



health

Department of Health
NORTHERN CAPE

Policy on Revenue management

Version control

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Responsible Manager : Chief Financial Officer

Definitions and Abbreviations

“Bank Guaranteed Cheque” means a cheque that guarantees a payment that will be honoured by the account holder's bank. Check guarantee will guarantee a customer's payment by cheque, up to a specified amount.

“Budget Controlled Centrally” means management of budget will be performed by head office (Provincial Revenue Office)

Department: means a National or Provincial organization or institution which is assigned function to deliver.

“Face Value Documents” apply to the documents used e.g. Deposit books, receipt books etc.

“Revenue” money generated and collected by the department of health and paid over to Provincial Revenue Fund.

“Revenue Budget” estimation of income for a set period of time which in the province exclude income tax, value added tax, general sales tax, rates on property or customs duties. The department may impose taxes, *levies* and duties, and flat - rate surcharges on the tax bases of any tax, *levy* or duty imposed by national legislation; and to *provide* for matters connected therewith.

Programme Manager: an official responsible for the administration of human and physical resources of a programme who shall, at senior management level, control, co-ordinate, evaluate and account to the Accounting Officer for all activities within a particular programme.

“Revenue Collection” means money generated and collected from the activities of the department

“Revenue records” means all documents that are utilised to generate and support income.

Responsibility Manager: an official responsible for the administration of human and physical resources on which they are approving expenditure in order to achieve the



results and benefits, which are in accordance with and contribute to the objectives of a programme/s of the Department.

“Surplus/Cash Surplus” means the amount exceeding receipts issued.

“AO” Accounting Officer

“BAS” Basic Accounting System

“CFO” Chief Financial Officer

“FS” Financial System

“MEC” Member of the Executive Council

“MTEF” Medium Term Expenditure Framework

“PFMA” Public Finance Management Act

“PMG” Post Master General



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1. Policy Aim:

- 1.1. To provide guidelines on the effective and efficient management of revenue collection.

2. Policy Scope:

- 2.1. This policy applies to all departmental officials dealing with revenue and duly appointed programme and responsibility managers.

3. Policy Statement

- 3.1. The NCDOH fully commits to the PFMA, Treasury Regulations and relevant legislation regulating revenue collection. It is the policy of the Northern Cape Department of Health that it will ensure:

3.2. Internal Controls

- 3.2.1. All aspects of revenue records shall be subjected to proper internal controls.
- 3.2.2. The following internal control measures shall apply in all health facilities where revenue is collected:
 - 3.2.2.1. Segregation of duties for authorization, recording and custodian functions shall be fully adhered to, meaning a person collecting revenue shall not prepare the reconciliation and cashbook and the person keeping stock registers shall not be a person collecting revenue, or where these are not possible mitigating procedures should be in place.
 - 3.2.2.2. Daily cash collected shall be reconciled to receipt and deposit slips.
 - 3.2.2.3. All revenue received shall be banked daily into the department's Pay Master General Account as soon as it is practicable in an instances where it is not practical to do so, at least by the last working day of week.
 - 3.2.2.4. Deposit books with a Pre-Written PMG bank account shall be used for all deposits. The bank stamp shall serve as evidence that the money was banked.
 - 3.2.2.5. If an amount collected for the day is less than R500, the deposit can be made the same day and should be kept in a locked safe and deposited by the



next/following business day.

3.2.2.6. All collections on hand at month and year end shall be deposited into the bank on the last working day of the fiscal month or year.

3.2.2.7. Reconciliation to the general ledger and other supporting accounting ledgers shall be performed in a timely manner (daily, weekly and monthly) for receivable balances, subsidiary ledgers and revenue collection.

3.2.2.8. Access to cash shall be restricted to only revenue clerks.

3.2.2.9. Cash books shall be prepared, kept up to date and reviewed on a daily basis before and after banking.

3.2.2.10. The Revenue collectors shall capture all revenue receipt in the financial systems on a daily basis.

3.2.2.11. The prepared batches of BAS receipts, deposit slips and cash books shall be captured on a daily basis and filed for audit purposes.

3.2.2.12. All revenue collecting facilities shall ensure that the tariffs are in line with latest revised tariffs as guided by the National Treasury or departmental decision.

3.2.2.13. Under no circumstances shall a private cheque be accepted as payment. Only bank guaranteed shall be accepted as a means of payment.

3.3. Collection of Revenue

3.3.1. In terms of Section 21(2) of the PFMA, money is paid into a revenue fund by depositing it into a bank account in accordance with the configuration requirements as prescribed in Treasury Regulation.

3.3.2. All revenue received by the department must be paid daily into the Paymaster-General account or, for amounts less than R500, as soon as practicable, but at least by the last working day of the week in which it is received.

3.3.3. Money collected by the Department, which is not classified as revenue, must be paid into the Paymaster-General account and accounted for in the ledger. This includes:

3.3.3.1. Money received for agency services provided to another department;

3.3.3.2. Monies collected for private telephone calls;

3.3.3.3. Money collected from parking allocation; and



- 3.3.3.4. Monies collected for the repayment of current financial year debts.
- 3.3.4. Monies collected by the department as revenue cannot be utilized for expenditure.
- 3.3.5. The responsible official for receipting of monies received from Debtors must not be the same official responsible for debtor's administration.
- 3.3.6. Where there is one official performing tasks, increased management checks and controls shall take place e.g. Comparison of month to month revenue billed and revenue collected.
- 3.3.7. All receipts must be correctly allocated to the relevant debtors account on financial system and furthermore the amount must be correctly allocated to the services paid for.
- 3.3.8. Any unknown receipts shall be temporarily posted to an unallocated receipts account/ Bank adjustment account. These amounts must be traced to deposits or remittances and must be followed up by contacting the payee or bank where applicable, to verify for what or whom the payment was received.
- 3.3.9. The unallocated receipts account must be cleared at least on a weekly basis.
- 3.3.10. Unallocated receipts that remain unallocated at year-end shall be recognized as revenue.
- 3.3.11. All revenue received or accrued shall be recorded and be reconciled to the debtor's accounts and receipts.

3.4. Sources of revenue

- 3.4.1. Patient related fees
- 3.4.2. Auctions of departmental assets
- 3.4.3. Parking bay levy
- 3.4.4. Personal telephone calls
- 3.4.5. Sale of tender documents
- 3.4.6. Commission insurance and garnishees
- 3.4.7. Rental dwellings
- 3.4.8. Other sales e.g. Scrap

3.5. Overpayments

- 3.5.1. Where a patient has overpaid for services rendered, the refund shall be effected by means of a credit to the next bill if it exists.



3.5.2. Refunds shall only be carried out where a patient has paid in cash and the monies relating to the overpayment have not been paid over to the provincial revenue fund.

3.5.3. Where refund relates to the money paid to provincial revenue fund, an application for refund with full supporting documentation shall be sent to Provincial Treasury by provincial office. If processed from voted funds, application for refund process shall still be the same for Provincial Treasury to refund the department.

3.5.4. Refunds shall only be paid, after verification showing that the patient does not owe any previous hospital visits.

3.5.6. Refunds will be done after monthly reconciliations have been performed by revenue collecting facilities and where there is sufficient information regarding the refund.

3.6. Surplus and Shortages

3.6.1. A receipt has to be issued marked surplus cash or cash surplus should there be a surplus realized in the cash office.

3.6.2. Surplus receipts must be allocated to unallocated funds and be paid over to Provincial revenue fund if not claimed by the end of the financial year.

3.6.3. All shortages shall be reported by the official responsible for issuing receipts and investigated accordingly, and must be made good by paying the shortage amount. The shortages must be reported to the immediate supervisor and must be recorded in a cash or surplus register.

3.6.4. The issued receipt shall be marked surplus cash or cash surplus, should there be a surplus realized in the cash office.

3.7. Returned Cheques

3.7.1. All cheques returned due to insufficient funds of the patient will be processed by the Head Office in conjunction with institution's/hospital assistance as requested, unless otherwise stated per any resolution.

3.8. Revenue Budget

3.8.1. The Department's revenue budget shall be in accordance with a format as may be prescribed by Provincial Treasury, and shall at least contain:

- 3.8.1.1. Estimates of all revenue expected to be raised during the financial year to which the budget relates; Estimates of interest and debt servicing charges;
 - 3.8.1.2. Any repayments on debts; and any other information as may be prescribed, including any multi-year budget information;
 - 3.8.1.3. Such revenue estimates will be supported by variables (base, rate, etc.) that comprises such revenue.
- 3.8.2. Monitoring of revenue budget shall be performed monthly throughout the fiscal year and shall include an analysis of actual vs. budgeted revenue as well as reconciliation to any subsidiary ledgers or documentation.
- 3.8.3. The departmental revenue budget shall be compiled, consolidated and controlled centrally until revenue collecting facilities are well resourced to perform this function.
- 3.8.4. All facilities shall have an input in the development and finalization of the revenue budget.

3.9. Reporting

- 3.9.1. The CFO shall within 12 days after each month end submit the following to the AO:
- 3.9.1.1. The information, in the prescribed format, on actual revenue for the preceding month;
 - 3.9.1.2. A projection of expected revenue for the remainder of the current financial year; and
 - 3.9.1.3. An explanation of any material variances and summary of the steps taken to ensure that the projected revenue remain within budget.
- 3.9.2. The AO must: In terms of Section 40 (4) of the PFMA
- 3.9.2.1. Each month submit information, in the prescribed format, on actual revenue and for the preceding month and the amounts anticipated for that month to the Provincial Treasury;
 - 3.9.2.2. Within 15 days of the end of each month submit the following to the Provincial Treasury and the MEC, in terms of Section 40(4) (c) of the Public



Finance Management Act:

3.9.2.3. The information, in the prescribed format, on actual revenue for the preceding month;

3.9.2.4. A projection of expected revenue collection for the remainder of the current financial year; and

3.9.2.5. When necessary an explanation of any material variances and a summary of the steps that are taken to ensure that the projected revenue remains within budget.

3.10. Fraud, non-Compliance and Record keeping

3.10.1. Should there be any suspicion regarding non-compliance with internal control directives, management shall notify the Fraud and Integrity Directorate for further review.

3.10.2. Should there be any detection of fraud incidents of fraud, management shall report such to Labour Relations Unit for further investigations and disciplinary measures.

3.10.3. Continued compliance of revenue with applicable statutes or regulations shall be the responsibility of the revenue initiating institution.

3.10.4. It shall be the responsibility of the initiating institution to ensure that all the supporting documentation e.g. receipt book and invoices (bills to patients) are properly maintained and any explanations relating to institutions are provided during the auditing period or for any investigation conducted.

3.11. Control procedures

3.11.1. All face value documents shall be kept in a strong room or safe to safeguard against loss and fire and unauthorised access.

3.11.2. A stock register shall be kept and maintained in all facilities.

3.11.3. Each facility collecting revenue shall keep an updated stock register for all face



value documents.

4. Roles and Responsibilities

4.1. The **Head of Department** shall:

4.1.1. Provide the Provincial Treasury, in the prescribed format, with a breakdown per month of the anticipated revenue for that financial year;

4.2. The **Chief Financial Officer** shall:

4.2.1. Prepare and report annually on revenue collection.

4.2.2. Commission investigations to any identified or suspected fraud.

4.3. The **Revenue Manager** Shall:

4.3.1. Keep all face value books up to date and check on a daily basis.

4.3.2. Ensure that all receipts, deposit slips are captured in the system on a daily basis.

4.3.3. Reconcile revenue collected on a weekly basis.

4.3.4. Take responsibility for maintenance of face value documents (Deposit books, receipt books etc.)

4.4. The **immediate supervisor/Revenue Supervisor** shall:

4.4.1. Keep stock register of all face value documents

4.4.2. Ensure access is controlled

4.5. The **Revenue Practitioner/Clerk** shall:

4.5.1. Collect and upload receipts on accounting system

4.5.2. Report all shortages to immediate supervisor

5. Review and Distribution

5.1. The **Chief Financial Officer** is the responsible manager for this policy and for ensuring it is reviewed and updated.



5.2. This policy and accompanying procedure will be reviewed within 3 years from the publishing date. If necessary, an updated version will be issued to supplement the cover of this Policy (Identifying a revised publication date).

5.3. The Director for Policy & Planning will distribute updated versions to:

5.3.1. Member of the Executive Council for Health

5.3.2. Head of the Department of Health

5.3.3. All Chief Directors, Directors and Deputy Directors (Who will in turn distribute to their staff appropriately)

6. Acknowledgement and Sources

6.1. Public Finance Management Act, 1999, as amended.

6.2. Treasury Regulations

Approved by

Head of Department:


Mr. S Jonkers

Date

2018-05-31