

CIRCULAR 8 OF 2016 (STANDARD PROCEDURES FOR COMPENSATION OF EMPLOYEE)



Province of the  
**EASTERN CAPE**  
DEPARTMENT OF EDUCATION

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Reference: 3/9/3

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Date: 7 April 2016

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

Circular number 8 of 2016

**STANDARD PROCEDURES FOR COMPENSATION OF EMPLOYEES  
EFFECTIVE FROM 1 APRIL 2016**

**1. LEGAL FRAMEWORK**

2. The Public Service Act ,1994

3. To provide for the organization and administration of the public service of the Republic , the regulation and the conditions of the employment , terms of the office ,discipline ,retirement and discharge of the members of the public service and matters connected therewith

4. Public Service Regulations ,2016

5. These Regulations shall be read in conjunction with the Act and shall come into operation on 8 April 2016

6. Employment of Educators Act No 76 of 1998

7. To provide for the employment of educators by the state , for the regulation of the conditions of service ,discipline ,retirement and discharge of educators and for matters connected therewith

8. In terms of PFMA the Accounting officer for a department –

- a. In terms of section 38(a) (1) of the PFMA, the accounting officer must ensure that the department has and maintain effective, efficient and transparent systems of financial and risk management and internal control.
- b. Must take effective and appropriate steps to collect all money due to the department

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9. In terms of Treasury Regulation the accounting officer must ensure that –
  - a. All transactions of an institution must be supported by authentic and verifiable source documents , clearly indicating the approved accounting allocation as per paragraph 17.1.1
  - b. In terms of section 3.2.11 PFMA National Treasury Regulations the internal Audit function must assist the accounting officer with regards to compliance with laws and regulations and controls.
10. The Legal Framework for Compensation of Employees are
  - a. Public Service Act ,1994
  - b. Public Service Regulations,2016
  - c. Public Finance Management Act (PFMA ),1999
  - d. PFMA Treasury Regulations ,2005
  - e. ELRC Collective Agreements
  - f. PSCBC Resolutions
  - g. PAM
  - h. Directives of the Minister of Public service
  - i. Departmental HRM policies and Procedures
  - j. Departmental Finance Policies and Procedures
  - k. Departmental Circulars
  - l. Provincial Treasury, Circular 7 of 2009
  - m. Workflow process , Circular 20 of 2015
  - n. Standard Operating Procedures
  - o. Provincial Treasury Peral Policy, 2014/15
  - p. Department of Education Peral Policy ,2015/16

### 11. **SCOPE**

12. Internal Control Unit have performed post audit during 2015/16 and discovered overpayments of >R20 Million and was communicated to the Responsible Managers to investigate and implement the departmental debt process.
13. In Circular 18 of 2015 the drivers of internal Control: Key controls for Financial and Performance Management is for the Department to have standard operating procedures.
14. The drafting of this standard operating procedure is to ensure the department implements Key controls.
15. Input from all Responsible Line managers and supervisors and staff will ensure the standard operating procedures are updated on a yearly basis

### 16. **OBJECTIVE**

17. The objective of is communicate the standard procedure to ensure the Department of Education have Null R0.00 overpayments for compensation of employees from 1 April 2016 and beyond.

18. All Responsible Managers and Supervisors and all officials involved in the process of spending public money must ensure

- That the 3 Es' –economy ,effectives and efficiency and achieved and all payments are valid ,accurate and complete
- To avoid unauthorized , Irregular Expenditure or fruitless Expenditure
- NMIR Compliance, a complete audit trail.
- Compliance to Acts, Regulations, policies and procedures and circulars and workflow process and standard operating procedures.

## **19. CONTROL MEASURES**

### **20. The Post Audit Report**

21. The post audit report 3 issued dated 9 March 2016 and the Annexure A issued with Circular 1 of 2016 on 19 January 2016 is a formal review that examines the root cause of the payments and provide feedback for improvements .

### **22. Immediate Review**

#### **22.1 Meetings must be held**

22.1.1 The agenda items must include

- a. Feedback
- b. Review of the root cause
  - HRA advice
  - Calculations
  - Accounting systems
  - Procedures failures
  - Workflow process ( Circular 20 of 2015)
- c. Lessons learned
- d. staff training
- e. remedial action

22.1.2 Minutes must be kept and follow up meetings held

#### **22.2 Documentation**

22.2.1 The minutes must be filled properly and be available for review by District Director or Internal Audit or Internal Control as evidence that the problems experienced in 2015/16 was dealt with .

22.2.2 Middle managers must provide leadership at the meetings to ensure these problems in 2015/16 are solved expeditiously

### **23. Implementation from 1 April 2016**

23.1 This operational phase requires careful planning to ensure we have Nul R0.00 overpayments from 1 April 2016 and beyond

23.2 The main emphasis is

- a. HRA advice to be valid and complete and accurate
- b. Internal Control pre audit on compliance and calculations to be accurate

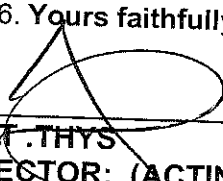
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- c. Finance to authorize payments that are valid and complete and accurate
- 23.3 The main emphasis is for supervisors at Level 7 and level 8 to supervise to ensure no overpayment occur during authorization
- 23.4 Middle Management to manage and provide leadership to get work done on time and quality and accurate calculations

**24. COMMUNICATION**

25. Responsibility managers must kindly ensure that this circular is communicated to all employees and compliance is adhered too.

26. Yours faithfully

  
\_\_\_\_\_  
**MR F. THYS**  
**DIRECTOR: (ACTING)**  
Date

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Reference: 3/9/3

Enquiries: T Thys

Tel: 040 608 4216

Date: 31 March 2016

*" Learning without thought is labour lost, thought without learning is perilous"*

**STANDARD PROCEDURES WITH EFFECT  
1 APRIL 2016 AND BEYOND**  
**Circular 8 of 2016**

**TO ENSURE ALL COMPENSATION OF  
EMPLOYEES RELATED PAYMENTS ARE  
VALID, COMPLETE AND ACCURATE**

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**A BACKGROUND**

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### **Interpretation**

"PSA Act " mean the Public service Act , 1994

" PSR " mean Public Service Regulations , 2016

" DPSA " mean Department of Public service and Administration

"PFMA " mean Public Finance Management Act , 1999

" Educators Act " mean Employment of Educators Act ,1998

" P.A.M "mean Personnel Administrative Measures

"NMIR "mean National Minimum Information Requirements

"OTP " mean Office of the Premier

" LR act " mean Labour Relations Act

### **A BACKGROUND**

1. During the 2015/16 Post audit was done and overpayment to the value of more than >R20 Million was discovered and reported to be disclosed as Debt.
2. These overpayments were not the full population and were just based on a sample of allowance.
3. Also during post audit the following was discovered and these are huge Risk and must be dealt with collectively all responsible Line managers.
  - Few Ghost employees (To be disclosed as F & W Expenditure in AFS).
  - One employee with two (2) Persal Numbers.
  - Overpayments to ex-employees (To be disclosed as Contingent Asset in AFS).

### **B PURPOSE /OBJECTIVE**

4. *The objective of this standard procedure is to ensure that Zero (R0.00) overpayments occur with effect 1 April 2016 and beyond.*
5. Adherence to PSA act ,DPSA PSR , PFMA TR and HRM Policies and procedures and other departmental Policies ,procedures and circulars and preventative controls measures and monitoring and will ensure this objective is achieved.

" The talent you have is GOD'S gift to you .What you do with it is your gift back to GOD'
"The price of greatness is responsibility "
"There is enough in this world for everyone need ,but not enough for every one greed"

### **C ANALYSIS OF POST AUDIT FOR 2015 /16**

6. Post audit 1 random sampling 37%, Salary arrears, Fuel claims.
7. Post audits 2 only salary arrears.
8. Post audit 3 only 37% and differentiated allowance.
9. Post audit 4 will focus on S & T and fuel claims and marking fees.
10. Below is summary of the rand value of overpayments and percentage:

	Rand value	Percentage
Post Audit report 1	R1 Million	15 % of sample
Post Audit report 2	R3,079,059.84	37%
Post Audit Report 3	R3,176,111.90	56%
Ex-Employees	R736,206.93	20 cases
Ghost Employees		3 cases
Report on allowances implemented with no end date	R2,655,724.00	53 Cases
Previous year reports		37% and LG
Post Audit report 4	Not yet Finalized	S & T and Fuel allowance and Exam claims

### **D STANDARD PROCEDURES**

11. This standard procedure document will be reviewed on a yearly basis based on the input received and re-issued on a yearly basis.
12. The Departmental HR advice P69, P70, P71, P72, P87, P90 and P shorten assumption of duty.
13. The Departmental checklist are HRA , HRP ,HRD ,Labour Relations and Finance .
14. Compliance to Circular 20 of 2015 in that all Compensation of Employees payments must be pre audited.
15. Compliance to Provincial Treasury Persal Policy.
16. Compliance to the Department Persal Policy issued under Circular 1 of 2016.
17. Compliance by ensuring code 0002 (salary arrears) are pre-audited by and HRM specialist.
18. Compliance in that Internal Control (Pre- Audit) must have access to Persal in order to perform their pre-audit function and Pre Audit stamp on placed on all the documents.

19. HRM have many ELRC Collective agreements.

- a. Collective agreement 1 of 2012.
- b. Collective agreement 4 of 2009.
- c. Collective agreement 1 of 2008.
- d. Collective agreement 3 of 2006.
- e. Collective agreement 2 of 2005.
- f. Collective agreement 3 of 2003.
- g. Collective agreement 8 of 2002.
- h. Collective agreement 8 of 2001.
- i. OSD.
- j. And many others.

20. Description

<b>Ghost Employees /Closed Schools/Schools with Nul Learners</b>	
<b>Objective :</b> <b>To provide assurance and ensure that</b> Ghost employees are identified who have received salary payments but did not render services and are terminated immediate and debt raised : <ul style="list-style-type: none"> <li>▪ PSA Act and DPSA PSR and PFMA and Labour Relations Act and Manual for School Management Part 4 Section 1 and Circulars from IDS &amp; G on closed schools and Circular 8 of 2008 and Circular 18 of 2015 and Circular 1 of 2016.</li> </ul>	
<b>Indicators</b>	
Employees in unknown components.	
Employees in Pay-points with Null Learners	
Employees in pay-point of closed schools and ECD centers .	
Payrolls not certified.	
<b>Action</b>	
<b>Unknown components</b> <ul style="list-style-type: none"> <li>▪ HRP must close all unknown components.</li> <li>▪ Rebates must inform salaries to freeze employees still in unknown components.</li> <li>▪ In terms of DPSA PSR and PFMA if the employee do not collect the salary cheque after three (3) Months the service termination process must be implemented.</li> </ul>	



<p><b>Schools with Null learners</b></p> <ul style="list-style-type: none"> <li>▪ Check #6.10.9 and #3.3.4 and #4.3.1 and #6.9.10 and #5.6.4 and #5.6.12 (normal and supplementary).</li> <li>▪ HRA draw Persal report of schools and ECD centers with Null learner schools.</li> <li>▪ HRA provide ECD and IDS &amp; G with a list the employees and inform that salary will be freeze until physical verification can be done.</li> <li>▪ HRA inform Finance to freeze salary before next salary run.</li> <li>▪ Finance to investigate and determine if payments did occurred and if it did result in fraudulent payment.</li> <li>▪ Definition of fraudulent payments is when a school/ECD center have Nul learners and the employee never assumed duties at the new pay point and never rendered any service.</li> <li>▪ That period for which the employee did not render any service than it is fraudulent payment. <ul style="list-style-type: none"> <li>✓ Disclose to Accounting Services as Fruitless and wasteful Expenditure or Debt.</li> </ul> </li> </ul>
<p><b>Closed schools and ECD Centers</b></p> <ul style="list-style-type: none"> <li>▪ Employees who have not assumed duty in new / current pay-points and are still in the closed schools and closed ECD centers pay-point must be paid per cheque.</li> <li>▪ After three (3) months if the cheque is not collected, HRM and Labour Relations must investigate and implement HRM procedures.</li> </ul>

21. Description

<b>Employees with two (2) Persal Numbers</b>	
<p><b>Objective :</b>  <i>To provide assurance and ensure that</i>  Employees are identified who have the following:</p> <ul style="list-style-type: none"> <li>▪ Two (2) different Persal Numbers.</li> </ul>	
<b>Indicators</b>	
Employees with two (2) Persal numbers.	
<b>Action</b>	
Full list be provided and pre -audited.	

22. Description

<b>Leave liability</b>
<p><b>Objective :</b>  <i>To provide assurance and ensure that</i>  Compliance to DPSA PSR Chapter 4 Part 2 and PSCBC Resolution 7 of 2000. :</p> <ul style="list-style-type: none"> <li>▪ The Head of department shall record all leave taken by an employee accurate and in full.</li> <li>▪ And ensure that and employees does not abuse sick leave.</li> </ul>

<b>Indicators</b>	
All leave taken by and employee not accurate and in full.	
<b>Action</b>	
<b>Leave Accurate and in full</b>	
<ul style="list-style-type: none"> <li>▪ All SMS members appoint an employee not lower than an Assistant Director as leave manager.</li> <li>▪ HRA design a quarterly certificate to control leave. <ul style="list-style-type: none"> <li>➤ The Assistant Director (leave manager) submits this quarterly certificate to HRA and Internal Control certifying that all leave taken by an employee are accurate and in full.</li> <li>➤ Internal Control audits this quarterly certificate.</li> </ul> </li> </ul>	

## 23. Description

<b>Appointments (0001)</b>
<b>Objective :</b> <i>To provide assurance and ensure that</i> Compliance to <ul style="list-style-type: none"> <li>▪ PSA Act Chapter 3 Part 1 (Human Resource Plan.</li> <li>▪ Approval by OTP.</li> <li>▪ PSA Act Part Chapter 4 Part 1.</li> <li>▪ DPSA PSR Chapter 4 Part 4.</li> <li>▪ Educators Act Chapter 3.</li> <li>▪ DPSA approved salary scales.</li> <li>▪ ELRC collective agreements.</li> <li>▪ DPSA Circular 4 of 2014.</li> <li>▪ P.A.M.</li> <li>▪ NMIR.</li> <li>▪ Section 76(4) (b) of the PFMA.</li> <li>▪ Labour Relations Act.</li> <li>▪ Manual for School Management Part 4 Section 1.</li> <li>▪ Departmental Circular 20 of 2015.</li> </ul>
<b>Indicators</b>
Appointments at salary scales not in compliance with PSA Act and DPSA PSR and ELRC collective agreements.
Substituted Educators Leave records not updated when substitute appointed.
<b>Action</b>
<b>Compliance circular 20 of 2015</b>
Upon receipt in HRA compliance to time frame of thirty three (33) days.
<b>Abnormal Appointments</b>
All abnormal appointments <b>must</b> be are authorized by Finance.
<b>Re-Appointments</b>
Upon re –appointment if notch is reduced than HRA & P must do notch reduction and not reappointment.
<b>Compliance PSA Act</b>
An executive Authority shall prepare and implement for the department : <ul style="list-style-type: none"> <li>▪ Human resource plan.</li> <li>▪ Equity Employment Plan.</li> <li>▪ Human Resource Development plan.</li> </ul>

<p><b>Compliance to OTP</b> Appointment according to OTP Approval list.</p>
<p><b>Compliance PSA Act :</b> The executive authority grants employees on appointment or transfer higher salaries than the minimum amounts of the appropriate salary levels.</p>
<p><b>Compliance to DPSA PSR :</b> The executive authority may increase the salary of a post to a higher salary range in order to accord the job weight if - : ,</p> <ul style="list-style-type: none"> <li>▪ The job weight as measured by the job evaluation system indicates that a post is under graded.</li> <li>▪ The department budget and MTEF expenditure framework provide sufficient funds.</li> </ul>
<p><b>Compliance to DPSA PSR :</b> The executive authority may continue to employ the incumbent employee without advertising the post if the incumbent :</p> <ul style="list-style-type: none"> <li>▪ Already perform duties of post.</li> <li>▪ Has received a satisfactory rating in the most recent performance assessment and</li> <li>▪ Start employment at the minimum notch of the salary scale.</li> </ul>
<p><b>Compliance DPSA Circular 4 of 2014 Amendment to PSCBC Resolution 3 of 2009</b> Should executive authorities grade new jobs/posts or regarding existing jobs/posts within the corporate service environment at salary levels 9,10,11 or 12 the grades of such jobs/posts must be consulted with and approved by the MPSA before a final decision on the grade of the post is taken</p>
<p><b>Substitute Educators</b> Check #4.5.11 if leave captured for substituted employee is captured.</p> <p>Leave records must be updated for the substituted educators to be the same period as the substitute educators.</p>
<p><b>Compliance PFMA</b> 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.</p> <p>The accounting officer of an institution must ensure that the costs related to compensation of employees, as well as promotion and salary increases, can be met within the budgetary allocation of the institution.</p>
<p><b>Compliance DPSA PSR Chapter 4 part 59</b> Utilisation of unpaid voluntary workers the conditions</p>
<p><b>Compliance to DPSA PSR Chapter 4 part 6</b> On the matter of prohibition on re-employment of former employees dismissed for misconduct</p>

## 24. Description

<b>Service termination</b>	
<b>Objective :</b> <b>To provide assurance and ensure that</b> Compliance to <ul style="list-style-type: none"> <li>PSA Act Chapter V part 16 Termination of Service</li> <li>DPSA PSR Chapter 4 PART 4.</li> <li>Educators Act Chapter 4 part 14</li> <li>Section 38(1) g and 76(2) (e) of the PFMA.</li> <li>Labour Relations Act.</li> <li>Manual for School Management Part 4 Section 1.</li> <li>Departmental Circular 8 of 2008.</li> <li>Departmental Circular 18 of 2015.</li> </ul>	
<b>Indicators</b>	
Service terminations not done on time before salary run and overpayments do occur.	
Salaries are not reversed on Persal.	
Payments are not recovered before closing of the books	
Debtors are not raised.	
<b>Action</b>	
<b>Compliance Manual for school Management Part 4 Section I</b> The Responsible Line manager submit the Termination of service :ECDE/HRA/10 to HRA & P <ul style="list-style-type: none"> <li>In cases of death before end of final month in which the deceased was employed</li> </ul>	
<b>Compliance to Educators Act Chapter 4 Part 14 and Manual for school Management Part 4 Section I</b> The Responsible Line Manager submit the Termination of service :ECDE/HRA/10 to HRA & P <ul style="list-style-type: none"> <li>In cases of teachers absconded for period of 14 consecutive days without permission of the employer</li> <li>Submit the ECDE/HRA/10 the following day because they are deemed to have dismissed themselves.</li> </ul>	
<b>Compliance to PDSA PSR and Compliance Manual for school Management Part 4 Section I</b> Responsibility managers submit the Termination of service :ECDE/HRA/10 to HRA & P <ul style="list-style-type: none"> <li>In cases of Public Servants (Non-educators) who abscond for 30 consecutive days the following day because they are deemed to have been automatically dismissed.</li> </ul> The HRM and Labour Relations process be followed : <ul style="list-style-type: none"> <li>After 7 days the supervisor and witness hand deliver letter to employee</li> <li>After 14 days the supervisor and witness hand deliver second letter</li> <li>After 21 days the line manager and supervisor hand deliver the third letter to employee and HRA must be informed.</li> <li>At 30 days the Line manager inform HRA that the employee did not report for duty and salary must be freeze.</li> <li>HRM and Labour Relations service termination procedures must be implemented.</li> </ul>	

<b>Compliance to Circular 8 of 2008 on Payroll</b> <ul style="list-style-type: none"> <li>All unknowns, abscondments, death must be noted on all three copies of payrolls SR 0008(01) and SR 0008(05).</li> </ul>
<b>HRA and Finance</b> <ul style="list-style-type: none"> <li>HRA &amp; P Service terminations are captured and approved before the next salary run.</li> <li>Finance must ensure service terminations are authorized before the next salary run.</li> <li>Finance must ensure Normal and Partial reversal is done.</li> <li>Finance must ensure overpayments are recovered before closing of the books and Debtors raised on BAS as per PFMA TR 8.8.1 and 2.</li> </ul>

## 25. Description

<b>Basic salaries arrears (0102) and backdated salary arrears (002)</b>	
<b>Objective :</b> <b>To provide assurance and ensure that :</b> Compliance to <ul style="list-style-type: none"> <li>PSA Act Chapter 4 Part 1.</li> <li>ELRC Collective Agreements</li> <li>DPSA PSR</li> <li>P.A.M.</li> <li>HRM policies and procedures <ul style="list-style-type: none"> <li>The HRA advice notches are valid and complete and correct</li> <li>The salary arrears are paid programmatically.</li> <li>Basic salaries are correctly calculated.</li> <li>LWP and other debt, disallowance are deducted from the salary arrears.</li> <li>The employee is that is to receive the salary arrears is not overpaid.</li> </ul> </li> </ul>	
<b>Indicators</b>	
Payments for salary arrears mostly done to employees who are close to retirement and then department unable to recover the overpayments.	
Service records are not adjusted with this manual payment	
Lump sum payments are done and incorrect calculations.	
Salary scale Employees bank account is changed after termination date	
Court Cases are lost because the Deputy Directors HRA & P are not the department representatives	
<b>Action</b>	
<b>Calculations</b> Determine if the employee are entitled to allowance : <ul style="list-style-type: none"> <li>Tabulate and calculate and reconcile and analyses in detail the payment using the applicable formula.</li> <li>Calculate in detail the Disallowance using the applicable formula.</li> </ul> Recalculate the total allowance and disallowance using applicable formula.	
<b>Check Persal</b> <ul style="list-style-type: none"> <li>#6.9.10 and #3.3.4 and #5.6.12 &amp; #5.6.4 ( normal and supplementary) and #4.3..1</li> </ul>	

<p><b>Employees who are near retirement.</b></p> <p>All salary arrears payments to employees who are near retirement must be pre-audited by;</p> <ul style="list-style-type: none"> <li>▪ The HRM specialist.</li> <li>▪ Reviewed by another Middle Manager to make sure no overpayment will occur with the payment.</li> </ul> <p>This is to prevent overpayments.</p>
<p><b>Court Cases</b></p> <ul style="list-style-type: none"> <li>▪ Deputy Director HRA &amp; P must represent the department with all HRA related court cases</li> <li>▪ Process to review Labour Relations court cases are <ul style="list-style-type: none"> <li>➢ HRA to inform and request Legal Services within 30 days ask for a rescind order</li> <li>➢ HRA to inform and request Legal services if more than 30 days LR for condonation and the period after 30 days must not be unreasonable long</li> </ul> </li> </ul>
<p><b>Salary upgrade</b></p> <p>If salary are upgrade out of adjustment check:</p> <ul style="list-style-type: none"> <li>▪ If job evaluation was done –DPSA PSR.</li> <li>▪ The employee placed in the higher grade post and the higher grade post was not advertised.</li> <li>▪ Budget available in MTEF.</li> </ul>
<p><b>Pay progression</b></p> <p>Check if the employee completed a continuous period of 12 months as assessed in terms of HRM Performance management policies on pay progression.</p>

## 26. Description

<p><b>Allowance ( 37% ,Differentiated ,Exam marking Acting ,S &amp; T , Fuel allowance, Housing and other allowances )</b></p>
<p><b>Objective :</b></p> <p><b>To provide assurance and ensure that :</b></p> <p>Compliance to</p> <ul style="list-style-type: none"> <li>▪ PSCBC Resolution 1 of 2007.</li> <li>▪ PSCBC Resolution 3 of 1999.</li> <li>▪ Determination on Housing, January 2005.</li> <li>▪ P.A.M.</li> <li>▪ DBE Tariffs for exam related work.</li> <li>▪ Departmental circular 10 of 2015.</li> <li>▪ Transport circular 1 of 1977. <ul style="list-style-type: none"> <li>➢ The employees are entitled to the payment.</li> <li>➢ The amount paid is correct.</li> <li>➢ Allowance have end date where applicable</li> </ul> </li> </ul>

<b>Indicators</b>	
Abnormal payments made causing duplicate payments.	
Overpayments.	
Incorrect calculations.	
Excessive claims for Fuel allowance	
Fraudulent claims passengers making claims as if they drove own vehicle	
Allowances to be paid for a fixed period are implemented with no end date causing massive overpayments.	
Double dipping admit to GEFP pay service Bonus and also 37%.	
Payments made to employees who are not entitled to the payment.	
<b>Action</b>	
<b>Calculations</b>	
Determine if the employee are entitled to allowance :	
<ul style="list-style-type: none"> <li>▪ <i>Tabulate and calculate and reconcile and analyses in detail the payment using the applicable formula</i></li> <li>▪ <i>Recalculate the total allowance and disallowance using applicable formula</i></li> </ul>	
<b>Programmatic allowance</b>	
<ul style="list-style-type: none"> <li>▪ Allowance must be paid programmatically.</li> <li>▪ Allowance <b>must</b> have an end date.</li> </ul>	
<b>Check Persal</b>	
<ul style="list-style-type: none"> <li>▪ #6.9.10 and abnormal payments and normal and supplementary #5.6.12 and #5.6.4.</li> </ul>	
<b>37%</b>	
<ul style="list-style-type: none"> <li>▪ Permanent employees double dipping and received GEFP /service Bonus and 37%.</li> <li>▪ Disallowance not raised or incorrectly calculations when raised for service Bonus, The employee contribution with GEFP and Medical.</li> </ul>	
<b>0177 Differentiated allowance</b>	
<ul style="list-style-type: none"> <li>▪ Ensure allowance have an end dates to prevent overpayments.</li> </ul>	
<b>Exam marking</b>	
<ul style="list-style-type: none"> <li>▪ Transaction code <b>must</b> be written on each claim form.</li> <li>▪ The Exam unique reference number <b>must</b> be captured on Persal in the field as reference number.</li> <li>▪ To prevent duplicate Exam related payments deal with the root cause as follows are : <ul style="list-style-type: none"> <li>➢ Transaction number <b>must</b> be written on each exam claim.</li> <li>➢ The unique <b>generated Exam number</b> must be captured on Persal as reference number.</li> </ul> </li> </ul>	
<b>Rural Incentives</b>	
<ul style="list-style-type: none"> <li>▪ Pay only to qualifying employee as per the list of Chief Directorate HRM reference 3/9/3 dated 11 September 2015.</li> </ul>	

**Acting Allowance**

- OTP approve the list of acting allowance for Public servants.
- Employees on the OTP approved list must be paid.
- Acting post must be created.

**Housing allowance is paid from :**

- The qualifying date the application was signed, including the correct documentary proof requirements are met.
- The end date the month the employee no longer meet requirement of the housing allowance scheme.

**S & T**

Non-compliance to Resolution 3 of 1999 which state special allowance to compensate for **actual** expenses are claimed :

The **actual** expenses claimed must have the required source documents.

- ❖ Claim must only be processed if the actual claim is supported by a till slip and only the amount as per the till slip must be paid.

Circular 10 of 2015 Recheck the kilometer travelled if it is reasonable :

- Calculate to ascertain if against AA kilometers.
- Tabulate and calculate and reconcile and analyses in detail against AA kilometers.
- Check availability of funds BAS report not older than 5 days.
- After Evaluate place pre audit stamp.

**Or**

- After evaluate rejected and return to HRA.

Cost efficiency

- Supervisors must prevent invalid trips.
  - Trips for collection and delivery to be done economical and efficient.
- Compare and tabulate and calculate and reconcile the following two (2) documents.
  - Form Z79 trips on the form.
  - Form weekly programme for subsidized vehicles signed by supervisor.
  - Attendance Register.
- After Evaluation put the Internal Control pre audit stamp.

**Or**

- After evaluate rejected and return to HRA

Raise an exception if rejected :

- The claims are excessive.
- Claim is fraudulent when employees are passengers in the vehicle and submit claims as if they drove with their own vehicles.



## 27. Description

<b>Overtime</b>	
<b>Objective :</b>	
<b>To provide assurance and ensure that</b>	
Compliance to	
<ul style="list-style-type: none"> <li>▪ DPSA PSR Chapter 4 Part 2.</li> <li>▪ PSCBC Resolution 1 of 2007.</li> <li>▪ PSCBC Resolution 3 of 1999.</li> <li>▪ P.A.M.</li> <li>▪ Departmental HRM overtime policy                             <ul style="list-style-type: none"> <li>➢ Categories of employees that may not receive compensation for overtime due to nature of their duties.</li> <li>➢ The circumstances under which overtime work.</li> <li>➢ How much overtime and employee may work.</li> <li>➢ How authorization is recorded.</li> <li>➢ Other control measures.</li> <li>➢ Executive authority has provided written authorization in advance.</li> <li>➢ Monthly compensation for overtime constitutes less than 30% of the employee monthly salary.</li> </ul> </li> </ul>	
<b>Indicators</b>	
Overtime paid for days not worked	
Overtime paid for period not approved by executive authority	
Overtime are duplicate paid	
<b>Action</b>	
<b>Attendance registers</b>	
<ul style="list-style-type: none"> <li>▪ The format of the Exam claim form must be uniformly used.</li> <li>▪ Each employee to complete separate attendance register.</li> <li>▪ Employee attendances register only to have the days worked.</li> <li>▪ Days absent must not be on the employee register</li> <li>▪ The employee register must be duly signed by both the employee and supervisor.</li> <li>▪ Check attendance register and leave register if that employee was on duty to work the overtime</li> </ul>	
<b>Reports (Progress and Close out report)</b>	
<ul style="list-style-type: none"> <li>▪ Progress report must be attached with the progress payment.</li> <li>▪ Close out report must be submitted with the final payment.</li> <li>▪ Check Bas and Persal production reports</li> </ul>	
<b>Check Persal</b>	
<ul style="list-style-type: none"> <li>▪ #6.9.10 and normal and supplementary #5.6.12 and #5.6.4</li> </ul>	
<b>Capturing</b>	
<ul style="list-style-type: none"> <li>▪ The Exam unique reference number must be captured as reference number field.</li> <li>▪ The Exam unique generated reference number will prevent duplicate payments</li> </ul>	

**Checking**

- Check the overtime policy of department and approval document.
- Check if the categories of employees that are on the list qualify due to the nature of their work and responsibilities.
- If employee shall receive payment or Time off.
- How much overtime the employee may work.
- Recalculate according to DBE and DPSA prescribed formula.

**Raise exceptions**

- Recalculate if the formulas not as determined by DPSA
- Check if SMS or Acting SMS member was paid overtime.

**28. Description**

**Leave Gratuity**

**Objective :**

*To provide assurance and ensure that*

Compliance to section 76(3) of PFMA with regards to Transfers for payments of severance /exit packages.

Leave gratuities are paid to employees that are entitled to and correctly calculated.

**Indicators**

Normal and Partial reversals not done.

Debt by error or negligence incorrectly not put on debt route form or understated.

Capped leave incorrectly audited.

**Action**

**Compliance circular 20 of 2015**

Upon receipt in HRA & P compliance to time frame of forty nine (49) days for payment

**HRA Action**

- Inspect the employee leave file and Leave record on Persal.
- Recalculate the annual leave days paid out if it was limited to the leave accrued at termination date.
- If capped leave are paid out recalculate the audited capped leave.

If unaudited, recalculate the leave out on basis of six days completed per year of service up to maximum of 100 days

**Finance action**

- Recheck the debt route form.
- Check LWP if deducted.
- Calculations must be mathematically correct.
  - Check HRA advice and debt route form and #4.3.1 and # 6.9.10
  - Recheck the amounts if accurate.
- One dedicated employee PMDS must be to check on Bas if not paid out before and different BAS versions.
- Risk of Duplicate payments because audit trail can't be done due to following not complied with.
- Tax production function must be done centrally by Rebates at Head office

**BAS GENERAL JOURNALS**

- The description line **must** always start with the PERSAL number.
- BAS entity must be created directly after the updating of the BAS GJ

<b>Leave Gratuity and pro rata Bonus should be calculated as follows:</b>	
• <b>Leave Gratuity</b>	
<b><u>Notch x Capped Leave days</u></b>	<b>260.714</b>
• <b>Pro rata Service Bonus</b>	
<b><u>Notch x No. of days</u> / 365</b>	
In instances where there is ( LWP )leave without pay the following is applicable:	
• <b>Leave without pay</b>	
<b><u>Notch x No. of days</u> / 365</b>	
• <b>Leave without pay on Bonus</b>	
<b><u>Notch / 12 /365 x No. of days</u></b>	

## 29. Description

<b>HROPT</b>
<b>Objective :</b>
<b><i>To provide assurance and ensure that</i></b>
HROPT are paid to employees who are entitled to the payments and the payments are correctly calculated and in compliance with all fourteen (14) documents used for HROPT payment process.
<ul style="list-style-type: none"> <li>▪ PSA act</li> <li>▪ DPSA PSR</li> <li>▪ DPSA PAS</li> <li>▪ OTP</li> <li>▪ Department of Education HRM policies</li> </ul>
<b>Indicators</b>
No review done of the fourteen documents of DPSA and OTP
No review done on the one employee paid HROPT but not even on list.
No review done on the few employees who was rank promoted from level 6 to 8.
No Reconciliation was done between the HROPT paid in 2009 (R29 Million) and the HROPT paid in 2015 (R78 million).
No review and reconciliation was done on the few names added if entitled to the payments and the payments are accurately calculated

<b>Action</b>
<b>Close out report</b>
Project leader of Internal Control (Pre audit ) must submit HROPT close out report that include
<ul style="list-style-type: none"> <li>Review if in compliance with PSA act and DPSA PSR and PAS 8.1. (D) and OTP prescripts and Department HRM policies                             <ul style="list-style-type: none"> <li>How that one employee was paid HROPT but was not entitled to it</li> <li>The rank promotion level 6 to level 8.</li> <li>The few employees added</li> </ul> </li> <li>Tabulate and calculate and reconcile and analyses in detail.                             <ul style="list-style-type: none"> <li>Persal #6.9.10 and #5.6.12 and #5.6.4 and #4.3.1.</li> <li>If there is any duplicate payments with the 2009 payments of R29 million and 2015/16 payments of R78 million.</li> <li>Indicate which of the 2015/16 Payments are invalid and inaccurate and complete and submit a report on the matter.</li> </ul> </li> <li>Debt to be raised for the overpayments.</li> <li>All future payments to comply and not further overpayments to occur.</li> </ul>
The HRM and Finance project leaders for HROPT must also submit close out report.

30. Description

<b>Dismissals</b>
<b>Objective :</b>
<i>To provide assurance and ensure that</i>
That all dismissals are effected immediate on Persal and no salary overpayments occur.
ECD employees don't contribute to GEPF and their dismissal to be done before the next salary run .
<b>Indicators</b>
There are no route forms on file to determine where the delays occurred at LR or at HRA or at Finance.
<b>Action</b>
All dismissals must have a route form, and it must be signed and dated by HRA, LR and Finance to ensure dismissals are done before the next salary run.

31. Description

<b>Displacements</b>
<b>Objective :</b>
<i>To provide assurance and ensure that</i>
The HRM policies and procedures are circulated since it was issued in 2008 and not reviewed again.
<b>Indicators</b>
Displacements files are not reviewed regularly.
Redeployments are not done timeously.
There is not always proper recordings of the reasons from the displacement – minutes of meetings etc.

**Action**

Review the files at least quarterly.  
Record the reasons for continued displacements and keep records.  
If the displaced employee has not assumed duty at new pay-point this may be fruitless and wasteful expenditure.

32. **COMMUNICATION**

33. Responsibility managers must kindly ensure that this circular 8 of 2016 are communicated to all.

34. **Yours faithfully**



MR T THYS  
DIRECTOR: (ACTING)  
Date

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