

CIRCULAR 1 OF 2016 (PERSAL POLICY & POST AUDIT REPORT & OPERATIONAL PLAN)



Province of the
EASTERN CAPE
DEPARTMENT OF EDUCATION

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Reference: 3/9/3 Enquiries: T Thys Tel: 040 608 4216 Date: 13 JANUARY 2016

All District Directors
Director HRA
Director HRP
Director Payments
Director IDS & G
Director ECD
All Chief Directors
Middle Managers (HRA & P **and** Finance **and** Internal Control Unit)
All staff (HRM and Finance **and** Internal Control Unit)
CC The Chief Financial officer
Cc DDG IOM
Cc the Head of Department
Cc Director MEC office

Circular number 1 of 2016

2015 POST AUDIT REPORT & 2015/16 PERSAL REPORT & OPERATIONAL PLAN 2016/17

1. **LEGAL FRAMEWORK**
2. In terms of PFMA the Accounting officer for a department –
 - a. In terms of section 38(a) (1) of the PFMA, the accounting officer must ensure that the department has and maintain effective, efficient and transparent systems of financial and risk management and internal control.
 - b. Must take effective and appropriate steps to collect all money due to the department
3. In terms of Treasury Regulation the accounting officer must ensure that –
 - a. All transactions of an institution must be supported by authentic and verifiable source documents , clearly indicating the approved accounting allocation as per paragraph 17.1.1
 - b. In terms of section 3.2.11 PFMA National Treasury Regulations the internal Audit function must assist the accounting officer with regards to compliance with laws and regulations and controls.
4. The Legal Framework for Compensation of Employees are
 - a. Public Service Act
 - b. Public Service Regulations
 - c. Public Finance Management Act (PFMA)
 - d. PFMA Treasury Regulations
 - e. National Policies
 - f. Collective Agreements

CIRCULAR 1 OF 2016 (PERSAL POLICY & POST AUDIT REPORT & OPERATIONAL PLAN)

- g. Directives of the Minister of Public service
- h. Department Policies and Procedures
- i. HRM policies
- j. Provincial Treasury Circular 7 of 2009
- k. Workflow process

5. **SCOPE**

- 6. Internal Control Unit have performed post audit procedures for the period 1 April 2015 to 31 August 2015 using #5.7.11 report:
- 7. Internal Control Unit submit to Accounting Services for AFS disclosure the executive summary below .
- 8. Accounting Services will than review the documents submitted and decide what will be disclosed in the AFS
- 9. The executive summary of the documents submitted to Accounting services are:

Files requested	235
Files received	194
Files not received	41
Files with overpayments	30
Value of overpayments	R1,047,131.67
Value of Fruitless Expenditure	R23,249,755.75
Value of Irregular Expenditure	R81,015,662.89
Risk of Ghost employee included in F & W	

10. **OBJECTIVE**

- 11. This communique is to ensure Internal Control and Corporate services (SCM ,Finance and HRM and other Line managers) agree on the root causes and develop operational plans for 2016/17 that will deal with the root causes of the overpayments as preventive measures.
- 12. All functions and all officials involved in the process of spending public money must ensure
 - That the 3 Es' –economy ,effectives and efficiency and all payments are valid ,accurate and complete
 - To avoid unauthorized , Irregular Expenditure or fruitless Expenditure
 - A complete audit trail (NMIR) of documentation on the SP, Salary and Developments and Leave files exists.
 - Compliance to the Department Persal Policy
 - Compliance to policies and procedures and workflow process
- 13. To communicate the following
 - 2015 Post auditing findings
 - The Department Persal Policy 2015/16
 - Operational Plan 2016/17

14.

PERSAL SYSTEM

Organizational Structure Creation

- Component and Sub-Component Admin
- Component Information update
- Pay point and sub-pay point Admin
- Pay point Information update /deletions
- Component Linking

Establishment Administration

- Post Management
- Management of Objectives per Component
- Employees who retire 65 years

Personnel Provisioning

- Appointments
 - ❖ Creation of Offer
 - ❖ Assumption of duty
- Shorten assumption of duty

Personnel Administration

- Create and Amend Service Records
- Amend Basic Information

Service Conditions and Benefits

- Leave
- Housing
- State Guarantee
- Motor Finance

Personnel Utilization

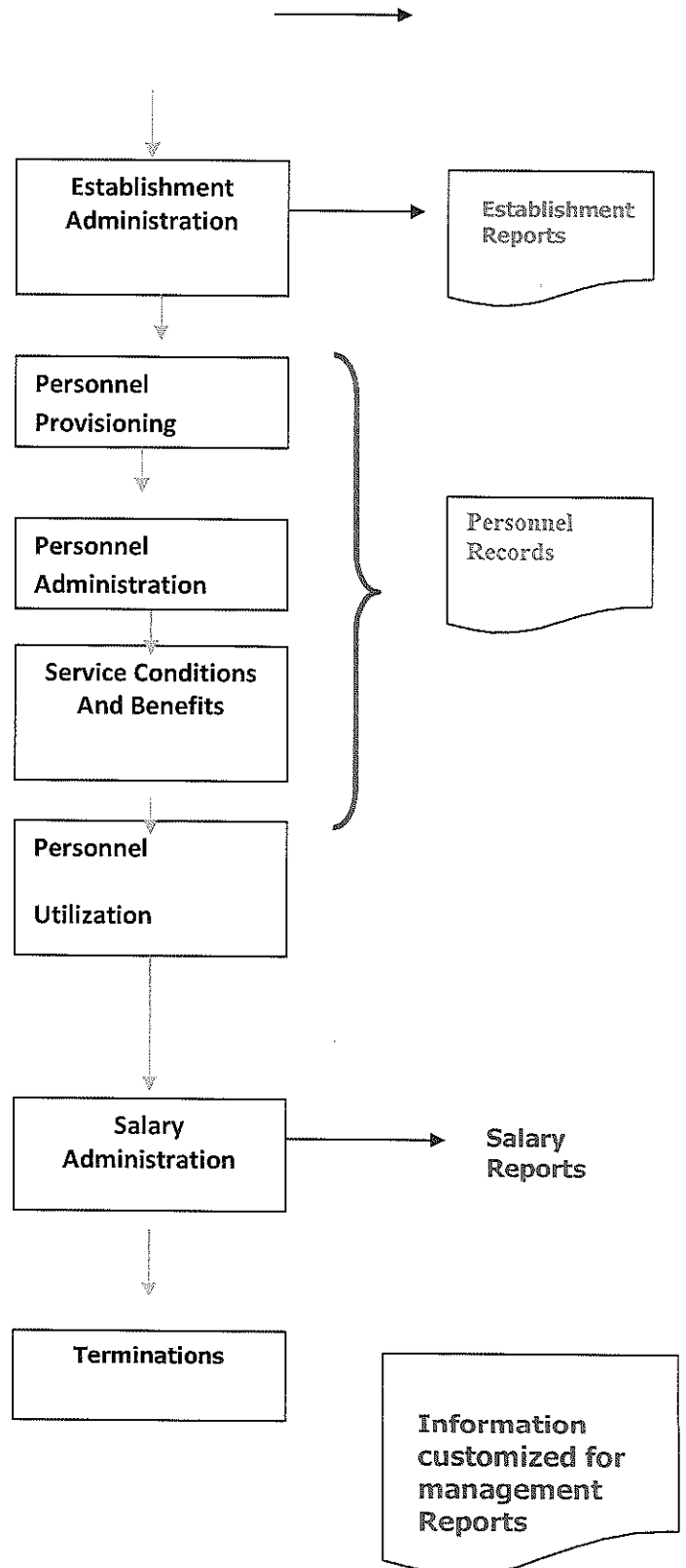
- Relocations
- Transfers
- Promotions
- Overtime
- Acting Posts
- Secondments
- Probations

Salary Administration

- Allowances
- Deductions
- Medical
- Tax
- Service Bonus
- Fringe Benefits

Service Terminations

- Terminations



CIRCULAR 1 OF 2016 (PERSAL POLICY & POST AUDIT REPORT & OPERATIONAL PLAN)

Management Information System

➤ Management Report

15. CONTROL MEASURES

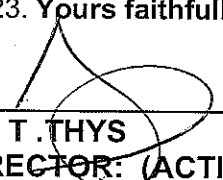
16. The Persal policy is communicated to all staff
17. All the Users of Persal , their PMDS must include the duties and functions as per the Persal Policy
18. All Responsible Managers must develop operational plans and incorporate all the Risk areas
19. Responsible Managers must manage the Persal system and internal controls are adhered and at the same time
 - Investigate and implement consequence management for
 - ❖ Irregular Expenditure
 - ❖ Fruitless and Wasteful Expenditure.

20. Deputy Directors Internal Control unit are assigned per District and Chief Directorate and therefore will audit compliance and assurance

21. COMMUNICATION

22. Responsibility managers must kindly ensure that documents are circulated to all employees and compliance is adhered too.
 - Annexure A: 2015 Post audit report
 - Annexure B: 2015 /16 Department Persal Policy

23. Yours faithfully



MR T. THYS
DIRECTOR: (ACTING)

Date

19/1/2016