Plant Maintenance confirmation of labor to Capital and other cost objects to be finalised and captured and confirmed/released/reversed/approved on or before 14 July 2010.

7.4 Correction of settlement errors

All settlement errors (PS & PM objects) have to be corrected by 19 July 2010.

(PLEASE NOTE: All corrections pertaining to secondary cost must have been corrected by 14 July 2010).

7.5 Settlement of cost objects

Settlement of cost objects (PS and PM objects) have to be completed by 19 July 2010. This entails the responsibility of completing the settlement rules, sufficient funding on WBS, correction of incorrect material groups and cost elements used in the PM-orders and WBS.

8. Inventory

8.1 Purified water

Purified water stored in reservoirs as at 30 June 2010 must be measured and the result submitted to Finance on or before 16 July 2010.

8.2 Nursery stock

The value of nursery stock as at 30 June 2010 must be calculated and submitted to Finance on or before 16 July 2010.

8.3 Recycling compost stock

The value of recycling compost stock as at 30 June 2010 must be calculated and submitted to Finance on or before 16 July 2010.

9. Leave application forms

The Director: HR Management and Development needs to prepare and send out a circular to all Executive Directors/ Directors/Managers, informing them to ensure that all leave forms have been authorised and submitted to the relevant personnel office before 16 July 2010.

Leave application forms for all leave taken up to 30 June 2010 must be captured on the SAP system by no later than 21 July 2010.

10. Manual journal capturing

The capturing of manual journals for 2009/2010 has to be finalised on the SAP system on or prior to 23 July 2010 and the original documents must reach the accounting department on/or before 23 July 2010.

11. Additional information required

Information on the following is required and will be requested under a separate memorandum:

- Provisions
- Contingent Liabilities
- Capital Commitments
- Unauthorised, irregular, fruitless and wasteful expenditure
- Intergovernmental Grants
- Operating Leases
- Investment Properties
- Guarantees held in lieu of retentions

In order to ensure buy in, it will be appreciated if you could stress the importance of these issues in your functional area.

Attached as an annexure is a list of applicable contact persons should you require further information.

Your cooperation with regard to the financial year-end procedures will be greatly appreciated.

DA Valentine
Director: Treasury

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CLOSING DATES**

Contact persons

Functional area	Contact person	Telephone number
Accounting	Patrick Lekay Philip Dorfling Andre Huysamer Yolande Zeelie	400-2371 400-3271 400-2999 400-4050
Assets	Rochelle Rossouw	400-5441
Procurement	Mark Giger	400-2917
Tenders and Contracts	Ian Bindeman	400- 3715
Petty Cash	Mark Giger	400-2917
Material Management (Stores issues)	Leonard Shnaps	400-3190
Accounts Payable		
(a) Sundry Payments	Stephanie Venter	918-2095
(b) Trade Creditors Payments	Andre Swart	918-2457
(c) Project Payments	Suzie Haasbroek	918-2441
Costing	Chrisna Pretorius	400-2271