



**OFFICE OF THE DIRECTOR: HUMAN RESOURCE ADMINISTRATION**

Steve Vukile Tshwete Complex, Zone 6 Zwelitsha, 5608, Private Bag X0032, Bisho, 5605 REPUBLIC OF SOUTH AFRICA:  
Enquiries: Ms R Pendrigh . Tel: 040 608 4494. Fax :040 608 4372. Email: [Rosalind.Pendrigh@ecdoe.gov.za](mailto:Rosalind.Pendrigh@ecdoe.gov.za)  
Website: [www.eceducation.gov.za](http://www.eceducation.gov.za)

**MEMORANDUM**

**TO :** DEPUTY DIRECTOR GENERALS  
ALL CHIEF DIRECTORS  
ALL DIRECTORS  
ALL PRINCIPALS  
ALL STAFF

**FROM :** DIRECTOR: HUMAN RESOURCE ADMINISTRATION (A)

**DATE :** 07 OCTOBER 2024

**SUBJECT :** AUDITING OF CAPPED LEAVE ACCRUED BEFORE 30 JUNE 2000 IN TERMS OF PSCBC RESOLUTION 1 OF 2000 AND ELRC RESOLUTION 1 OF 2001

**WHAT IS CAPPED LEAVE?**

Leave previously was accrued monthly and was in calendar days. Leave credits could be accumulated if not used. In terms of PSCBC Resolution 1 of 2000 and ELRC Resolution 1 of 2001 a new leave system was introduced with effect from 1 July 2000. The change resulted that leave would now be in working days and not accrued on a monthly basis, but an allocation would be made per year every January which depended on your years of service i.e. 22/26/27/30 days as per the prevailing legislative framework. The leave had to be taken by 30 June of the following year and if not, it was forfeited.

**WHO QUALIFIES FOR CAPPED LEAVE?**

Public Service Act employees who were appointed prior to 1 July 2000 may have capped leave dependant on their usage of leave previously. Educators were treated the same, but they had 15 days, dependant on their appointment date, added for the period 1 July 2000 to 31 December 2001 minus days taken during this period. Employees appointed after these days do not have capped leave nor do they qualify for it.

**HOW WAS THE DAYS DETERMINED?**

Department of Public Service and Administration required all departments to conduct an audit of leave prior to 1 July 2000 whereby the leave of each person had to be checked against the leave records/forms, PERSAL, the allowed allocation and converted to working days. This leave was referred to as Capped Leave and could

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not be forfeited. It could be paid out at Retirement, Death and Ill Health Retirement. It can happen that an administrative oversight occurred that leave forms were not implemented on PERSAL or that the records are incomplete or lost (periods of uncertainty). The Resolutions as well as the Directive on Leave provides a remedy to a situation where there are periods of uncertainty in those 6 days leave is granted per year up to a maximum of 100 (one hundred) days.

In terms of the Toolkit where there is a period of uncertainty an investigation must be done and one of the options is to write to the employee concerned to provide information.

## **WHY RE-AUDIT THE CAPPED LEAVE?**

The Department did the audit as prescribed but over time anomalies occurred on the Leave records of employees where the Capped Leave was amended without proper audit and documentation. This has resulted in the Department not being in a position to accurately reflect its Leave Liability on the Annual Financial Statement.

This resulted in the Department receiving a qualified audit by the Auditor General of South Africa on the Capped Leave credits for at least the 5 years preceding 2018. A qualification is a very adverse finding, and the situation could not continue. The matter was discussed with Provincial Treasury, Department of Public Service and Administration, Office of the Premier and Department of Basic Education.

Against this backdrop a decision was made to re-audit the Capped Leave.

## **CAPPED LEAVE AUDIT PROJECT**

A project was set up and it started its activities on 1 August 2018. The project identified all employees with Capped Leave credits. The PERSAL records as well as the leave files which had been digitized on the Optimis system is used and the Department applies the Department of Public Service and Administration Toolkit on the Auditing of Capped Leave as well as manual detailing the leave dispensations prior to 1 May 1994.

The focus was initially on the Educators as they formed the largest group. All Educators have been audited and the amendment on PERSAL, where applicable, is being done. Public Service Act employees audit is currently being validated to ensure that the audit was done correctly and all legislative frameworks applicable have been applied. PERSAL amendment is ongoing.

## **PROJECT RESULTS/OUTCOMES**

With the progress of made with the auditing process as of 2021 to date the Department has not been qualified on the Capped Leave by the Auditor General of South Africa. The project is deemed to be successful.

## GENERAL MEASURES

It must be stated that on pay slips it is regularly stated that leave credits are subject to audit. When employees exit the service, an audit is done to verify that all leave forms have been considered and the correct accruals have been provided.

Letters will be written to all officials who have had their capped leave credits audited. A dedicated email address has been set up for the employees who may have enquiries about their audit: [CLAproject@ecdoe.gov.za](mailto:CLAproject@ecdoe.gov.za).

Please bring the contents of the attached circular to the attention of all employees of the Eastern Cape Department of Education.



**MS S MAASDORP**  
**HEAD OF DEPARTMENT (A)**

25/10/2024  
**DATE**