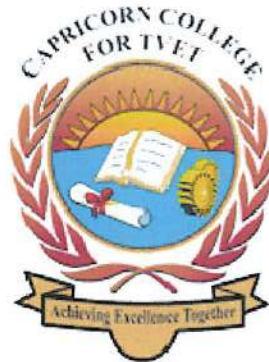


**CAPRICORN
TECHNICAL, VOCATIONAL EDUCATION & TRAINING COLLEGE
ISO 9001:2008 CERTIFICATED**



MONTH END CLOSING POLICY

**CENTRAL OFFICE
CAMPUSES:
POLOKWANE
SESHEGO
SENWABARWANA
RAMOKGOPA**

Policy Developed: 30/07/2021

**Approved by
Management: 30/07/2021**

Approved by Council: 08/09/2021

Leontine Molefe
15/09/21

**Next revision date:
August 2024**

VISION OF CAPRICORN TVET COLLEGE

“To be a dynamic Technical Vocational Education and Training Institution of Excellence”

MOTTO: Achieving Excellence Together

MISSION STATEMENT OF CAPRICORN TVET COLLEGE

Capricorn College is to offer responsive, flexible and quality programmes that are accessible to all learners through formal learning, skills development and learnerships. This is achieved by adhering to policies and procedures, making use of committed human capital and employing appropriate physical and fiscal resources.

To offer responsive, flexible and quality programmes that are accessible to all learners through formal learning, skills development and learnerships.

Values

- **Leadership:** We value leadership in directing performance of others in the TVET sector and leading the way.
- **Teamwork:** Our employees work as a team and value the contributions of each individual. We know that our people are our most important resource.
- **Respect:** We treat others as we would like to be treated ourselves. We will strive for fairness and equity.
- **Integrity:** We are committed to transparency, honesty and sincerity.
- **Communication:** We are committed to effective communication. We believe information is meant to move and that information moves people.
- **Excellence:** We are satisfied with nothing less than the best quality in everything we do.

TABLE OF CONTENT		PAGE
1.	Legislative framework and best practice regulations	4
2.	Purpose	4
3.	Definitions, acronyms and abbreviations	4
5.	Scope	5
6.	Month-end and year end reporting	5
10.	Adoption of policy	13
11.	Availability of asset management policy	13
12.	Annual review of policy	13
13.	Non-adherence of policy	13
14.	Annexure A	14

1. Legislative framework and best practice regulations

Key principles contained in the following legislation and best practices were applied to develop this policy:

- a) CET Colleges Act No.16 of 2006, as amended;
- b) Public Finance Management Act, 1999, (Act No 1 of 1999, as amended by Act 29 of 1999) (PFMA);
- c) National Treasury Regulations, March 2005;
- d) National Treasury Instruction 03 of 2013/2014: Month-end closure procedures for 2014/15.

Further, the following Departmental recommended policies are integral to this policy:

- a) Accounting Records Policy;and
- b) Bank Reconciliation Policy.

2. Purpose

The purpose of this policy is to:

- 2.1 establish roles and responsibilities of Financial staff with respect to the monthly and yearly closing of general ledger accounts and the processes required to ensure the accuracy, completeness and validity of information captured in the accounting system of the college during a specific period;
- 2.2 provide direction on the month and year end closing procedures to comply with GRAP and to meet the reporting requirements of the College as determined by the Department; and
- 2.3 ensure that the College month end closing process meets the minimum timetable requirements of National Treasury Instructions as issued from time to time, and thus complying with any notifications of month end reporting dates issued by the Department.
- 2.4 The policy assumes that the daily processing of information has been attended to during the month and provides guidance to the finance staff to ensure the completeness of such processing at month and year end.

3. Definitions, acronyms and abbreviations

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

- 3.1 "Accounting Officer" – is the College Principal.
- 3.2 "Act" – is the CET Colleges Act No.16 of 2006, as amended.
- 3.3 "Cost Centre" – is any organisational segment or unit for which it is relevant to accumulate and track costs, e.g. a campus or a central office unit.
- 3.4 "Council" – is the governing body of the College.
- 3.5 "Department"; "DHET" – is the Department of Higher Education and Training.
- 3.6 "GRAP" – is Standards of Generally Recognized Accounting Practice.

Document Control QAP 4.2.2: Month End Closing Policy	Date of Version : 2021-07-30	Due date for next review: Aug 2024	Authorised By Management	Page 4 of 15
--	------------------------------	------------------------------------	--------------------------	--------------

3.7 “Month-end closing” - is the work that is performed at the end of a month to finalize a summary of transactional activity for that period. Most processes run at month end are also run on a daily and/or weekly basis. For month-end, these processes are performed for the last time for a particular month to ensure that all transactions are posted and reflected on reports for the period. The month is officially closed when all of the month-end processes are complete (including the accounting for all transactions).

3.8 “PFMA” – is the Public Finance Management Act, 1999, (Act No 1 of 1999, as amended by Act 29 of 1999).

3.9 “TVET” – is Technical and Vocational Education and Training.

3.10 “VCET” – Vocational and Continuing Education and Training.

4. Scope

This policy covers each all transactions which has an impact on the financial position of the college.

5. Month-end and year end reporting

5.1 The Deputy Principal Finance shall create a month-end file for every month, listing or specifying the general ledger accounts requiring monthly reconciliation or inspection against any norms or standards that would support the validity of the data, as defined in 5.5 below. Refer Addendum A and B for 2 examples of month-end checklist which may be adopted.

5.2 All balance sheet ledger account balances are to be supported by a schedule/reconciliation detailing what the balance comprises with comparatives of the previous month.

5.3 Reconciliation’s should be prepared in line with set procedures, set up and defined by the Deputy Principal Finance for that particular balance sheet or income statement account.

5.4 The Deputy Principal Finance must review the month end file and sign off the month end checklist to confirm that the month end closing processes have been satisfactorily completed. Once the processes have become entrenched, the review may be done quarterly.

5.5 The month-end file shall be stored in a safe location.

5.6 The following table reflects the month-end procedures, the associated month-end file requirements and the assigned responsibility:

Focus Area	Month-End Procedures	Month-end File Requirements	Responsibility
5.6.1 Accrual Accounting	<ol style="list-style-type: none"> Identify and accrue for all income and costs known to be incurred but not yet recorded in the General Ledger. Process all entries through the general ledger. With regards to the colleges procurement processes care must be taken not to duplicate costs where GRV’s are processed in the 	A detailed listing of all accruals raised and previous month’s comparatives both of which agrees to the balance on the Accrual account in the Trial Balance.	Assistant Director: Expenditure

accounting system on the receipt of goods or services.

3. Allocate income and costs to the various Cost Centres.
4. Ensure that all accruals raised during the previous month are reversed at the beginning of the current month.
5. Review the list of outstanding purchase orders and ensure that the list is valid i.e. that goods or services have not yet been received at month end.
6. Prepare a detailed listing of all accruals raised and the previous month's comparatives to ensure completeness and ease of analysing and reporting.

5.6.2 Provisions

1. Identify and raise provisions in accordance with accounting standards.
2. Re-assess the required provision at the end of each month and process any adjustment required
3. Produce working papers / supporting documentation detailing why the provision was created and how the provision was calculated.
4. Prepare a detailed listing of all provisions raised and the previous month's comparatives.
5. Adjustment to leave and bonus provisions need only be made for year-end purposes at the end of the twelfth period.

A detailed listing of all provisions raised and previous month's comparatives both of which agrees to the balance on the Accrual account in the Trial Balance.

Supporting documents to determine the amount of the provision

Deputy Principal Finance

5.6.3 Deferred Income

1. Review the Deferred Income Account to which Grants received in advance have been posted.
2. Review the terms and conditions attached to the Grant Income.
3. Ensure that the Grant income has been released to the Income Statement in accordance with the Grant conditions and that the recognition of the revenue is compliant with GRAP
4. Compile a reconciliation of all Grant Income received and utilized during the current and prior periods and ensure that the recon agrees to the General Ledger.

A schedule listing all specific grant funding received showing the Opening balance, movement and closing balances.

Assistant Director: Expenditure

5.6.4

1. Compare the Cash book to the

Bank reconciliation

Banking Clerk

Bank and Investments

Bank Statements and ensure that all payments made, and all deposits received on the cut-off date are processed through the cashbook,	signed by the preparer and the approver. (including any investments accounts)	
2. Identify and write-back all stale cheques (cheques older than six months that have not been presented for payment yet). The need to conduct this will decrease once cheques are no longer issued as a means of payment.	A detailed record of stale cheques that have been reversed.	Assistant Director: Finance
3. Prepare the bank reconciliation.		Banking Clerk
4. Determine whether the reconciling items are valid or whether they require adjustment e.g refer point 3 above		
5. Review and approve the bank reconciliation.	Petty cash reconciliation signed by the preparer and approver	Assistant Director: Income
6. Perform and Petty Cash Reconciliation as per the Petty Cash Policy and perform a petty cash count and reconcile it to the amount recorded in the general ledger.		
7. Review and Approve the Petty Cash Reconciliation	A petty cash count that has been reconciled to the amount as per the general ledger.	Assistant Director: Income

5.6.5 Student Debtors

1. Review the Sales Journal and/or the Debtors ledger to ensure that all invoices have been processed.	A detailed listing of all invoices raised and previous month's comparatives. (Sales Journal)	Debtors Clerk
2. Generate invoices through the debtors' system which have not yet been processed.		
3. Ensure that all invoicing relating to services delivered during the period have been generated.	Copies of the last invoice number and credit note number used.	Debtors Clerk
4. Ensure that all receipts for the month have been posted to the debtors account		
5. Where the student registration system is not integrated with the financial accounting system, obtain a list of student registrations processed during the month and agree to the Sales Journal to ensure completeness of or revenue and student debtors.	A signed detailed schedule of all debtors, including comparatives i.e. A Debtors Age Analysis	Debtors Clerk
6. Where the College has a Residence, obtain a monthly report of students in residence		Debtors Clerk

	and reconcile to the debtors listing.		
	7. Prepare a detailed schedule of all debtors making up the debtors' balance and the ageing of such debtors. The campus manager must sign the schedule as proof of review.		Debtors Clerk
	8. Review the debtors ageing and consider whether in terms of the Colleges Debt Management Policy, interest needs to be charged or a provision for Doubtful debts raised.		Assistant Director: Income
5.6.6 Non –Student Debtors	1. Review contracts register to ensure that all clients have been invoiced. 2. Prepare debtor statements and forward to client. 3. Follow up on any disputes the client may have. 4. Prepare the debtors age Analysis and reconcile by comparing it to the debtors' balance in the general ledger 5. Review and approve the debtor's reconciliation.	Register of contracts reflecting invoiced to date and balance of invoicing. Debtors Age Analysis with actions on long outstanding debtors Debtor's reconciliation.	Debtors Clerk Assistant Director Income
5.6.7 Debtors from Non Exchange Transactions – Government Grants	1. Check that invoices have been raised for the grant funding in accordance with the funding letter from DHET irrespective of when the money has been actually paid to the college.	Funding letter.	Assistant Director: Income
5.6.8 Creditors	1. Obtain the creditor statement and print the creditor's age analysis. 2. Review the Creditors Ledger for Debit balances and follow up with the supplier to issue the invoice. This is particular applicable for debit orders e.g. Municipal accounts. 3. Prepare reconciliation for each creditor's account. 4. Review creditor reconciliation and, where necessary, institute follow-up/corrective actions. 5. Reconcile the creditors ledger/age analysis to the creditors account in the general ledger. 6. Review and approve the	A reconciliation of each creditor's account. Creditors Age Analysis Creditors Reconciliation between the Creditors Age Analysis and the General Ledger	Creditor Clerk Creditor Clerk Creditor Clerk Creditor Clerk Creditor Clerk Assistant Director:

creditors reconciliation.

Expenditure

5.6.9 Consumables

- | | | |
|--|---|--|
| 1. Stop all movement in stores at the end of cut-off day. No further transactions occurring after this day may be processed in the reporting month. | Copies of the numbers of the last GRN's processed and the last stores issue note. | Senior Provisioning Officer |
| 2. Process all GRN's to general ledger accounts. | | Senior Provisioning Officer |
| 3. Record the numbers of the last GRN's processed and the last stores issue notes, and retains a copy of these on the month-end file. This would help ensure that cut-off was correctly adhered to. | | Senior Provisioning Officer |
| 4. Perform a stock count. | | |
| 5. Approve adjustments to stock records and retain a copy of the authorized adjustment listing on file. | A stock and stores listing, including any approved adjustment listing. | |
| 6. Print a final copy of the stores listing and retain the listing on the month-end file. | | Assistant Director:
Supply Chain Management |
| 7. Ensure that all accruals relating to consumables raised during the previous month were reversed at the beginning of the current month. | | Assistant Director:
Supply Chain Management |
| 8. Prepare reconciliation as at cut-off date (i.e. actual consumables on hand per subsidiary ledger to be reconciled to the general ledger control account). Details must be provided for all reconciling items. Schedules supporting the reconciliation should be placed on the month-end file. | A reconciliation schedule. | Assistant Director:
Expenditure |

5.6.10 Fixed Assets

- | | | |
|--|---|------------------------------------|
| 1. Reconcile the FAR to the Asset accounts in the general Ledger prior to performing the depreciation calculation. | The updated summary of fixed assets. | Fixed Assets Clerk, |
| 2. Run the depreciation calculation for the month | The ledger balances of the asset and depreciation accounts | Fixed Assets Clerk |
| 3. Post the depreciation journal to the General Ledger. | | Fixed Assets Clerk |
| 4. Prepare final reconciliation of the FAR to the General Ledger including the depreciation accounts. | Explanations of any differences between the asset register and the general ledger balances. | Fixed Assets Clerk |
| 5. Review and approve the final reconciliation of the FAR to the General Ledger | List of all purchases and disposals for the month. | Assistant Director:
Expenditure |

**5.6.11
Payroll**

College Payroll

1. Perform reconciliation between the payroll summary details and the general ledger balances (where no Salary Control Account is used). or
2. Reconcile the Salary Control account and identify any differences. (where a salary control account is used) (General ledger entries will be driven by DHET monthly information ex Persal, and College payroll).
3. Salary Deductions
 - 3.1 Reconcile the PAYE/UIF/SDL Provision accounts ensuring that balance of the previous month has been paid in full and that the current balance is equal to the PAYE/UIF/SDL due for the current month only. Any differences must be investigated.
 - 3.2 Print the SARS statement of Account and ensure that payments are correctly reflected and there are no balances due to SARS.
 - 3.3 Reconcile the Garnishee liability account ensuring that all amounts deducted from employee's salaries in the previous month have been paid over and that the balance only relates to the current month's deductions
4. At year end, the Payroll Department must run the full 12-month payroll summary which needs to be agreed to the General Ledger account and any differences to be investigated and adjustments processed where applicable. (It is possible that adjustments to payroll are processed after month end close hence the need to do a full annual reconciliation as well)

The reconciliation schedule showing the Payroll Summary compared to the General Ledger Balances

Assistant Director:
Expenditure

Assistant Director:
Expenditure

Assistant Director:
Expenditure

Assistant Director:
Expenditure

5.6.12 Reconciliation Balance Sheet control Accounts.	1. Prepare a trial balance in accordance with the standardised listing of accounts (<i>Standard Chart of Accounts</i>). (See Chart of Accounts Policy).	A final trial balance in accordance with the standardised listing of accounts.	Assistant Director: Expenditure
	2. Prepare a reconciliation of all the Balance Sheet Accounts not already covered under the previous sections. The reconciliation should reflect an analysis of the transactions making up the balances The Reconciliation should identify any adjustments to be processed in the following period.e.g. unallocated deposits	Reconciliation Schedule of the balance sheet control account signed by the preparer and reviewer.	Assistant Director: Expenditure
	3. The Deputy Principal finance should review and sign all the control account reconciliations and agree the action plans for any adjustments or corrections to be processed.		Deputy Principal Finance
	4. The Deputy Principal Finance must also follow up each month to ensure that the agreed actions or adjustments have been implemented timeously so as to reduce the workload at year end.		Deputy Principal Finance
5.6.13 Monthly Infrastructure and maintenance report	1. Prepare Health and Safety report – Incidents		Assistant Director: Infrastructure Development
	2. Prepare College maintenance progress report based on annual maintenance plan		
5.6.14 DHET Monthly Report	1. The Deputy Principal Finance must review the Monthly report to the DHET ensuring that it agrees to the final trial balance for the month.	Signed Monthly DHET Report	Deputy Principal Finance

***The focus arear will be reported monthly and quarterly with guidance listed in Annexure A of this policy.**

5.7 The College must provide a Monthly Report to the Department by the 9th of each month (unless the Department specifically requests a different closing date) that contains the following:

5.7.1 actual revenue and expenditure for the preceding month;

5.7.2 anticipated revenue and expenditure for the current month;

5.7.3 a projection of expected expenditure and revenue collection for the remainder of the current financial year; and

Document Control QAP 4.2.2: Month End Closing Policy	Date of Version : 2021-07-30	Due date for next review: Aug 2024	Authorised By Management	Page 11 of 15
--	------------------------------	------------------------------------	--------------------------	---------------

5.7.4 when necessary, an explanation of any material variances, and a summary of the steps that are taken to ensure that the projected expenditure and revenue remain within budget.

5.8 The information required in paragraph 5.7 must be presented in the template enclosed as *Annexure A* (until such time that the automated and integrated data transmission reporting to DHET takes place).

5.9 The Accounting Officer must certify in the format of the enclosed *Annexure B* that they have complied with the minimum financial management processes contained in the enclosed *Annexure C* (until such time that the automated and integrated data transmission reporting to DHET takes place). This certificate must be completed before the closure of each accounting month and must be signed by both the Deputy Principal Finance and the Accounting Officer, before its submission to DHET.

5.10 If the Accounting Officer is unable to comply with any of the minimum prescribed financial performance processes as reflected in *Annexure C*, the non-compliance and reasons therefore must be reported to the Department, (until such time that the automated and integrated data transmission reporting to DHET takes place)

5.11 The aforementioned report must include action plans with timeframes to address the non-compliance of the financial performance processes reflected in *Annexure B*.

5.12 The return dates for reporting month end data will be published by DHET, once DHET have received month-end return dates from National Treasury. The College must align College processes with these dates in order to ensure that their month-end reports can occur on or before these dates.

5.13 Use of clearing and suspense accounts

5.13.1 The best practice notes to be found at Paragraph 17.1.2 of the Treasury Regulations makes provision for Departments, in exceptional cases, to account for revenue and expenditure in clearing or suspense accounts.

6. Adoption of policy

This policy is effective from the date on which it is adopted by the Council.

7. Availability of month end closing policy

A copy of this policy and other relevant documentation should be made available on the College website.

8. Annual review of policy

This policy will be subject to an annual review by College management to ensure its relevance.

9. Non-adherence of policy

Non-adherence to this policy will result in disciplinary processes.

Document Control QAP 4.2.2: Month End Closing Policy	Date of Version : 2021-07-30	Due date for next review: Aug 2024	Authorised By Management	Page 12 of 15
--	------------------------------	------------------------------------	--------------------------	---------------

Annexure A

MONTHLY REPORTING CALENDER 2021

SECTION	REPORT	DUE DATE SUBMISSION DEPUTY MANAGERS	DUE DATE REVIEW AND SIGN OFF DEPUTY PRINCIPAL FINANCE	DUE DATE APPROVAL PRINCIPAL
Income	Bank Reconciliation	12 th next month	14 th next month	15 th next month
	Monthly Revenue management report	12 th next month	14 th next month	15 th next month
	Debit Orders summary	12 th next month	14 th next month	15 th next month
	Summary of Monthly Deposits received (Interest; NSFAS; Tuition fee; grants etc.)	12 th next month	14 th next month	15 th next month
	Debt Collectors report	12 th next month	14 th next month	15 th next month
	List of students to be handed over	12 th next month	14 th next month	15 th next month
	List of student accounts to be written off with reasons	12 th next month	14 th next month	15 th next month
	Monthly Cost Centre Actual Spending Vs Budget report	12 th next month	14 th next month	15 th next month
	Donations received	12 th next month	14 th next month	15 th next month
	Investments	12 th next month	14 th next month	15 th next month
	internal controls weaknesses identified	12 th next month	14 th next month	15 th next month
	Planned Leave for the month	1st of month		
Expenditure	Monthly expenditure management report	12 th next month	14 th next month	15 th next month
	Monthly VIP salaries reconciliation	12 th next month	14 th next month	15 th next month
	Monthly Persal COE reconciliation	12 th next month	14 th next month	15 th next month
	SARS Payment (amount and number officials)	05 th next month	06 th next month	07 th next month
	Monthly Trial Balance	12 th next month	14 th next month	15 th next month
	Unauthorized, Fruitless Irregular and wasteful expenditure report on actual payments	12 th next month	14 th next month	15 th next month
	Creditors Reconciliations	12 th next month	14 th next month	15 th next month
	Asset Management	12 th next month	14 th next month	15 th next month

	(PPE) Reconciliation report. Asset Report according to asset register and General ledger including (additions, depreciation and disposals)			
	Redundant assets report	12 th next month	14 th next month	15 th next month
	Inventory Reconciliation (Text books)			
	Monthly asset verification - Additions	12 th next month	14 th next month	15 th next month
	internal controls weaknesses identified	12 th next month	14 th next month	15 th next month
	Planned Leave for the month	1st of month	4 th next month	
Infrastructure	Maintenance performed at each campus by maintenance team	12 th next month	14 th next month	15 th next month
	Insurance Incident Report	12 th next month	14 th next month	15 th next month
	Water Purification Plant Senwabarwana	12 th next month	14 th next month	15 th next month
	Progress with transferring land to College – actions taken	12 th next month	14 th next month	15 th next month
	Reconciliation of bulk services costs - Municipal costs	12 th next month	14 th next month	15 th next month
	Repairs and maintenance reconciliation – Infrastructure (Payments and General ledger)	12 th next month	14 th next month	15 th next month
	Health and Safety report - Incidents	12 th next month	14 th next month	15 th next month
	internal controls weaknesses identified	12 th next month	14 th next month	15 th next month
	Monthly DHET CIEG progress report	12 th next month	14 th next month	15 th next month
	Planned Leave for the month	1st of month	4 th next month	
Supply Chain				
	Deviation report	12 th next month	14 th next month	15 th next month
	Commitment register	12 th next month	14 th next month	15 th next month
	Contract register	12 th next month	14 th next month	15 th next month
	Outstanding requisition report	Friday weekly	Next Monday	
	Outstanding purchase	3 rd next month	5 th next month	7 th next month

	order report (after 30 days)			
	Cancelled requisition report	12 th next month	14 th next month	15 th next month
	Cancelled purchase order report	12 th next month	14 th next month	15 th next month
	Contracts that will expire in the next 3 months	1 st next month	3 rd next month	4 th next month
	Advertisements place	1 st next month	3 rd next month	4 th next month
	Procurement plan for next month	1 st of month	5 th next month	7 th next month
	Inventory reconciliations (Stores, consumables)			
	internal controls weaknesses identified	12 th next month	14 th next month	15 th next month
	Planned Leave for the month	1 st of month	4 th next month	