



provincial treasury

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

VOTE 7

4th **QUARTERLY PERFORMANCE** **REPORT 2024-2025**



Mr. N.I KUNENE

ACCOUNTING OFFICER

DATE:

Table of contents

No	Description	Page
1	Introduction and Background	3
2	Situational analysis/ Highlights on other achievements	3 - 5
3	Key challenges and responses	6 – 9
4	Actual performance against 2024-2025 fourth (4 th Quarterly targets	10 – 18

1. INTRODUCTION AND BACKGROUND

Provincial Treasury responds to the following MTSF Priority: **MTSF Priority 1: A Capable, Ethical and Developmental State**

2. SITUATIONAL ANALYSIS / HIGHLIGHTS ON OTHER ACHIEVEMENTS

PROGRAMME 1: ADMINISTRATION

1.2. SUB-PROGRAMME: RISK MANAGEMENT

During the Quarter under review the sub-programme managed to execute the following:

- Corporate Governance training covering risk, governance, internal control, audit committees, risk management committees, combined assurance, ethics/ integrity, conflict of interests, anti-fraud and corruption, was held for SMS members, Audit Committee members, Risk Management Committee members, Ethics Committee members, Provincial Risk Management unit and Departmental Risk and Integrity Management unit.

1.3. SUB-PROGRAMME: CORPORATE SERVICES

During the Quarter under review the sub-programme managed to execute the following:

- Conducted one departmental skills training (Emotional Intelligence)
- Conducted one online training (Compulsory Induction Programme L6-12)
- Conducted one departmental induction for MEC Staff

1.4. SUB-PROGRAMME: FINANCIAL MANAGEMENT

During the Quarter under review the sub-programme managed to execute the following:

- Timeous submission of Interim Financial Statements
- Payment of service providers within 30 days
- Implementation of relevant prescripts and legislation relating to Supply Chain Management

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

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

During the Quarter under review the sub-programme managed to execute the following:

- The Provincial Budget was successfully tabled at the Provincial Legislative on the 19th March 2025 by the MEC for Finance, together with the Estimates of Provincial Revenue and Expenditure.
- Managed to submit Broader Extech Provincial Revenue and Expenditure Report for the period ended 28th February 2025.
- Infrastructure Reporting Model (IRM) training was facilitated on 24th March 2025 to support provincial Departments to refine their skills and understanding of the IRM system to improve the quality of data in the system.

PROGRAMME 3: ASSETS AND LIABILITY MANAGEMENT

3.1. SUB-PROGRAMME: ASSETS MANAGEMENT AND PROVINCIAL SUPPLY CHAIN MANAGEMENT

PROVINCIAL SUPPLY CHAIN MANAGEMENT

During the Quarter under review the sub-programme managed to execute the following (non – APP related achievements):

- Held contact sessions with provincial departments regarding populating contracts' information on E-tender portal system.
- Conducted outreach program (as planned), Thuntsha Lerole program and dedicated services to Department of Social Development Non-Profit making organizations (NPOs).
- Some preliminary work commenced regarding benchmarking the Provincial Procurement Policy on localisation

ASSETS MANAGEMENT

During the Quarter under review the sub-programme managed to execute the following:

- Asset verification support to Departments and Entities
- Walker system support to provincial departments
- Review of 3rd Quarter IFS for assets and related notes for Departments.
- Performed 4th Quarter compliance monitoring in Departments and Entities
- Asset disposal support to Departments

PROGRAMME 4: FINANCIAL GOVERNANCE

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

During the Quarter under review the sub-programme managed to execute the following:

- Assisted Departments by hosting a stakeholder meeting with SARS to provide explanations and guidance on how to implement the new Subsistence and Travel limits on Persal before finalization of the Annual returns to SARS.
- Interim Financial Statements for the third Quarter for all Departments were reviewed and feedback provided to Heads of Departments and CFO's to make corrective measures before finalization of the Annual statements that will be submitted to Audit general on 31 May 2025;
- Capacity building in the form of Training on Modified Cash Standards Accounting updates as well as GRAP standards were offered to Departments and Public Entities respectively in the fourth Quarter. This was intended to equip officials with updated information that will be applicable in the preparation of Financial Statements in the current year ended 31 March 2025.

- Reviews were conducted on Post Audit Action Plans to determine the progress made in the implementation of actions for the Departments and Public Entities to address prior year audit findings
- Prepared and issued the Provincial Risk Management Maturity Model assessments reports to Audit Committee Members. The purpose of this maturity model is to assess the effectiveness of risk management and identify areas that need improvement so that strategies can be developed to address them
- Held the 4th quarter Provincial Risk Management Forum Meetings for Provincial Departments and for Public Entities to discuss and address risk management related challenges in the province
- Prepared and issued the consolidated Provincial Risk Management Maturity Model assessment reports results for Provincial Departments, Legislature and Public Entities
- The Provincial Risk Management Unit has reviewed and made recommendations into the risk management enabling documents of the following Departments and Public Entities:
 - Department of Education;
 - Department of Human Settlements
 - Department of Arts, Culture, Sports and Recreation
 - Department of Social Development
 - Office of the Premier
 - Department of Community Safety and Transport Management
 - Department of Agriculture and Rural Development
 - North West Gambling Board
 - North West Housing Corporation

4.2. PROVINCIAL INTERNAL AUDIT

During the Quarter under review the sub-programme managed to execute the following:

- Underwent an external quality assurance assessment as required by the IPPF2017/GIAS and was assessed generally conform and generally affective.
- Completed IA plans for 24/25.
- Trained staff on GIAS and refresher for experienced auditors.
- Performed special assignments.

3. KEY CHALLENGES AND RESPONSES (Per Sub-Programme)

PROGRAMME 1: ADMINISTRATION

1.2. SUB-PROGRAMME: RISK MANAGEMENT

Challenge 1:

Capacity constraint in the unit.

Response to challenge 1:

Recruitment process underway.

1.3. SUB-PROGRAMME: CORPORATE SERVICES

Challenge 1:

Officials are struggling with online trainings (i.e. Wisenet)

Response to challenge 1:

Work with relevant stakeholders to assist employees in completing online trainings.

1.4. SUB-PROGRAMME: FINANCIAL MANAGEMENT (CFO)

Challenge 1:

Vacant posts within the SCM unit

Response to challenge 1:

Posts have been advertised and contract workers being utilized until permanent appointments are made

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

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

Challenge 1:

- Possible overspending by Provincial Legislature, the departments of Health, Education, Cooperative Governance and Traditional Affairs and Public Works and Roads.
- Non alignment of IRM with Table B5 and implementation of the infrastructure projects outside the Table 5

Response to challenge 1:

- The Chief Directorate continuously monitors budget implementation through the In-Year Monitoring (IYM) and In-Year Review Mechanism (IRM) processes to ensure that departments operate within their allocated budgets. Monthly expenditure reports are shared with departments, outlining any challenges and offering recommendations or corrective measures to relevant stakeholders.
- Additionally, in collaboration with the Office of the Accountant General and Economic Analysis and Revenue, expenditure is monitored against available cash flow and the approved payment schedule. This ensures that departmental spending aligns not only with budget allocations but also with available cash resources.

2.2. SUB-PROGRAMME: ECONOMIC ANALYSIS AND FISCAL POLICY

Challenge 1:

The preliminary collection for the 4th quarter reflects an under-collection of 10.75 percent. The main drivers of under collection are: COSATMA, DEDECT and DPWR

Response to challenge 1:

- In the third quarter, the unit distributed a circular urging Departments to create revenue enhancement strategies and compare them with those of other provinces to identify potential sources of revenue.
- In the fourth quarter, the unit received strategies at a slow pace and has been actively monitoring and engaging with underperforming departments to provide support and ensure the implementation of identified corrective actions. Additionally, the unit seeks alternative strategies and advice from other provinces through the national revenue workgroup
- The unit has initiated the procurement of expert services to develop a generic provincial revenue enhancement strategy. The procurement process is currently in the bid evaluation stage, and the development phase is anticipated to begin in the second quarter of the 2025/2026 financial year.

2.3 SUB-PROGRAMME: MUNICIPAL FINANCIAL MANAGEMENT

Challenge 1:

- Political instability in municipalities resulting in the unsuccessful implementation of FRP and other supporting initiatives to improve financial performance e.g Ditsobotla LM, Mamusa LM etc.
- Vacancies in key critical senior management positions e.g Municipal Manager, and CFO and Director Technical Services positions resulting in lack of accountability and poor performance.

Response to challenge 1:

- Escalating matters to Provincial EXCO.

PROGRAMME 3: ASSETS AND LIABILITY MANAGEMENT

3.1. SUB-PROGRAMME: ASSETS MANAGEMENT AND PROVINCIAL SUPPLY CHAIN MANAGEMENT

Asset Management Challenge 1:

It is a concern to see that some Accounting Officers continue to disregard interventions required from compliance monitoring.

Response to challenge 1:

Provincial Treasury to revive the implementation of the compliance checklist for accounting officers.

Provincial Supply Chain Management Challenge 1:

Network challenges

Response to challenge 1:

Continuous engagements with ICT to resolve the problem

PROGRAMME 4: FINANCIAL GOVERNANCE

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

Financial Governance Challenge 1:

The capacity constraints within the directorate poses challenges in the day-to-day operations of the programme

Response to challenge 1:

Vacant posts within the directorate have been advertised and HR processes will unfold for the filling of the posts.

Provincial Risk Challenge 1:

The unit currently has a vacant Director post. The Secretary position is filled on contract.

Response to challenge 1:

Director post has been advertised and submission to HR regarding permanently filling of the Secretary post was made.

4.2. SUB-PROGRAMME: PROVINCIAL INTERNAL AUDIT

Challenge 1:

Various vacant funded positions not filled

Response to challenge 1:

Prioritize the conclusion of the recruitment cycle.

4. ACTUAL PERFORMANCE AGAINST 2024-2025 4th QUARTERLY TARGETS

PROGRAMME 1: ADMINISTRATION QUARTERLY TARGETS

Sub-Programme 1.1: Office of the MEC

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Number of Annual Reports submitted to the North West Provincial Legislature for tabling	1	0	0	0	N/A	N/A

Sub-Programme 1.2: Risk Management

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	% submission of disclosures of financial interest for SMS	100%	0%	0	0	N/A	N/A
2	% of compliance to Financial Disclosure on designated groups	100%	0%	0	0	N/A	N/A

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons for underperformance or overachievement	Measures to address under achievements
3	Number of Strategic Risk Assessment Performed	1	0	1	1	N/A	N/A

Sub-Programme1.3: Corporate Services

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons for underperformance or overachievement	Measures to address under achievements
1	Number of officials trained in line with Work Skills Plan	150	67	20	54	Overachievement was as a result of: Increased Demand for training by officials in line with the Work Skills Plan.	N/A

Sub-Programme 1.4: Financial Management (CFO)

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Number of Annual financial statements without material misstatements	1	0	0	0	N/A	N/A
2	% of valid invoices paid within 30 days	100%	100%	100%	100%	N/A	N/A
3	Number of reports on procurement spend to Women-owned businesses produced	4	1	1	1	N/A	N/A
4	Number of reports on procurement spend to youth owned businesses produced	4	1	1	1	N/A	N/A
5	Number of reports on procurement spend to persons with disabilities owned businesses produced	4	1	1	1	N/A	N/A

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT QUARTERLY TARGETS
Sub-Programme 2.1: Budget Management, Public Finance Management and Infrastructure Coordination

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Estimates of Provincial Revenue and Expenditure (EPRE)	1	0	1	1	N/A	N/A
2	Number of quarterly financial assessment performed on provincial spending	4	1	1	1	N/A	N/A

Sub-Programme 2.2: Economic Analysis and Fiscal Policy

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons for underperformance or overachievement	Measures to address under achievements
1	Amount of Provincial own revenue collected	R1.3 billion	0	R1.3 billion	Preliminary revenue collection amounts to R1.209 billion	<ul style="list-style-type: none"> The main drivers of under collection are: COSATMA due to the late implementation of MVL tariffs and the decentralization of the white fleet, and the management of log sheets DEDECT is attributed to underperforming Casino Taxes after the ConCourt judgement, which deemed the revised tariffs to be unlawful. The entity had to revert to the old tariffs DPWR disposal of non-strategic properties 	<ul style="list-style-type: none"> Implementing the revenue recovery plans enhancement strategies, Encourage departments to plan auctioning of yellow and white fleet including redundant and obsolete assets during the 2nd and 3rd quarter of the financial year.

Sub-Programme 2.3: Municipal Financial Management

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons for underperformance or overachievement	Measures to address under achievements
1	Number of budget assessments conducted on adopted municipal budgets	20	0	0	0	N/A	N/A
2	Number of municipal capacity building interventions conducted	4	1	1	1	1	N/A
3	Number of reports on technical support provided to municipalities in-line with Section 154 of the Constitution	4	1	1	1	1	N/A
4	Number of Reports on the implementation of the Financial Recovery Plan	4	1	1	1	1	N/A

PROGRAMME 3: ASSET AND LIABILITIES QUARTERLY TARGETS
Sub-Programme 3.1: Asset Management and Provincial Supply Chain Management

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons for underperformance or overachievement	Measures to address under achievements
1	Number of supply chain management (SCM) capacity building interventions provided to Departments and Public Entities	4	1	1	1	N/A	N/A
2	Number of Departments and Public Entities supported to improve audit outcomes on SCM	7	3	4	4	N/A	N/A
3	Number of assessments done on non-compliance by Departments and Public Entities on SCM regulations	4	1	1	1	N/A	N/A
4	Number of asset management capacity building interventions provided to departments and Public Entities	4	3	2	1	The capacity building intervention which was scheduled for the fourth quarter was conducted in the third quarter	N/A

PROGRAMME 4: FINANCIAL GOVERNANCE QUARTERLY TARGETS

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

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons for underperformance or overachievement	Measures to address under achievements
1	Number of capacity Building Interventions for Departments and Public Entities	9	2	2	2	N/A	N/A
2	Number of monitoring reports on implementation of AGSA findings on the preceding financial year on departments and public entities	3	1	2	2	N/A	N/A
3	Number of Payment Files interfaced between the core Financial Systems	220	54	55	55	N/A	N/A
4	Number of key control assessments performed on departments and public entities	7 (6 D;1 PE)	7 (6 D;1 PE)	0	0	N/A	N/A
5	Number of departments and public entities achieving improved risk management maturity level	9 (6D; 3PE)	0	9 (6D; 3PE)	15 (11D; 4PE)	Overachievement was as a result of policy development and implementation of risk management by five additional Departments and one Public Entity	N/A

Sub-Programme 4.2: Provincial Internal Audit

No	Output Indicators	Annual target 2024-2025	Validated 3 rd Quarter actual outputs	4 th Quarter planned targets	4 th Quarter actual outputs	Reasons underperformance or overachievement	Measures to address under achievements
1	Number of departmental post audit action plans implementation assessed	11	0	11	11	N/A	N/A
2	Number of departmental risk management systems assessed	11	11	0	0	N/A	N/A