



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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To all staff persons of the Urban Environment Management Programme.

RE: ROLL OVER / RETAINING OF DONOR FUNDS AT THE END OF A FINANCIAL YEAR

In relation to the Urban Environment Management Programme, collaboration between RSA and Danida 2006-2010, this office has received a request to clarify the process with regard to the donor funds at the end of a financial year.

Our comments are as follows:

All donor funding deposited into the RDP Fund and subsequently transferred to a spending/implementing agency is subject to the following Acts and Financial Instructions:

- (a) RDP Fund Act 9 of 1994
- (b) RDP Fund Amendment act 79 of 1998.
- © Practice Note 16 of 2001
- (d) the Public Finance Management Act No.1 of 1999 as amended by Act 29 of 1999)

Introduction

In the case of the UEM Programme this has been clarified in the *"Financial Management Procedures"* prepared by the NT and endorsed by the programmes PSC, 26. Ap. 2006.

In continuation of this document it should be noted that in the RDP Fund act and Amendment Act, the funds are transferred to and spent by the implementing agency strictly in terms of the technical assistance agreement and as such is bound by the principles set out there in.

- ♦ With regard to the retaining or surrendering of funds back to the RDP Fund at the end of financial year, it has been the practice since 2001 that where a programme spans a period of more than one financial year, the funds may be retained (rolled over) in the said institution and be utilised for the continuance of the relevant project/programme.
- ♦ Where funds were surrendered at the end of a financial year and requested again in the new financial year, problems were experienced due to the

additional administration that was required and in the light thereof, a Practice Note was drafted and forwarded to all Chief Financial Officers in which it clearly states that "Any remaining funds should not be paid into the RDP Fund if it is subject to a technical assistance agreement, which provides for the funds to be retained. "

Please do not hesitate to contact this office should you require additional information in this regard.

Copies of the relevant documents are disseminated with this memo for your information and records.



Shaheed Rajie
Chief Director : International Development Co-operation