

NORTHERN CAPE EDUCATION DEPARTMENT

Subject : REVENUE MANAGEMENT POLICY
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1. INTRODUCTION

Section 45 of the Public Finance Management Act places an obligation on each official to take responsibility for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility. In particular, the official must take effective and appropriate steps to prevent any unauthorised, irregular, fruitless and wasteful expenditure and any under-collection of revenue due.

2. OBJECTIVE

This policy is determined to ensure effective, efficient and economical management, administration and control of departmental revenue.

3. SCOPE OF APPLICATION

This policy is applicable to all departmental officials in all offices and institutions controlled by the department.

4. POLICY

4.1 RESPONSIBILITY FOR REVENUE MANAGEMENT

The responsibility for revenue management is assigned to the Accounting Officer. The Accounting Officer may delegate this responsibility to any official of the Department. However, the management of this responsibility is assigned to the Senior Manager: Finance.

The Senior Manager: Finance shall:

- (a) keep a central database of all fees, rates, scales or tariffs that relate to revenue accruing to the Provincial Revenue Fund for reviewing, budgetary and reporting purposes;
- (b) distinguish between revenue prescribed by law or ordinance and revenue not so prescribed;
- (c) arrange with the Provincial Treasury for the creation of appropriate revenue items, where necessary, within the revenue item structure of the Financial Management System (FMS), to facilitate the identification of revenue and ensure efficient and effective reporting thereon;
- (d) at least annually when finalising the budget, disclose all fees, charges or rates, scales or tariffs of fees and charges that are not fixed or cannot be fixed by any law and that relate to revenue accruing to a revenue fund. The Department shall obtain approval from Provincial Treasury for the proposed tariff structure;
- (e) ensure that monies collected by the department are allocated to the correct revenue items.

4.2 APPOINTMENT OF CASHIERS

The officials entrusted with the administration and control of money collected and/or received shall be appointed in writing, as cashier by the Accounting Officer.

4.3 COLLECTION OF REVENUE

- (a) Money is paid into a revenue fund by depositing it into a bank account in accordance with the configuration requirements prescribed in Treasury Regulation 15.2.
- (b) All revenue received by the Department must be paid daily into the Paymaster-General account or, for amounts less than R500, as soon as practicable, but at least by the last working day of the month in which it is received.
- (c) Money collected by the Department, which is not classified as revenue, must be paid into the Paymaster-General account and accounted for in the ledger. This includes:
 - (i) money received for agency services provided to another department;
 - (ii) monies collected for private telephone calls and parking; and
 - (iii) monies collected for the payment of current financial year debts.
- (d) Refunds from the Provincial Revenue Fund shall only be supported when reference can be made to transactions previously receipted thereto.

4.4 REVENUE BUDGET

The Department's annual revenue budget shall be in accordance with a format as may be prescribed, and shall at least contain:

- (a) estimates of all revenue expected to be raised during the financial year to which the budget relates;
- (b) estimates of interest and debt servicing charges, and any repayments on loans; and
- (c) any other information as may be prescribed, including any multi-year budget information.

5. MANAGEMENT REPORTING

5.1 MONTHLY

The Senior Manager: Finance shall within 10 days of the end of each month, submit to the Chief Financial Officer:

- (a) the information in the prescribed format on actual revenue for the preceding month;
- (b) a projection of expected revenue for the remainder of the current financial year; and
- (c) an explanation of any material variances and a summary of the steps that are taken to ensure that the projected revenue remains within budget.

The Chief Financial Officer shall:

- (a) each month submit information, in prescribed format, on actual revenue and for the preceding month and the amounts anticipated for that month to the Provincial Treasury;

- (b) within 15 days of the end of each month submit the following to the Provincial Treasury and the MEC, in terms of Section 40(4)(c) of the Public Finance Management Act:
 - (i) the information, in the prescribed format, on actual revenue for the preceding month;
 - (ii) a projection of expected revenue collection for the remainder of the current financial year; and
 - (iii) when necessary, an explanation of any material variances and a summary of the steps that are taken to ensure that the projected revenue remains within budget.

5.2 ANNUALLY

The Chief Financial Officer shall:

- (a) each year before the beginning of a financial year provide the Provincial Treasury, in the prescribed format, with a breakdown per month of the anticipated revenue for that financial year;
- (b) keep full and proper records of the financial affairs of the Department in accordance with any prescribed norms and standards;
- (c) prepare financial statements within two months after the end of the financial year to:
 - (i) the Auditor-General for auditing; and
 - (ii) the Provincial Treasury
- (d) prepare financial statements for each financial year in accordance with generally recognised accounting practice;

- (e) submit within 5 months of the end of a financial year, to the Provincial Treasury and to the MEC:
 - (i) an annual report on the activities of the Department during that financial year;
 - (ii) the financial statements for that financial year after the statements have been audited; and
 - (iii) the Auditor-General's report on these statements.
- (f) The Annual report and audited financial statements referred to in (e) shall, fairly present the state of affairs of the Department, the financial results, the performance against the predetermined objectives and the financial position as at the end of the financial year concerned, and include particulars of:
 - (i) any material losses through criminal conduct, and any unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, that occurred during the financial year;
 - (ii) any criminal or disciplinary steps taken as a result of such losses and expenditure;
 - (iii) any material losses recovered or written off; and
 - (iv) any other matter that may be prescribed.

6. IMPLEMENTATION

This policy shall become effective upon signature by the Head of Department.

APPROVED



HEAD OF DEPARTMENT

12.2.2008