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TO HEADS OF NATIONAL AND PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

For Attention: PILIR Champions/Director: Human Resources


POLICY AND PROCEDURE ON INCAPACITY LEAVE AND ILL-HEALTH RETIREMENT (PILIR): APPLICATION OF CLAUSES 1.1 AND 1.2 OF ANNEXURE A OF THE PANEL CONTRACT

1. It transpired from engagements in recent Provincial and National Department Cluster Steering Committee Meetings and based on enquiries received that Departments are failing to comply with the provisions of clauses 1.1 and 1.2 of Annexure A of the Panel Contract entered into between the DPSA and the Health Risk Managers (In other words Annexure A of your Departmental Contract.)
2. It is therefore deemed necessary to bring the following to the attention of Departments.
 - 2.1 In terms of clause 1.1 of Annexure A of the Panel Contract, Departments shall pay the Health Risk Manager a monthly fee (inclusive of VAT) in advance following receipt of valid tax invoice.
 - 2.2 According to the above-mentioned engagements it transpired that-
 - 2.2.1 Departments fail to observe this contractual obligation by either not paying their invoices or are not paying their invoices for several months or are only paying long after the mandatory 30-day period provided for in the Public Finance Management Act (PFMA), 1999; and
 - 2.2.2 Some Departments hold the view that payments may not be made in advance.
3. In this regard Departments are reminded that-
 - 3.1 The provisions contained in clause 1.1 of Annexure A for the Panel Contract, referred to above, is in keeping with the provisions of Treasury Regulation 15.10.1.2(c); and

3.2 Departments are obliged in terms of section 38(1)(f) of the PFMA, read with Treasury Regulation 8.2.3 to settle all payments due to creditors within thirty (30) days from receipt of an invoice.

3.3 Non-compliance will result in audit findings but also compromises, among others, the sustainable application of the PILIR.

4. For purposes of computing the monthly invoice, Departments are required in terms of clause 1.2 of Annexure A of the Panel Contract, to confirm the employee head count quarterly and in writing. The DPSA notes that there are implementation areas where a different approach is adopted.
5. To this end Departments are reminded that the quarterly submission of employee head count is a contractual provision which cannot be amended by other parties based on preference. Therefore, the provisions of the contract must be strictly adhered to.
6. Departments must confirm the employee head count once per quarter, i.e. as at 31 March, 30 June, 30 September and 31 December respectively. The Health Risk Manager should then use this employee count to prepare the monthly invoices for the next three months in prospect. If a Department fails to confirm the headcount for a particular quarter the Health Risk Manager should continue using the headcount last provided and do a reconciliation once the employee head count for the missing quarter or a new quarter is confirmed.
7. Departments are urged to read the Panel contract and their own contracts to ensure that they duly comply with the provisions. Failure to do so may result in either audit findings, a contractual breach or both.


PP **DIRECTOR-GENERAL**
DATE: 2015/06/25