



## **provincial treasury**

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

# **STRATEGIC PLAN**

**2020/21 - 2024/25 (REVISED)**

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# EXECUTIVE AUTHORITY STATEMENT

The Hon. President of the Republic of South Africa, Mr. Cyril Ramaphosa in his address when he announced measures taken by the country to combat the Covid-19 epidemic said the following words, among others, “The world is facing a medical emergency far graver than what we have experienced in over a century. The World Health Organization has declared the coronavirus outbreak as a global pandemic. Given the scale and the speed at which the virus is spreading, it is now clear that no country is immune from the disease or will be spared its severe impact. Never before in the history of our democracy has our country been confronted with such a severe situation.

From the start of the outbreak in China earlier this year, the South African government has put in place measures to screen visitors entering the country, to contain its spread and to treat those infected. Initially, it was people who had travelled out of the country, especially from Italy, who had positively tested for the virus. It is concerning that we are now dealing with internal transmission of the virus. This situation calls for an extraordinary response; there can be no half measures. We have decided to take urgent and drastic measures to manage the disease, protect the people of our country and reduce the impact of the virus on our society and on our economy”.

It is during difficult times like these that we are reminded of the wise and encouraging words by Tata Nelson Rolihlahla Mandela when he asked: “When the history of our times is written, will we be remembered as the generation that turned our backs in a moment of global crisis or will it be recorded that we did the right thing?”

It is against this background that the province and the Department have to position themselves to combat this pandemic and re-arrange the way we serve the people of North-West so as to ensure that we don’t lose focus that our key role is that of serving our people irrespective of challenges we are faced with. This Strategic Plan of the department seeks to contribute to MTSF Priority 1: A Capable, Ethical and Developmental State. However, the department is also expected to support the following National MTSF Priorities:

- Priority 1: A Capable, Ethical and Developmental State
- Priority 2: Economic Transformation and Job Creation
- Priority 3: Education, Skills and Health
- Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services
- Priority 5: Spatial Integration, Human Settlements and Local Government
- Priority 6: Social Cohesion and Safe Communities
- Priority 7: A better Africa and a Better World

## Provincial Priorities


- Priority 1: Unemployment
- Priority 2: Water and Sanitation
- Priority 3: Rural roads
- Priority 4: Housing
- Priority 5: Health
- Priority 6: Crime and Corruption
- Priority 7: Education
- Priority 8: Land

Consistent with the objective of repositioning the Province, the department directly contributes to the attainment of the Medium-Term Strategic Framework (MTSF) Priority 1: A Capable, Ethical and Developmental State. Through the implementation of the strategic plan, a culture of discipline, accountability, responsiveness, transparency and ethical behaviour will be entrenched.

The key focus of this strategic plan of this Department still remain in dealing with the following challenges, *inter alia*: -

- Deficiencies in institutional arrangements;
- Delegation of powers and functions;
- Governance and leadership challenges;
- poor implementation of budget and financial management by the Budget and Treasury Offices (BTOs);
- Lack of consequence Management;
- Non-payment to the municipality for services provided and non-payment by the municipality for services received/rendered

I, therefore, endorse this Strategic Plan and commit to its implementation.



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**Ms Motlalepula Rosho**  
**MEC for Finance**

# ACCOUNTING OFFICER STATEMENT

Department of Public Service and Administration (DPSA) and the Department of Employment and Labour issued guidelines that provide direction on the public service response to the Corona Virus - 19 pandemic. This was informed by the Department of Employment and Labour document titled “Workplace preparedness for COVID-19”.

It is against this background that the Department developed a Covid-19 Plan, appointed the Compliance Officer, and devolved the functions of the Covid-19 Steering Committee which was established prior the initial lockdown into the Departmental temporary Occupational Health and Safety (OHS) Committee. The Department reviewed / updated the initial Risk Assessment on Response to Covid-19 that was done prior lockdown as well, amended the Occupational Health and Safety (Safety Health Risk and Quality Management- SHERQ) Policy. The Department then submitted the Covid-19 Plan, amended OHS Policy and updated Risk Assessment on Covid Response to the Provincial Chief Inspector of Labour as required in terms of DPSA and Department of Employment and Labour Directives.

In spite of the fact that we are experiencing Covid – 19 challenges, Departmental responsibilities still have to be discharged, which include, *inter alia*: -

The Municipal Support Programme (MSP) in order to provide technical support to municipalities with a specific focus on Cash Flow Management; budgeting; Annual Financial Statements (AFS) Preparation and Review; Supply Chain Management; and Infrastructure Support. The objectives of these initiatives are to ensure improved cash flow management processes, improved supply chain management, effective risk management, improved infrastructure project management and capacitated municipal staff in the preparation of sec 71 reports (Budget) and financial statements, thus ensuring sustainability and minimizing use of external consultants.

The same support will also be provided to Departments and Public Entities. Although the greatest challenge is with municipalities whose affairs and operations continue to worsen in spite of our tireless efforts to improve municipal environment.



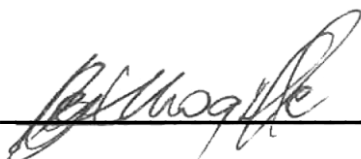
**Mr N.I. Kunene**  
**Accounting Officer**  
**Department of Provincial Treasury**

# OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the Provincial Treasury under the guidance of the Honourable MEC Motlalepula Rosho
- Takes into account all the relevant policies, legislation and other mandate for which the Provincial Treasury is responsible;
- Accurately reflects the impact and outcomes which the Provincial Treasury will endeavour to achieve over the period of 2020/21-2024/25.

**Mr Gordon Letlhogile**  
**Director: Strategic Management**

Signature: 

**Ms Matshidiso Jansen - Mwase**  
**Chief Director: Corporate Services**

Signature: 

**Mr Riad Soofie**  
**Chief Financial Officer**


Signature: 

**Mr Ndlela Kunene**  
**Accounting Officer**

Signature: 

**Approved by:**

**Honourable Motlalepula Rosho**  
**MEC for Finance**

Signature 

## PART A: OUR MANDATE

### 1. Constitutional Mandates

<b>The Constitution of the Republic of South Africa Act 108 of 1996</b>	<b>National, provincial and municipal budgets</b> 215. (1) national, provincial and municipal budgets and budgetary processes must promote transparency, accountability and effective financial management of the economy, debt and the public sector (2) national legislation must prescribe - (a) the form of national, provincial and municipal budgets. (b) when national and provincial budgets must be tabled; and (c) budgets in each sphere of government must show the sources of revenue and the way in which proposed expenditure will comply with national legislation. (3) budgets in each sphere of government must contain – (a) estimates of revenue and expenditure, differentiating between capital and current expenditure. (b) proposals for financing any anticipated deficit for the period for which they apply, and (c) an indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.
	<b>Provincial intervention in local government</b> 139. (1) When a municipality cannot or does not fulfil an executive obligation in terms of the Constitution or legislation, the relevant provincial executive may intervene by taking any appropriate steps to ensure fulfilment of that obligation, including- (a) issuing a directive to the Municipal Council, describing the extent of the failure to fulfil its obligations and stating any steps required to meet its obligations. (b) assuming responsibility for the relevant obligation in that municipality to the extent necessary to- (i) maintain essential national standards or meet established minimum standards for the rendering of service. (ii) prevent that Municipal Council from taking unreasonable action that is prejudicial to the interests of another municipality or to the province as a whole; or (iii) maintain economic unity; or (c) dissolving the Municipal Council and appointing an administrator until a newly elected Municipal Council has been declared elected, if exceptional circumstances warrant such a step.
	<b>Municipalities in co-operative government</b> 154. (1) The national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. (2) Draft national or provincial legislation that affects the status, institutions, powers or functions of local government must be published for public comment before it is introduced in Parliament or a provincial legislature, in a manner that allows organized local government, municipalities and other interested persons an opportunity to make representations with regard to the draft legislation.

## 2. Legislative Policy mandates

<p><b>Public Finance Management Act No. 1 of 1999 (as amended)</b></p>	<p><b>18. Functions and powers,</b></p> <p>(1) A provincial treasury must--</p> <ul style="list-style-type: none"> <li>(a) prepare the provincial budget.</li> <li>(b) exercise control over the implementation of the provincial budget;</li> <li>(c) promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities; and</li> <li>(d) ensure that its fiscal policies do not materially and unreasonably prejudice national economic policies.</li> </ul> <p>2) A provincial treasury--</p> <ul style="list-style-type: none"> <li>a) must issue provincial treasury instructions not inconsistent with this Act;</li> <li>b) must enforce this Act and any prescribed national and provincial norms and standards, including any prescribed standards of generally recognized accounting practice and uniform classification systems, in provincial departments;</li> <li>c) must comply with the annual Division of Revenue Act, and monitor and assess the implementation of that Act in provincial public entities;</li> <li>d) must monitor and assess the implementation in provincial public entities of national and provincial norms and standards;</li> <li>e) may assist provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management;</li> <li>f) may investigate any system of financial management and internal control applied by a provincial department or a provincial public entity;</li> <li>g) must intervene by taking appropriate steps, which may include the withholding of funds, to address a serious or persistent material breach of this Act by a provincial department or a provincial public entity;</li> <li>h) must promptly provide any information required by the National Treasury in terms of this Act; and</li> <li>i) may do anything further that is necessary to fulfil its responsibilities effectively.</li> </ul>
<p><b>Treasury Regulations, May 2005 issued in terms of PFMA Act 1 of 1999 (as amended)</b></p>	<p><b>76. Treasury regulations and instructions, <i>inter alia</i>,</b></p> <p>1) The National Treasury must make regulations or issue instructions applicable to departments, concerning--</p> <ul style="list-style-type: none"> <li>a) any matter that must be prescribed for departments in terms of this Act;</li> <li>b) the recovery of losses and damages;</li> <li>c) the handling of, and control over, trust money and property;</li> <li>d) the rendering of free services;</li> <li>e) the writing off of losses of state money or other state assets or amounts owed to the state;</li> <li>f) liability for losses and damages and procedures for recovery;</li> <li>g) the cancellation or variation of contracts to the detriment of the state;</li> <li>h) the settlement of claims by or against the state;</li> <li>i) the waiver of claims by the state;</li> <li>j) the remission of money due to the Revenue Fund, refunds of revenue and payments from the Revenue Fund, as an act of grace;</li> <li>k) the alienation, letting or other disposal of state assets; and</li> <li>l) gifts or donations by or to the state.</li> </ul> <p>2) The National Treasury may make regulations or issue instructions applicable to departments, concerning--</p> <ul style="list-style-type: none"> <li>a) any matter that may be prescribed for departments in terms of this Act;</li> <li>b) the charging of expenditure against particular votes;</li> <li>c) the establishment of and control over trading entities;</li> </ul>



	<ul style="list-style-type: none"> <li>d) the improvement and maintenance of immovable state assets;</li> <li>e) fruitless and wasteful, unauthorized and irregular expenditure;</li> <li>f) the determination of any scales of fees, other charges or rates relating to revenue accruing to, or expenditure from, a Revenue Fund;</li> <li>g) the treatment of any specific expenditure;</li> <li>h) vouchers or other proofs of receipts or payments, which are defective or have been lost or damaged;</li> <li>i) assets which accrue to the state by operation of any law; or</li> <li>j) any other matter that may facilitate the application of this Act.</li> </ul> <p>3) Regulations in terms of subsection (1) or (2) may prescribe matters for which the prior approval of a treasury must be obtained.</p>
<b>Municipal Finance Management Act 56 of 2003</b>	<p><b>Chapter 2</b> <b>General functions of National Treasury and Provincial Treasuries, <i>inter alia</i>,</b></p> <p>3. A provincial treasury must in accordance with a prescribed framework -</p> <ul style="list-style-type: none"> <li>(a) fulfil its responsibilities in terms of this Act:</li> <li>(b) promote the object of this Act as stated in section 2 within the framework of co-operative government set out in Chapter 3 of the Constitution: and</li> <li>(c) Assist the National Treasury in enforcing compliance with the measures established in terms of section 216(1) of the Constitution, including those established in terms of this Act.</li> </ul> <p>(4) To the extent necessary to comply with subsection (3), a provincial treasury-</p> <ul style="list-style-type: none"> <li>(a) must monitor- <ul style="list-style-type: none"> <li>(i) compliance with this Act by municipalities and municipal entities in the province;</li> <li>(ii) the preparation by municipalities in the province of their budgets;</li> <li>(iii) the monthly outcome of those budgets; and</li> <li>(iv) the submission of reports by municipalities in the province as required in terms of this Act;</li> </ul> </li> <li>(b) my assist municipalities in the province in the preparation of their budgets; 5</li> <li>(c) may exercise any powers and must perform any duties delegated to it by the National Treasury in terms of this Act; and</li> <li>(d) may take appropriate steps if a municipality or municipal entity in the province commits a breach of this Act.</li> </ul>
<b>Division of Revenue Act (Act 16 of 2019)</b>	<p>30. (1) A provincial treasury must reflect allocations listed in Part A of Schedule 5 to the province separately in the appropriation Bill of the province.</p> <p>(2) (a) A provincial treasury must, on the same day that its budget is tabled in the provincial legislature, or a date not later than 14 days after this Act takes effect, approved by the National Treasury, publish by notice in the Gazette—</p> <ul style="list-style-type: none"> <li>(i) the indicative allocation per municipality for every allocation to be made by the province to municipalities from the province's own funds and from conditional allocations to the province;</li> <li>(ii) the indicative allocation to be made per school and per hospital in the province in a format determined by the National Treasury;</li> <li>(iii) the indicative allocation to any national or provincial public entity for the implementation of a programme funded by an allocation in Part A of Schedule 5 on behalf of a province or for assistance provided to the province in implementing such a programme;</li> </ul>

	<p>(iv) the envisaged division of the allocation envisaged in subparagraphs (i) and (ii), in respect of each municipality, school and hospital, for the 2020/21 financial year and the 2021/22 financial year; and</p> <p>(v) the conditions and other information in respect of the allocations referred to in subparagraphs (i), (ii) and (iii) to facilitate performance measurement and the use of required inputs and outputs.</p> <p>(b) The allocations referred to in paragraph (a) must be regarded as final when the provincial appropriation Act takes effect.</p> <p>(c) If the provincial legislature amends its appropriation Bill, the provincial treasury must publish amended allocations and budgets by notice in the Gazette within 14 days after the appropriation Act takes effect, and those allocations and budget must be regarded as final.</p> <p>(d) Allocations to municipalities in terms of subsection (2)(a) must be consistent with the terms of any agreement concluded between the province and a municipality.</p> <p>(3) (a) Despite subsection (2) or any other legislation, a provincial treasury may, in accordance with a framework determined by the National Treasury, amend the allocations referred to in subsection (2) or make additional allocations to municipalities that were not published in terms of subsection (2).</p> <p>(b) Any amendments to the allocations published in terms of subsection (2)(a) or (c) must be published by notice in the Gazette not later than 7 February 2020 and takes effect on the date of the publication.</p> <p>(4) A provincial treasury must, as part of its report in terms of section 40(4)(b) and (c) of the Public Finance Management Act, in the format determined by the National Treasury, report on—</p> <p>(a) actual transfers received by the province from national departments;</p> <p>(b) actual expenditure on such allocations, excluding Schedule 4 allocations, up to the end of that month; and</p> <p>(c) actual transfers made by the province to municipalities and public entities, and actual expenditure by municipalities and public entities on such allocations, based on the latest information available from municipalities and public entities at the time of reporting.</p> <p>(5) (a) A provincial treasury must—</p> <p>(i) ensure that a payment schedule is agreed between each provincial department and receiving institution envisaged in subsection (2)(a);</p> <p>(ii) ensure that transfers are made promptly to the relevant receiving officer in terms of the agreed payment schedule; and</p> <p>(iii) submit the payment schedules to the National Treasury within 14 days after this Act takes effect.</p> <p>(b) If a provincial department and receiving institution do not agree to a payment schedule in time for submission to the National Treasury, the provincial treasury must, after consultation with the transferring officer, determine the payment schedule.</p>
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	<p>(6) If a provincial treasury fails to make a transfer in terms of subsection (5)(a), the relevant receiving officer may request the provincial treasury to immediately make the transfer or to provide written reasons within three working days as to why the transfer has not been made.</p> <p>(7) If a provincial treasury fails to make the transfer requested by the receiving officer or provide reasons in terms of subsection (6), or the receiving officer disputes the reasons provided by the provincial treasury as to why the transfer has not been made, the receiving officer may request the National Treasury to investigate the matter.</p> <p>(8) On receipt of a request in terms of subsection (7), the National Treasury must—</p> <ul style="list-style-type: none"> <li>(a) consult the transferring officer on the matter;</li> <li>(b) investigate the matter, assess any reasons given by the provincial treasury as to why the transfer was not made;</li> <li>(c) direct the provincial treasury to immediately effect the transfer or provide reasons to the receiving officer confirming why the provincial treasury was correct in not making the transfer; and</li> <li>(d) advise the provincial treasury and the receiving officer as to what steps must be taken to ensure the transfer.</li> </ul>
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### 3. Institutional Policies and Strategies over the Five year planning Period

#### List of current policies

- Recruitment and Selection Policy: date of approval July 2015
- Performance Management and Development System (PMDS) Policy: date of approval March 2015
- Sexual Harassment Policy: date of approval February 2006
- Sports and Recreation Policy: date of approval April 2014
- Occupational Health and Safety Policy: date of approval December 2015
- Wellness Management Policy: date of approval October 2019
- HIV/ AIDS Workplace Policy: date of approval October 2019
- Injury on duty Policy: date of approval July 2013
- Training and development Policy: date of approval October 2019
- Learnerships Policy: date of approval October 2019
- Internships Policy: date of approval October 2019
- Internal Grievance Policy: date of approval April 2014
- Overtime Policy: date of approval March 2007
- Resettlement Policy: date of approval March 2007
- Special Leave Policy: date of approval May 2017
- Telephone Policy: date of approval July 2015
- Information, Communication and Technology Security Policy: date of approval March 2019
- Corporate Governance of Information, Communication Technology Policy: date of approval September 2017
- Risk Management Policy: date of approval April 2019
- Whistle Blowing Policy: date of approval April 2019
- Fraud Prevention Policy: date of approval April 2019
- Financial Disclosure Policy: date of approval September 2018
- Termination of Employment Policy: date of approval October 2018
- Debt Management Policy: date of approval April 2018
- Petty Cash Policy: date of approval August 2017
- Travel Card Policy: date of approval November 2015
- Tangible Asset Management Policy: date of approval March 2015
- Asset Disposal Policy: date of approval March 2015
- Loss Control Policy: date of approval September 2016
- Departmental Policy on Subsistence and Travel: August 2019

- Departmental Policy on Transport: date of approval September 2019
- Policy on Conducting Business with an organ state and remunerative work outside public service: date of approval April 2019
- Provincial Preferential Procurement Policy Framework: date of approval March 2018
- Fraud Prevention Strategy: date of approval April 2019
- Risk Management Strategy: date of approval April 2019
- Ethics Management Strategy: date of approval August 2019
- North West Provincial Revenue Enhancement Strategy: date of approval November 2018
- Procurement and Commodity Sourcing Strategy: date of approval June 2018
- Asset Management Strategy: date of approval September 2018
- Guide on Compilation of Programme/Sub-programme Quarterly Performance Reports: date of approval July 2015
- Guideline on Referral to Rehabilitation/Treatment Centre for Alcohol/Substance Abuse: date of approval February 2007
- Asset Management Procedural Manual: date of approval July 2015
- Procedure Manual: Transfers: date of approval June 2013
- Provincial Government Blueprint SCM System: date of approval November 2016
- Promotion of Access to Information Act Manual: date of approval August 2016
- Corporate Governance of Information Communication and Technology Policy Framework: date of approval March 2014
- Corporate Governance of Information Communication and Technology Service Charter: date of approval March 2014

#### **4. Relevant court Rulings**

- None

## **PART B: OUR STRATEGIC FOCUS**

### **5. Vision**

We will be the ultimate financial management authority and adviser on fiscal matters to the North West Provincial and Local Administration in pursuit of transparency, good financial management and accountability to all our stakeholders.

### **6. Mission**

To provide leadership in the management of public resources for efficient, effective and economic service delivery through well-coordinated support to Provincial Departments, Public Entities and Municipalities.

### **7. Values**

The success of any organization rests with inherent qualities of the personnel delegated with the responsibility of undertaking specific activities. The following values, which are derived from the constitution, underpin the activities of the Provincial Treasury.

- Fairness
- Equity
- Accessibility
- Transparency
- Accountability
- Participation
- Professionalism

## 8. Situational Analysis

### 8.1 External Environment Analysis

The World Health Organization has declared the coronavirus outbreak as a global pandemic. Given the scale and the speed at which the virus is spreading, it is now clear that no country is immune from the disease or will be spared its severe impact. Never before in the history of our democracy has our country been confronted with such a severe situation. These are the words expressed by Hon. President of the Republic of South Africa, Mr. Cyril Ramaphosa in his address when he announced measures taken by the country to combat the Covid-19 epidemic.

The province is predominantly rural, however, dominated by agriculture and mining industries. The province's agriculture industry has comparative advantage in the production of maize, sunflower, groundnuts, and cattle. There are 300 mines in the province mostly producing platinum, gold, diamonds, and limestone amongst others. Despite this, manufacturing contributes 5 per cent to the provincial economy because the primary sector products are exported for further processing outside the province.

The fiscal framework of the province is largely reliant on funding from National, with provincial own sources contributing 3 per cent of the provincial revenue. There are limited economic growth enhancing activities taking place particularly in the rural districts of Dr. Ruth Segomotse Mompat and Ngaka Modiri Molema. As a result, unemployment and poverty remain high across all districts and the overall annual unemployment rate for the province just over 30 per cent against with a population growth rate of 1.6 per cent which is faster than the provincial economic growth rate.

The main source of funding comes from national transfer in the form of equitable share which accounts for 97 per cent of the provincial budget while provincial own revenue contributes the balance include equitable share and other national government through the equitable share, contributes about 97 per cent to the provincial budgetary requirements with provincial own revenue contributing the remaining 3 per cent. The outbreak of COVID 19 and the forced provincial government interventions to contain the spread of the virus are already creating risks of failure to meet the provincial own revenue targets for 2020.

The financial performance of the province is deteriorating with provincial departments, public entities and municipalities struggling to have unqualified audit opinion. The situation is aggravated by non-compliance to the legislations which has a negative impact on the quality of services delivered to the community of North West Province. Despite the current economic situation and the service delivery backlog in the province, the net provincial under spending over a period past five years is recorded at R2.428 billion, with a loss of about R824.848 million on conditional grants funding. The sluggish performance of departments is impacting negatively on the provincial economic growth, infrastructure development including maintenance of government assets. Source - Provincial Treasury

#### Key challenges to be addressed and interventions.

Identified challenges	Remedial Actions
Lack of capacity on Impact/Outcome assessment in the province	Technical intervention in a form of formal training (qualification) be introduced
Lack of cooperation of Public Works in relation to improvements of health and safety matters	Elevation of the challenge to the Office of the Premier (OTP) (as the responsible oversight office on health and safety matters)

Identified challenges	Remedial Actions
Unstable & unreliable networks infrastructure and lack of backup facilities	Constant engagements with OTP Executive Management including written submissions
Non-adherence to the IT (Information Technology) – SLA (Service Level Agreement) by OTP	Strengthened SLA Reviews between OTP and PT
Increasing (perpetual) provincial underspending, March Spikes and stopping of conditional grants allocations which impact on service delivery.	<ul style="list-style-type: none"> <li>• Presentation of in-depth report on monthly performance of core items</li> <li>• Strengthened relationship among oversight stakeholders (MEC (Member of Executive Council), AO (Accounting Officer) , EXCO (Executive Council), Legislature) to decisively enforce compliance of PFMA</li> <li>• Capacitate officials on skills relevant to execute unit's responsibilities in line with its purpose</li> <li>• Intensify visits to departments in respect of programmes and projects implemented</li> </ul>
Late submission and non-responsiveness of departments and Public Entities	<ul style="list-style-type: none"> <li>• Intensify training provided to departments.</li> <li>• Capacity building within the Chief Directorate.</li> <li>• Intensifying communication of non-compliance to departments and Public entities</li> </ul>
Spending of budget on non-prioritised services.	<ul style="list-style-type: none"> <li>• Consequence management – withholding of funds.</li> </ul>
No clear alignment of Socio-Economic and Macroeconomic Variables and Budget.	<ul style="list-style-type: none"> <li>• Provide socio-economic data and reports to departments and review draft APP's to ensure alignment.</li> </ul>
Late submission of projections and requisitions results in cash flow management challenges.	<ul style="list-style-type: none"> <li>• Capacitating of officials in all departments that are responsible for managing cash flow.</li> </ul>
Weak governance and oversight structures	<ul style="list-style-type: none"> <li>• Operationalize the MoU (Memorandum of Understanding) with COGTA (Cooperative Governance and Traditional Affairs)</li> <li>• Joint approach to implement municipal intervention.</li> </ul>
Constant requests for deviations from competitive bidding process.	<ul style="list-style-type: none"> <li>• Quarterly report on deviations and variations, will be reported to EXCO</li> </ul>
Poor contract management practices	<ul style="list-style-type: none"> <li>• Roll out recently launched Provincial Contract Management Framework Policy</li> </ul>
Unstable Governance structures in Public Entities	<ul style="list-style-type: none"> <li>• Escalated the matter Via HoD (Head of Department) and Executive Authority to take collective action in the Province</li> </ul>
Inadequate capacity in CFO (Chief Financial Officer) sections of Public Entities	<ul style="list-style-type: none"> <li>• Utilisation of contract workers to create employment for unemployed graduates</li> </ul>
Unstable ICT (Information and Communication Technology) environment and old legacy infrastructure	<ul style="list-style-type: none"> <li>• Escalated the matter via HoD to take up with Office of the Premier</li> </ul>



## Demographic information

The 2018 mid-year population is estimate for South Africa is at 57, 7 million. The North West Province has a population has increased from 3.5 million to about 4 million and just over 1.1 households which translates into an increase of 14 per cent between 2011 and 2018.

Human development index (HDI) indicates the level of human development that is represented by numerical values ranging from 0 which indicates no human development and 1 which is high level of human development. In 1996 HDI was at 0.50 indicating a moderate level of development. Between the period of 1999 and 2004 it recorded a constant decrease percent at 0.48 percent. In 2009 it was at 0.52 after it recovered from a decrease of 0.02 that took place between 1996 and 1999. Initially it started to increase in 2007 until 2017 of which 2017 recorded the highest HDI in the province at 0.62 percent and that shows improved human development.

Gini Coefficient indicates income inequality that is represented graphically by numeral values that is between 0 and 1, therefore if the GNI is equal or closer to zero it means that incomes are distributed fairly, if then it is closer to one it indicates uneven distribution of income for North West. Gini Coefficient recorded fluctuating income inequality throughout the years for the period from 1996 – 2017. It started with a low GNI of 0.56 percent which indicates better inequality in the province between 2000 and 2004 GNI was high at 0.62 percent, it then started to decrease from 2005 to 2016. Source - Stats SA

### **The state of the North West Provincial Government (NWPG) Institutions' performance relating to financial and non-financial management**

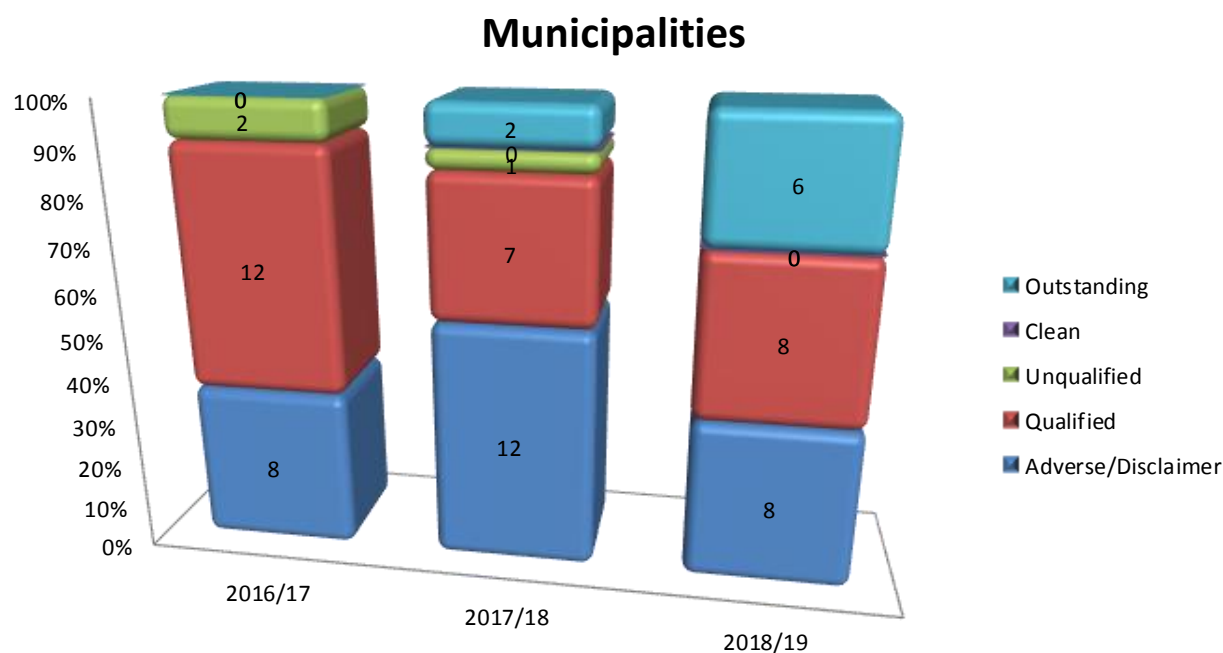
The present demand for services and challenges that need to be addressed are that most municipalities and public entities in the Province are still experiencing unfavourable or negative audit opinions. Provincial Treasury will continue to provide support to these municipalities and public entities with reducing audit queries and ultimately achieving improved audit outcomes in these municipalities and public entities.

Provincial Treasury has different support programmes which are aiming at turning the state of affairs in NWPG (North West Provincial Government) Institutions into a positive one.

Below is a summary of the audit outcomes for municipalities, provincial departments and public entities for 2016/17, 2017/2018 & 2018/19 financial years. Source - AGSA Report

## Municipalities (without entities)

Graph 1



Municipal failures that contribute to bad audit outcomes and financial crisis are rooted in several factors, the most prevalent are:

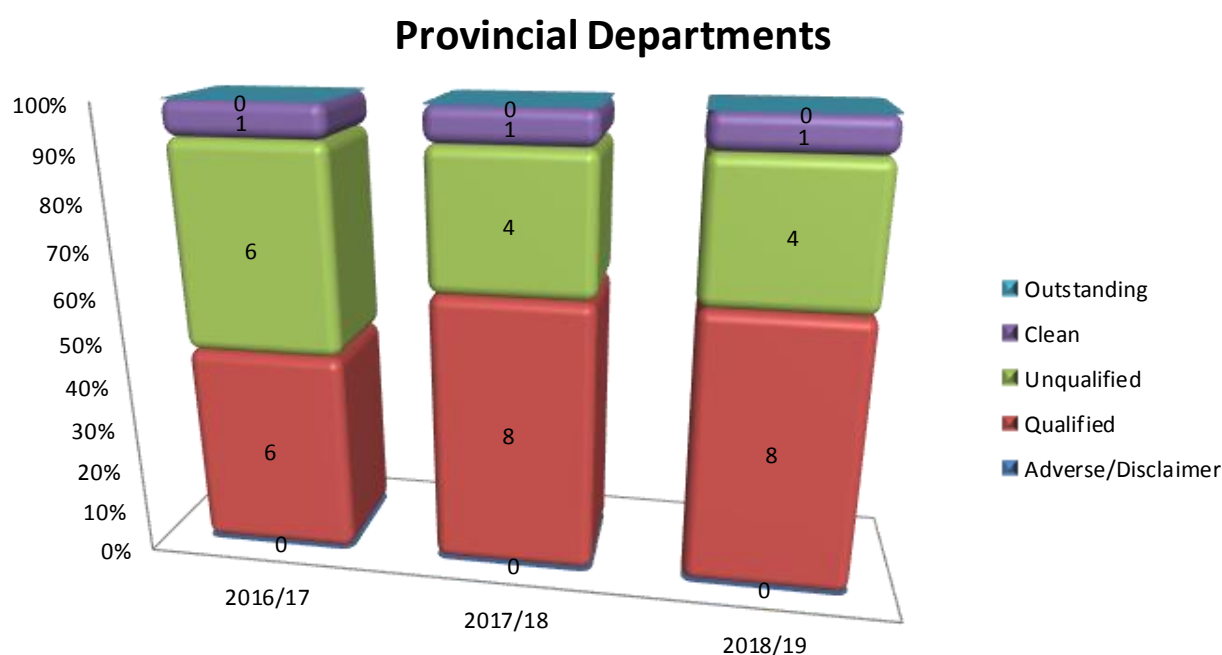
- Governance and leadership challenges
- poor implementation of budget and financial management by the BTO (Budget and Treasury Office)
- Lack of consequence Management – municipal official getting away with gross financial misconduct
- Blatant disregard of the law – non compliance with MFMA
- Culture of Non-payment for services
- Deficiencies in institutional arrangements

## Provincial Departments

The material reasons for qualification in the provincial department's area as follows:

- Irregular expenditure, Material misstatements, Non-compliance with laws and regulation
- The other areas were Prepayments and Immovable properties
- Poor contract management

Graph 2



		Historical Analysis					
Summary of Provincial		Main Appropriation	Adjusted Budget	Final Budget	Audited AFS Expenditure	% Spent of Budget	Audited AFS (over)/under expenditure
	2014/15	31,769,791	32,413,772	32,413,773	31,839,978	98.23%	573,795
	2015/16	34,224,420	34,882,645	34,982,645	34,161,582	97.93%	821,063
	2016/17	36,228,772	36,589,200	36,589,200	35,972,557	98.31%	616,643
	2017/18	39,081,302	39,594,294	39,594,294	38,654,375	97.63%	939,919
	2018/19	41,072,114	41,902,743	41,902,743	40,869,132	97.53%	1,033,611
<b>Total</b>		<b>182,376,399</b>	<b>185,382,654</b>	<b>185,482,655</b>	<b>181,497,624</b>	<b>97.90%</b>	<b>3,985,031</b>

The aggregate provincial allocation for the past five years amounted to R185.482 billion with cumulated underspending of R3.985 billion for the same period. The main contributor to the underspending is the Social cluster departments, contributing R1.655 billion or 41.53 per cent of the total provincial underspending over the 5 years. Notably, when rollovers of R1.317 billion on Conditional Grants and R239.747 million on Equitable Share are discounted, the net under spending recorded is R2.428 billion over a period of five years.

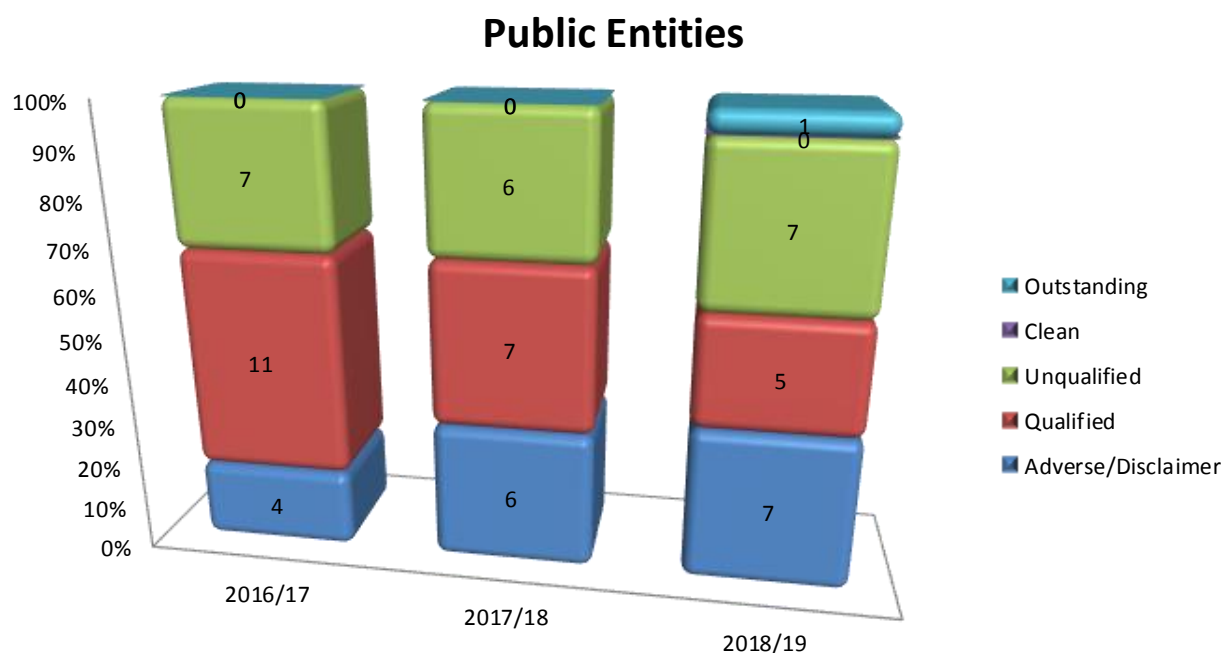
The impact of perpetual underspending on service delivery cannot be overemphasized. Poor spending performance denies the community the right to receive the planned government services. Furthermore, the underspending of the allocated budget delays eradication of backlogs while compounding the cost of service delivery.

### Public entities

The critical areas that caused negative audit outcome in the Public Entities are the following:

- Capacity challenges to improve the internal control
- Lack of governance structure such as – Risk, Internal audit, Appointed Board management
- Lack of proper accounting systems
- Irregular expenditure
- Non-compliance with laws and regulation,
- Poor contract management

Graph 3



In 2016/17 financial year, the overall provincial actual revenue collected by the public entities was at 90 per cent of the adjusted budget of R409.899 million, which was 10 per cent below the 100 per cent straight-line benchmark for the period under review. For the same year, the total actual expenditure for public entities amounted to R592.742 billion or 69 per cent from the adjusted budget of R858.215 billion.

For 2017/18 financial year, the actual revenue collected by all provincial entities amounted to R1.332 billion or 95 per cent from the adjusted appropriation of R1.383 billion. As at 31 March 2018, the total actual expenditure for public entities amounted to R1.6 billion or 85 percent from the adjusted budget of R1.9 billion, under spend by R3 million or 15 per cent.

For 2018/19 financial year, the actual revenue collected by all provincial entities amounted to R1.878 billion or 98 per cent from the adjusted appropriation of R1.915 billion. As at 31 March

2019, the total actual expenditure for public entities amounted to R1.7 billion or 89 percent from the adjusted budget of R1.932 billion, under spent by R212 million.

## SWOT Analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Professional skilled staff</li> <li>Good corporate image and culture</li> <li>Experienced staff and well established work processes</li> <li>Approved departmental organizational structure to strengthen the capacity</li> <li>Staff compliment with requisite skills and experience in the field of work</li> <li>Working relations with external and internal clients</li> <li>Aggressive awareness, circulars, presentations, and standard operating procedures to educate staff about COVID-19 pandemic, response plans and mitigate the spread of the virus</li> <li>Re-prioritisation of funds towards implementation of necessary Personal Protective Equipment (PPE) and health and safety measures, rules and regulations dealing with the COVID-19 pandemic</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>IT systems instability resulting in ISS, Walker and internet downtime</li> <li>Limited office space resulting in overcrowding</li> <li>Unconducive working environment</li> <li>Non-implementation of MOU between PT and COGTA to enhance oversight over municipalities</li> <li>Negative effect on productivity and staff morale should employees contract the COVID-19 virus</li> <li>No risk management information system in place.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Support from National Treasury</li> <li>Strategic partnerships (ie. StatsSA, Reserve Bank, FFC (Financial and Fiscal Commission) etc).</li> <li>The implementation of the District Model for MFMA may focus assistance more specifically and to the benefit of municipalities</li> <li>MOU between PT and COGTA to enhance oversight over municipalities</li> <li>Implementation of Budget reforms</li> <li>Reliance on Information Technology to provide more effective and safer working platforms in light of COVID-19 pandemic</li> <li>Cascade the financial disclosure framework to other officials in the Department</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Underperforming economy exacerbated by the curtailment of operations caused by the COVID-19 pandemic.</li> <li>Unwillingness of departments, municipalities, entities to take part in interventions and ensure the success thereof</li> <li>Governance instabilities within municipalities and Public Entities</li> <li>Lack of consequence management in the municipalities and Public Entities</li> <li>Inadequate capacity (minimum competency requirements) in municipalities and Public Entities</li> <li>Late approval of allocations impacting on quality and timeous consolidation of budget</li> <li>Sub-standard submissions from departments</li> <li>Unreliable servers/network</li> <li>Continued inefficiencies, waste, corruption and mismanagement directly weaken service delivery</li> <li>Loss of key personnel due to the</li> </ul>

	<p>pandemic</p> <ul style="list-style-type: none"> <li>• Delayed service delivery due to some official not having mobile tools of trade, e.g. laptops and cellphones;</li> <li>• Office inaccessibility should the presence of COVID-19 be detected</li> <li>• Loss of key personnel through poaching and normal attrition.</li> </ul>
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## Organizational Environment

The Provincial Treasury operates under 4 programmes as stated in the National Treasury Budget and Programme Structure as follows: -

- Programme 1: Administration
- Programme 2: Sustainable Resource Management
- Programme 3: Assets and Liabilities
- Programme 4: Financial Governance

The implementation of the organisational structure which was approved in June 2018 commenced with effect from the 1<sup>st</sup> August 2018. Subsequent to that, the Inter Ministerial Task Team (IMTT) through implementation of Section 100 of the constitution in the North West Province, recommended the strengthening of capacity within Municipalities and Provincial Supply Chain Management.

The above triggered the review of the structure for both Chief Directorate: Municipal Financial Management and Chief Directorate: Provincial Supply Chain Management (PSCM). The organisational structure approved in June 2018, made provision for only two districts whereby one district comprised of two districts (i.e. Ngaka Modiri Molema & Dr Ruth Segomotsi Mompati and Bojanala & Dr Kenneth Kaunda) at the Chief Directorate: MFM and IMTT recommended the creation of four standalone districts to enhance service delivery at the municipalities.

The Chief Directorate: PSCM Structure did not cater for Supply Chain Management Information Communication Technology (ICT) systems, the functions were performed on ad-hoc basis therefore the newly created sub-directorate: Information and Communication Technology will ensure compliance with new reforms developed by National Treasury.

The aforementioned confirms that the changes affected only these two chief Directorates and not the whole organisational structure. The organisational structure which incorporates the changes as recommended by IMTT was approved on the 23 November 2019 by the MEC and the Department is currently in the implementation process. The new structure makes provision for 651 Posts.

While the Department was in a process of fast-tracking filling of posts to the approved organizational structure, we were shocked to learn that coronavirus is a reality and is in our shores. Currently the infection rate is skyrocketing as South Africa is on the top 10 of the hard-hit economies. The negative impact of covid-19 will be felt for years to come.

As a response to Covid-19 pandemic, the department has put the following measures in place:

- Thorough cleaning of work premises including the regional office in Rustenburg and deep cleaning of the ablution facilities.
- The staff is being provided with sanitizers, masks and gloves.
- There is adequate supply of cleaning material and cleaning takes place every day before work commences.
- There are physical distance markers in the form of cones to maintain social distancing as a preventative measure of transmission of Covid-19 and social distancing stickers placed at all boardrooms.
- Protocols have been developed for shared office equipment and amenities such as boardrooms, kitchens and photocopiers and notices placed accordingly next to such equipments.
- A register containing the details of all employees, visitors and service providers entering the workplace is administered daily and kept as part of the health screening of staff and contact tracing in case of any positive cases of Covid-19. Staff doing the Covid -19 health

screening is provided with the necessary Personal Protective Equipment (PPE) including face shield visors and are led by a Professional Nurse.

- Currently meetings/ gatherings are held virtually.

## **Stakeholder Relations and Engagement**

Prior to the departmental strategic planning session which was held on the 16th to 18th October 2019, the department held engagements with departments, public entities and municipalities as way to get inputs in terms of how it could improve service rendered to its stakeholders, the inputs were taken into consideration in the development of the 2020/21 Annual Performance Plan and 2020/21 – 2024/25 Strategic Plan.

The following Stakeholders were invited and attended the departmental strategic planning session which was held on the 16th to 18th October 2019:-

Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGTA)

South African Local Government Association (SALGA)

North West University (NWU)

National Treasury (NT)

Office of the Premier (OTP)

Department of Public Works and Roads (DPWR)

Department of Arts, Culture, Sports and Recreation (DACSR)

Department of Economic Development, Environment and Tourism (DEDET)

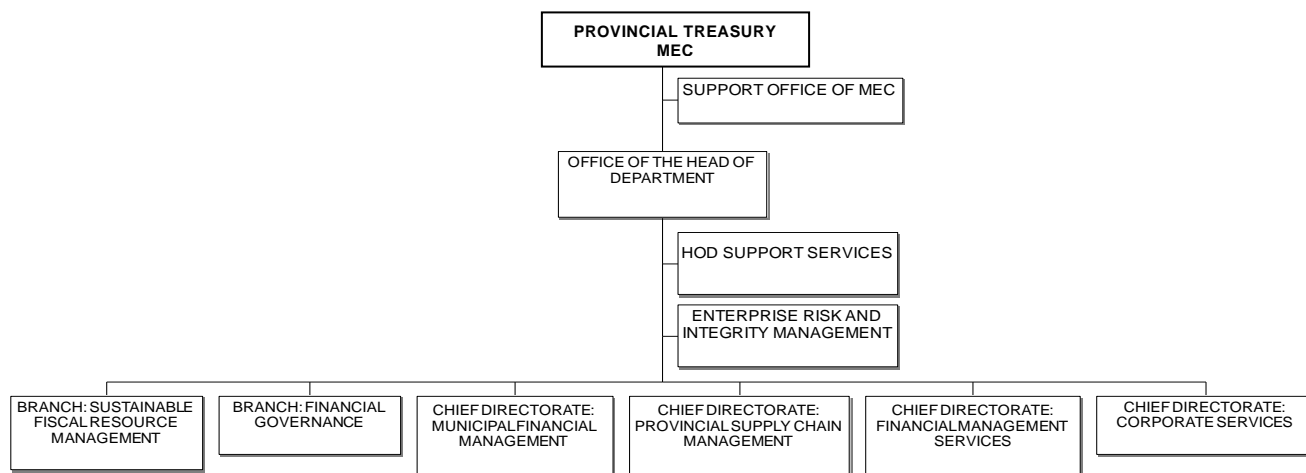
In addition to the above mentioned stakeholders, the department has partnership with other stakeholders which includes the National Treasury, Banking Institutions, Financial and Fiscal Commission, Human Sciences Research Council (HSRC), North West University (NWU), South African Revenue Services (SARS), Department of Planning, Monitoring and Evaluation (DPME).



## 8.2 Internal Environment Analysis

### (a) Macro organogram

## 8.2 Internal Environment Analysis



### (b) The status of the institution regarding compliance with the BBEE Act

Regulation 12(2) of the B-BBEE Regulations requires that the sphere of government, public entity or organ of state must file the approved audited annual financial statements and annual report, compiled in terms of section 13G (1) of the B-BBEE Act, with the B-BBEE Commission, in the prescribed FORM B-BBEE 1 within thirty (30) days of the approval of such audited annual financial statements and annual report.

The Department underwent a process of certification and submitted the prescribed FORM B-BBEE 1 within thirty (30) days of the approval of the 2018/2019 audited annual financial statements and annual report.

The following four elements were assessed to determine the B-BBEE status level of the Department:

- Management Control
- Social Economic Development
- Skills Development & Training
- Preferential Procurement and Enterprise Supplier Development

Good scores were achieved on the areas of skills development and training and a reasonable score for management control. However, the Department obtained an overall B-BBEE status level of “Non-Compliant” due to achieving low scores in the areas of preferential procurement, social economic development and enterprise supplier development.

The low score for preferential procurement was due to the sample selected by the B-BBEE validators which focused on high value payments from suppliers. Majority of the selected suppliers had low B-BBEE ratings.

The elements relating to social economic development and enterprise supplier development do not form part of the Department’s core mandate and as such,

- No monetary or non-monetary contributions were made with the objective of contributing to the development, sustainability and financial and operational independence of exempted micro-enterprises or qualifying small enterprises which are at least 51% Black owned or at least 51% Black women owned;
- No monetary or non-monetary contributions were made for the benefit of:
  - projects focusing on environmental conservation, awareness, education and waste management;
  - projects targeting infrastructural development or reconstruction in underdeveloped areas; rural communities or geographic areas identified in the government's integrated sustainable rural development or urban renewal programmes;
  - projects promoting beneficiation.

The Department duly submitted the prescribed FORM B-BBEE 1 with the approved audited annual financial statements and annual report within thirty (30) days of the approval of the 2018/2019 audited annual financial statements and annual report.

#### **(c) The status of the institution regarding women, youth and people with disabilities**

Department equity and the mainstreaming of gender, youth and disability consideration across all sector policies, programmes services and human resource practices is being integrated into performance agreements of Head of Department. The Departmental commitment towards social and transformation issues is attended to by the specialized unit dedicating efforts to gender, youth and people with disabilities by ensuring compliance with legislative prescripts through policy development, training, awareness raising and monitoring and evaluation.

The Department senior management (SMS) have 37% women and 63% men i.e. 13 women and 22 males, youth employment is 28% i.e. 155 in the staff compliment of 552 and employment of people with disabilities is 2.7% i.e. 15 persons with disabilities in the staff complement of 552. Reasonable accommodation is provided and accessible salary advice is provided to people with disabilities in the North West Government. Preferential Procurement Policy Framework Act 2017 implemented effective from 1 April 2017 across Departments, SoE's (State owned Entities) and municipalities.

#### **(d) Internal challenges and remedial actions**

Identified challenges	Remedial Actions
Increased security breaches	<ul style="list-style-type: none"> <li>• Intensified security measures: Biometric and physical security</li> <li>• Cleaning of offices in presence of office occupants</li> </ul>
Capacity within MFM ( Specialized Skills)	<ul style="list-style-type: none"> <li>• Implementation of the new approved structure</li> </ul>
Inadequate/Congested office Space	<ul style="list-style-type: none"> <li>• Implement work-from-home arrangements</li> <li>• Implement flexi-working hours</li> <li>• Staff rotation</li> <li>• DPWR to find alternative office</li> <li>• accommodation as a matter of urgency</li> </ul>
Non-compliance with asset management policies and procedures	<ul style="list-style-type: none"> <li>• Asset management circulars and presentations</li> <li>• Internal workshops with limited capacity and</li> <li>• strict social distancing measures</li> </ul>

<p>Inadequate office Space leading to inadequate social distancing</p>	<ul style="list-style-type: none"> <li>• Development of Standard Operating Procedures on: <ul style="list-style-type: none"> <li>i) Remote working (including replacement of desktops with laptops)</li> <li>ii) Staggered workplace presence and flexi hours</li> </ul> </li> <li>• Draft urgent submission to Office of The Premier (GITO) on the Department's Microsoft 365 needs.</li> <li>• Explore use of electronic system for routine submissions (S&amp;T, Leave, Routine reports etc.)</li> <li>• Engage Office of the Premier and Public Works to reduce the number of registration stations.</li> <li>• Explore paperless registration at the workplace.</li> <li>• Placement of social distancing markers at registration stations and places where officials will ordinarily queue.</li> <li>• Procurement of PPE (e.g. face shields) for officials with high exposure to Covid-19.</li> </ul>
<p>Inadequate network infrastructure</p>	<ul style="list-style-type: none"> <li>• Improvement of the network infrastructure</li> </ul>

## Departmental Expenditure Estimates

### Provincial Treasury: Adjusted Estimates of Provincial Revenue and Expenditure 2020

Table 2.1 : Summary of payments and estimates by programme: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
1. Administration	129 702	141 735	149 773	153 470	154 130	154 130	133 101	167 516	178 555
2. Sustainable Resource Management	136 441	117 749	104 447	140 880	133 238	133 238	120 391	173 433	176 760
3. Asset And Liabilities Management	42 651	43 090	48 193	59 383	50 081	50 081	54 555	72 324	73 796
4. Financial Governance	143 207	161 211	176 605	174 989	161 273	161 273	153 940	194 536	211 230
<b>Total payments and estimates</b>	<b>452 001</b>	<b>463 785</b>	<b>479 018</b>	<b>528 722</b>	<b>498 722</b>	<b>498 722</b>	<b>461 987</b>	<b>607 809</b>	<b>640 341</b>

Table 2.2 : Summary of provincial payments and estimates by economic classification: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
<b>Current payments</b>	<b>439 166</b>	<b>459 757</b>	<b>473 671</b>	<b>521 766</b>	<b>491 286</b>	<b>491 234</b>	<b>454 811</b>	<b>599 892</b>	<b>632 042</b>
Compensation of employees	236 449	268 116	296 079	380 925	314 545	314 493	336 378	407 249	426 411
Goods and services	202 716	191 641	177 591	140 841	176 741	176 741	118 433	192 643	205 631
Interest and rent on land	1	-	1	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>2 329</b>	<b>695</b>	<b>1 700</b>	<b>658</b>	<b>1 317</b>	<b>1 369</b>	<b>764</b>	<b>733</b>	<b>769</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private entities	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	169	120	-	100	100	-	-	-
Households	2 329	526	1 580	658	1 217	1 269	764	733	769
<b>Payments for capital assets</b>	<b>10 506</b>	<b>3 333</b>	<b>3 429</b>	<b>6 298</b>	<b>6 119</b>	<b>6 119</b>	<b>6 412</b>	<b>7 184</b>	<b>7 530</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	10 506	3 333	3 429	6 298	6 119	6 119	6 412	7 184	7 530
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>452 001</b>	<b>463 785</b>	<b>479 018</b>	<b>528 722</b>	<b>498 722</b>	<b>498 722</b>	<b>461 987</b>	<b>607 809</b>	<b>640 341</b>

## Part C: Measuring our Performance

### 9. Institutional Performance Information

#### 9.1 Measuring the impact

<b>Impact Statement</b>	Sound financial management in Provincial Administration for quality service delivery
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#### 9.1.1 Measuring Outcomes

<b>MTSF Priority</b>	<b>Priority 1: A Capable, Ethical and Developmental State</b>		
<b>Outcome</b>	<b>Outcome indicator</b>	<b>Baseline</b>	<b>5 Year target</b>
Skilled, capable and ethical workforce	Disclosure of Financial Interest in line with applicable prescripts	100% compliant	100% compliance
	Trained and developed workforce in line with Work Skills Plan	300 officials trained and developed	400 employees trained and developed
	Audit opinion (Unqualified with no material findings)	clean audit	Clean audit
Improved integrated planning, budgeting and monitoring	% spending on approved provincial budget allocations	98%	98%
	Integrated and spatially aligned infrastructure plans	2 Departments	8 Departments
	Increased provincial own revenue	R1.2 billion	R1.4 billion
Improved financial management in Departments, Public Entities and Municipalities	Number of Departments with improved audit outcomes	1 x Clean 4 x Unqualified 8 x Qualified	3 x Clean 8 x Unqualified 2 x Qualified
	Number of Public Entities with improved audit outcomes	0 x Clean 7 x Unqualified 5 x Qualified 7 x Disclaimer	1 x Clean 9 x Unqualified 4 x Qualified 5 x Disclaimer
	Number of municipalities with adopted funded budget	3 municipalities with funded Budgets	22 Municipalities
	Number of municipalities with improved audit outcomes	0x Clean 0x Unqualified 8x Qualified 8x Disclaimer 6x Outstanding	6x Unqualified 12x Qualified 4x Disclaimer
	Number of municipalities without financial crisis	9	16

<b>MTSF Priority</b>	<b>Priority 1: A Capable, Ethical and Developmental State</b>		
<b>Outcome</b>	<b>Outcome indicator</b>	<b>Baseline</b>	<b>5 Year target</b>
Fair, equitable, transparent, competitive and cost-effective Supply Chain Management System	Number of Departments with reduced audit findings on supply chain management processes	New	5
	Number of Public Entities with reduced audit findings on supply chain management processes	New	9
	Number of Departments with reduced audit findings on assets	New	10
	Number of Public Entities with reduced audit findings on assets	New	5

### 9.1.2 Explanation of Planned Performance over five-year planning period

The above-mentioned outcome indicators contribute to National Priority 1: A Capable, Ethical and Developmental State. The department has enough enablers to achieve the set five-year targets. The agreed upon outcomes will contribute to the achievement of the departmental set impact.

- Skilled, capable and ethical workforce enable the department to provide the necessary support to its clients namely Departments, Public Entities and Municipalities thus ensuring financial management in the provincial administration.
- Improved integrated planning, budgeting and implementation contributes towards alignment of the appropriation and expenditure through on-going monitoring by Provincial Treasury.
- Improved financial Management in municipalities is critical towards improving service delivery through better utilization of municipal budget.
- Fair, equitable, transparent, competitive and cost-effective Supply Chain Management System promotes competitive bidding and equal opportunities for all service providers thus curbing flawed supply chain management processes.
- Provincial Treasury supports Departments and Public Entities to achieve improved audit outcomes, the kind of support provided include trainings on financial management.

### 9.1.3 Alignment of Departmental Five Year Strategic Plan to the MTSF Priority 1: (A Capable, Ethical and Developmental State) and targets

Impact statements:				
1. Public value and trust				
2. Active citizenry and partnerships in society				
Outcomes	Interventions	Indicators	Targets	Provincial Treasury's action plan
Functional, Efficient and Integrated Government	Improve financial management capability	Strengthen Municipal Financial System	Strengthen Municipal Financial System by 2023	Conducting of budget assessment to ensure adoption of funded budget within municipalities
				Monitoring of Financial Recovery Plans in Municipalities in order to address financial crisis
	Measures to reduce wasteful and fruitless expenditures; and irregular expenditure in the public sector	Percentage reduction of wasteful and fruitless expenditure in public sector institutions	100% reduction of wasteful and fruitless expenditure in the public sector institutions	Monitoring Departments and Public Entities, on irregular, fruitless and wasteful expenditure
				Implementation of irregular framework

Impact statements:				
1. <b>Public value and trust</b> 2. <b>Active citizenry and partnerships in society</b>				
Outcomes	Interventions	Indicators	Targets	Provincial Treasury's action plan
			incrementally from base line of 2019 by 2024	
Professional, meritocratic and ethical public administration	Programme for building a professional public administration	Job competency framework for public sector	Job competency framework for public sector implemented by 2023	Implementation of Work Skills Plan and monitoring of Financial Disclosure to ensure skilled, capable and ethical workforce
				Municipal capacity building interventions conducted on Municipal Finance Management (MFM) reforms
				Capacity Building Interventions for Departments and Public Entities to improve Departments and Public Entities audit outcomes

## 10. Key Risks

Outcome	Key Risk	Risk Mitigation
Skilled, capable and ethical workforce	Poorly managed conflict of interests.	1. Identification of conflict of interest through Financial Disclosures for designated groups 2. Verification and management of disclosures submitted 3. Consequence management on incorrect or incomplete disclosures 4. Declaration of interest across various decision-making structures (e.g. bid committees, recruitment panels etc.)
	Unethical procurement practises.	1. Implementation of policy of conducting business with an organ of state. 2. Annual fraud risk assessment on the procurement system 3. Independent review of SCM system by external and internal assurance providers and implementation of post audit action plans. 4. Periodic communication of audit findings by the



Outcome	Key Risk	Risk Mitigation
		AGSA on employees conducting business with an organ of state (6, 9, 12 months intervals).
	Non-dedication of employees on training interventions	Non-attendance will result into funds recovered from liable employees
	Non - compliance to stipulated timeframes for dealing with misconduct/disciplinary cases	Training of managers and other officials on the management of grievances and disciplinary cases
	Delayed decision making regarding implementation of outcomes of recommendations for disciplinary actions and or implementation of the outcomes of the disciplinary process	
	Failure by management/supervisors to acknowledge labour relations activities as their responsibilities	
	Leakage of information	
	Inadequate social distancing measures.	Consequence management
	Limited capacity to achieve planned targets and activities.	<ul style="list-style-type: none"> <li>Prohibition of all non-essential contact with the public.</li> <li>Virtual meetings priority for necessary engagements.</li> <li>Cancellation and suspension of some planned activities (recruitment, training etc.)</li> </ul>
Improved integrated planning, budgeting and monitoring	Spending not in accordance with approved budget allocation.	<ul style="list-style-type: none"> <li>Monitoring and evaluation of departmental budget performance towards achieving the desired outcomes.</li> <li>Intensifying communication of non-compliance to departments and Public entities</li> </ul>
	Non-Compliance to Legislation and policy	Consequence management—withholding of funds.
	Possible lack of effective support by departments and municipalities	Enforce compliance and implement consequence management
	Inadequate social distancing measures.	Development and implementation of effective communication strategy
	Limited capacity to achieve planned targets and activities.	<ul style="list-style-type: none"> <li>Prohibition of all non-essential contact with the public.</li> <li>Virtual meetings priority for necessary engagements.</li> <li>Cancellation and suspension of some planned activities (recruitment, training etc.)</li> </ul>
Improved financial Management in municipalities	Ineffective systems of budget, financial management and reporting at municipalities	Implementation financial recovery plan in line with sec 139 on the MFMA
	Weak governance and institutional arrangements at municipalities.	Join implementation of municipal intervention programmes by Provincial Treasury and CoGTA
	-Covid-19 has got a bearing on municipal expenditure e.g water and electricity	Encourage citizens who can afford to pay for rates and taxes to do so as their income is not affected.
	-Municipal services demand from citizen has risen – level of dependency on municipal services has risen due to loss of income.	
	-Local economic activities have been negatively affected	
	-Pressure on provision of water and	

Outcome	Key Risk	Risk Mitigation
	<p>electricity</p> <ul style="list-style-type: none"> <li>- Default on municipal tariffs payment/</li> <li>- Decline in revenue</li> <li>- Increase in indigent residence</li> </ul> <p>-The provincial treasury's role to municipalities have been negatively affected by corona virus. As infection rate rise this affects municipal operations due to office closures.</p> <p>- The negative effects caused by Covid-19 to municipalities has the same effects to the support that provincial treasury provides to municipalities.</p>	
Fair, equitable, transparent, competitive and cost-effective Supply Chain Management System	Non-compliance by stakeholders on implementation of sourcing strategy	Reporting all the non-compliance to EXCO
	Poor implementation of Contract Management by Stakeholder	Excessive deviation, variation, will be reporting to EXCO
	Material misstatements in the asset notes in the financial statements	<p>Review of submitted monthly reconciliations (AR, GL, TB)</p> <p>Review of submitted asset notes for interim and annual financial statements</p> <p>Conduct training on the preparation of asset notes in the financial statements</p>
	Inadequate social distancing measures.	<ul style="list-style-type: none"> <li>• Prohibition of all non-essential contact with the public.</li> <li>• Virtual meetings priority for necessary engagements.</li> </ul>
	Limited capacity to achieve planned targets and activities.	<ul style="list-style-type: none"> <li>• Cancellation and suspension of some planned activities (recruitment, training etc.)</li> </ul>
Improved financial management in Departments and Public Entities	Inadequate capacity in CFO sections of Public Entities	Augment with contract workers
	Unsupported ICT infrastructure leading to instability of the ICT Environment	Escalated the matter to the Office of the Premier to resolve as systems are hosted there
	Lack of technical capacity in Office of the Accountant General to implement improved audit outcomes in the Departments and Entities	Employ a limited number of Consultants with critical skills to assist the departments and entities.
	Lack of co-operation by departments leading to continued incurrence of Irregular expenditure	<ul style="list-style-type: none"> <li>• Serious commitment to Implementing consequence management</li> <li>• Withhold budget for those Departments identified</li> </ul>
	Inadequate implementation of Internal Audit & post audit action plans.	<p>1. Assess departmental action plan systems in order to determine whether the system is adequate.</p> <p>2. Review the adequacy of action plans and provide advice on whether planned actions will address internal control deficiencies and prevent re-</p>

Outcome	Key Risk	Risk Mitigation
		<p>occurrence.</p> <p>3. Perform follow-up audits on the status of implementation of both internal audit and external audit action plans.</p> <p>4. Advocate the importance and impact of action plans.</p>
	Inadequate risk management processes to provide the required basis for risk based internal audit.	<p>1. Perform self-assessment of risk for audit planning purposes.</p> <p>2. Interaction with Provincial Risk Management</p> <p>3. Advice Departments through risk management audits.</p> <p>4. Agreed-upon operational audit plans.</p>
	Impact of COVID-19 on the effective functioning of Provincial Internal Audit.	<p>1. Revise annual planning and audit methodologies and identify and implement alternative planning and work methods strategy.</p>
	Inadequate governance measures to combat workplace spread of Covid-19	<p>1. Departmental Contingency Team replaced by temporary OHS Committee.</p> <p>2. Compliance Officer appointed.</p> <p>3. Covid-19 Response Plan and Checklist developed and implemented.</p> <p>4. Level 04 workplace readiness report presented to DMC, RMC and organised labour.</p> <p>5. Regular updating and reporting to the Head of Department on progress registered and challenges encountered.</p> <p>6. Review of the workplace Covid-19 risk assessment initiated.</p> <p>7. Regular communication with staff through bulk SMS service, WhatsApp and dedicated emails.</p> <p>8. OHS Policy revised in light of the Covid-19 Pandemic.</p>
	Inadequate hygienic practices in the workplace	<p>1. Special meeting held with cleaners to alert them on the impact of Covid-19 on their work.</p> <p>2. Implementation of deep cleaning and disinfection of offices prior to Level 04 lockdown.</p> <p>3. Procurement of hand sanitizers, gloves, masks, tissues and distribution of same to each official in the workplace.</p> <p>4. Repairs and maintenance of faulty air-conditioners on an as-and-when basis.</p>

Outcome	Key Risk	Risk Mitigation
		<p>5. Disabling of biometric access controls systems and door hooks on all main doors of the Department.</p> <p>6. Standard Operating Procedures on cleaning and housekeeping in place and implemented.</p>
	Inadequate hygienic practices in the workplace (Public Works)	<p>1. Capacity of Public Works to clean shared spaced supplemented by Provincial Treasury staff.</p> <p>2. Minor repairs and maintenance carried directly by Provincial Treasury.</p> <p>3. Memos and reminder memos written to Public Works on challenges facing the Department.</p>
	Inadequate social distancing measures.	<p>1. Rotational workplace system (Only SMS and certain officials activated and issued permits under Level 04 lockdown.)</p> <p>2. Officials with co-morbidities and those over the age of 60 years not permitted to the workplace unless provided special approval is granted.</p> <p>3. Suspension of face-to-face interactions such as meetings, training, conferences, physical IT support, home &amp; hospital visits, counselling sessions, non-essential recruitment, procurement and travelling.</p> <p>4. Prohibition of all non-essential contact with the public through:  i) Prohibition of walk-in for CSD services  ii) Suspending all recruitment processes  iii) Suspending all non-essential current and planned procurement  iv) Advocating for extensive use of technology and electronic services for essential services.</p> <p>5. Virtual meetings priority for necessary engagements.</p> <p>6. Stringent social measures (social distancing stickers) placed in boardrooms for physical meetings.</p> <p>7. Provision of data for remote working initiated.</p> <p>8. Maximum number of officials in the workplace determined and monitored strictly.</p> <p>9. Limited number of officials sharing cubicles to ensure a distance of at least 1.5m.</p>
	Possible closure of workplace	1. Screening of all official on entry to the workplace.

Outcome	Key Risk	Risk Mitigation
		<p>2. Strong workplace hygiene controls.</p> <p>3. Implementation of social distancing measures.</p> <p>4. Strong access controls for officials and visitors.</p> <p>5. Testing and isolation of officials from other provinces.</p> <p>6. Departmental gym identified to be converted to an isolation room (sick-bay) for officials suspected to have Covid-19.</p>
	Limited capacity to achieve planned targets and activities.	<p>1. Critical and essential services by the Department activates and offered through lockdown.</p> <p>2. Cancellation and suspension of some planned activities (recruitment, training etc.)</p>
	Panic, anxiety and fear in the workplace	<p>1. A dedicated Covid 19 email account in place for the Department.</p> <p>2. Globalised measures that are already in place as well as those to be implemented in response to Covid 19.</p> <p>3. Awareness via posters, emails, social media and daily bulk SMS.</p> <p>4. Meeting with cleaners on their contributions toward combating Covid 19.</p> <p>5. Employee Health &amp; Wellness Programme fully activated and operational under level 04 lockdown.</p>

## 11. Programme Resource Consideration

### Adjusted Estimates of Provincial Revenue and Expenditure 2020:

#### Programme 1 - Administration

Table 3.1 : Summary of payments and estimates by sub-programme: Programme 1: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
1. Office Of The Mec	7 815	8 894	9 831	9 487	9 782	9 782	7 471	11 307	11 850
2. Management Services	9 441	9 956	6 917	9 211	7 951	7 951	7 426	9 865	10 337
3. Corporate Services	65 253	76 352	82 607	82 416	80 402	80 402	74 723	89 324	93 611
4. Financial Management (Office Of Th	47 193	46 533	50 418	52 356	55 995	55 995	43 481	57 020	62 757
<b>Total payments and estimates</b>	<b>129 702</b>	<b>141 735</b>	<b>149 773</b>	<b>153 470</b>	<b>154 130</b>	<b>154 130</b>	<b>133 101</b>	<b>167 516</b>	<b>178 555</b>

Table 3.2 : Summary of payments and estimates by economic classification: Programme 1: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
<b>Current payments</b>	<b>122 817</b>	<b>140 338</b>	<b>147 518</b>	<b>151 119</b>	<b>151 321</b>	<b>151 269</b>	<b>130 619</b>	<b>164 949</b>	<b>175 868</b>
Compensation of employees	82 407	90 507	99 114	110 884	107 163	107 111	101 629	121 521	127 233
Goods and services	40 410	49 831	48 403	40 235	44 158	44 158	28 990	43 428	48 635
Interest and rent on land	-	-	1	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>1 662</b>	<b>295</b>	<b>451</b>	<b>184</b>	<b>642</b>	<b>694</b>	<b>244</b>	<b>205</b>	<b>215</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and account	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private ent	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	169	120	-	100	100	-	-	-
Households	1 662	126	331	184	542	594	244	205	215
<b>Payments for capital assets</b>	<b>5 223</b>	<b>1 102</b>	<b>1 609</b>	<b>2 167</b>	<b>2 167</b>	<b>2 167</b>	<b>2 238</b>	<b>2 362</b>	<b>2 472</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	5 223	1 102	1 609	2 167	2 167	2 167	2 238	2 362	2 472
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible asset	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>129 702</b>	<b>141 735</b>	<b>149 773</b>	<b>153 470</b>	<b>154 130</b>	<b>154 130</b>	<b>133 101</b>	<b>167 516</b>	<b>178 555</b>

## Programme Resource Consideration

### Adjusted Estimates of Provincial Revenue and Expenditure 2020:

#### Programme 2 – Sustainable Resource Management

Table 4.1 : Summary of payments and estimates by sub-programme: Programme 2: Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
1. Programme Support	50	–	–	2 902	–	–	1 201	3 260	3 417
2. Economic Analysis	4 456	4 351	5 979	6 703	6 876	6 876	6 123	7 409	7 766
3. Fiscal Policy	3 857	4 841	7 281	9 249	8 246	8 246	9 469	10 156	10 644
4. Budget Management	17 338	17 059	23 630	25 800	23 283	23 283	22 213	27 346	28 658
5. Public Finance	13 849	16 897	17 248	28 126	16 732	16 732	20 999	29 411	30 822
6. Municipal Finance	96 891	74 601	50 309	68 100	78 101	78 101	60 386	95 851	95 453
<b>Total payments and estimates</b>	<b>136 441</b>	<b>117 749</b>	<b>104 447</b>	<b>140 880</b>	<b>133 238</b>	<b>133 238</b>	<b>120 391</b>	<b>173 433</b>	<b>176 760</b>

Table 4.2 : Summary of payments and estimates by economic classification: Programme 2: Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
<b>Current payments</b>	<b>135 361</b>	<b>116 499</b>	<b>103 533</b>	<b>139 566</b>	<b>131 936</b>	<b>131 936</b>	<b>118 982</b>	<b>171 969</b>	<b>175 224</b>
Compensation of employees	53 114	61 629	66 681	104 911	68 204	68 204	87 288	111 062	116 304
Goods and services	82 247	54 870	36 852	34 655	63 732	63 732	31 694	60 907	58 920
Interest and rent on land	–	–	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>58</b>	<b>378</b>	<b>415</b>	<b>–</b>	<b>167</b>	<b>167</b>	<b>20</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	–	–	–	–	–	–	–	–	–
Departmental agencies and account	–	–	–	–	–	–	–	–	–
Higher education institutions	–	–	–	–	–	–	–	–	–
Foreign governments and internatio	–	–	–	–	–	–	–	–	–
Public corporations and private ent	–	–	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–	–	–
Households	58	378	415	–	167	167	20	–	–
<b>Payments for capital assets</b>	<b>1 022</b>	<b>872</b>	<b>499</b>	<b>1 314</b>	<b>1 135</b>	<b>1 135</b>	<b>1 389</b>	<b>1 464</b>	<b>1 536</b>
Buildings and other fixed structures	–	–	–	–	–	–	–	–	–
Machinery and equipment	1 022	872	499	1 314	1 135	1 135	1 389	1 464	1 536
Heritage Assets	–	–	–	–	–	–	–	–	–
Specialised military assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Land and sub-soil assets	–	–	–	–	–	–	–	–	–
Software and other intangible asset	–	–	–	–	–	–	–	–	–
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total economic classification</b>	<b>136 441</b>	<b>117 749</b>	<b>104 447</b>	<b>140 880</b>	<b>133 238</b>	<b>133 238</b>	<b>120 391</b>	<b>173 433</b>	<b>176 760</b>

## Programme resource considerations

### Adjusted Estimates of Provincial Revenue and Expenditure 2020:

#### Programme 3 – Asset and Liabilities Management

Table 5.1 : Summary of payments and estimates by sub-programme: Programme 3: Asset And Liabilities Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
1. Programme Support	2 458	2 133	17 881	17 344	15 524	15 524	15 739	23 840	22 987
2. Asset Management	8 967	10 826	10 576	11 106	10 962	10 962	9 928	12 498	13 100
3. Support And Interlinked Financial S	31 226	30 131	19 736	30 933	23 595	23 595	28 888	35 986	37 709
<b>Total payments and estimates</b>	<b>42 651</b>	<b>43 090</b>	<b>48 193</b>	<b>59 383</b>	<b>50 081</b>	<b>50 081</b>	<b>54 555</b>	<b>72 324</b>	<b>73 796</b>

Table 5.2 : Summary of payments and estimates by economic classification: Programme 3: Asset And Liabilities Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
<b>Current payments</b>	<b>41 508</b>	<b>42 692</b>	<b>47 744</b>	<b>58 257</b>	<b>48 955</b>	<b>48 955</b>	<b>53 273</b>	<b>70 761</b>	<b>72 156</b>
Compensation of employees	24 107	26 868	30 073	41 513	34 711	34 711	38 458	46 183	48 353
Goods and services	17 401	15 824	17 671	16 744	14 244	14 244	14 815	24 578	23 803
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>97</b>	<b>-</b>	<b>214</b>	<b>181</b>	<b>181</b>	<b>181</b>	<b>191</b>	<b>202</b>	<b>212</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and account	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private ent	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	97	-	214	181	181	181	191	202	212
<b>Payments for capital assets</b>	<b>1 046</b>	<b>398</b>	<b>212</b>	<b>945</b>	<b>945</b>	<b>945</b>	<b>1 091</b>	<b>1 361</b>	<b>1 428</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 046	398	212	945	945	945	1 091	1 361	1 428
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible asset	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>42 651</b>	<b>43 090</b>	<b>48 193</b>	<b>59 383</b>	<b>50 081</b>	<b>50 081</b>	<b>54 555</b>	<b>72 324</b>	<b>73 796</b>



## Programme resource considerations

### Adjusted Estimates of Provincial Revenue and Expenditure 2020:

#### Programme 4 – Financial Governance

Table 6.1 : Summary of payments and estimates by sub-programme: Programme 4: Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
1. Programme Support	8 551	8 442	22 286	7 673	7 295	7 601	6 947	8 562	8 980
2. Accounting Services	72 140	84 469	83 028	77 699	75 104	73 835	65 953	86 232	97 719
3. Norms And Standards	1 551	2 334	1 406	4 633	2 546	2 546	4 600	5 144	5 393
4. Risk Management	3 438	3 810	4 127	5 056	4 985	4 985	4 777	5 669	5 941
5. Provincial Internal Audit	57 527	62 156	65 758	79 928	71 343	72 306	71 663	88 929	93 197
<b>Total payments and estimates</b>	<b>143 207</b>	<b>161 211</b>	<b>176 605</b>	<b>174 989</b>	<b>161 273</b>	<b>161 273</b>	<b>153 940</b>	<b>194 536</b>	<b>211 230</b>

Table 6.2 : Summary of payments and estimates by economic classification: Programme 4: Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2019/20	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
<b>Current payments</b>	<b>139 480</b>	<b>160 228</b>	<b>174 876</b>	<b>172 824</b>	<b>159 074</b>	<b>159 074</b>	<b>151 937</b>	<b>192 213</b>	<b>208 794</b>
Compensation of employees	76 821	89 112	100 211	123 617	104 467	104 467	109 003	128 483	134 521
Goods and services	62 658	71 116	74 665	49 207	54 607	54 607	42 934	63 730	74 273
Interest and rent on land	1	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>512</b>	<b>22</b>	<b>620</b>	<b>293</b>	<b>327</b>	<b>327</b>	<b>309</b>	<b>326</b>	<b>342</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and account	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private ent	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	512	22	620	293	327	327	309	326	342
<b>Payments for capital assets</b>	<b>3 215</b>	<b>961</b>	<b>1 109</b>	<b>1 872</b>	<b>1 872</b>	<b>1 872</b>	<b>1 694</b>	<b>1 997</b>	<b>2 094</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 215	961	1 109	1 872	1 872	1 872	1 694	1 997	2 094
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible asset	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>143 207</b>	<b>161 211</b>	<b>176 605</b>	<b>174 989</b>	<b>161 273</b>	<b>161 273</b>	<b>153 940</b>	<b>194 536</b>	<b>211 230</b>

## 12. Public Entities

Not applicable as the department has no Public Entities

## PART D: Technical Indicator Description (TID)

1. Indicator title	Disclosures of Financial Interest in line with applicable prescripts
Definition	100% of financial disclosure forms submitted and verified across designated groups as required by applicable prescripts.
Source of data	<ul style="list-style-type: none"> <li>DPSA eDisclosure system generates status reports per designated group</li> <li>Internally generated verification reports per designated group</li> </ul>
Method of calculation/Assessment	Simple count
Assumptions	<p>eDisclosure system shall be available to submit and verify disclosures of financial interest at required intervals.</p> <ul style="list-style-type: none"> <li>Departmental ICT environment shall be adequate to accommodate the eDisclosure system.</li> <li>Verification of disclosure of financial interest of SMS will be carried out by DPSA for the duration of the strategic plan.</li> </ul>
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting cycle	Annual
Desired performance	<ul style="list-style-type: none"> <li>100% submission and verification of disclosures of financial interest per designated group.</li> <li>Conflict of interest identified and adequately managed.</li> </ul>
Indicator responsibility	Ethics Champion/DD: Risk & Integrity Management
2. Indicator title	Trained and developed workforce done in line with Work Skills Plan
Definition	Work Skills Plan (WSP) is a document containing training or development needs / interventions that will be implemented in the following year.
Source of data	Training needs identification forms for officials
Method of calculation/Assessment	Simple count
Assumptions	Officials will be trained in line with WSP
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting cycle	Annual
Desired performance	Competent workforce
Indicator responsibility	Chief Director: Corporate Services
3. Indicator title	Audit opinion (Unqualified with no material findings)
Definition	<p>A clean audit is an unqualified audit opinion with no material findings. This relates to three aspects</p> <ul style="list-style-type: none"> <li>(i) the financial statements are free from material misstatements.</li> <li>(ii) there are no material findings on the annual performance report; and</li> <li>(iii) there are no material findings on non-compliance with legislation.</li> </ul>

Source of data	Auditor General's audit opinion
Method of calculation/Assessment	Simple count
Assumptions	Department has skilled, capable and ethical workforce that can achieve clean audit
Disaggregation of Beneficiaries (where applicable)	Not Applicable
Spatial Transformation (where applicable)	Not Applicable
Reporting cycle	Annual
Desired performance	Clean audit
Indicator responsibility	Chief Financial Officer
<b>4. Indicator title</b>	<b>% of spending on approved provincial budget allocations</b>
Definition	To assess in-year expenditure trends and financial performance of departments, Provincial Legislature and Public Entities to ensure that a proactive approach is taken in addressing the anticipated over or under performance.
Source of data	Data from Financial Systems
Method of calculation/Assessment	Simple Count
Assumptions	Department will spend allocated budget accordingly
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting cycle	Annual
Desired performance	Improved budget performance by provincial institutions
<b>5. Indicator title</b>	<b>Integrated and spatially aligned infrastructure plans</b>
Definition	To provide provincial Departments with guidance on how to develop responsive and implementable infrastructure projects
Source of data	National Treasury Budget Format Guides, Infrastructure Delivery Management System and Budget Book
Method of calculation/Assessment	Simple Count
Assumptions	Realisation of integrated and spatially aligned infrastructure plans
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	North West Province

Reporting cycle	Annual
Desired performance	Improved integrated planning for departments and public entities
Indicator responsibility	Chief Director: Budget and Public Finance Management
<b>6. Indicator title</b>	<b>Increased provincial own revenue</b>
Definition	The purpose of the indicator is to augment the provincial equitable share
Source of data	Vulindlela system
Method of calculation/Assessment	Simple count
Assumptions	Departmental own revenue source is reliable
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting cycle	Annual
Desired performance	To reach own revenue targets
Indicator responsibility	Chief Director Economic Analysis and Fiscal Policy
<b>7. Indicator Title</b>	<b>Number of Departments with improved audit outcomes</b>
Definition	Improvement of audit outcomes from 2018/19 to MTEF period
Source of data	AGSA Audit Report
Method of calculation/Assessment	Simple Count
Assumption	Interventions will have positive impact on audits of departments
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting cycle	Annual
Desired performance	No Material disclosure errors, compliance with Laws and Regulations, No material findings on Performance information
Indicator responsibility	Chief Director – Accounting Services
<b>8. Indicator Title</b>	<b>Number of Public Entities with improved audit outcomes</b>
Definition	Improvement of audit outcomes from 2018/19 to MTEF period
Source of data	AGSA Audit Report
Method of calculation/Assessment	Simple Count
Assumption	Interventions will have positive impact on audits of public entities
Disaggregation of Beneficiaries (where applicable)	N/A

applicable)	
Spatial Transformation (where applicable)	N/A
Reporting cycle	Annual
Desired performance	No Material disclosure errors, compliance with Laws and Regulations, No material findings on Performance information
Indicator responsibility	Chief Director – Accounting Services
<b>9. Indicator title</b>	<b>Number of municipalities with adopted funded budget</b>
Definition	Provide technical support and regular engagement with municipalities to implement the municipal budget regulations for adoption of funded budgets
Source of data	Local Government Budget Database
Method of calculation/Assessment	Simple count
Assumptions	Sound Financial management, effective governance and institutional capacity.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	22 municipalities
Reporting cycle	Annual
Desired performance	Compliance with Municipal Budget Reporting Regulations
Indicator responsibility	Chief Director Municipal Finance
<b>10. Indicator title</b>	<b>Number of municipalities with improved Audit Outcomes</b>
Definition	Provide technical support and capacitate municipal budget and Treasury Officials to implement section 122 of the MFMA
Source of data	Municipal audit outcomes
Method of calculation/Assessment	Simple Count
Assumptions	Buy - in and full Corporation and by municipal officials.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	All Municipalities
Reporting cycle	Annual
Desired performance	Capable and skilled municipal Budget and Treasury officials to implement the MFMA
Indicator responsibility	Chief Director Municipal Finance
<b>11. Indicator title</b>	<b>Number of Municipalities without financial crisis</b>
Definition	Provide technical assistance to municipalities that are experiencing cash and revenue collection problems

Source of data	Financial Reports
Method of calculation/Assessment	Simple count
Assumptions	Capable and skilled municipal Budget and Treasury officials to implement the MFMA
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	Targeted Municipalities
Reporting cycle	Annual
Desired performance	Improved financial management in municipalities
Indicator responsibility	Chief Director Municipal Finance
<b>12. Indicator Title</b>	<b>Number of Departments with reduced audit findings on supply chain management processes</b>
Definition	To address / reduce audit findings which were raised by AGSA in previous financial year on supply chain management
Source of data	AGSA Audit Report
Method of calculation/Assessment	Simple count
Assumption	Compliance by departments on supply chain management matters
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting cycle	Annual
Desired performance	Increased number of Departments receiving unqualified audit opinion on supply chain management
Indicator responsibility	Chief Director
<b>13. Indicator Title</b>	<b>Number of Public Entities with reduced audit findings on supply chain management processes</b>
Definition	To address / reduce audit findings which were raised by AGSA in previous financial year on supply chain management
Source of data	AGSA Audit Report
Method of calculation/Assessment	Simple count
Assumption	Compliance by public entities on supply chain management matters
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A

applicable)	
Reporting cycle	Annual
Desired performance	Increased number of Public Entities receiving unqualified audit opinion on supply chain management
Indicator responsibility	Chief Director
<b>14. Indicator Title</b>	<b>Number of Departments with reduced audit findings on assets</b>
Definition	To address / reduce audit findings which were raised by AGSA in previous financial year on assets
Source of data	External audit reports
Method of calculation/ Assessment	Simple count
Assumption	Adequate asset management structures and systems
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting cycle	Annual
Desired performance	Unqualified audit opinion on assets
Indicator responsibility	Director Physical Asset Management
<b>15. Indicator Title</b>	<b>Number of Public Entities with reduced audit findings on assets</b>
Definition	To address / reduce audit findings which were raised by AGSA in previous financial year on assets
Source of data	External audit reports
Method of calculation/ Assessment	Simple count
Assumption	Adequate asset management structures and systems
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting cycle	Annual
Desired performance	Unqualified audit opinion on assets
Indicator responsibility	Director Physical Asset Management



## Annexure to the Strategic Plan

### Annexure A: District Development Model

The President in the 2019 Presidency Budget Speech identified the “pattern of operating in silos” as a challenge which led to “to lack of coherence in planning and implementation and has made monitoring an oversight of government’s programme difficult”. The President further called out for the rolling out of “a new integrated district based approach to addressing our service delivery challenges and localized procurement and job creation, that promotes and supports local businesses, and that involves communities”.

Areas of intervention	Five-year planning period					
	Project description	Budget allocation	District Municipality	Location: GPS coordinates	Project leader	Social partners
Municipal support programme	Municipal Standard Chart of Accounting (MSCOA)	R2 million	Bojanala	All 22 municipalities	Chief Director Municipal Finance Management	South African Local Government Association (SALGA),  Cooperative Governance and Traditional Affairs (COGTA)  National Treasury (NT)
	Funded Budgets		Dr Kenneth Kaunda			
	Contract Management	R 5 million	Dr Ruth Segomotsi Mompati			
	Improved Audit Outcome	R 8 million	Ngaka Modiri Molema			
	Training/ Workshops	R 7 million				



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