

FINANCE

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1. Statement of policy and commitment by the MEC

It once again gives me great pleasure in presenting this year's departmental Strategic Plan to the people of this province, whom we so diligently serve. In an exercise such as this, we as a department will also be guided by the mandate set out for us in our vision and mission statement. This mandate directs us as a department to manage public funds to ensure that the Provincial Government's operational requirements are fully funded in pursuit of effective service delivery for the people of the North West Province.

The manner in which we are required to fulfil this objective is clearly outlined in the Public Finance Management Act (PFMA). However, in ensuring that we fulfil our mandate to the best of our ability, it is essential that the department revisit its plan, on a year-to-year basis, thereby ensuring the proper alignment of resources and strategies. This strategic plan clearly and comprehensively outlines the strategic objectives of the department for the coming financial year.

This plan provides the public and their representatives in our society with a clearly defined statement of intent from the department. It is therefore against our performance in the implementation of these plans that the public should hold us accountable. This plan will assist the department to report accurately in annual report to the legislature as to how far it has gone in meeting these strategic objectives.

Ultimately we need to emphasise the fact that the significance of this strategic plan does not lie with the figures and plans laid out but it translates the department's

contribution in providing a better life for all of the citizens of this province. In conclusion, I am pleased therefore to table this strategic plan for the Department of Finance and in so doing, once again, committing the department to executing this strategic plan in pursuit of achieving its strategic goals.

2. Overview by the Head of Department

The new financial year brings about new challenges relating to effectiveness of service delivery. As a department whose role is to provide strategic financial management to provincial departments our strategic plan accommodates the phasing in of the implementation of the Public Finance Management Act (PFMA).

In this regard I hope that the department will be able to proceed with the financial management capacity building programme in departments while at the same time proceeding with procurement reform.

These two issues are our important projects for the MTEF period.

Note must be taken however, that since this is a rolling plan there is no drastic departure from the original plan except where there are additions and adjustments to redirect our course of action.

This plan addresses itself however, to the confines of the available resources which if optimally utilized will result in effective service delivery. The challenge for the department is to meet all the strategic objectives set out in this document.

PART A: DEPARTMENTAL VISION, MISSION AND VALUES

3. Departmental Vision

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

4. Mission and Strategic Goals

4.1. Mission

To create an enabling environment for government to deliver effective services throughout the North West Province by prudently managing public resources.

4.2. Strategic Goals

- Provide effective and efficient budgeting and resource control services to the North West Provincial Administration
- Provide professional accounting and financial management services for the North West Provincial Administration, coupled with an effective resource control management service in the Department of Finance

- Provide effective and efficient internal audit services to the North West Provincial Administration
- Provide IT strategic direction, leadership and advisory services to the North West Provincial Administration
- Provide an effective Human Resource and administrative support services to the Department of Finance
- Foster working relations and promote departmental services to stakeholders
- Build financial management capacity in the Province

5. Values and Operating Principles

5.1. Values

The following values, which are derived from the constitution, underpin activities of the Department of Finance.

- **Fairness**
We will at all times act in a fair manner towards executing our responsibilities. This means that we will not be biased when dealing with business issues relating to our work.

- Equity
We are committed to treating all our clients and employees equitably in all respects.
- Accessibility
We remain accessible to stakeholders and role players in the course of executing our responsibilities.
- Transparency
We undertake to be transparent in the conduct of our core business
- Accountability
We will at all times take full accountability for our business actions and decisions.
- Participation
We will participate fully in all areas of our responsibility to satisfy the needs of our clients and stakeholders.
- Professionalism
We will conduct ourselves professionally in the course of accomplishing our mission.

5.2. Operating Principles

In achieving its vision and mission, the Department is guided by the following principles:

- Impartiality and independence
- Acting without favor or prejudice in discharging its powers and functions.
- Integrity in working closely with other departments.
- Leadership and innovation in financial and resource management
- Good working relationships of trust and respect with all clients and stakeholders through consultation, assessment and feedback.
- Commitment to and protection of the principle of merit, equity and fairness in employment in the Department.

6. Legislative Mandate

The mandate of the department, which is derived from the legislative framework, is that of the provincial resource controller. This means that the department is the custodian of public resources and therefore has the responsibility of managing such resources in accordance with the prescribed legislation.

Our key instrument in this regard is the Public Finance Management Act (PFMA) which gives overall prescription of how public resources are to be managed. Derived from this mandate is our role, which is to support delivery of services by other government departments.

This, the department does through systematic management of the provincial budget and advice to EXCO on all finance related matters. From this outline it is clear that our role is strategic and should therefore be fulfilled professionally so that other departments are in a position to execute their mandates without hindrance. In the past years this mandate has been fulfilled satisfactorily and the department is committed to continue providing that strategic support to create an appropriate climate for effective service delivery by other departments.

The department values all its clients as their success promotes quality of life of the people of the North West Province.

7. Summary of service delivery environment and challenges

The Department provides treasury, accounting and provincial management services to the North West Provincial Administration. These services are transversal in nature and as such impact on all the provincial departments.

The promulgation of the Public Finance Management Act has redefined the working relationship between the provincial treasury and the provincial departments. A large measure of responsibility has been shifted to the accounting officers of departments. The provincial treasury however has the oversight role of ensuring that these responsibilities are carried out within the dictates of the PFMA and the attendant Treasury Regulations.

The general lack of financial management skills in the provincial administration naturally increases the inherent and control risks in the operating environment. The onus is in the provincial treasury to ensure that there is capacity in the departments to carry out their newly defined responsibilities, especially with regard to financial and risk management.

The main challenges faced by the Department in this environment are:

- The need to provide extensive training to departmental officials to ensure smooth implementation of PFMA
- Securing full co-operation of accounting officers in budgeting and effective budgetary controls

- Ensuring effective and meaningful in-year reporting by departments in accordance with the PFMA and Treasury Regulations
- Ensuring timeous clearing of suspense accounts and reporting thereon by the departments
- Ensuring the establishment of effective internal controls in the departments to safeguard assets and secure adherence to policies and regulations
- Curbing procurement irregularities by balancing procurement controls and in-time quality service delivery
- Implementation of management information systems to support the reporting and control requirements of departments.

8. Organizational environment and challenges.

The Department is made up of five (5) main divisions.

The divisions are:

- Provincial Treasury
- Accountant General
- Internal Audit
- Information Technology
- Administration

The organizational structure is currently being reviewed to ensure that the department is effectively positioned to render efficient services to provincial departments.

The main challenges in the organizational environment are:

- The large number of vacant positions in the structure for which appropriately qualified persons cannot be found.
- Inadequate budgetary allocation which has impeded implementation of programs especially in I.T. and Internal Audit.
- Implementation of a cost-effective and efficient structure.

9. DESCRIPTION OF STRATEGIC PLANNING PROCESS

The process started at programme manager level where each division within the department met and undertook extensive review of the challenges facing their divisions.

This exercise gave each manager an opportunity to assess his/her contribution towards the achievement of the department's vision.

Additionally, this exercise assisted the managers to decide on the key strategic goals they wish to pursue in the coming year to ensure success in addressing our core business. This was basically phase one of the strategic planning process.

Phase one was followed by a departmental lekgotla at which strategic options were put forward and discussed for implementation in the coming financial year.

The challenge here was whether the strategies, which were put forward, were critical for achieving the mission of the department. All what happened at this stage was to eliminate those strategies, which, in the collective view of top management, would not make a meaningful contribution towards achieving our main goal.

Once the strategic goals were agreed upon we worked out strategic objectives for each goal to ensure that our main goal will be achieved.

What was also noticed at this stage was the fact that some of our strategic goals would extend beyond one financial year.

In this case the medium term context was applied to ensure that resources are allocated to cover the full span of such strategic goals.

The third phase was the matching of our grand plan to the available resources to ensure that the department will do what it set out to do without hindrance.

Each division understands what is required to achieve our strategic goals.

The consolidated strategic plan for the department, as presented, was compiled from consensus reached at the workshop.

PART B: THREE-YEAR STRATEGIC PLAN

Strategic Goal 1:

Provide effective and efficient budgeting and resource control services to the North West Provincial Administration.

Strategic Objectives:

1. To consolidate provincial budgets in terms of the PFMA
2. To sustain good governance in the Province through proper integration of planning and budgeting
3. To develop policy guidelines
4. To develop and maintain a database of financial and statistical information
5. To effectively manage Revenue and Expenditure, Assets and Liabilities of Provincial Departments and Provincial Public Entities
6. To maximize current provincial revenue and broaden the provincial revenue base
7. To develop, implement and maintain an effective and efficient cash management system

8. To re-engineer the procurement process to take account of the provisions of the PFMA
9. To strive for a multi-disciplinary approach for effective and efficient investigation of fraud and corruption
10. To analyse data or information from relevant institutions for identification of plans against acts of fraud and corruption within the Provincial Government

Strategic Goal 2:

Provide professional accounting and financial management services for the North West Provincial Administration, coupled with an effective resource control management service in the Department of Finance

Strategic Objectives:

1. To provide quality accounting services
2. To ensure effective financial reporting in the province through the implementation of norms and standards in accordance with PFMA and Accounting Standards
3. To establish a dynamic, accurate, well functioning and competitive creditor payment system

4. To provide and maintain reliable, accurate and effective financial administration systems in accordance with PFMA
5. To effectively manage the department's budget, cash flow, procurement and assets

Strategic Goal 3:

Provide effective and efficient internal audit services to the North West Provincial Administration.

Strategic Objectives:

1. To review and assess risks in provincial departments
2. To perform comprehensive risk-based audits in provincial departments
3. To undertake special assignments as and when required by management
4. To build capacity in Internal Audit
5. To provide support services to the Audit committee

Strategic Goal 4:

Provide IT strategic direction, leadership and advisory service to the North West Provincial Administration

Strategic Objectives:

1. To provide IT strategic direction and leadership to the North West Provincial Administration
2. To reduce cost and increase proficiency through the standardization and integration of islands of technologies in North West Provincial Administration
3. To establish the basis for the integration and control of structured data content in Government
4. To facilitate North West Provincial Government's transformation process of moving towards integrated service delivery by ensuring that key Government services will be accessible electronically in ways that make sense to its customers.
5. To design a Master Systems Plan (MSP) for the North West Provincial Administration that will fortify and create synergy between Government's social and technical systems
6. To facilitate information and technical skills transfer and capacity building within the North West Provincial Administration

Strategic Goal 5:

Provide effective human resource and administrative support to the Department.

Strategic Objectives:

1. To render an effective, efficient and professional human resource and administrative support to the department
2. To promote labour peace in the workplace
3. To co-ordinate provision of training and development of staff
4. To implement transformational initiatives
5. To enhance communication services and promote image of the department
6. To provide an effective transport and registry support services

Strategic Goal 6:

Foster working relations with provincial departments and promote services to client departments and stakeholders

Strategic Objectives:

1. To propagate a campaign of awareness for the services provided by the departments.
2. To promote the image of the department.

Strategic Goal 7:

Build financial Management capacity in the Province

Strategic Objectives:

1. To implement effective mechanism to capacitate officials with financial management skills
2. To facilitate post implementation review and mentorship programs

3. Medium term revenue and expenditure

3.1 Departmental revenue

Revenue item	Estimated 2002/2003 R'000	MTEF 2003/2004 R'000	MTEF 2004/2005 R'000	MTEF 2005/2006 R'000
Housing rental	20	20	20	20
Subsidized vehicles	8	8	8	8
Collection of tender deposits	330	50	50	50
Interest	20,000	24,000	29,000	29,000
Commission	11,000	11,000	11,000	11,000
Other	9,000	5,280	280	280
TOTAL FUNDING	40,358	40,358	40,358	40,358

3.2 Summary of expenditure estimates per programme

Programme	Estimated 2002/2003 R'000	MTEF 2003/2004 R'000	MTEF 2004/2005 R'000	MTEF 2005/2006 R'000
Administration	11,298	12,481	13,079	13,627
Provincial Accounting	38,206	25,681	27,678	30,945
Budget Planning & Implementation	2,600	8,288	6,120	8,126
Resource Management	2,280	3,464	3,773	4,024
Revenue Control & Cash Flow	4,377	5,300	5,530	5,954
Forensic Accounting	11,441	11,106	11,292	11,520
Tender Administration	7,020	7,752	7,764	8,074
Internal Audit	11,962	29,333	31,288	32,052
Information Technology	63,464	97,710	120,588	92,090
Macro Financial Management	17,765	11,833	12,109	12,326
Departmental Financial Management	2,644	3,450	3,974	4,207
Statutory Payments	34,460	34,460	-	-
TOTAL FUNDING	207,517	250,858	243,195	222,945

