



KWAZULU-NATAL PROVINCE

AGRICULTURE AND RURAL DEVELOPMENT
REPUBLIC OF SOUTH AFRICA

THE KWAZULU-NATAL DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

POLICY ON REVENUE MANAGEMENT 2021

CUSTODIAN DIRECTORATE	MANAGEMENT ACCOUNTING
DATE OF APPROVAL	20 JUNE 2021
DATE OF REVIEW	APRIL 2023
HOD/MEC APPROVAL	HOD APPROVAL

Policy on Revenue Management

Signature: _____

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GROWING KWAZULU-NATAL TOGETHER

#PHEZ'KOMKHONO



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1. ABBREVIATIONS

AO	-	Accounting Officer
BAS	-	Basic Accounting System
CFO	-	Chief Financial Officer
DARD	-	Department of Agriculture and Rural Development
DoRA	-	Division of Revenue Act
HoD	-	Head of Department
KZN	-	KwaZulu-Natal
PFMA	-	Public Finance Management Act, (Act No.1 of 1999)
PRF	-	Provincial Revenue Fund
TR	-	Treasury Regulations



2. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, the following definitions are set out for the terms indicated:

TERM	DEFINITION
“Accounting Officer (AO)”	Means the Head of the Department (HOD) of KwaZulu-Natal Department of Agriculture and Rural Development.
“Act”	The Public Finance Management Act, No 1 of 1999 as amended (PFMA)
“Annual Appropriation”	The budgetary allocation for the department as approved by the Provincial Legislature. This includes Equitable Share and Conditional Grants.
“Auditor General”	The person appointed as such in terms of Section 20 of the Public Accounts and Auditors’ Act, Act 1991 (Act 80 of 1991).
“Bank”	A commercial bank or any other bank approved by the Provincial Treasury.
“Chief Financial Officer (CFO)”	The Chief Financial Officer as referred to in Chapter 2 of the Treasury Regulations.
“Department”	KwaZulu-Natal Department of Agriculture and Rural Development.
“Electronic Bank Transfer” (EBT)	The electronic transfer of funds between bank accounts.
“Financial Year”	The period extending from 1 st April in any year to 31 st March in the next succeeding year.
“Official Development Assistance” (ODA)	These are monies donated to the department by foreign donors to fund a specific project.
“Programme Manager”	An official appointed by the Accounting Officer to control, co-ordinate and evaluate executive programmes for the objectives of a programme or sub programmes at policy level and is answerable to the Accounting Officer.
“Responsibility Manager”	A functionary appointed by the Programme Manager who will be responsible for lower level execution of objectives and is answerable to the Programme Manager.
“Segregation of Duties”	The separation of duties to minimise the incidents of fraud.
“Treasury”	The Provincial Treasury established in terms of section 17 of the Public Finance Management Act, 1999 (Act 1 of 1999).



3. INTRODUCTION

This policy provides a high level overview of each phase of the Department's Revenue Management Process and it aims to assist all role players involved within the phases of the process, in a manner that is coherent and user friendly. Treasury Regulation 7.2.1 states that "The Accounting Officer of an institution must manage revenue efficiently and effectively by developing and implementing appropriate processes that provide for the identification, collection, recording, reconciliation and safeguarding of information about revenue."

4. POLICY BACKGROUND

The Department collects revenue and as such has legal responsibility to develop policy that serves as regulatory mandate. In promoting good governance, this policy provides guidelines to ensure sound and best practice for identification, collection, banking, recording, reconciling and monitoring of the revenue collected by the Department.

5. POLICY MANDATE

5.1 Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) Section 226:-

- (1) There is a Provincial Revenue Fund for each province into which all money received by the provincial government must be paid, except money reasonably excluded by an Act of Parliament
- (2) Money may be withdrawn from a Provincial Revenue Fund only –
 - a) in terms of an appropriation by a Provincial Act; or
 - b) as a direct charge against the Provincial Revenue Fund, when it is provided for in the Constitution or a Provincial Act.

5.2. Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999) - PFMA

Section 21: Control of Provincial Revenue Funds

- (1) The Provincial Treasury of a province is in charge of that province's Provincial Revenue Fund and must enforce compliance with the provisions of Section 226 of the Constitution, namely that-
 - (a) all money received by the provincial government must promptly be paid into the Fund, except by this Act or another Act of Parliament; and
 - (b) no money may be withdrawn from the Fund except-
 - i. in terms of an appropriation by a Provincial Act; or
 - ii. as a direct charge against the Fund when it is provided for in the Constitution or a provincial Act.
- (2) Money that must be paid into the Provincial Revenue Fund is paid into the Fund by depositing it into a bank account of the Fund in accordance with any requirement that may be prescribed.



Section 22: Deposits into Provincial Revenue Funds

- (1) All money received by a provincial government, including the province's equitable share, and grants made to it, in terms of the annual Division of Revenue Act, must be paid into the province's Provincial Revenue Fund.

Section 27: National annual budgets

- (3) An annual budget must be in accordance with a format as may be prescribed, and must at least contain-
- (a) Estimates of all revenue expected to be raised during the financial year to which the budget relates.
- (i) The projected
- (i) revenue for the previous financial year;

Section 28: Multi-year budget projections

- (1) The Minister and the MEC for Finance in a province must annually table in the National Assembly and in that province's provincial legislature, respectively, a multi-year budget projection of-
- (a) the estimated revenue expected to be raised during each year of the multi-year period;

Section 32: Publishing of reports on state of budget

- (1) Within 30 days after the end of each month, the National Treasury must publish in the national Government Gazette a statement of actual revenue and expenditure with regard to the National Revenue Fund.
- (2) After the end of a prescribed period, but at least quarterly, every provincial treasury must submit to the National Treasury a statement of revenue and expenditure with regard to the Revenue Fund for which that treasury is responsible, for publication in the national Government Gazette within 30 days after the end of each prescribed period.
- (3) The statement must specify the following amounts and compare those amounts in each instance with the corresponding budgeted amounts for the relevant financial year:
- (a) The actual revenue for the relevant period, and for the financial year up to the end of that period;

Section 38: General Responsibilities of the Accounting Officer

- (1) The Accounting Officer for a department, trading entity or constitutional institution:
- (c) must take effective and appropriate steps to -
- (i) Collect all money due to the department, trading entity or constitutional institution.

Section 39: Accounting Officers' responsibilities relating to budgetary control

- (2) An Accounting Officer, for the purposes of subsection (1), must-
- (b) report to the executive authority and the relevant treasury any impending



- (i) under collection of revenue due;
- (ii) shortfalls in budgeted revenue.

Section 40: Accounting Officers' reporting responsibilities

(4) The Accounting Officer of a department must-

- (a) each year before the beginning of a financial year provide the relevant treasury in the prescribed format with a breakdown per month of the anticipated revenue and expenditure of that department for that financial year;
- (b) each month submit information in the prescribed format on actual revenue and expenditure for the preceding month and the amounts anticipated for that month in terms of paragraph (a); and
- (c) within 15 days of the end of each month submit to the relevant treasury and the executive authority responsible for that department-
 - i the information for that month;
 - ii a projection of expected expenditure and 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 expenditure and revenue remain within budget.

Section 45: Responsibilities of other officials

An official in a department, trading entity or constitutional institution-

- (d) must take effective and appropriate steps to prevent, within that official's area of responsibility, any unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure and any under collection of revenue due.

5.3 Treasury Regulations, (T.R) (March 2005 as amended)

7.2: Responsibility for revenue management

7.2.1 The Accounting Officer of an institution must manage revenue efficiently and effectively by developing and implementing appropriate processes that provide for the identification, collection, recording, reconciliation and safeguarding of information about revenue.

7.3: Services rendered by the state

7.3.1. The Accounting Officer of an institution must review, at least annually when finalising the budget, all fees, charges or the rates, scales or tariffs of fees and charges that are not or cannot be fixed by any law and that relate to revenue accruing to a revenue fund. The Accounting Officer must obtain approval from the relevant treasury for the proposed tariff structure.



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7.3.2 Information on the tariff structure must be disclosed in the annual report, including information on exemptions, discounts, free services and any other aspect of material influence on the revenue yield.

11.2: Responsibility of the management of debtors (section 38(1) (c) (i) and (d) of the PFMA)

11.2.1 The accounting Officer of an institution must take effective and appropriate steps to timeously collect all money due to the institution including, as necessary-

- (a) Maintenance of proper accounts and records for all debtors, including amounts received in part payment; and
- (b) Referral of a matter to the State Attorney, where economical, to consider a legal demand and possible legal proceedings in a court of law.

15.5: Responsibilities of provincial departments [Section 22 of the PFMA]

15.5.1 All revenue received by a department must be paid daily into its Paymaster-General account or, for amounts less than R500, as soon as practicable, but at least by the last working day of the month.

15.5.2 No provincial department may receive transfers from a national department or public entity directly; such funds must be deposited into the nominated banking account of the province as required by paragraph 15.2.3.

15.5.3 Money collected by a department, which is not classified as revenue, must be paid into the department's Paymaster-General account and accounted for in its ledger. This includes money received for agency services provided to another department.

15.10: Banking and cash management

15.10.1 General [Sections 7 and 21 of the PFMA]

15.10.1.1 The Accounting Officer is responsible for establishing systems, procedures, processes and training and awareness programmes to ensure efficient and effective banking and cash management.

15.10.1.2 For purposes of this regulation, sound cash management includes –

- (a) collecting revenue when it is due and banking it promptly;
- (k) ensuring that dishonoured warrant vouchers and cheques are followed up immediately; and
- (i) the separation of duties to minimise the incidence of fraud.

15.10.2. Cash Flow

15.10.2.1 The accounting officer must annually submit to the relevant treasury a breakdown of anticipated revenue and expenditure in the format determined by the National Treasury, no later than the last working day of February preceding the financial year to which it relates.

15.11: Private money, private bank accounts and cashing private cheques



- 15.11.1 Private money may not be deposited into an official bank account, except in accordance with the provisions relating to money held in trust for other persons or bodies, nor may state money be paid into a private bank account.
- 15.11.2 The safekeeping of private money or personal possessions in a state safe or strong room is prohibited. However, an Accounting Officer or an official authorised by the Accounting Officer may approve arrangements for safeguarding personal effects reasonably held on official premises in the course of official duty (e.g. by providing lockable rooms for staff).
- 15.11.3 State money may not be used to cash private cheques.

6. SCOPE OF APPLICATION

The provisions of this policy will be applicable to all department officials, and duly appointed programme and responsibility managers who are responsible for the Revenue collection of department.

7. POLICY PRINCIPLES

- **Transparency:** The Revenue Tariffs will be posted on the departmental website and available at all cashier offices.
- **Effectiveness:** Department shall strive for effectiveness and shall carry out its revenue collection processes as cost-effective a manner as possible.
- **Efficiency:** Department shall strive to standardise and simplify procedures where appropriate, to enhance efficiency. The Department shall strive to build relationships with clients and shall ensure good working practices.
- **Ethics:** The Department revenue collections must be characterised by integrity and ethical conduct.
- **Professionalism:** Department officials must act professionally and with due regard to their behaviour at all times.
- **Accountability:** The revenue collection processes must promote accountability in the Department in line with Government legislative and policy prescripts.
- **Value for Money:** The services rendered by the department shall maximise efficiency, effectiveness and flexibility.



8. POLICY PURPOSE

To provide a policy and framework for the Department to better manage its revenue and ensure optimal collection and management of all revenue due to the department.

9. POLICY OBJECTIVES

- 9.1 To provide guidance and a clear direction on how to manage revenue collection efficiently and effectively.
- 9.2 To maximise revenue collection.
- 9.3 To ensure monitoring of the revenue management for the Department.
- 9.4 To ensure compliance of the policy and legal prescripts related to revenue management as contained in this policy and other legal frameworks.
- 9.5 To minimise the risk of loss of revenue through misappropriation.
- 9.6 To assign clear roles and responsibilities for revenue management within the Department.

10. POLICY PROVISIONS

- 10.1 Review of Tariffs
 - 10.1.1 Every Responsibility Managers must review tariffs charged for services rendered, within their area of responsibility, on annual basis. Such review must take place during the department's MTEF budget planning process.
 - 10.1.2 The review process must, as minimum, include
 - (i) Applicable legislation, prescripts, national guidelines, market related cost, rate of inflation and related calculations//formulas in support of the tariff charged.
 - (ii) Continued need for services rendered
 - (iii) Potential for new revenue sources.
 - 10.1.3 The Directorate: Management Accounting Services is responsible for initiating and overseeing the Review of Tariffs process.
 - 10.1.4 The annual review of tariffs must be approved by the Provincial Treasury before it may be implemented by the department for the relevant financial year.
 - 10.1.5 The consolidated approved tariff structure must be:-
 - (i) Kept with the Directorate: Management Accounting Services
 - (ii) Circulated to all Cashier Offices in the department.
 - (iii) Published on the department's website.
 - 10.1.6 The department may not charge a tariff that has not been approved by the Provincial Treasury.
- 10.2 Transaction Validation
 - 10.2.1 All revenue transactions that take place within the department must be authorised according to the general and specific policies of the department and that the recorded transactions have indeed occurred.



10.2.2 All recorded transactions must be supported by sufficient documentation and evidence, such as:-

- (i) Every revenue item must have a face value form, e.g. application form, enrolment form, fine, that can be used to initiate the revenue receipting process.
- (ii) These forms must be standardised (per revenue item) across the department and where practical be numbered sequentially or allow for a manual reference number to be inserted.

10.3 Revenue Receipting

10.3.1 Revenue management processes must ensure adequate segregation of duties and isolation of responsibilities and provide for effective supervision and monitoring of revenue collected. Activities related to the collection, recording and banking of revenue may not be undertaken by the same person.

10.3.2 Chief Financial Officer must appoint the Cashier and Relief Cashier in writing, detailing the duties and responsibilities attached to the function.

10.3.3 The department may only accept payments for goods/services by:

- (i) Cash;
- (ii) Electronic Card Swipes
- (iii) EFT payments
- (iv) Postal Orders – Z94 Remittance Register to be maintained.

10.3.4 Collection, receipting and banking of monies received :-

- (i) A receipt from a pre-numbered, pre-printed and triplicate copy receipt book must be issued for all cash received at the cashier's office.
- (ii) Once a receipt is issued no alterations must be made, if alterations are required then the receipt must be cancelled and a new receipt must be issued
- (iii) All cancelled receipts must remain in triplicate in the receipt book.
- (iv) All receipts must be captured and day ended on a daily basis or at least by the end of that month onto BAS and allocated to the appropriate revenue item, while the deposit must be confirmed after the money has been deposited.
- (v) Receipts for which the allocation is unknown will be automatically credited to the suspense account: unallocated receipts. Unallocated receipts must be followed up before month end to ensure that the suspense account is cleared by month end.
- (vi) All revenue received by the Department for amounts above R500 must be deposited daily into the Paymaster General Account. Amounts less than R500 must be banked as soon as practicable, but at least by the last working day of the month in which it is receipted.



10.3.5 Shortages and surpluses

- 10.3.5.1 When a shortage or surplus is detected at any stage of the revenue process, an immediate investigation must be conducted to find the reason for the shortage or surplus.
- 10.3.5.2 In cases of shortages, the responsible official must pay in the difference.
- 10.3.5.3 In cases of surpluses, the supervisor must ensure that a receipt is issued and allocated as "cash surpluses". The surplus must be added with the moneys from the other receipts issued that day and deposited on the same deposit slip.

10.4 Key Controls

- 10.4.1 Revenue registers must be maintained and updated on daily basis, recording each phase of the process, and must contain a minimum of the following the information:
 - (i) Component Details;
 - (ii) An area for the transaction validation details;
 - (iii) An area for the revenue receipting details;
 - (iv) An area for reconciliation of BAS; and
 - (v) An area for signatures of relevant role players.
 - (vi) Copies of all supporting documents must be kept on file, e.g. application form, proof of payment, proof of communication.
- 10.4.2 Reconciliations to ensure accuracy between the revenue registers and BAS allocations must be undertaken by the relevant official at month end.
- 10.4.3 All discrepancies in reconciling process must be investigated and necessary corrective steps taken to ensure that all transactions are correctly classified and recorded.
- 10.4.4 The reconciliations/registers must be signed by the relevant Responsibility Manager and must be checked by the Revenue Component from Head Office.

10.5 Pay over to Revenue Fund

- 10.5.1 All revenue collected by the Department must be paid over to the Provincial Revenue Fund on a monthly basis.

10.6 Refunds

- 10.6.1 Payment from revenue is prohibited unless the amount in question was previously paid to the Revenue Fund.
- 10.6.2 Approval for payment from the Revenue fund must be made in accordance with the relevant departmental financial delegations.
- 10.6.3 Refunds are processed using journals, the suspense accounts and sundry payments when necessary.



11. IMPLEMENTATION STRATEGY

- 11.1 The Revenue Management Policy will be widely communicated in the department and will be available on the Intranet.
- 11.2 In order to support the policy, detailed Revenue Management Processes and Standard Operating Procedures are developed, giving detailed step-by-step guidelines and reinforce the directives furnished in this policy.

12. ROLES AND RESPONSIBILITIES

- 12.1 Department Revenue Tariffs
Provincial Treasury, Head of Department, Chief Financial Officer, Directorate: Management Accounting, Responsibility Managers
- 12.2 Transaction Validation
Revenue Office, Responsibility Managers, Clerks.
- 12.3 Revenue Receipting
Revenue Office, Responsibility Managers, Cashiers' Supervisor, Cashier(s)
- 12.4 Key Controls
Revenue Office, Responsibility Managers, Cashiers' Supervisor, Cashier(s)
- 12.5 Pay over to Revenue Fund
Director Management Accounting, Deputy Director: Revenue
- 12.6 Refunds
Director Management Accounting, Deputy Director Revenue, Relevant Responsibility Managers

13. POLICY MONITORING

- 13.1 The Chief Financial Officer will monitor the implementation of this policy throughout the Department
- 13.2 Information on revenue received must be reported on in the
- (i) Monthly In Year Monitoring Report;
 - (ii) Budget Committee Report;
 - (iii) Executive Committee Report;
 - (iv) Annual Report

14. POLICY EVALUATION

The evaluation will be conducted to assess the effectiveness of the policy in helping the Department to meet its objectives. The Chief Financial Officer will evaluate or commission the evaluation of the implementation of this policy throughout the Department.



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15. POLICY REVIEW DATE

The Chief Financial Officer will review the policy at least every two years or as and when there is change in legislation affecting this policy.

16. FORMAL POLICY APPROVAL

This policy is hereby approved for implementation in the Department of Agriculture and Rural Development with effect from the date of signature

<p>Approved by:</p> <p>Signature</p>  <hr/> <p>Mr. S.D Sibande Head of Department</p>	<p><u>20 JUNE 2021</u></p> <p>Date</p>
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