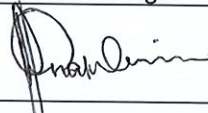
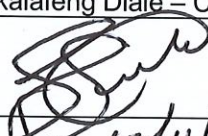
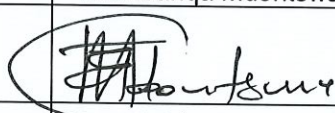


SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY

| INVOICE AND PAYMENT MANAGEMENT STANDARD OPERATING PROCEDURE | |
|---|---|
| SOP COMPILED BY: | Michael Khakhathiba Finance Manager  |
| SOP OWNER: | Finance Department |
| SOP ISSUE NUMBER: | 1 |
| SOP EFFECTIVE DATE: | November 2022 |

| VERSION CONTROL | | | | | |
|-----------------|---------|----------|------|------|-------------------|
| SECTION | VERSION | REVISION | DATE | PAGE | REASON FOR CHANGE |
| | | | | | |

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|-----------------------|---|
| SIGNATURES | RECOMMENDED BY: |
| NAME/JOB TITLE | Ikalafeng Diale – Chief Financial Officer |
| SIGNATURE |  |
| DATE | 15/11/2022 |

| | |
|-----------------------|---|
| SIGNATURES | APPROVED/AUTHORISED TO ISSUE BY: |
| NAME/JOB TITLE | Thamsanqa Mdontswa – Chief Executive Officer |
| SIGNATURE |  |
| DATE | 15/11/2022 |



SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY

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1. PURPOSE

- The purpose of the Standard Operating Procedure (SOP) is to highlight the important and practical aspects regarding the invoice and payment management system.
- This SOP also entrusts the responsibility of maintaining effective controls in administering invoices (i.e., confirm receipt of goods/services, reconcile, cast and cross-cast) to members of the management team (i.e., User Managers and the respective Executive Managers).
- It is also the responsibility of the User Manager and the Executive Manager to ensure that invoices are paid within 30 days counted from date of receipt of an invoice.

2. LEGISLATION

- Section 51(1)(a)(i) of the Public Finance Management Act requires that the Accounting Authority or delegate establish and maintain effective, efficient, and transparent systems of financial and risk management and internal control.
- Section 51(1)(b)(ii) of the Public Finance Management Act requires that the Accounting Authority or delegate take effective and appropriate steps to prevent:
 1. Irregular expenditure – transacting beyond the Purchase Order amount
 2. Fruitless and wasteful expenditure – interest/penalty due to late settlement of the invoice
- Section 51(1)(e)(ii) of the Public Finance Management Act requires that the Accounting Authority or delegate take effective and appropriate disciplinary action against an employee who commits an act which undermines the financial management and internal control system of the SETA.
- Treasury Regulation 8.2.3 states that, “Unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 calendar days from receipt of an invoice or, in the case of civil claims, the date of settlement or court judgement”.

3. BACKGROUND

- The late and/or non-payment of invoices has a serious adverse impact on the financial health of suppliers who are often forced to borrow money to stay afloat financially as well as to continue meeting their contractual obligations with state institutions. When these institutions do not pay their suppliers timeously, it often results in these suppliers being liquidated, especially those that are classified as Small, Medium and Micro Enterprises (SMMEs).
- The closing down of these SMMEs is due to the non-payment of suppliers' invoices by the public sector entities and is also seen as being counterproductive to the objectives of the National Development Plan (NDP) and the National Growth Path (NGP), which are aimed at improving economic growth and reducing poverty, inequality, and unemployment.

4. POST APPOINTMENT

- The User Manager including the Executive Manager should ensure that a Service Level Agreement (SLA) is entered into with the service provider (i.e., where applicable) to best outline the requirements per the Terms of Reference (TOR).
- For once of delivery, Purchase Order (PO) will suffice.
- The SLA is valid only when it has been signed off by both parties.

5. REQUESTING GOODS/SERVICES

- The User Manager should ensure that only items/services specified in the TOR are sourced or requested from the appointed service provider.
- Exceptions to the above may apply if a deviation has been approved by the delegated official.
- For continuous PO/SLA, the User Manager should ensure that funds are still available prior to requesting goods/services from the service provider.

6. INVOICING/RECONCILIATION

- It is the responsibility of both the User Manager and the Executive Manager to ensure that goods/services have been delivered in accordance with the TOR/SLA.
- Signing off on the invoice or delivery note confirms the acceptance of a liability and recognition of the expenditure.
- The following reconciling activities are mandatory:
 1. Agree the rates per invoice to the rates specified in the Standard Bidding Document 3.1 or 3.3 (SBD 3.1 or 3.3).
 2. Confirm the quantity/service.
 3. Cross-cast the invoice (i.e., reperform the multiplication of unit cost to rate per unit being mindful of the VAT implications)
 4. Cast the invoice (i.e., sum up all the line items to determine the correct total being mindful of the VAT implications)

7. AUTHORIZATION

- The current Delegation of Authority (DoA) only permits the Chief Executive Officer (CEO) to commit the SETA and to authorise the expenditure.
- The Chief Financial Officer (CFO) has a responsibility to recommend the invoice for final approval to the CEO.
- At minimum, each invoice should be accompanied by the following:
 1. PO/SLA
 2. SBD 3.1 or 3.3
 3. Payment approval memo
 4. Bank letter (i.e., for first time payment or where banking details are changed)

- The section below will address the specifics per category of expenditure.

8. COMPLIANCE WITH THE FINANCE CHECKLIST BY ACTIVITIES

General expenditure – Annexure A

- At minimum the following documentation should be attached:
 1. Invoice (i.e., signed off and reconciled)
 2. Payment approval memo (i.e., signed off by the CEO)
 3. SBD 3.1 or 3.3
 4. SLA or PO or Bursary contract in cases of internal funding
 5. Bank letter (i.e., for first time payment or where banking details are changed)

Accounting Authority – Annexure B

- At minimum the following documentation should be attached:
 1. Attendance register
 2. Claim form (i.e., signed off by the CEO)
 3. Receipts for reimbursive items
 4. Executive authority approval (i.e., only for public service official)
 5. Proof of leave (i.e., only for public service official)

Training provider (discretionary grant) – Annexure C

- At minimum the following documentation should be attached:
 1. Invoice (i.e., signed off and reconciled)
 2. Payment verification checklist (i.e., signed off by the manager)
 3. Statement of account
 4. Proof of stipend payment (i.e., only if stipend is facilitated through the training provider)
 5. Payment approval memo (i.e., signed by the CEO)
 6. Bank letter (i.e., for first time payment or where banking details are changed)

Stipends (discretionary grant) – Annexure D

- At minimum the following documentation should be attached:
 1. Invoice (i.e., signed off and reconciled)
 2. Payment verification checklist (i.e., signed off by the manager)
 3. Statement of account
 4. Payment approval memo (i.e., signed by the CEO)
 5. Bank letter (i.e., for first time payment or where banking details are changed)

Individual bursary (discretionary grant) – Annexure E

- At minimum the following documentation should be attached:
 1. Invoice (i.e., signed off and reconciled)
 2. Payment verification checklist (i.e., signed off by the manager)
 3. Schedule of students
 4. Student result
 5. Proof of payment (i.e., only applicable when a learner is being refunded)
 6. Payment approval memo (i.e., signed by the CEO)
 7. Bank letter (i.e., for first time payment or where banking details are changed)

Items not affected will be indicated as not applicable

9. SUBMISSION OF INVOICES CUT-OFF

- The cut-off for invoice submission is every Wednesday, close of business unless arranged otherwise with the affected User Manager and/or Executive Manager, the Finance Manager and Chief Financial Officer.
- First come first serve basis will apply on the processing of invoices.
- Any spillages will be attended to in the following week.