

**DEPARTMENT OF HEALTH  
PROVINCIAL ADMINISTRATION: WESTERN CAPE**

**REGULATIONS GOVERNING THE FINANCIAL  
PRESCRIPTS OF HEALTH FACILITY BOARDS**

**WESTERN CAPE HEALTH FACILITY BOARDS  
ACT, 2001 (NO. 7 OF 2001)**

**The Provincial Minister of Health in the province of the Western Cape has, in terms of section 25 of the Western Cape Health Facility Boards Act, 2001, made the regulations set out in the Schedule to this notice**

**SCHEDULE**

# SCHEDULE

## REGULATIONS GOVERNING THE FINANCIAL PRESCRIPTS OF HEALTH FACILITY BOARDS

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# **1. GENERAL DEFINITIONS, APPLICATION AND DATE OF COMMENCEMENT**

## **1.1 GENERAL DEFINITIONS**

1.1.1 In these Health Facility Board Regulations, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act, has the same meaning, and –

**“a trust”** means a trust as defined in the Trust Property Control Act, 1988 (Act No. 57 of 1988);

**“Act”** means the Western Cape Health Facility Act, 2001 (Act No. 7 of 2001);

**“contingent liabilities”** means existing liabilities that arose from past events and involves uncertainty as to the possibility of gain (asset) or loss (liability) to the Board and will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events that are outside the control of the Board;

**“employee”** means an employee of the Board appointed on a contract basis as contemplated in section 10(h) of the Act;

**“financial year”** means the period 1 April to 31 March of the following year;

**“head of a health facility”** means the official in charge of the health facility, including an academic institution for which the Health Facility Board has been established;

**“official”** means a person in the employ of the Department providing secretarial, administrative and financial accounting support as contemplated in section 15 of the Act;

**“old Board”** means a Hospital Board appointed in terms of the Hospitals Ordinance, 1946 (Ordinance 18 of 1946);

**“operating lease”** means a contract where the lessor retains the risks and obligations incident to ownership and payments by the lessee are recorded as rental expenses;

**“regional director”** means the director of the regional office of the Department other than the academic institutions in whose area the Health Facility Board has been established;

**“reserved funds”** means funds set aside in the books of the Health Facility Board for specific purposes as agreed to by the Board;

**“the Administration”** means the Provincial Administration of the Province of Western Cape;

**“treasury”** means the Provincial Treasury;

**“voucher”** means a document comprising requisitions, orders, delivery notes, invoices or payment forms and in the case of revenue, receipts.

1.2        **APPLICATION**

1.2.1      These Health Facility Board Regulations only apply to Health Facility Boards and Hospital Boards not yet replaced.

1.3        **DATE OF COMMENCEMENT**

1.3.1      These Health Facility Board Regulations come into operation on .....

**2.        FINANCE COMMITTEE**

2.1        **GENERAL**

2.1.1      A Board may elect a specialist committee as envisaged in section 20 of the Act at its first or subsequent meeting to function as a finance committee.

2.1.2      The finance committee must consist of at least four members of the Board one of whom must be the chairperson as he/she is the accounting officer of the Board . The Deputy Chairperson must also be a member of the Finance Committee.

2.1.3      A quorum for a meeting of the finance committee is at least one half of the members.

2.1.4      The mandate of the finance committee should include making recommendations to the Board about procurement of services to best advantage, obtaining of most advantageous interest on investment of funds, receiving applications for funding and grants, the approving or rejecting of such applications. The Finance Committee must also scrutinise all financial transactions of the Board and advise the Board of its findings as well as render advice to the Board on financial matters pertaining to its activities.



- 2.1.5 The chairperson of the Board as accounting officer must however approve all recommendations submitted by the Finance Committee of the Board. In the absence of the Chairperson the Deputy Chairperson must perform this function. All recommendations approved by the Deputy Chairperson must be brought to the attention of the Chairperson as soon as reasonably possible.
- 2.1.6 Two members of the finance committee, one who must be the Chairperson of the Board and the other an ordinary member of the Board, must be appointed by the Board to sign cheques. Two deputies who must also be members of the Finance Committee of the Board must be assigned by the Board to assist during the absence of the Chairperson and the other ordinary member. All cheques signed during the absence of the Chairperson must be submitted to him/her as soon as he/she is available for scrutiny. The Board must minute the names of the above members accordingly.
- 2.1.7 No official or employee of the Board is allowed to sign or countersign cheques of the Board except where it is so authorised in exceptional circumstances by the Chairperson. In the latter instance one of the two signatories must be a Board member.
- 2.1.8 In the event of a Board deciding not to appoint a finance Committee then 2 members of the Board, one who must be the Chairperson of the Board must be appointed by the Board to sign cheques.

### **3. AUDIT REPORTS AND RELATED MATTERS**

#### **3.1 GENERAL**

- 3.1.1 The annual financial statements of a Board must be audited annually by the Auditor-General or his nominated firm or person and at the expense of the Board. In the event that a party other than the Auditor General audits a Boards

financial statements then such party must be registered as either an Accountant or Auditor with the Public Accounts and Auditors Board

- 3.1.2 A Board may be subjected to an investigation or an ad hoc audit, if deemed necessary by the Minister or Head of Department, by officials of the Department or the Administration.
- 3.1.3 It is the board's duty to ensure that the necessary information and documents are submitted to the persons that are required to carry out any investigation or audit in terms of Regulation 3.1.2
- 3.1.4 The audit report on the annual financial statements, as well as any other reports received in terms of the above regulations must be tabled at the first meeting of the Board following the date of receipt thereof. The Board's comments, inclusive of any corrective action that may have to be taken, must be minuted and forwarded together with the applicable report, within the allotted time to the Head of the Department via the Regional Director's office or the office of the Head of the academic institution.

#### **4. FINANCIAL MISCONDUCT**

##### **4.1 FINANCIAL MISCONDUCT BY BOARDS OR MEMBERS**

- 4.1.1 A Board or a member of a Board commits an act of financial misconduct if the Board or member concerned wilfully or negligently –
  - (a) fails to comply with the requirements of these regulations, or
  - (b) makes or permits an unauthorised expenditure, an irregular expenditure or a fruitless and wasteful expenditure.

## 4.2 **FINANCIAL MISCONDUCT BY EMPLOYEES OF BOARDS OR OFFICIALS OF THE DEPARTMENT**

4.2.1 An employee of a Board or an official of the Department to whom a power or duty is assigned in terms of these regulations commits an act of financial misconduct if that employee or official wilfully or negligently fails to exercise that power or perform that duty. In financial misconduct matters involving officials, the Chairperson must inform the Head of the facility concerned immediately who must follow the departmental disciplinary process if the allegations are substantiated.

4.2.2 Financial misconduct is a ground for dismissal or suspension of an employee of the Board.

## 4.3 **APPLICABLE LEGAL REGIME FOR DISCIPLINARY PROCEEDINGS**

4.3.1 A charge of financial misconduct against a member, employee or official referred to in regulation 4.1 and 4.2, must be investigated, heard and disposed of in terms of the statutory or other conditions of appointment or employment applicable to that member, employee or official and any prescripts contained in regulations 4.4.

## 4.4 **FINANCIAL MISCONDUCT PROCEDURES**

4.4.1 If an employee or member of a Board is alleged to have committed financial misconduct, the chairperson of the Board must ensure that an investigation is conducted into the matter and if sufficient grounds exist, must ensure that a disciplinary hearing is instituted.

- 4.4.2 The chairperson must ensure that such an investigation is instituted within 30 days from the date of discovery of the alleged financial misconduct.
- 4.4.3 If a chairperson is alleged to have committed financial misconduct, the Minister, as soon as he/she becomes aware of the alleged misconduct, must ensure that the Head of Department initiates an investigation into the matter and if the allegations are confirmed, holds a disciplinary hearing in accordance with the prescripts applicable.
- 4.4.4 The Head of Department may –
- (a) direct that an official other than an official of the Department conducts the investigation; or
  - (b) issue any reasonable requirement regarding the way in which the investigation should be performed.

#### 4.5 **CRIMINAL PROCEEDINGS**

- 4.5.1 The chairperson must advise the Minister, the Head of Department and the Auditor-General of any criminal charges it has laid against any employee, official or member.
- 4.5.2 The Head of Department must advise the Minister and the Auditor-General of any criminal charges it has laid against any chairperson.
- 4.5.3 The Minister may direct a Board to lay criminal charges against any employee, official or member should a chairperson fail to take appropriate action.

## 4.6 **REPORTING OF DISCIPLINARY PROCEEDINGS**

4.6.1 The chairperson or the appointed investigating officer must, as soon as the disciplinary proceedings are completed, report to the Board, the Minister and the Head of Department on the outcome, including –

- (a) the name, rank and position of the employee, official or member against whom the proceedings were instituted;
- (b) the charges, indicating the financial misconduct the employee, official or member is alleged to have committed;
- (c) the findings;
- (d) any sanction imposed on the employee, official or member; and
- (e) any further action to be taken against the employee, official or member, including criminal charges or civil proceedings.

- 4.6.2 The head of the health facility or regional director must inform the Minister, the Treasury and the Head of Department, the Department of Public Service and Administration and the Public Service Commission of the outcome of any criminal proceedings instituted against any official for financial misconduct in terms of these regulations.
- 4.6.3 The Head of Department must inform the Minister of the outcome of any criminal proceedings instituted against any chairperson for financial misconduct in terms of these regulations.
- 4.6.4 The chairperson must, on an annual basis, submit to the Department and Auditor-General a schedule of –
- (a) the outcome of any disciplinary proceedings and/or criminal charges;
  - (b) the names, ranks and positions of employees, officials or members involved; and
  - (c) the sanctions and any further actions taken against these employees, officials or members.
- 4.6.5 The schedule mentioned in regulation 4.6.4 must be accompanied by a report which refers to any changes made to the Board's systems of financial and risk management as a result of any investigation.

## **5. BUDGETING AND RELATED MATTERS**

### **5.1 ANNUAL BUDGET**

5.1.1 The chairperson of the Board must table annually an operational budget for a financial year at an ordinary meeting before the start of that financial year, or in exceptional circumstances, on a date as soon as possible after the start of that financial year as the Minister may determine.

5.1.2 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;
- (b) Estimates of current expenditure for that financial year (e.g. commitments brought forward, salaries, honorariums, bank fees and operational costs).
- (c) Estimates of capital expenditure (e.g. office equipment) for that financial year and the projected financial implications of that expenditure for future financial years;
- (d) Proposals for financing any anticipated deficit for that financial year;
- (e) The projected-
  - (i) revenue for the previous financial year;
  - (ii) expenditure for the previous financial year; and
- (f) any other information as may be prescribed.

5.1.3 If an annual operational budget is not approved before the start of the financial year to which it relates, funds to be withdrawn may not exceed the appropriation of the previous financial year until the budget is approved.

5.1.4 All expenditure should be recommended by the finance committee and approved by the Board and if not approved such expenditure will be deemed unauthorised until approved by the Board.

## **6. REVENUE MANAGEMENT**

### **6.1 GENERAL**

6.1.1 The chairperson must ensure that revenue is managed efficiently and effectively by instituting a tariff register that provides for the identification, collection, safeguarding, recording and reconciliation of information about revenue.

6.1.2 The tariff register must contain the following information:

- (i) Description of service.
- (ii) Date last amended.
- (iii) Current tariff per unit.
- (iv) Explanation of how the tariff was derived.

6.1.3 All tariffs must be reviewed at least annually by the Board and the following aspects must, where applicable, be taken into consideration during the determination/revision of the tariffs:

- types of products and/or services provided;
- direct and indirect costs incurred to provide the products and/or services;



- exemptions and discounts;
- free products and/or services, and
- any aspects of material influence.

## **7. EXPENDITURE MANAGEMENT**

### **7.1 RESPONSIBILITY OF THE CHAIRPERSON**

7.1.1 The chairperson of a Board must ensure that internal procedures and internal control measures are in place for payment approval and processing.

### **7.2 APPROVAL OF EXPENDITURE**

7.2.1 Boards are not subject to the prescripts of the Western Cape Provincial Tender Board Law, 1994 (No. 8 of 1994) in acquiring goods and services. As public funds are involved and to promote transparency and accountability, it is deemed desirable, where possible that similar procedures are followed as that of provincial facilities in obtaining goods and services and to promote accepted procurement principles.

7.2.2 A member or employee of a Board or an official may not spend or commit Board money except with the recommendation of the Finance Committee. In exceptional circumstances the chairperson of the Board may give authorisation for purchases. Such purchases must be presented for authorisation at the following Board meeting.

7.2.3 A Board may also where permissible, procure goods and services from existing provincial and national tenders should they so desire.

### 7.3 PAYMENTS AND VOUCHERS

- 7.3.1 Suitable arrangements must be made to ensure that all claims payable are received within a reasonable period to prevent claims being submitted long after services have been rendered. Every effort must be made to ensure that any permissible discounts are taken advantage of.
- 7.3.2 Monthly accounts and statements of outstanding balances rendered by suppliers to a Board must be verified with the records of the Board. Any discrepancies must immediately be taken up in writing with the supplier concerned.
- 7.3.3 Vouchers must be compiled for all payments.
- 7.3.4 Certificates in support of vouchers must be given by employees, officials or members who have actual knowledge of the goods supplied and the services rendered.
- 7.3.5 An employee, official or member furnishing an inaccurate certificate resulting in an irregular payment or overpayment may be liable for any loss or damage suffered.
- 7.3.6 The following must be certified in respect of the various services and claims:
- (a) **Goods supplied –**  
that the supplies were in fact required for an approved service, were on receipt correct and in good condition, that the rates are in accordance with the relative quotation, contract or an agreement and that they are fair and reasonable and that the supplier is entitled to payment.

(b) **Services rendered –**

that the services rendered were necessary and were satisfactorily carried out, and that the rates are in accordance with the relative tariff, contract or agreement, or otherwise are fair and reasonable and that the supplier is entitled to payment.

7.3.7 Prior to a payment being made, the person verifying the voucher for payment must ensure that the documents in support of the voucher is in order. If for any reason a document is found to be defective, or if there are reasonable grounds for doubting its accuracy, the document must be returned to the employee or official who issued it, who must amend the mistake and initial the correction. It remains the duty of members who examine them to institute the necessary enquiry if in their opinion a certificate is inconsistent with the facts.

7.3.8 The person verifying the voucher for payment must thereafter certify it accordingly and make sure that the following requirements have been complied with before proceeding with the payment, viz. That the claim is –

- (a) a proper charge against Board moneys and has not already been paid;
- (b) in accordance with a law, regulation, tariff or agreement or that it is fair and reasonable;
- (c) covered by competent authority;
- (d) correct in respect of the period covered by the claim;
- (e) correct with regard to computations;
- (f) supported, where applicable, by the necessary documents or an explanation of the absence thereof; and

(g) in general order.

7.3.9 A progress or part payment must not be made unless it is supported by a certificate indicating that the amount of the payment requested is fully covered by or equal to stores or equipment already so delivered or for the services already so rendered.

7.3.10 An initial or progress payment in terms of a contract or written agreement must not be considered an advance but must be brought into account against the appropriate service and a voucher for such payment must –

(a) show the total amount payable in terms of the contract or agreement;

(b) show the total amount of all previous payments under the contract or agreement;

(c) show the total payments to date, including the payment being made by the voucher;

(d) show the balance due; and

(e) be supported by a certificate from a duly authorised person that the supplier is entitled to the payment in terms of the contract or agreement.

7.3.11 Where the services of consultants are contracted to perform work on behalf of the Board, a certificate that a progress payment has become due under the contract must first be obtained from such consultants before a payment can be effected.

- 7.3.12 A final payment upon the completion of a contract must be supported by a certificate from a duly authorised person of the Board that the terms of the contract have been properly complied with in every respect.
- 7.3.13 Payments may only be made to persons to whom they are due or to their duly authorised representatives. Person's responsible for making the actual payment must satisfy themselves that the representatives concerned are duly authorised by means of a power of attorney or other proper authority to receive such payments.
- 7.3.14 Where an error or overcharge is made in an invoice or claim, or where such invoice or claim contains an item which is not acceptable as a charge against Board moneys, and the payment voucher differs from the account submitted, the correct amount due must be paid and the supplier or claimant notified accordingly.
- 7.3.15 Where requisitions, invoices or statements are the supporting documents to a payment voucher, sufficient detail must be given on the voucher to ensure that the expenditure can be identified should the requisitions, invoices or statements become detached or removed.

#### 7.4 **ORDERS AND ORDER FORMS**

- 7.4.1 Orders for the purchase of goods and requisitions for the supply of services must only be made on consecutively numbered order forms printed in duplicate approved by the Board, and which bear the name of the Board. Such forms constitute an essential part of any vouchers submitted in support of payment.
- 7.4.2 When supplies or services are urgently required and are ordered by facsimile or telephone, the order form number must be given to the supplier. The order

form must then be forwarded to the supplier as soon as possible after the order has been placed.

7.4.3 Where the issue of an order form for the supply of goods or services has been overlooked and the omission is only discovered later, the order form must nevertheless be completed to avoid double payments. In such cases the supplier's copy, after having been suitably endorsed, must be placed in the order book under the date on which the goods were purchased and a suitable endorsement made on the order book copy.

7.4.4 The payment copy of the order form must be retained in the issuing office until the invoice with the necessary certifications are received, whereafter the payment voucher must be submitted for payment.

7.4.5 To prevent double payments in cases where the payment copy of an order form has been mislaid, the following procedure must be followed:

(a) The details appearing on the book copy of the order form must be dispatched by the issuing office to the recipient of the goods or service for certification that the goods have been received and are as ordered, or that the service has been satisfactorily carried out.

(b) When the certified order form is received back in the issuing office, the book copy of the order form must in addition to the requirements of regulation 7.4.6 be endorsed as follows:

“Original payment copy mislaid – not previously paid”.

(c) Thereafter a photostat copy or a duplicate of the book copy must be used to serve as the payment copy and, as proof that the order has been executed, the certified form must be attached and submitted together with the invoice for payment.

7.4.6 Order form books must be examined at regular intervals to ensure that all accounts have been received and forwarded for payment. The number of the cheque or the payment number, or the date on which the account is passed for payment, or the date the account is finally disposed of or paid must be endorsed on all office copies of order forms issued.

## 7.5 **PERSONNEL COSTS**

7.5.1 Activities relating to the authorisation of appointments, the authorisation of payments and the recording of those payments may not be performed by the same person.

7.5.2 The chairperson must ensure that the personnel cost of all appointees, as well as promotion, salary increases, bonuses and merit awards can be met within the budgetary allocation of the Board.

7.5.3 For all employees, the chairperson must certify on the date of payment that all persons listed on the payroll report are entitled to payment. Employees paid by cheque must sign the payroll report when collecting their cheques.

7.5.4 Where remuneration is deposited into the banking account of an employee and a deposit is recalled or must be recalled for some reason, the following procedure must be followed in accounting for the moneys payable for recall:

- (a) Should the beneficiary request that the deposit be recalled in his/her interest, the costs for recall are payable by him/her;
- (b) Should a person in the employ of the Board be responsible for an erroneous deposit that needs to be recalled, the recovery of the costs for such recall must be recovered from that person.

- (c) In cases where the recall is done in the interest of the Board, the costs for recall in that particular instance must be dealt with as a debit against the Board's account from which the person's salary is paid.

7.5.5 Payroll reports, certifying that the persons listed thereon are in fact entitled to receive the salaries or wages as indicated, must be filed in chronological order and be available for audit and inspection purposes.

7.6 **ADVANCES AND CLAIMS IN RESPECT OF SUBSISTENCE AND OTHER RELEVANT INCIDENTAL EXPENSES**

7.6.1 Where justified by circumstances advances may be granted by the Board in respect of subsistence and other relevant expenses to members, employees or officials.

7.6.2 A claim in respect of subsistence and other relevant expenses must be submitted immediately after the member, employee or official's return to his/her office. Advances must be offset against claims for subsistence and other expenses and in the event of a claim being less than the advance, the difference must immediately be repaid by the person concerned.

7.6.3 Suitable records must be maintained to avoid the double payment of claims or portions thereof.

7.6.4 Notwithstanding the fact that the Western Cape Provincial Treasury Instruction 8.3.6.7 indicates that persons in the employ of the Provincial Government who serve as members of Boards, committees or as advisors of Boards, must be paid subsistence and other expenses in terms of the Public Service Act, 1994 (as amended), which must be accounted for against the



votes of their departments, the Act stipulates that these costs must be borne by the Health Facility Board.

## **8. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

### **8.1 GENERAL**

8.1.1 The chairperson of a Board must exercise all reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure, and must for this purpose implement effective, efficient and transparent processes of financial and risk management.

8.1.2 When an employee or member of a Board or an official discovers unauthorised, irregular or fruitless and wasteful expenditure, that employee, official or member must immediately report such expenditure to the chairperson. Such expenditure must also be reported in the minutes of the next ordinary meeting of the Board.

8.1.3 Unauthorised, irregular or fruitless and wasteful expenditure when reported must be considered by the Board on whether the expense should be justified or not. If the expenditure can be justified the Board can authorise the expenditure.

8.1.4 When a chairperson determines the appropriateness of disciplinary steps against the employee, official or member responsible for the financial misconduct, the chairperson must take into account –

- (a) the circumstances of the transgression;
- (b) the extent of the expenditure involved; and
- (c) the nature and seriousness of the transgression.

- 8.1.5 Losses or damages resulting from unauthorised, irregular or fruitless and wasteful expenditure must be recovered from the responsible official or employee or member of the Board.
- 8.1.6 The recovery of losses or damages resulting from unauthorised, irregular or fruitless and wasteful expenditure must be dealt with in accordance with regulation 11.
- 8.1.7 The amount of the unauthorised, irregular, fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of the Board.

## **9. ASSET MANAGEMENT**

### **9.1 RESPONSIBILITY FOR ASSET MANAGEMENT**

- 9.1.1 The chairperson of a Board must take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, losses, wastage and misuse.
- 9.1.2 The chairperson must ensure that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical and transparent use of the Board's assets.

### **9.2 RECORDING OF ASSETS**

- 9.2.1 A register of all assets under a Board's control, including information deemed necessary in respect of an asset or a category of assets, must be readily available for audit and inspection purposes.

### 9.3 **MARKING OF BOARD PROPERTY**

9.3.1 All equipment which is capable of being marked and which has not already been suitably marked, must be clearly marked to indicate ownership by the particular Board.

9.3.2 Upon disposal the Board's mark on equipment must be cancelled with a cross ("X") to show that ownership has ceased.

### 9.4 **HANDING-OVER**

9.4.1 Where a change in persons in direct control of equipment takes place, a handing-over certificate must be completed and a copy retained for record and audit purposes.

9.4.2 If for any reason the person from whom the equipment is being taken over is not available, an impartial person must be nominated, in writing, to assist the person taking over with the verification of the equipment and the certification of any discrepancies.

9.4.3 In case of failure to comply with the requirements of a handing-over certificate, the person taking over may be held liable for any shortages, unless it can be established that the shortage existed prior to the person taking over.

### 9.5 **UNAUTHORISED USE AND TRANSACTIONS**

9.5.1 During the requisitioning, consideration, acceptance or allocation of quotations or any offer, no person employed by the Board or any person who acts on behalf of the Board may exercise or use his/her discretion, official powers or position in such a manner as to obtain for himself/herself or for any other person or legal person an unlawful or unauthorised advantage or an advantage

that serves to unlawfully prejudice the interests of the Board or any other person or legal person.

9.5.2 Equipment must only be kept in accommodation designated by the chairperson.

9.5.3 Equipment must only be used for official purposes.

## 9.6 **DISPOSAL AND LETTING OF ASSETS**

9.6.1 Disposal and letting of assets must be at market-related value or by quotation or auction, whichever is most advantageous to the Board.

## 9.7 **ASSETS BEQUEATHED OR DONATED TO THE BOARD**

9.7.1 All assets bequeathed or donated to a Board must on receipt be taken up in the asset register and such bequest and its terms and conditions must be minuted.

# **10. MANAGEMENT OF DEBTORS**

## **10.1 APPLICATION**

10.1.1 This regulation applies to all debts accruing to a Board and includes any amount owing to or receivable by the Board.

## **10.2 RESPONSIBILITY FOR THE MANAGEMENT OF DEBTORS**

10.2.1 The chairperson of a Board must take effective and appropriate steps to timeously collect all money due 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 an attorney, where economical, to consider a legal demand and possible legal proceedings in a court of law could be done via the Branch: Legal Services of the Provincial Government.

### 10.3 **RECOVERY OF DEBTS BY INSTALMENTS**

10.3.1 Debts owing to the Board may, at the discretion of the chairperson, be recovered in instalments unless otherwise determined by agreement.

### 10.4 **WRITING OFF OF DEBTS OWING TO THE BOARD**

10.4.1 A chairperson may only write off a debt owed to a Board if he or she is satisfied that –

- (a) all reasonable steps have been taken to recover the debt and the debt is irrecoverable, or
- (b) he or she is convinced that –
  - (i) recovery of the debt would be uneconomical;
  - (ii) recovery would cause undue hardship to the debtor or his or her dependants; or
  - (iii) it would be to the advantage of the Board to effect a settlement of its claim or to waive the claim.

- (iv) and the write-off is approved by the Board and is accordingly minuted.

10.4.2 All debts written off must be disclosed in the annual financial statements, indicating the policy in terms of which the debts were written off.

## 10.5 **INTEREST PAYABLE ON DEBTS TO THE BOARD**

10.5.1 Interest may be charged on debts to the Board at the interest rate decided upon by the Board provided it does not exceed the interest charged by the Department.

## 11. **MANAGEMENT OF LOSSES AND CLAIMS**

### 11.1 **GENERAL**

11.1.1 Subject to the provisions of this regulation, the Board will bear its own damages and accident risks and be responsible for all claims and losses of property where these arise from Board activities by a member, official or employee who is liable in law and who is or was employed by a Board. However the Board may acquire the necessary insurance on properties and liabilities.

### 11.2 **CLAIMS AGAINST THE BOARD THROUGH ACTS OR OMISSIONS**

11.2.1 A Board must accept liability for any loss or damage suffered by a third party which arose from an act or omission of a member, official or employee, and does not recover compensation from such member, official or employee, provided the member, official or employee shall forfeit this cover if he or she, with regard to the act or omission, is liable in law and –

- (a) intentionally exceeded his or her powers;
- (b) made use of alcohol or drugs;
- (c) did not act in the course and scope of his or her membership or employment;
- (d) acted recklessly or intentionally;
- (e) without prior consultation with the Board, made an admission that was detrimental to the Board; or
- (f) failed to comply with or ignored standing instructions, of which he or she was aware of or could reasonably have been aware of, which led to the loss, damage or reason for the claim.

11.2.2 If in doubt, the chairperson may approach the Branch Legal Services of the Administration on whether an attorney must be consulted on questions of law on the implementation of regulation 11.2.1.

11.2.3 Except when a Board has accepted liability in terms of regulation 11.2.1, an amount paid by the Board for losses, damages or claims arising from an act or omission of a member, official or employee must be recovered from the member, official or employee concerned.

11.2.4 An attorney may only obligate the funds of a Board with the prior written approval of the chairperson.

### **11.3 CLAIMS BY THE BOARD AGAINST OTHER PERSONS**

11.3.1 If the Board suffers a loss or damage and the other person denies liability, the chairperson may request the assistance of the Branch: Legal Services of the Administration before referring the matter to an attorney for legal action, including the recovery of the value of the loss or damage.

### **11.4 CLAIMS BY MEMBERS, OFFICIALS OR EMPLOYEES AGAINST THE BOARD**

11.4.1 If a member, official or employee sustains a loss or damage in the execution of official duties and is not compensated, the Board may make good the loss or damage provided that the member, official or employee can prove such loss or damage.

### **11.5 LOSSES OR DAMAGES THROUGH CRIMINAL ACTS OR OMISSIONS**

11.5.1 When it appears that the Board has suffered losses or damages through criminal acts or possible criminal acts or omissions, the matter must be reported, in writing, to the Head of the Department and the South African Police Service. Whether or not the member, official or employee is still a member or in the employ of the Board or the health facility, the chairperson must attempt to recover the value of the loss or damage from the member, official or employee responsible.

11.5.2 The Board may write off losses or damages arising from criminal acts or omissions if, after a thorough investigation, it is found that the loss or damage is irrecoverable.



11.5.3 When movable assets are written off, this must be noted in the asset register and minuted.

11.6 **LOSSES AND DAMAGES THROUGH *VIS MAJOR* AND OTHER UN-AVOIDABLE CAUSES**

11.6.1 The Board may write off losses and damages that result from *vis major* and other unavoidable causes.

11.7 **RECOVERY OF LOSSES AND DAMAGES**

11.7.1 Losses or damages suffered by a Board because of an act or omission by a member, official or employee must be recovered from such a member, official or employee if that member, official or employee is liable in law.

11.7.2 The chairperson must determine the amount of the loss or damage and, in writing, request that member, official or employee to pay the amount within 30 days or in reasonable instalments. If the member, official or employee fails to comply with the request, the matter must be handed to an attorney for the recovery of the loss or damage. The Board may request the assistance of the Branch: Legal Services before such hand-over.

11.7.3 A claim against a member or person must be waived if the provisions of regulation 11.2.1(a) to (f) are not applicable.

11.7.4 If in doubt, the chairperson must consult an attorney on questions of law in the implementation of regulation 11.7.1 and 11.7.3.

## 11.8 **WRITING-OFF OF LOSSES OR DAMAGE**

11.8.1 When considering writing off any loss or damage the Board must take full cognisance of all facts regarding the matter and their decision must be fully minuted.

## 12. **LOANS, GUARANTEES, LEASES AND OTHER COMMITMENTS**

### 12.1 **GENERAL**

12.1.1 The Board may not issue a guarantee, security or indemnity that may bind the Board, except with the prior approval of all members of the Board, provided such guarantee, security or indemnity does not exceed 50 % of the Board's total assets.

12.1.2 The chairperson of a Board must ensure that no member, official or employee of the Board or any other person borrows money on behalf of that Board, or issues an unauthorised guarantee, security or indemnity. The chairperson must ensure that appropriate misconduct or criminal proceedings are instituted against any person responsible for transgressions with regard to borrowings, guarantees, securities or indemnities.

12.1.3 Should the chairperson be responsible for transgressions with regard to borrowings, guarantees, securities or indemnities, the Minister must initiate appropriate misconduct or criminal proceedings against the chairperson as soon as he/she becomes aware of the transgression.

12.1.4 The chairperson must report on all known contingent liabilities of the Board in its annual report.

12.1.5 A Board may not borrow funds and may not run overdrafts.

## 12.2 LEASE TRANSACTIONS

12.2.1 For the purpose of this regulation, an operating lease is regarded as a contract that gives the lessee (the renter) the right to the use of property, plant or equipment for a fixed period of time with a fixed schedule of payments to the lessor (the owner).

12.2.2 The Chairperson of a Board may, for the purpose of conducting the Board's business, enter into lease transactions provided that such transactions are limited to operating leases.

12.2.3 The chairperson may under no circumstances enter into finance leases. For the purpose of this regulation, a lease is considered to be a finance lease if:

- (a) the lease transfers ownership of the asset to the lessee by the end of the lease period;
- (b) the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable, so that at the inception of the lease it is reasonably certain that the option will be exercised;
- (c) the lease term is for the economic life of the asset even if the title is not transferred;
- (d) at the inception of the lease, the present value of the minimum lease payments amount to at least 90 % of the fair value of the leased asset;
- (e) the leased asset is of a specialised nature such that only the institution can use the asset without major modifications being made;
- (f) the lessor's losses associated with cancellation of the lease by the lessee is borne by the lessee; or

- (g) the leased asset cannot be easily replaced by another asset.

### **13. MONEY AND PROPERTY HELD IN TRUST**

#### **13.1 GENERAL**

- 13.1.1 Regulation 14 is not applicable to the management of trust money in terms of this regulation.

#### **13.2 RESPONSIBILITY FOR TRUST MONEY AND PROPERTY**

- 13.2.1 For purposes of this regulation, trust money or property (bequeathed to a Board) is money or property to be administered by a Board as executor, tutor or curator in terms of the provisions of the Administration of Estates Act, 1965 (Act No. 66 of 1965).
- 13.2.2 The Board, through the chairperson or a duly authorised agent, is responsible for the safekeeping and proper use of trust money and property, in accordance with the relevant deed of trust or equivalent instrument.
- 13.2.3 The Board or its duly authorised agent, may charge a fee for the administration of a trust account at rates approved by the board of trustees or, in its absence, as agreed with the trustee. Such fees are payable from the trust account and are revenue accruing to the relevant revenue fund of the Board.

#### **13.3 MONEY MUST BE KEPT IN A TRUST ACCOUNT**

- 13.3.1 The Board must, for each separate portion of trust money –
  - (a) open and maintain a separate bank account, called a trust account;

- (b) assign to the trust account a name or title that clearly identifies the account;
- (c) maintain separate accounting records for each trust account, of the transactions, including investment transactions, undertaken; and
- (d) annually prepare separate annual financial statements that comply with generally accepted accounting practice.

#### 13.4 **INVESTMENT OF TRUST MONEY**

13.4.1 The Board may, provided that it does not conflict with the terms of the trust arrangement, invest any trust money on such terms and conditions as may be appropriate-

- (a) on deposit with any bank within or outside South Africa as approved by Treasury;
- (b) in public securities issued by the government; or
- (c) in other securities approved by Treasury.

13.4.2 The proceeds of an investment, including interest and realised capital gains, and all money received from the realisation, sale or conversion of securities, must be treated as money of the trust on whose behalf the money was invested.

#### 13.5 **ASSET REGISTER**

13.5.1 A separate asset register must be kept for all property held in trust.

## **14. BANKING AND CASH MANAGEMENT**

### **14.1 GENERAL**

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

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

- (a) collecting revenue when it is due and banking it promptly;
- (b) making payments, no earlier than necessary, with due regard for efficient, effective and economical delivery and the normal terms for account payments;
- (c) avoiding prepayments for goods or services (i.e. payments in advance of the receipt of the goods or services), unless required by the contractual arrangements with the supplier;
- (d) accepting discounts to effect early payment;
- (e) pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the Board are collected and banked promptly;
- (f) accurately forecasting the Board's cash flow requirements to optimise its cash management responsibilities.
- (g) timing the in and outflow of cash;

- (h) recognising the time value of money, i.e. economically, efficiently and effectively managing cash;
- (i) taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under-utilised assets;
- (j) performing bank reconciliation's on a regular basis to detect any unauthorised entries;
- (k) ensuring that dishonoured warrant vouchers and cheques are followed-up immediately; and
- (l) the separation of duties to minimise the incidence of fraud.

## 14.2 **CURRENT ACCOUNT AND RESPONSIBLE PERSONS**

14.2.1 The Board must have a single current account (cheque account) at a commercial bank approved by the Head of the Department in which all funds must be deposited immediately upon receipt. The Board may approve that a transmission account be opened at the approved bank for the receipt of donations in respect of reserved funds. This account must be cleared on a monthly basis by transferring the funds to the current account. The approval by the Board for such an account must be fully minuted..

14.2.2 The chairperson of the Board must assign in writing the duties of persons responsible for the collection, receipt and banking of Board moneys and such persons are responsible for the safe custody of all such moneys under their control.

- 14.2.3 If a person entrusted with the receipt, payment or collection of Board moneys is relieved of his/her duties, either temporarily or permanently, his/her receipts and payments and cash books, or in the case of computerised systems the corresponding control accounts, must be checked and balanced and the correctness of the balances and cash on hand certified by the signatures of the person being relieved, the person taking over and the supervisor. If the person being relieved is for any reason not able to so certify, a third person must, where possible, be called upon to certify the correctness of the balance by appending his/her signature.
- 14.2.4 When a person is relieved as contemplated by regulation 14.2.3, a list must be compiled of the contents of any safe or deposit box within a safe handed over and this list must be certified by the persons referred to in that regulation.

### 14.3 **PRIVATE MONEY, PRIVATE BANK ACCOUNTS AND CASHING PRIVATE CHEQUES**

- 14.3.1 Private money may not be deposited into the Board's bank account nor may Board money be paid into a private bank account.
- 14.3.2 The safekeeping of private money or personal possessions in a Board's safe or strongroom is prohibited.
- 14.3.3 A Board's money may not be used to cash private cheques.

### 14.4 **RECEIPTS**

- 14.4.1 Every Board must have at its disposal a receipt book which must provide for the following:
- (i) Receipts must be in duplicate.
  - (ii) Receipts must be numbered consecutively.



- (iii) The name of the payee.
- (iv) The purpose for which payment is made.
- (v) The amount paid in words and figures.
- (vi) Type of remittance received (cheque, cash or other).
- (vii) Date of receipt.
- (viii) Signature of recipient.
- (ix) Each receipt must be imprinted with the name of the Board.

14.4.2 Moneys received must be brought into account by the immediate issuing of an official receipt.

14.4.3 The original of the receipt is to be handed to the payee.

14.4.4 The copy of the receipt is the book copy and should stay in the receipt book.

14.4.5 No receipt may be issued for a post-dated cheque before the date of the cheque.

14.4.6 Cheques, bankers drafts, money orders, postal orders and other negotiable instruments of payment received by a person on behalf of and made out to the Board, must immediately on receipt thereof be crossed by adding the words “not transferable” between two parallel transverse lines.

14.4.7 Alterations must not be made to the name of the payee, the amount in words and the amount in figures in the official receipt, while no erasures of any kind must be permitted. Any receipt, which has been incorrectly filled in, must be cancelled and dealt with in the manner outlined in regulation 14.4.9.

14.4.8 All receipts must be completed in permanent black ink or with a non erasable black ball point pen.

- 14.4.9 If a receipt, is cancelled, the word “CANCELLED” must be endorsed by means of a rubber stamp or in bold writing in ink across the face of the original form, as well as the copy, and both (original plus copy) must be preserved for inspection and audit purposes.
- 14.4.10 If a cheque is presented for payment by a person other than the drawer thereof, the name of the drawer of the cheque must be indicated on the receipt.
- 14.4.11 In no circumstances may more than one original receipt be issued for the same payment. If a further original receipt is issued in error, it must be cancelled as indicated in regulation 14.4.9.

#### 14.5 **DIRECT DEPOSITS INTO BANK ACCOUNT OF BOARD**

- 14.5.1 Donations and payments directly into the bank account of the Board must be identified on receipt of the current account statement from the bank.
- 14.5.2 Donors and debtors must be requested to forward copies of their deposit slips to facilitate identification of the deposits.
- 14.5.3 No covering receipts are issued for these deposits.
- 14.5.4 Should it be known for what purpose the donation or payment was made the money can be allocated to that specific reserved fund. Otherwise the money is allocated to the Board’s general fund.

#### 14.6 **DEPOSITING OF BOARD MONEYS**

- 14.6.1 The number of the Board’s Account or the name of the banking account to be credited and the name of the Board, must be clearly indicated by means of a

rubber stamp impression on the reverse side of all warrant vouchers, cheques or other negotiable instruments (excluding bank-notes) deposited at a bank.

- 14.6.2 All amounts received must be banked regularly, at least weekly or preferably on the date of receipt. However all cash must be banked by the last working day of the month.
- 14.6.3 The amount of each cheque included in a deposit must be listed on the deposit slip (or a schedule attached thereto) and the total value of postal orders as well as money orders included in a deposit must be entered separately. In addition, the number and total amount of each denomination of postal and money orders must be listed on separate summaries, the totals of which should agree with the amounts appearing on the slip concerned, and attached to the orders. The total number of cheques, postal and money orders, included in the deposit must be shown in the space provided on the slip.
- 14.6.4 The copy of the bank stamped deposit slip, with the lists must be retained with the relevant copy receipts for audit purposes.

#### 14.7 **CASH WITHDRAWALS FROM AND DEPOSITS AT A BANK**

- 14.7.1 The duty of drawing cash from a bank or of depositing cash must be assigned in writing by the chairperson of the Board to an employee of the Board or by the head of the health facility (in consultation with the chairperson) in the case of an official.
- 14.7.2 Cash drawn at a bank must be checked and verified in the presence of an official of the bank by the person referred to in regulation 14.7.1 before he/she leaves the bank premises. Any surplus or deficiency must immediately be brought to the notice of the bank officials.

14.7.3 Where local circumstances so require, any other precautionary measures which may be necessary to safeguard cash en route between the bank and the office concerned must also be taken.

#### 14.8 **CHECKING OF MONEYS AND FACE-VALUE INSTRUMENTS**

14.8.1 The chairperson or a responsible person designated by him/her in writing must at least once a month carry out a check of all moneys and face-value instruments to ensure that the amount on hand is correct, that moneys which should have been banked have not been withheld and that the instructions regarding the receipt, custody and disposal of Board moneys have been carried out.

#### 14.9 **USE OF SAFES**

14.9.1 Except where required for immediate use or temporarily held in the course of collection under the direct control of the person handling it, money must be kept in a safe and not be left in tills or drawers, even though locked. In no circumstances must anyone in charge of a safe leave it unlocked in his/her absence.

14.9.2 The sharing of safes or other safe custody receptacles should in normal circumstances not be permitted, but if circumstances necessitate such sharing, arrangements must be made to ensure that it is possible at all times to fix responsibility for the safe custody and security of Board moneys, etc.

## 14.10 **CHEQUES**

- 14.10.1 Cheques issued manually must be prepared in permanent black ink or with a black ballpoint pen (with exception of an erasable ball-point pen). In the case of such issues the amount in words and in figures must be neatly written or printed, with the figures as near as possible and to the left-hand margin of the space provided, and the unused portion crossed out. A hyphen must separate the rands from the cents, and not a comma. The issuing of cheques, whether manual, mechanical or by computer, must be done in such a manner that any subsequent alteration will be noticed immediately.
- 14.10.2 All cheques must be crossed “NOT TRANSFERABLE” between parallel lines (cash cheques excluded). The cancellation of crossings is not permitted.
- 14.10.3 Alterations to the name of the payee, the amount in figures and the amount in words must not be made on any cheque and no erasures of any nature must be permitted.
- 14.10.4 Any cheque incorrectly filled in must be cancelled by endorsing the word “CANCELLED” by means of a rubber stamp or in bold writing in ink across the face of the cheque, as well as the counterfoil and must be preserved for inspection and audit purposes.
- 14.10.5 Before signing a cheque by hand, each signatory must make a proper check of the documents or vouchers supporting a payment and satisfy himself/herself that –
- (a) the payment is a correct charge against the account concerned;
  - (b) the payment has been duly authorised;

- (c) the cheque has been prepared in the manner outlined in regulations 14.10.1, 14.10.2 and 14.10.3.
- (d) the cheque bears the correct date, and the banking account number is clearly stated.

14.10.6 Subject to Regulation 2.1.6 only authorised members may sign cheques.

#### 14.11 **PAID CHEQUES RECEIVED FROM THE BANK AND RECONCILIATION STATEMENTS**

14.11.1 Paid cheques received from the bank at which an official banking account is kept, must be handed to the person designated to receive such documents.

14.11.2 Cheques must be inspected to ensure that they have been endorsed as paid by the bank.

14.11.3 Paid cheques must be dealt with as follows:

- (a) The cheques received from the banks must be marked off physically, and it must be established without a doubt that all paid cheques reflected in the debit lists have in fact been received.
- (b) The cheques must be carefully checked against the lists of debits and credits.
- (c) These lists must be signed and dated as evidence that the checking has been carried out and together with the paid cheques and account advices, must be kept until the reconciliation has been completed.
- (d) Thereafter the paid cheques must be filed with the expenditure vouchers.

## 14.12 **RE-ISSUE OF CHEQUES**

- 14.12.1 The re-issue of a cheque that has been lost, destroyed or stolen and of which the validity has not expired, is left to the discretion of the responsible person, subject to due consideration being given to such factors as the lapse of time from the date of issue, the integrity and financial status of the payee.
- 14.12.2 In the event of a payee having reported in writing that a cheque was not received or that it has been lost, destroyed or stolen, the responsible person must provide full details of such cheque direct to the branch of the bank on which the cheque has been drawn, with the request that payment thereof be stopped.
- 14.12.3 If the payment of a cheque is to be stopped and an acknowledgement of receipt of the notice of stoppage has been obtained from the bank concerned, a replacement cheque may be issued.
- 14.12.4 In terms of the Bills of Exchange Act, 1964 (No. 34 of 1964) a cheque must be presented for payment within a reasonable time, which the banking sector considers as a best practice to be six months.
- 14.12.5 The time period whereafter the placement of stop payments on outstanding cheques are done is six months. The prevention of cheque fraud must however be taken into consideration.
- 14.12.6 The loss of an unused cheque form must immediately be reported in writing to the chairperson, who must immediately take remedial steps.
- 14.12.7 Should a payee of a cheque issued by a Board report in writing that payment has not been received, and it transpires that the cheque has been negotiated the following steps must be taken:

- (i) An affidavit must be obtained from the payee that he/she has not negotiated the cheque.
- (ii) The matter must be reported to the South African Police Services.
- (iii) Another cheque must be issued against disallowance.

### 14.13 **PETTY CASH**

14.13.1 Where sufficient need exists to have cash available for the immediate payment of petty expenditure, the approval of the Board must be obtained for the establishment of petty cash facilities. Such approval must be minuted.

14.13.2 Funds for petty cash are deemed to be advances which must be accounted for to the chairperson and until such an advance has been accounted for, a petty cash payment must not be treated as a final charge.

14.13.3 The following instructions must be complied with:

- (a) The keeping of a petty cash register must be entrusted to a responsible person in writing by the chairperson and the said person must immediately enter all payments and replenishments in the petty cash register.
- (b) A supporting voucher must be obtained for each payment.
- (c) Private cheques may not be cashed from petty cash.
- (d) Petty cash moneys must be kept apart from other Board moneys, but not necessarily in separate safes.



- (e) The petty cash register must be balanced monthly and verified by the chairperson or a person nominated by him/her in writing, and verified with the actual cash on hand.

#### 14.14 **ELECTRONIC PAYMENTS AND TRANSFERS**

- 14.14.1 Should a Board decide to effect payments by means of electronic payments, such decision must be minuted.
- 14.14.2 The chairperson must assign authority in writing to officials or employees to approve electronic payments.
- 14.14.3 No electronic payment may be effected unless a payment voucher consisting of the following has been compiled:
  - an authorised order/payments form signed by 2 members of the Finance Committee as contemplated in regulation 2.1.6;
  - an authorised requisition form containing a signature that the goods/services have been delivered;
  - a duly signed delivery note, if applicable;
  - an invoice, and
  - a copy of the minuted boards' authority for the purchase/payment.
- 14.14.4 Once the electronic payment has been effected the hard copy of the transaction must be affixed to the payment voucher.
- 14.14.5 On receipt of the bank statement the payment debits must be controlled with the payment vouchers in respect of amounts and names of payees. Any discrepancies must be cleared immediately with the bank.

- 14.14.6 The password allowing officials/employees to effect transactions electronically must be safely guarded and may not be divulged to unauthorised officials/employees.
- 14.14.7 Electronic transfers of Board funds for investment purposes may only be effected on due authority of the Board or its Finance committee, provided such decision by the committee is approved by the Board at its following meeting. The hard copies of such transfers must be affixed with a copy of the Board's decision to the bank statement and kept for record and audited purposes.
- 14.14.8 When an electronic transfer of Board funds is effected between accounts of the Board at the same bank by an authorised official, the hard copy of such transfer must be endorsed with the reason for the transfer and it should be affixed to the bank statement and kept for record and audited purposes.

## **15. BASIC ACCOUNTING RECORDS AND RELATED ISSUES**

### **15.1 USE OF CLEARING AND SUSPENSE ACCOUNTS**

- 15.1.1 All the transactions of a Board must be supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation.

### **15.2 AVAILABILITY OF FINANCIAL INFORMATION**

- 15.2.1 A Chairperson of a Board must ensure that all financial information is retained in its original form as follows –
- (a) information relating to one financial year – for one year after the audit report for the financial year ; or

- (b) information relating to more than one financial year – for one year after the date of the audit report for the last of the financial years to which the information relates.

15.2.2 After the expiry of the above retention periods, the information may, if required, be secured in an alternative form that ensures the integrity and reliability of the data and ensures that the information can be reproduced, if necessary, as permissible evidence in a court of law.

15.2.3 Irrespective of regulation 15.2.1, the following standards apply to the retention of certain types of records –

Type of record	Years after which records can be disposed of
General ledger and cash books or similar records	15
Main transaction summary records, including general journals and transaction summaries Internal audit reports System appraisals	10
Primary evidentiary records, including copies of forms issued for value, vouchers to support payments made, pay sheets, returned warrant vouchers or cheques, invoices and similar records associated with the receipt or payment of money Subsidiary ledgers, including inventory cards and records relating to assets no longer held or liabilities that have been discharged	5
Supplementary accounting records, including, for example, cash register strips, bank statements and time sheets	5
General and incidental source documents not included above, including stock issue and receivable notes, copies of orders (other than copies for substantiating payments or for unperformed contracts), bank deposit books and post registers	5

15.2.4 When financial information is required as evidence in proceedings before a court, Parliament, a provincial legislature, an official inquiry or otherwise, or

for purposes of an audit, it must be secured in its then current form until no longer required, even if the National Archivist has authorised its disposal.

### **15.3 CHANGES TO FINANCIAL SYSTEMS**

15.3.1 Boards must ensure that when amending existing or instituting new computerised systems that will affect financial administration that it is in accordance with generally recognised accounting practice.

### **15.4 MAINTENANCE OF CERTAIN BASIC ACCOUNTING RECORDS**

15.4.1 Board's must maintain a Main Ledger for all moneys under their control.

15.4.2 The Main Ledger must contain at least the following:

- (a) General Account;
- (b) Ledger Account;
- (c) Control Account for Claims, Debt and disallowances.

### **15.5 WRITTEN NOTIFICATION OF DUTIES**

#### **15.5.1 GENERAL**

15.5.1.1 The duties attached to each post in an accounting division or other office where accounting duties of the Board are performed must be notified in writing by the chairperson to the persons occupying such posts. In the case of officials the head of the health facility in consultation with the chairperson must notify them in writing of their duties. Care must be taken to ensure that the allocation of such duties is aimed to ensure the maximum safety of Board

moneys and property. The entrusting of various duties relating to the handling of cheques, whether used or unused, to one person only must be avoided where possible.

**15.6 METHOD OF DEALING WITH COSTS, PENALTIES, FINES, EXCHANGE TRANSACTIONS, LEGAL COSTS AND RECOVERIES**

15.6.1 All costs in connection with the purchase or hire of property, which form a legitimate charge against Board moneys, must be defrayed out of the account which provides for such purchase or hiring of property.

**15.7 ACCRUAL ACCOUNTS**

15.7.1 Transactions will be accounted on the accrual basis of accounting and must be reflected as such the financial statements of the Board.

**15.8 RECOVERY, DISALLOWANCE AND ADJUSTMENT OF PAYMENTS**

15.8.1 If at any time it is found, whether in the course of audit or otherwise, that a payment is not authorised, such payment must immediately be removed from the relative account and charged to a disallowance account or suspense account until such time as the amount is recovered or an adjustment is authorised.

15.8.2 A Chairperson must recover or adjust disallowances in his/her accounts and must ensure that priority attention is continuously given to such recoveries or adjustments to finalise them as soon as possible after the disallowances have been raised.

## **15.9 EXAMINATION OF RECORDS**

15.9.1 Persons assigned in writing to examine records, must sign and date the relevant books and records as evidence that these have been examined.

## **15.10 ERASERS AND USE OF INK**

15.10.1 Erasers must not be permitted in books of account. Any alterations must be made by the ruling out of the incorrect amount, with a single line and inserting the correct amount above it. The person who made the entry as well as the person verifying the entry, must initial such correction or alteration.

15.10.2 All hand-written entries in accounting books and records must be made with black permanent ink.

## **15.11 SAFE CUSTODY**

15.11.1 Adequate precautions must be taken to safeguard all accounting books and records against loss by fire and unauthorised access or removal.

15.11.2 The person responsible for the control over and care of used records must ensure that-

- (a) the records are clearly labelled and also stating the date of disposal;
- (b) the records are neatly and orderly arranged in order to facilitate reference thereto, and
- (c) no records are removed without proper authority.

## **16. ANNUAL FINANCIAL STATEMENTS**

### **16.1. GENERAL**

16.1.1 The annual financial statements must at least consist of the following::

- (a) a balance sheet;
- (b) an income statement,
- (c) a cash flow statement
- (d) any other statements that may be required, and
- (e) any notes to these statements

16.1.2 The format of the statements required in terms of Regulation 16.1, as well as any other related matters, will be established by the Head of Department.

16.1.3 The annual financial statements must, by means of figures and a descriptive report, explain any other matters and information material to the affairs of the Board.

16.1.4 In order to comply with Regulation 3.1.1 the financial statements must be finalised and ready for audit within two (2) months after the end of the financial year.

16.1.5 The annual financial statements must include a report, which amongst others deals with the state of the financial affairs and the activities of the Board. The information in this report is historic in nature and must allow the Board to give an indication of future prospects.

## **17. GIFTS, DONATIONS AND SPONSORSHIPS**

**17.1 GRANTING OF GIFTS, DONATIONS AND SPONSORSHIPS BY THE BOARD**

- 17.1.1 The Board may approve gifts, donations and sponsorships of Board money and other movable property or services in the interest of the health facility/facilities.
- 17.1.2 When equipment is to be donated to a facility the head of the facility must first give his/her recommendation before such gifts or donations are made. This recommendation may be submitted to the equipment advisor of the Department for a recommendation before the donation is accepted.
- 17.1.3 When a Board intends utilising its funds for capital works on buildings including the erection of new building for the health facility, the alteration of and/or extension to buildings or major landscaping, it must approach the Regional Director/head of facility/head of academic institution in order to obtain authority from the Head of Department before building is commenced. Decisions by the Head of Department will be taken in conjunction with the Chief Director of Works in the relevant component of the Administration.
- 17.1.4 For day to day maintenance and minor works/alterations the Board only requires the agreement of the Head of the facility to utilise its funds for such purpose. The same holds for minor landscaping of the grounds.
- 17.1.5 The Board may grant moneys for the provision of amenities including prizes, cups, shields, medallions and merit certificates for competitions or special achievements. Also included are celebrations, honorariums, functions or receptions for special occasions.



17.1.6 The Board may award amounts not exceeding R1 000,00 to employees, officials or hospital staff as it deems fit e.g. long service awards, meritorious suggestions for savings etc.

17.1.7 The Board may defray the costs of employees or officials attending local conferences, seminars, courses, congresses and similar venues provided that the costs does not exceed the maximum amount payable by the Department to its officials.

17.1.8 The Board may institute a Samaritan fund in the form of a petty cash fund additional to the General Fund to assist indigent patients in defraying transport costs and the acquiring of small essentials whilst hospitalised. When instituting the fund the Board must minute the specific purpose and circumstances where it will assist, the maximum amount per case and who will administer such fund. The control measures applicable to the Samaritan fund are the same as that for the control of petty cash as envisaged in regulation 14.11.

## 17.2 **ACCEPTANCE OF GIFTS, BEQUESTS, DONATIONS AND SPONSORSHIPS TO THE BOARD**

17.2.1 The Board may approve the acceptance of any gift, bequest, donation or sponsorship to the Board, whether such gifts, bequests, donations or sponsorships are in cash or kind.

17.2.2 All cash gifts, bequests, donations or sponsorships must immediately be paid into the current account of the Board. In respect of donations for reserved funds the money may be deposited in a transmission account as provided for in regulation 14.2.1

- 17.2.3 Where it is not apparent for what purpose a gift, bequest, donation or sponsorship should be applied, the Board must decide how it may be utilised.
- 17.2.4 The head of the facility or facilities which will utilise equipment donated must first give his/her or their recommendation before any such donation is accepted.
- 17.2.5 Where a gift, bequest, donation or sponsorship is for a specific purpose the head or heads of the facility/facilities must be informed thereof in order to give his/her recommendation regarding the acceptance thereof.

### 17.3 **IDENTITY OF DONORS AND SPONSORS**

- 17.3.1 When a donor or sponsor requests to remain anonymous, the Board must submit to the Head of the Department a certificate from both the Public Protector and the Auditor-General, which states that the identity of the donor or sponsor has been revealed to them, that they have noted it and have no objection.
- 17.3.2 The above provision in no way limits the Auditor-General or the Public Protector from supplying this information to their staff, and where they deem it in the public interest, to report on this.

### 17.4 **RAISING OF FUNDS**

- 17.4.1 No person, private organisation, voluntary service organisation, club, association, charitable institution, non-government organisation, registered trust, official or any other body may raise funds or solicit sponsorships for the direct or indirect benefit of a health facility, officials, patients or the Board without the express written approval of the Board.

17.4.2 The Board in granting approval may impose any condition necessary including inspection of financial records or forensic audit of funds raised to ensure regularity and transparency.

17.4.3 Fund raising or sponsorship solicitation without approval will result in criminal or civil litigation against the party involved.

## 17.5 **AFFILIATED BODIES LINKED TO HEALTH FACILITIES**

17.5.1 No person, private organisation, voluntary service organisation, club, association, charitable institution, non-government organisation, registered trust, official, academic institution or any other body which by affiliation with or direct use of the registered name of the health facility in its official title/articles of association may be formed or continue to exist without the written approval of the Board.

17.5.2 The Board in granting approval may impose any condition necessary including inspection of financial records to ensure regularity and transparency.

17.5.3 Where approval is not given or is withdrawn such body shall immediately dissolve or delink itself from the health facility.

17.5.4 Failure to obtain the Board's approval will result in civil litigation against the affiliated body.

## 18. **INVESTMENT OF FUNDS**

### 18.1 **GENERAL**

- 18.1.1 Funds not immediately required for defraying the expenses of a Board may be invested at financial institutions which are approved by the Department at the most advantageous current interest rate after evaluating all the potential risks, for a period not exceeding 24 months.
- 18.1.2 The period of investment in a normal savings account at an approved financial institution contemplated in regulation 18.1.1 may not exceed 11 months.
- 18.1.3 If funds received in terms of a bequest have to be invested in terms of that particular bequest, and which terms are not provided for in these regulations, then approval must be obtained for such investment from the Head of the Department.
- 18.1.4 A Board is not allowed to speculate with funds by investing for example in shares, participation bonds etcetera, except if it is in terms of a bequest as contemplated in regulation 18.1.3.
- 18.1.5 Every investment should be deliberated and decided upon at a Finance Committee meeting and must be ratified at the next meeting of the Board and minuted.
- 18.1.6 If after an inquiry it has been established that a Board had invested funds contrary to the provisions of regulation 18.1.1 to 18.1.4, then in terms of Section 21 (8) of the Act, the Head of Department may delegate this function to the Regional Director or the Head of an Academic Health Facility.
- 18.1.7 During the obtaining, consideration and acceptance of quotations for investment or re-investment of funds no member of the Board or any person who acts on behalf of the Board may exercise or use his or her discretion, official powers or position in such a manner as to obtain for himself/herself or for any other person or member an unlawful or unauthorised advantage or an

advantage that serves to unlawfully prejudice the interest of the Board or any other person or legal person.

18.1.8 Within 2 months after the end of the financial year a certificate must be obtained from every financial institution at which investments were made during the year, declaring that no commission in any form was paid to any person or agent in respect of such investments and indicating the balance of each investment and undistributed interest gained as at 31 March. The certificate must be retained for audit purposes.

18.1.8.1 The format of the certificate is as follows:

Name of financial institution: \_\_\_\_\_

<u>Account/Investment number</u>	<u>Balance</u>
----------------------------------	----------------

- 1.
- 2.
- 3.

It is hereby certified that no commission in any form or fee was paid directly or indirectly to any person or agent in respect of the above investments made by the \_\_\_\_\_ Health Facility Board.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Capacity: \_\_\_\_\_

STAMP OF FINANCIAL INSTITUTION
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## 18.2 CERTIFICATE OF INVESTMENT COMPLIANCE

18.2.1 A Board must annually within two months of the end of its financial year submit to the Head of Department a certificate of investment compliance signed by all members of the finance committee of the Board at its final general meeting for the financial year or its first subsequent meeting.

18.2.1.1 The format of the declaration is as follows:

**DECLARATION OF INTEREST: INVESTMENTS**

Name of the Health Facility Board:

\_\_\_\_\_

Period: \_\_\_\_\_

We the undersigned, hereby declare that our actions with regard to the consideration of investments of the Board was at all times in line with regulation 18.1.7 of the Act.

1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
	<b>PRINT NAME</b>	<b>SIGNATURE</b>	<b>DATE</b>

19. **TRUSTS**

19.1 **GENERAL**

19.1.1 Before a trust can be established in terms of section 21(3) of the Act the Head of the Department must be informed of the intention and also the reason therefor.

19.1.2 A trust established for the direct or indirect benefit of a health facility may only be founded and registered in terms of the Trust Property Control Act 1988, (No. 57 of 1988) once the Head of Department and Board has indicated it's approval. The following minimum conditions must be irrevocably stipulated in the trust instrument (deed of donation and trust):

- (i) The minuted resolution of the Board detailing the objectives for which the trust is established.
- (ii) The required nature of the financial records which are to be maintained in accordance with generally recognized accounting practice, accountability, asset management and annual statements as specified by the Board.
- (iii) The intervals at which an income and expenditure statement, reflecting to what extent the applicable health facility had benefited from the proceeds of the trust, is to be submitted to the Board.
- (iv) Annual audit to be conducted by the Auditor-General and the trust to bear the cost of such audit. That officials assigned by the Department or Treasury may also conduct audits of the trust.
- (v) That financial statements are to be submitted annually to the Board in the format envisaged in regulation 16.1.
- (vi) The compulsory dissolution of the trust should the Board withdraw it's recognition/accreditation of the trust where it is no longer deemed to be credible, viable or of limited merit to the health facility.
- (vii) Fifty percent (50 %) of the appointed trustees must at all times be Board members nominated for such purpose by the Board and their continued

membership is dependent on their membership of the Board. At least two trustees must be Board members where the number of trustees is less than four.

## **20. TRAVELLING AND OTHER ALLOWANCES**

### **20.1 TRANSPORT EXPENSES**

20.1.1 A Board may reimburse a member, an advisor in terms of section 17(5) of the Act or any person co-opted to serve on a committee of the Board for use of a private motor vehicle to attend a meeting of the Board or the committee concerned or any other official board business.

20.1.2 The tariff applicable for the return journey is that which applies to officials utilising privately-owned vehicles on official business as amended by the National Department of Transport. The engine swept volume cm<sup>3</sup> for the type of vehicle will determine the tariff and if two or more members, advisors or persons use the same private motor vehicle, only one will be entitled to the transport expenses.

20.1.3 The names and addresses of every member of the Board, the distance between the normal home or place of business and the meeting place, as well as, the type of motor vehicle, it's description, model, make and engine swept volume in cm<sup>3</sup> must be minuted. Any permanent change of the above particulars must be minuted at the next meeting. Transport expenses must be paid according to the particulars noted. The same holds for advisors or persons entitled to transport expenses.

20.1.4 If a member of a Board also serves on the Board of a local authority or schoolboard and undertakes only one journey from the members home or place of business to attend two or more meetings of such Boards, and the member is



entitled to a travel allowance by such Boards, the member must inform the Board accordingly. The member is then only entitled to the highest transport expenses payable by the relevant Board. This highest transport expense is paid in equal parts by the Boards whose meetings were attended by the member.

20.1.5 When a member has given notice as contemplated in regulation 20.1.4 the particular Board's secretariat is approached to determine the transport allowance and they are accordingly informed in writing of the amount payable by the Board.

## 20.2 **TRAVELLING AND SUBSISTENCE EXPENSES**

20.2.1 The travelling and subsistence expenses payable by the Board to a member, an advisor in terms of section 17(5) of the Act or any person co-opted to serve on a committee of the Board, may not exceed the maximum amount payable by the Department to its officials.

## 21. **GENERAL FINANCIAL MATTERS**

### 21.1 **STAMPS, FACE-VALUE AND OTHER FORMS HAVING A POTENTIAL VALUE**

#### 21.1.1 **STOCKS**

21.1.1.1 Stocks of postage stamps, receipts, cheques, face-value or other forms having a potential value must be kept in strongrooms or safes under the control of persons appointed in writing for the purpose of distributing such.

21.1.1.2 The persons referred to in regulation 21.1.1.1 must keep a stock book or register in which must be entered, under each denomination, the number and value of stamps or face-value forms received and issued and such information

as may be necessary with regard to forms having a potential value. On each occasion of either a receipt or issue, such stock book must be signed by the persons in charge and by any other persons appointed to have joint charge with them. Such stock or register must be balanced and verified regularly by the person in charge of the office or by a person delegated for this duty. The stock book or register must be signed and dated to indicate that this has been done.

- 21.1.1.3 Stamps, face-value forms and forms having a potential value must be issued by the persons referred to in regulation 21.1.1.1 on requisition by duly authorised persons. Receipt must be acknowledged by all persons to whom issues are made.
- 21.1.1.4 All advices of issue of stamps, face-value forms or forms having a potential value received and all receipts for issues of such stamps and forms must be retained for inspection and audit purposes.
- 21.1.1.5 All used receipts must be kept neatly and in the same sequence as recorded in the stock register, for audit purposes. The used receipts must be checked regularly and at least once a year they must be verified by the head of the office or his/her delegate. A certificate of such verification must be recorded in the stock book or register.
- 21.1.1.6 Receipt, cheque, face-value or other forms having a potential value must be numbered and supplied in such manner as may be approved and such forms must be used in consecutive numerical order and the originals, copies and/or counterfoils of cancelled forms and the copies and/or counterfoils of used forms must not be removed from the relevant books but kept for inspection purposes.
- 21.1.1.7 Whenever a person, entrusted with the safe-keeping or use of stamps, receipts, cheques, face-value or other forms having potential value, is relieved of his/her

duties, such person's stock of stamps and forms must be verified by the person taking over the duties. Both the 'relieved' person and the person taking over from him/her, must certify in writing and sign their names and ranks, on a handing-over certificate, verifying that the stock of stamps and forms are in order.

## 21.1.2 DEFICIENCIES AND LOSSES

21.1.2.1 Any deficiency in or destruction of, or damage to or loss of stamps and unused or cancelled receipts, cheques, face-value or other forms having a potential value must immediately be reported by the responsible person to the chairperson for possible action. Written proof of the action of the chairperson must be available for audit purposes.

21.1.2.2 A loss of any used receipt, cheque, counterfoil, face-value or other form having a potential value or copies thereof must be reported to the chairperson for further action.

21.1.2.3 Any loss of Board moneys resulting from the misuse of an unused or cancelled receipt, cheque, face-value or other form having a potential value and any loss of stamps or postal orders must be dealt with in terms of regulation 10.

## 21.1.3 DISPOSALS, CANCELLATIONS AND RETURNS

21.1.3.1 Where for any reason it becomes necessary to cancel a receipt, cheque, face-value or other form having a potential value, the word "CANCELLED" must be endorsed by means of a rubber stamp or in bold writing in ink across the face of the original form, and the copies or counterfoils of the form, and all such cancelled original forms, copies and counterfoils must be kept for inspection.

21.1.3.2 All obsolete cheque books, receipts, face-value or other forms having a potential value must be destroyed by an official or employee in the presence of a member of the Finance Committee.

## 21.2 **SECURITIES TO THE BOARD**

### 21.2.1 DEFINITION

21.2.1.1. For the purpose of these regulations the word “security” means any cash or document which is given as a security or guarantee in respect of the fulfilment of a contract or for any other purpose.

### 21.2.2 SAFE CUSTODY

21.2.2.1 All securities held by a Board must, unless physically impractical, be kept in a safe or strongroom.

### 21.2.3 DESIGNATION OF RESPONSIBLE PERSON AND THE REGISTER OF SECURITIES

21.2.3.1 A person responsible for the custody of securities must keep a register containing the following minimum particulars:

- (a) Consecutive number (which must also be endorsed on the security);
- (b) date of issue of the security;
- (c) date of receipt;
- (d) period of validity of security given;
- (e) period for which security is required;
- (f) nature of the security;
- (g) purpose of security;
- (h) by whom given and in whose favour;

- (i) under what law, regulation or authority given;
- (j) amount or estimated value of security;
- (k) names and addresses of sureties;
- (l) date and particulars of release, substitution, amendment or cancellation;
- (m) Board references.

#### 21.2.4 EXAMINATION OF SECURITIES

21.2.4.1 The chairperson or his/her nominee(s) must ensure that the securities under the control of the Board are examined at least once in each financial year and satisfy himself/themselves that –

- (a) all securities are correctly recorded in the register of securities;
- (b) the amount or value of each security is adequate in each case;
- (c) no security is in danger of prescription;
- (d) no issuer of a document of security or guarantee has died or is legally incompetent;
- (e) the securities in general are in order.

21.2.4.2 A certificate in confirmation of such examination must be given, signed and dated in the register of securities.

#### 21.3 **POSTAL AND DELIVERED ARTICLES**

##### 21.3.1 RECEIPT OF POST

21.3.1.1. All postal articles must be collected from the post office by a responsible official or employee, and in the case of –

- (a) Boards renting private bags, conveyed in a bag sealed or locked by postal officials;

- (b) Boards renting post boxes, be removed directly from the post boxes into a case or bag, supplied by the Board, for conveyance.

Upon receipt of the post in the office of the Board, the person or persons referred to in regulation 21.3.2.4 must establish whether the private bag is still properly sealed or locked before the postal articles are removed.

21.3.1.2 A list or slip in respect of registered or certified postal articles is prepared in triplicate by the post office, and the original and one copy are placed in the postal bag or post box of the Board concerned.

21.3.1.3 Upon receipt of the list or slip the person or persons referred to in regulation 21.3.2.4 must enter the number of every registered or certified article and the name of the office of dispatch in the register of registered and certified post, sign the original of the list or slip and collect the articles at the post office or arrange for them to be collected by a trustworthy person. All registered or certified articles must be conveyed in locked containers.

21.3.1.4 The articles received must be compared to the list or slip to verify that all the articles signed for have been received.

21.3.1.5 The articles must then be examined to ascertain whether or not they have been tampered with. If they have been tampered with, the post office's attention must immediately be drawn to the fact, and he/she will arrange for his/her supervisor to be present at the opening of an article which has been tampered with to establish its contents, whether anything is missing and what further action is necessary.

21.3.1.6 The person or persons referred to in regulation 21.3.2.4 must open the articles and record the name of the sender and details of the contents of the envelope

or package in the register opposite the numbers which have already been recorded therein. If the articles contain remittances or negotiable instruments they must be entered in the remittance register referred to in regulation 21.3.2.

## 21.3.2 REMITTANCE REGISTER AND OPENING OF POST

21.3.2.1 All moneys and other negotiable instruments received through the post or by hand delivery, must immediately be entered into an approved remittance register, and brought into account. An acknowledgement of receipt must be obtained in the relative column of the remittance register.

21.3.2.2 Before a remittance register is brought into use, the head of the office or a person designated by him/her in writing, must ensure that all pages are consecutively numbered throughout and verify that pages have not been removed from the register.

21.3.2.3 The following detail in respect of each separate item must be recorded in the remittance register: provided that, where the number of entries per day number more than one, the signatures in accordance with (h) and (i) need be affixed only once per page or part thereof, while the signature in accordance with (k) need, in all cases, only be affixed once per page:

- (a) Date of receipt;
- (b) how received (by ordinary, certified or registered post or by delivery book);
- (c) from whom received;
- (d) address of sender;
- (e) nature of remittance;
- (f) the purpose for which received;
- (g) amount of the remittance (where applicable);
- (h) signatures of persons present at the opening of the mail;

- (i) signature of person to whom handed over;
- (j) number of receipts issued or other manner of disposal; and
- (k) signature of person responsible for the verification of the register and date on which the verifying thereof took place.

21.3.2.4 The duty of receiving and opening mail and recording in the remittance register details of all remittances and other negotiable instruments received through the post or by delivery book must be assigned, in writing, to a responsible official or employee by the chairperson of the Board. Where possible a second person should be nominated in writing to assist in this duty.

21.3.2.5 The chairperson of the Board or a responsible person designated by him/her in writing must verify the approved remittance register at least once a week and satisfy himself/herself that all the items recorded therein were immediately and properly dealt with and, where applicable, brought into account, and must sign and date the register in the last column thereof to indicate that all instructions were complied with. In addition, the Chairperson or the responsible person must verify that pages have not been removed from the register.

21.3.2.6 Persons receiving remittances or negotiable instruments delivered by hand must verify the contents of the letter or package and if entered in a delivery book must sign the entry in that book in acknowledgement of receipt and enter or cause the remittance or negotiable instruments to be entered in the remittance register.

## 21.4 **SHARES**

### 21.4.1 **SHAREHOLDING BY THE BOARD**



Details of shares held by a Board as contemplated in regulation 18.1.4, excluding those managed by trusts, must be recorded in a register under the following headings:

- (a) Name of institution in which shares are held;
- (b) Authorised share capital of the institution;
- (c) Total share capital issued;
- (d) Shares held by the Board under the following headings –
  - (i) Number of shares;
  - (ii) Issue price; and
  - (iii) Total value as at 31 March 20....;
- (e) Amounts paid for shares yet to be issued to the Board;
- (f) Dividends/profits received during the year; and
- (g) Dividends/profits converted or capitalised into shares during the year.

## 21.5 **LEGAL ADVICE REGARDING CONTRACT IMPLICATIONS**

21.5.1 Legal advice must first be obtained before executing on behalf of the Board any contract, or any standard contract that is materially altered, which has financial implications or implied financial implications.