



provincial treasury

**Department:
Provincial Treasury
North West Provincial Government
Republic of South Africa**

VOTE 7

**1st
QUARTERLY PERFORMANCE
REPORT 2022-2023**



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DATE: _____


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1. INTRODUCTION AND BACKGROUND

On the 4th of April 2022, Hon. President Cyril Ramaphosa addressed the nation on the termination of the national state of disaster in response to COVID-19 pandemic. Going forward, the pandemic will be managed in terms of the National Health Act.

The department continued to adhere COVID-19 safety protocols which include amongst others:

- Wearing of face masks
- Practice of social distancing
- Encouragement of vaccination
- Submission of work electronically where possible, using electronic signing of documents and minimize the usage of paper
- Conduct of virtual meetings where possible, *etc*

On the 22nd of June 2022 the remaining COVID-19 restrictions were lifted, including limitations on gatherings, international travel and wearing masks in public. The decision was made in the light of a decline in daily cases, hospitalisations and reported deaths.

Provincial Treasury responds to the following MTSF Priority:

- **MTSF Priority 1: A Capable, Ethical and Developmental State**

2. SITUATIONAL ANALYSIS / HIGHLIGHTS ON OTHER ACHIEVEMENTS

2.2 PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

2.2.1 SUB-PROGRAMME: ECONOMIC ANALYSIS AND FISCAL POLICY

Provincial Treasury has successfully held the first quarter Provincial Revenue Forum where all departments are represented. The forum focuses on sharing best practices to assist departments that are struggling to meet revenue collection target with innovative means of collection. The departments are encouraged to explore innovative means of enhancing revenue collection.

2.2.2 SUB-PROGRAMME: MUNICIPAL FINANCE MANAGEMENT

Provincial Treasury conducted tabled budget engagement with all the municipalities in the province except for Maquassi Hills and Mamusa.

2.3 PROGRAMME 3: ASSETS AND LIABILITY MANAGEMENT

2.3.1. SUB-PROGRAMME: ASSET MANAGEMENT AND PROVINCIAL SUPPLY CHAIN MANAGEMENT

- The PSCM provided SCM advisory support to departments and public entities in relation to the applications of Exemptions in terms of PPPFA, 05 of 2000.
- PSCM developed interim SCM procurement guidelines for departments and public entities above R30 000 pending the Constitutional Court outcomes on the validity of PPR, 2017.

2.4 PROGRAMME 4: FINANCIAL GOVERNANCE

2.4.1. SUB-PROGRAMME: ACCOUNTANT GENERAL, PROVINCIAL ACCOUNTING SERVICES, FINANCIAL SYSTEMS AND PROVINCIAL RISK MANAGEMENT

The department managed to achieve its targets albeit the additional responsibilities to support Public Entities. Amongst others, the added responsibilities are:

- To review risk management literatures and documents.
- To build risk management capacity and to assist in facilitation of risk assessments.

2.4.2. SUB-PROGRAMME: PROVINCIAL INTERNAL AUDIT

- AFS and Annual Reports of the 11 Depts in the shared service reviewed by both Provincial Internal Audit and the Audit Committee prior to submission thereof to the AGSA on 31 May 2022.
- The Audit Committee submitted their draft certificates for inclusion in the Annual Report of the Depts in the shared service.
- Five bids were reviewed for compliance before award in terms of PT Instruction 3 of 2018/19.

3. KEY CHALLENGES AND RESPONSES *(per sub programmes)*

3.1 PROGRAMME 1: ADMINISTRATION

3.1.1. SUB-PROGRAMME: CORPORATE SERVICES

Challenge 1:

Network challenges for online training

Response to challenge 1:

Province needs to work on upgrading and solving general network issues and or Department to provide routers for online training.

Challenge 2:

Reluctance by officials to do online training

Response to challenge 2:

- Encouraging staff to register for on-line training.
- Preparation of training rooms to enable usage of virtual platforms for training.

3.1.2. SUB-PROGRAMME: FINANCIAL MANAGEMENT (CFO)

Challenge 1:

Constant electricity load shedding resulting in officials not being able to continue working on the financial systems.

Response to challenge 1:

Access to back up power supply for key personnel within SCM so that payments can be processed.

3.2 PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

3.2.1. SUB-PROGRAMME: BUDGET MANAGEMENT, PUBLIC FINANCE MANAGEMENT AND INFRASTRUCTURE COORDINATION

Challenge 1:

Undesirable higher Spending for March ("March Spike") and overspending on Conditional Grants has occurred at the end of the financial year, which is showing poor planning and implementation.

Response to challenge 1:

Departments to initiate actions and business processes to be ready to implement projects early during the 2022/23 financial year. Together with remedial actions to mitigate over/under spending

3.2.2. SUB-PROGRAMME: ECONOMIC ANALYSIS AND FISCAL POLICY

Challenge 1:

Delay in processing journals of revenue collected by some of the departments resulted in departments reporting over/under collection.

Response to challenge 1:

Provincial Treasury has advised the departments to prepare and process journals frequently i.e twice in a month and not wait for the end of the period.

3.2.3. SUB-PROGRAMME: MUNICIPAL FINANCE MANAGEMENT

Challenge 1:

Lack of commitment and cooperation by some municipalities in terms of compliance with MFMA requirement.

Response to challenge 1:

Non-compliance letters were sent to municipalities that did not comply with MFMA.

3.3 PROGRAMME 3: ASSETS AND LIABILITY MANAGEMENT

3.3.1. SUB-PROGRAMME: ASSET MANAGEMENT AND PROVINCIAL SUPPLY CHAIN MANAGEMENT

Challenge 1:

There are departments that did not properly maintain their asset registers as a result of the COVID pandemic.

Response to challenge 1:

Roll out of the BAUD asset verification support to assist departments with maintaining their asset registers.

Challenge 2:

There is an increasing number of redundant and obsolete assets in public entities due to the non-existence of disposal committees.

Response to Challenge 2:

To form a provincial disposal committee to conduct disposals on entities with no alternative capacity.

Challenge 3:

Non implementation of procurement plans by the departments and public entities due to the halt of procurement by the Constitutional Court.

Response to Challenge 3:

Provincial Treasury developed interim SCM guideline for procurement above R30 000.00 pending the outcome of Constitutional Court judgment.

3.4 PROGRAMME 4: FINANCIAL GOVERNANCE

3.4.1. SUB-PROGRAMME: ACCOUNTANT GENERAL, PROVINCIAL ACCOUNTING SERVICES, FINANCIAL SYSTEMS AND PROVINCIAL RISK MANAGEMENT

Challenge 1:

Public Entities not timeously submitting their quarterly progress reports.

Response to challenge 1:

Timeous submission of risk management progress reports are highlighted in the CEO letters.

3.4.2. SUB-PROGRAMME: PROVINCIAL INTERNAL AUDIT

Challenge 1:

Vacant funded positions not filled on time.

Response to challenge 1:

Prioritise and make a submission for the filling of vacant funded posts.

4. ACTUAL PERFORMANCE AGAINST 2022-2023 1st QUARTERLY TARGETS

2021-2022– PROGRAMME 1: ADMINISTRATION QUARTERLY TARGETS

Sub-Programme 1.1: Risk Management

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	% submission of disclosures of financial interest for SMS	100%	100%	100%	N/A	N/A

Sub-Programme1.2: Corporate Services

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Number of officials trained in line with Work Skills Plan	70	20	14	1st quarter is usually slow because of taking previous year leave and June exams for those studying.	To train more officials during the next quarter.

Sub-Programme 1.3: Financial Management (CFO)

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Number of Annual financial statements without material misstatements	1	N/A	N/A	N/A	N/A
2	% of valid invoices paid within 30 days	100%	100%	100%	N/A	N/A
3	Number of reports on procurement spend to Women-owned businesses produced	4	1	1	N/A	N/A
4	Number of reports on procurement spend to youth owned businesses produced	4	1	1	N/A	N/A
5	Number of reports on procurement spend to persons with disabilities owned businesses produced	4	1	1	N/A	N/A

2021-22- PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT QUARTERLY TARGETS

Sub-Programme 2.1: Budget Management, Public Finance Management and Infrastructure Coordination

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Estimates of Provincial Revenue and Expenditure (EPRE)	1	N/A	N/A	N/A	N/A
2	Quarterly Financial assessments on provincial spending	4	1	1	N/A	N/A

Sub-Programme 2.2: Economic Analysis and Fiscal Policy

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Provincial own revenue collected	R1.1 billion	N/A	N/A	N/A	N/A

Sub-Programme 2.3: Municipal Financial Management

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Number of budget assessments conducted on adopted municipal budgets	20	N/A	N/A	N/A	N/A
2	Number of municipal capacity building interventions conducted	4	1	1	N/A	N/A
3	Number of assessment conducted on status of municipal internal control environment	7	3	3	N/A	N/A
4	Number of reports on technical support provided to municipalities in-line with Section 154 of the Constitution	4	1	1	N/A	N/A
5	Number of assessments done on municipalities in financial crisis	8	1	0	The process was delayed due to the Induction for Councilors on the Mandatory Intervention Framework.	The Municipal Financial Recovery Services team started with the status quo assessment in eight (8) municipalities in July 2022 and assessment to be completed by end of 2 nd quarter.

PROGRAMME3: ASSET AND LIABILITIES QUARTERLY TARGETS

Sub-Programme 3.1: Asset Management and Provincial Supply Chain Management

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Number of supply chain management (SCM) capacity building interventions provided to Departments and Public Entities	4	1	7	The reason for overachievement is high demand of trainings from Public Departments and Entities.	N/A
2	Number of Departments and Public Entities supported to improve audit outcomes on SCM	6	N/A	N/A	N/A	N/A
3	Number of assessments done on departments and public entities on COVID-19 expenditure provided to departments and Public Entities	4	1	1	N/A	N/A
4	Number of asset management capacity building	4	N/A	N/A	N/A	N/A

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons for underperformance or overachievement	Measures to address under achievements
	interventions provided to departments and Public Entities					
5	Number of Departments and Public Entities supported to improve audit outcomes on asset management	6	N/A	N/A	N/A	N/A
6	Number of assessments done on non-compliance by Departments and Public Entities on SCM regulation	4	1	1	N/A	N/A

PROGRAMME 4: FINANCIAL GOVERNANCE QUARTERLY TARGETS

Sub-Programme 4.1: Programme Support – Accountant General, Provincial Accounting Services, Financial Systems and Provincial Risk Management

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Number of capacity Building Interventions for Departments and Public Entities	9	2	2	N/A	N/A
2	Number of monitoring reports on implementation of AGSA findings on the preceding financial year on departments and public entities	2	N/A	N/A	N/A	N/A
3	Number of Identified departments and public entities for focused interventions on clean audits	6	N/A	N/A	N/A	N/A
4	Number of interventions provided to governance structures in Public Entities	2	N/A	N/A	N/A	N/A

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons for underperformance or overachievement	Measures to address under achievements
5	Number of Identified public entities for focused interventions on risk management	2	N/A	6	During the 1st quarter 6 Public Entities conducted the strategic risk assessments as advised by Provincial Risk Management. This assists in identification and management of risks before they hamper the achievements of the entities' outcomes and targets.	N/A

Sub-Programme 4.2: Provincial Internal Audit

No	Output Indicators	Annual target 2022-2023	1 st quarter planned targets	1 st quarter actual outputs	Reasons for underperformance or overachievement	Measures to address under achievements
1	Number of departmental post audit action plans assessed	11	N/A	N/A	N/A	N/A
2	Number of departmental risk management systems assessed	11	N/A	N/A	N/A	N/A