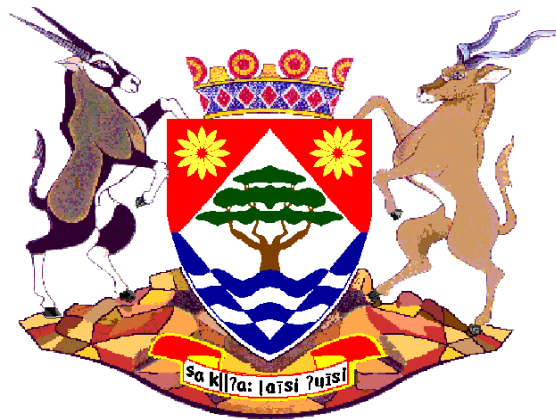


**DEPARTMENT OF FINANCE  
NORTHERN CAPE**



**STRATEGIC PLAN  
2003/04 TO 2005/06**

# **CONTENTS**

## **PART A - -STRATEGIC OVERVIEW**

Statement of policy and commitment by the MEC  
Statement of commitment by the Head of Department  
Overview by Accounting Officer

1. Vision
  2. Mission and Strategic Goals
  3. Ethos
  4. Legislative and other Mandates
  5. Description of status quo
- Diagram: Strategic Planning Process

## **PART B PROGRAMME AND SUB-PROGRAMME PLANS**

- Strategic Planning linked to Provincial Themes  
Objectives, strategies, outputs and performance measures  
Performance targets and MTEF budgets  
Medium-term Revenues and Expenditures  
Expenditure Summary by Programme
6. Co-ordination, Co-operation and Outsourcing Plans

## **PART C BACKGROUND INFORMATION**

7. Appendix one: Analysis of Service Delivery Environment
8. Appendix two: Organisational Information and the Institutional Environment
9. Appendix three: Analysis of Changes to Programmes

**PART A**

**STRATEGIC OVERVIEW**

## **1. STATEMENT OF POLICY AND COMMITMENT BY THE MEC**

The Northern Cape Provincial Government's policy priorities are embedded in the Provincial Themes embarked upon for the five-year period. The common thread running throughout these themes is the clear commitment to achieve social justice, equity and a better life for all.

The twelve Provincial Themes with the responsible Provincial Departments championing it, are as follows:

- Job Creation (Transport, Roads and Public Works)
- Investment Promotion (Economic Affairs and Tourism)
- Rural/Urban Development (Housing and Local Government)
- Infrastructure Development (Transport, Roads and Public Works)
- Marketing the Province (Economic Affairs and Tourism)
- Combating Crime (Safety and Liaison)
- Skills Development (Education)
- Combating HIV/AIDS (Health)
- Target Groups: Youth, Women and Children (Office of the Premier)
- Information Technology (Office of the Premier)
- Role of the State/Governance (Office of the Premier)
- Poverty Eradication (Social Services and Population Development)

As the Executing Authority for the Finance Ministry, I have an important and critical role to play in ensuring that these goals are achieved by providing sufficient financial support to the Departments leading the Provincial Themes that will empower them to plan and perform their committed tasks. The Finance Department's role in the Province will not only be of a functional nature but will additionally include the continuous monitoring of funds utilised within the social environment. One of the Ministry's key deliverables is to promote an effective public service with prudent public spending ethos aimed at addressing the backlogs of the past and contributing towards a better quality of life for all.

In order to achieve the strategic objectives set out herein, albeit over the medium term, I envisage the development of new policies and procedures that will complement and improve our current governance measures to enable the Department of Finance to rise to the challenges awaiting.

I hereby concur with my Department's strategic plan and the proposed targets and outputs detailed therein.

**G.H. AKHARWARAY**  
**MEC : FINANCE**

## **2. STATEMENT OF COMMITMENT BY THE HEAD OF DEPARTMENT**

The Department has improved delivery dramatically over the last few years, which can be attributable to a clear, well thought through vision and strategic plan. I will briefly elaborate on some of the achievements of the past year and give some indication of our plans for this coming MTEF cycle.

The last few years have seen major changes in the financial management environment in our Country. We have for the first time commenced with the preparation of strategic plans and linking them to budgets so as to improve on the delivery of desired outputs and outcomes.

We can take pride in the fact that we now close our books within 5 days of the end of the month instead of several months later.

We have for the first time in the history of the South African Government completed detailed financial statements based on international best practice aligning them to GAAP forerunner to GRAP, to be used under public finance management that reflect government's total position at the end of the financial year and will submit detailed annual reports on activities of the departments to the Provincial Legislature.

Our In-Year-Monitoring Reports (IYM) and conscious quality control measures, led to the containment of our overall over-expenditure to below ¼%. Our cash flow management has reached such levels of sophistication that despite past over-expenditures we still closed the financial year with a positive balance of close to R38 million.

In addition, no new cases of cheque fraud have been detected or reported. This has been assisted especially by our insistence on electronic funds transfers to recipient bank accounts instead of issuing cheques to them and the effectiveness of our cheque clearing centre when cheques have to be issued to individuals. .

As part of our overall systemic improvements we established the Provincial Audit Committee which consists of both government and private sector members. Many important observations on improving internal controls within government have already emanated from this Committee.

Perhaps the most important challenge we will face as a department is the implementation of accrual accounting methods as opposed to the current cash basis of accounting for public funds. In so doing we will be able to better reflect not only the cash outflows but also actual commitments at any point in time, thus reducing the risk of over-expenditures. We are in the process of implementing BAS (Basic Accounting System) with a view of replacing the FMS (Financial Management System) which has been in use for almost 30 years. There are many other advantages to this change such as enabling each department to manage their own resources directly as well as being an "on-line" system resulting in information being reflected in financial accounts almost immediately.

We will also prioritise for this year the implementation of a more detailed and comprehensive risk management plan to cover not only financial matters but also operational risks.

We are further investigating the possibility of a new asset management system to support the BAS system. This is a fully integrated asset management sub-system that will account for all assets from acquisition effective utilisation up to disposal. This function will be performed for the first time in Government in this country.

From 1<sup>st</sup> April 2002 Cabinet approved a proposal from the Department, that the use of suspense accounts be terminated unless Treasury approval is first sought in special cases. For the past few years suspense accounts have caused problems and have been the source of many audit queries.

The adoption of the Municipal Finance Management Bill, later in the year will require provincial treasuries to play an increase approval and monitoring role in respect of the finances of District Municipalities.

In order to perform these new functions we have already put in place a core unit for monitoring and supporting municipalities and public entities services.

We are considering to gradually phase out the Provincial Tender Board and replacing it with Departmental Procurement Committees where Accounting Officers will have more direct responsibilities with respect to procurement.

An analysis of current procurement trends indicates that 50% of construction contracts and 55% of goods are awarded to HDI suppliers. Our target is to reach 70%.

Increasing our revenue base is also a key challenge facing us. Apart from enhancing the efficiency of collecting from current sources, we have to consider other sources as well, in accordance with the Provincial Tax Regulation Bill. To this end an advisory committee was established consisting amongst others of a University professor in Tax, a former banker and a Chartered Accountant.

Government's most important resource is its people. Ensuring that we have skilled and well-motivated staff is essential to achieving efficiency. Thus we have trained close to 370 financial practitioners within the province in the transversal systems of government, in performance based budgeting and different forms of financial management such as financial accounting, management accounting and internal auditing. As part of promoting the notion of teamwork various team building workshops were held in the department where all staff members were exposed to such training from the highest office of the HOD to the person at entry level.

We have also actively sought to bring about equity in our employment practices in line with our equity plan. Presently the department is statistically composed as follows:

Africans:	36%	Male:	38.3%
Coloured:	47%	Female:	61.7%
White:	16%		
Indian:	1%		

**B.M.MAKAPE**  
**HEAD OF DEPARTMENT**

### **3. OVERVIEW BY THE ACCOUNTING OFFICER**

The transformation of Finances in the country is one of the most dynamic processes that are currently underway. The pace set by the National Treasury is a fast one and it will take all the resources in the Provincial Government to meet these challenges. To meet these challenges, the Department of Finance has aligned its activities to give effect to the strategies set out in the Witsand/Wintershoek document. The following themes are those that depicts the department's direct involvement in its daily operations.

#### **Role of the State/Governance**

The Department, as the custodian of financial management in the Provincial Government, has the responsibility to set up internal resources controls to support the implementation of the PFMA. To this end the department has appointed Chief Financial Officers (CFO's) in all departments (except Safety and Liaison) as well as the Audit Committee. The roles of these functionaries are critical in the implementation of the requirements of the PFMA. As most of the CFO's are new to Government a consultant support has been appointed to assist them in the execution of their functions.

#### **Job Creation**

The Provincial Tender Board has an important role to play to ensure that the Preferential Procurement Policy Framework Point System is implemented by all departments within the ambit of the Provincial Tender Board Act and its Regulations. It will also train and monitor those SMME's that were previously disadvantaged to also be able to properly prepare and put forward tender documentation and in the process become eligible for employment.

#### **Investment Creation**

Once again the importance of the Procurement office within the Provincial Tender Board to ensure that tenders are awarded to SMME's and HDI's will ensure that the affirmative procurement target is reached.

#### **Combating Crime**

Besides the fact that the department has established a forum whereby the ABSA bank, SAPS and the Director-General is directly involved to especially fight fraud with cheques, it is also in the process of changing its payment method to the Electronic Fund Transfer (EFT) concept. This process will thus decrease the amount of cheque fraud that can possibly occur.

Added to the aforementioned, the compilation and implementation of a comprehensive risk management plan will receive top priority. This would also include the safeguarding of assets. As such, the expansion of the current asset management system or possibly the introduction of a new asset management system, which will aptly record and allow comprehensive reporting on all assets of Government, is a strong reality.

It is a known fact that grave concerns are raised with regard to the management of Local Authorities' finances. To this end the Municipal Finance Management Bill will be adopted to allow the Provincial Treasury to play a more vigorous role in monitoring the local authorities' finances.

**Skills Development**

The Provincial Treasury as the department which drives the process of implementing the Public Finance Management Act (PFMA) 1999, will ensure during this period that most practitioners are capacitated with the various facets of finance that are needed to comprehensively deal with the challenges they are faced with. To this end courses that deals with the operations of the transversal systems as well as specially designed courses in conjunction with the Technikon of South Africa will be offered to the financial practitioners.

**Target groups/youth/women/disabled**

The department will, through the Tender Board and the Procurement process, target especially empowering women. It will also ensure that the process is monitored via its Compliance office.

The department also has an indirect role to play towards ensuring that the respective departments allocate and spend the funds to achieve the themes that are their direct responsibility. To this end it monitors and evaluates the budgets and the expenditure incurred to ensure that the priorities of the Provincial Government are met.

**G.M.MENTOOR  
ACCOUNTING OFFICER**



## **1. VISION**

The Department of Finance shall monitor and ensure the implementation of a sound, transparent and modernized public financial management policy, inclusive of the optimal, economic, effective and efficient use of all Provincial financial and non-financial resources.

## **2. MISSION AND STRATEGIC GOALS**

The Department is committed to ensure an effective, efficient, economic, professional and transparent service by:

- formulating financial policies consistent with Government objectives and priorities;
- monitoring and administering the implementation of such policies;
- rendering sound and modernized public financial and non-financial management services; and
- developing and providing a fair and inclusive procurement system to the Northern Cape Province.

## **3. ETHOS**

The Department will be guided by the following broad values

- ACCOUNTABILITY
- ACCURACY
- ASSISTANCE, GUIDANCE, ADVISING
- DIVERSITY
- ECONOMY
- EFFECTIVENESS
- EFFICIENCY
- HONESTY
- INTEGRITY
- LOYALTY
- MONITORING
- SUPPORTING
- TRANSPARENCY

#### 4. LEGISLATIVE AND OTHER MANDATES

The Legislative mandates we are operating under are found in the Constitution of South Africa and several other Acts of Parliament as tabled below.

Public Finance Management Act (Act 1 of 1999) as amended	<p>Modernised financial management policy framework with emphasis on management autonomy, powers, authority and accountability to accounting officers in departments, transparency in financial management and new requirements for reporting on finances</p> <p>Medium term planning and budgeting</p> <p>Refocus the role of National and Provincial Treasuries towards overall facilitation in terms of the planning, budgeting and implementation cycle</p> <p>Established National Treasury with the responsibility for the coordination of intergovernmental financial and fiscal relations.</p>
Division of Revenue Act as annually presented	<p>Policy framework pertaining to the transparent, equitable division of nationally raised revenue amongst the three spheres of government.</p> <p>Promoted improved coordination between policy, planning, budget preparation and expenditure.</p>
Treasury Regulations, 2001 (as amended)	<p>Regulation of requirements for strategic planning as the basis for the preparation of budgets.</p> <p>Setting of Minimum standards for financial management</p> <p>Clarification of roles</p> <p>Instilling a culture of output measurement</p> <p>Regulates and provides guidelines for the handling of property, disposal of state assets, improvement of immovable state assets and procurement.</p>
Preferential Procurement Policy Framework Act (Act 5 of 2000)	<p>Provided for the advancement of historically disadvantaged people in the procurement of goods and services to the Public Service</p> <p>Introduced a procurement process based on a preferential points system</p>
Preferential Procurement Regulations	<p>The introduction of practical measures pertaining to application of the points system referred to in the Act, the call for, evaluation and allocation of tenders in accordance with the preference policy.</p>
Northern Cape Provincial Tender Board Act (Act 2 of 1994)	<p>Issue directives to Provincial Departments and related statutory bodies with regard to the procurement of supplies and services, the hiring or letting of property, the acquisition or granting of any right, or the disposal of property in order to</p>

	achieve the objectives spelled out in the Northern Cape Tender Board Act.
Public Service Act (Act 103 of 1994) as amended	<p>Rationalised the previous government administrations of the apartheid regime in terms of three Classifications systems of Departments and Organisational components as Schedule 1,2 and 3</p> <p>Replacement of the Laws on Public Services pre 1994</p> <p>17 Public Service Laws repealed</p> <p>3 Public Service Laws partially repealed</p> <p>Outlined the role and composition of the Public Service Commission</p> <p>Systemic Defined the appointment, promotion, transfer and secondment rules applicable to officials</p> <p>Defined the termination of services rules (retirement, discharge)</p> <p>Defined how inefficiency and misconduct should be dealt with</p> <p>Outlined the obligations, rights and privileges of officers and employees</p> <p>Outlined the applicability of remuneration, liabilities, and broad parameters for a Public Service Staff Code</p> <p>1 National Public Service Commission in existence</p> <p>9 Provincial Service Commissions in existence</p> <p>Uniformed employment conditions of service for the Public Service</p> <p>Uniformed disciplinary procedures for the Public Service</p>
Skills Development Act (Act 97 of 1998)	Provides the framework for future skills development in South Africa.
Skills Development Levies Act (Act 9 of 1999)	<p>Imposing the payment of a skills development levy on employers</p> <p>Establishment of a system for the recovery and disbursement of levies for purpose of funding skills development training in accordance with approved skills development strategy</p>

## 5. DESCRIPTION OF STATUS QUO

### ***Summary of service delivery environment and challenges***

#### **Economic**

An examination of published data reflecting the share of the Northern Cape province in national Gross Domestic Product (GDP) reveals that between 1999 and 2000 the provincial share of GDP has increased in real terms at a rate greater than that of GDP itself. In other words, in real terms the provincial share of national GDP has grown. An examination of the sectoral breakdown of the Northern Cape's share of GDP as well as of Northern Cape GDP reveals that this growth was due mainly to the growth in mining.

The Northern Cape Province's economy is dependent on its primary sector both in mining and agriculture which are greatly influenced by declining commodity prices and shrinking capital flows. These factors make the province's economy extremely challenging, however, there is potential for growth in the agricultural sector especially in the West Coast rock lobster industry, grape industry and the goat industry.

We recognise explicitly that our strategies for the alleviation of poverty and underdevelopment cannot succeed unless we can locate our provincial economy on a sustainable economic growth path that sees the benefits of growth accruing equitably to all the inhabitants of the province. A further challenge will be the implementation problems envisaged when the Municipal Finance Management Bill is passed as an Act.

#### **Social**

The social environment of the Northern Cape Province is complex and extremely challenging due to the vast land mass and the sparsely populated areas with a higher concentration of people in the urban areas. The following areas in the social environment are mentioned because of their impact on the Province.

#### ***Health***

The challenges facing health sector are especially linked to the free health services, viz,

- Children under the age of 6 years
- Pregnant women without medical aid – up to 42 days after delivery..
- Communicable diseases – TB
- Sexually abused women
- Impact of AIDS on provincial economy
- Deepening access to health care
- Enticing health professionals to rural areas

#### ***Social Development***

The quest to alleviate poverty in the Province places an overwhelming burden on the grant system where the numbers of qualifying persons are exceeding expectations.

The designation of the Child Justice Bill by the Law Commission to provide for children to be diverted from the criminal justice system will have a huge financial impact for the department once it is promulgated.

### *Education*

Although major strides have been made in the development of the school system and the results achieved, there is still a need to improve the quality of the pass rates.

Further challenges for the Department will be to address the influx of learners at the Early Childhood Development (ECD) level and those that are in need of Special education.

Further enhancements with regard to Adult Basic Education Training are needed and will be developed in due course.

Sensitising learners to the HIV / AIDS pandemic will receive top priority.

Similarly drugs and crime in the school environment will be a great challenge for the Department of Education.

### ***Summary of organisational environment and challenges***

The Department's objectives are met through the activities of four programmes:

The *Administration Programme* , comprises of the Office of the MEC, Management and Departmental Support Services. The aim of this programme is to conduct the overall management of the Department , formulate fiscal policies and execute such policies and to render a continuous general support service to the Department.

The aim of the *Financial Planning and Resource Management Programme* is to manage and provide an effective, efficient and professional financial planning and resource management function within the Northern Cape Provincial Government.

The *Provincial Accounting Programme* renders a specialist financial management service to the Province with regard to expenditure, revenue, salary administration, financial systems and asset management.

The aim of the *Auxiliary and Associated Services Programme* is to render auxiliary and related services, which are associated with the Departments objectives.

The most important challenge we will face as a department is the implementation of accrual accounting methods as opposed to the current cash basis of accounting that government is currently using.

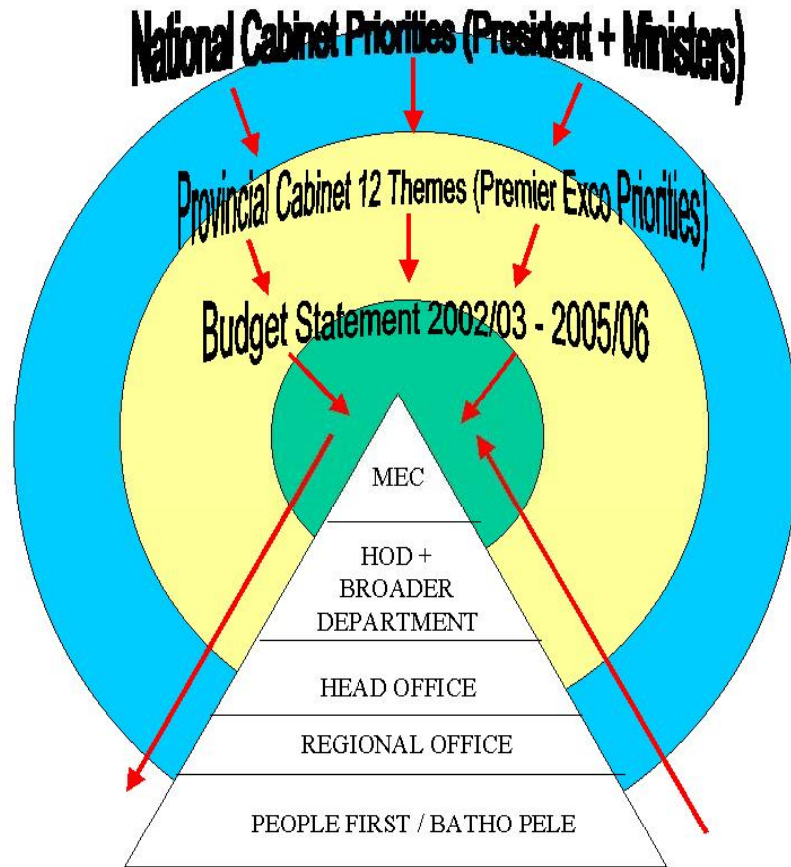
The immediate challenge however will be the recording of all Provincial Government's assets and the compilation of a consolidated Asset Register. The continuous enhancement of the Annual Financial Statements to meet the requirements of Generally Recognised Accounting Practices (GRAP) will remain an issue that the respective departments and especially this Department will grapple with and have to overcome.

## **DESCRIPTION OF STRATEGIC PLANNING PROCESS**

The Department involved all its staff in determining its strategies to meet its objectives for the coming year.

The strategic planning process is initiated with the Provincial Lekgotla hosted by the Provincial Executive whereby all the Members of Executive Council and the Heads of Department are represented to interrogate the progress and service delivery of strategic objectives for the Province over a five year period. From this strategic session, the Provincial strategic objectives / themes are identified and service delivery targets are set. Each MEC then has a strategic session with his / her management team to re-align their Ministry's and Department's strategic objectives. It is from this session that the strategic plan objectives are identified and adopted for the Department. Management then communicates the strategic plan objectives to all staff members to ensure total and uniform commitment to the Department's strategic objectives.

This process is outlined in the following diagram.



**PART B**

**PROGRAMME**

**AND**

**SUB-PROGRAMME**

**PLANS**



# SECTION 1. STRATEGIC PLANS LINKED TO PROVINCIAL THEMES

<b>PROVINCIAL STRATEGIC THEMES</b>	<b>KEY PERFORMANCE AREAS/KEY OUTPUTS</b>	<b>STRATEGIC OBJECTIVES</b>	<b>PERFORMANCE INDICATORS/ MEASURES</b>
<b>ROLE OF GOVERNANCE</b>	<b>1) IMPLEMENTING BUDGETARY REFORMS</b>	<ol style="list-style-type: none"> <li>1. Improve on the application of multi-year budgeting principles and concepts.</li> <li>2. Improve Government Finance Statistics formats based on internationally best practices.</li> <li>3. Introduce decision package (or programme) budgeting based on zero based budgeting principles as a co-ordinated and integrated approach.</li> <li>4. Re-align the Budget with Established Government Policies and Objectives.</li> <li>5. Involve the executing authority to issue directives on policies and objectives.</li> </ol>	<ol style="list-style-type: none"> <li>1. Improved budget planning.</li> <li>2. Successful implementation of GFS format.</li> <li>3. Decision package based budget approach achieved.</li> <li>4. Improved linkage between strategic plan and budget process.</li> <li>5. Improved political involvement.</li> </ol>
<b>ROLE OF GOVERNANCE</b>	<b>2) IMPLEMENTING PROCUREMENT REFORMS</b>	<ol style="list-style-type: none"> <li>1. Decentralise Tender Board functions to departments to enhance responsibility and accountability.</li> <li>2. Implement a Preferential Procurement Policy Framework Point System within the ambit of the Provincial Tender Board Act and Regulations.</li> <li>3. Monitor and train procurement officials to ensure that all departments are in compliance.</li> <li>4. Support SMME's/HDI's within a policy of Affirmative Procurement.</li> </ol>	<ol style="list-style-type: none"> <li>1. Enable provincial departments to procure more independently.</li> <li>2. Roll out PPPF act and regulations.</li> <li>3. Present training programmes for entrepreneurs and officials.</li> <li>4. Rendering a helpdesk facility for SMME/HDI's.</li> </ol>

<b>PROVINCIAL STRATEGIC THEMES</b>	<b>KEY PERFORMANCE AREAS/KEY OUTPUTS</b>	<b>STRATEGIC OBJECTIVES</b>	<b>PERFORMANCE INDICATORS/ MEASURES</b>
<b>ROLE OF GOVERNANCE</b>	<b>3) INTRODUCING FISCAL DISCIPLINE</b>	<ol style="list-style-type: none"> <li>1. Prevent over expenditure with the introduction of cost containment measures.</li> <li>2. Introduce internal control structures.</li> <li>3. Introduce commitment reporting to enhance in-year-monitoring mechanisms.</li> </ol>	<ol style="list-style-type: none"> <li>1. Balanced budget.</li> <li>2. Compliance with internal procedures.</li> <li>3. Informed decision-making.</li> </ol>
<b>ROLE OF GOVERNANCE</b>	<b>4) PROVIDING MODERNISED AND IMPROVED PROVINCIAL ACCOUNTING</b>	<ol style="list-style-type: none"> <li>1. Introduce and implement BAS and Asset Management sub-system in preparation for the implementation of the integrated financial system.</li> <li>2. Introduce and implement an integrated financial system to support the accrual based accounting.</li> <li>3. Introduce and implement an accrual based accounting.</li> <li>4. Introduce annual and interim financial statements based on accrual principles.</li> </ol>	<ol style="list-style-type: none"> <li>1. Improved reporting and decision-making.</li> <li>2. Improved reporting, and better accountability.</li> <li>3. Improved reporting.</li> <li>4. Improved reporting.</li> </ol>
<b>ROLE OF GOVERNANCE</b>	<b>5) IMPROVING ON REVENUE COLLECTION</b>	Assist line departments in developing practical strategies in improved revenue collection and revenue management.	9) Improved revenue collection.
<b>ROLE OF GOVERNANCE</b>	<b>6) PROVIDING EFFECTIVE HUMAN RESOURCE MANAGEMENT</b>	<ol style="list-style-type: none"> <li>1. Implement an employment equity plan.</li> </ol>	<ol style="list-style-type: none"> <li>1. Achieving a diversity balance.</li> </ol>
<b>ROLE OF GOVERNANCE</b>	<b>7) PROVIDING DEPARTMENTAL SUPPORT SERVICES</b>	<ol style="list-style-type: none"> <li>1. Revise processes to promote efficiency and effectiveness.</li> <li>2. Provide timeous departmental support services.</li> </ol>	<ol style="list-style-type: none"> <li>1. Improved and structured processes.</li> <li>2. Satisfied customers.</li> </ol>

<b>PROVINCIAL STRATEGIC THEMES</b>	<b>KEY PERFORMANCE AREAS/KEY OUTPUTS</b>	<b>STRATEGIC OBJECTIVES</b>	<b>PERFORMANCE INDICATORS/ MEASURES</b>
		3. Implement departmental policies.	3. Consistency in procedures and processes.
<b>ROLE OF GOVERNANCE</b>	<b>8) PROVIDING PROFESSIONAL DEPARTMENTAL FINANCIAL AND MANAGEMENT ACCOUNTING SERVICE</b>	1. Monthly reconciliation and balancing of books of accounts	1. Producing accurate and correct financial information. 2. Produce timeous financial and management and stake-holders reports. 3. Provide timeous and quality Annual Financial Statements in accordance with Treasury Regulations on a GRAP basis.
<b>COMBATING CRIME</b>	<b>9) PREVENTION OF FRAUD AND CORRUPTION</b>	1. Effective use of periodic payment arrangement . 2. Introduce electronic transfer payments. 3. Develop a fraud prevention plan.	1. Reduction in the number of cheques issued. 2. Reduction in cheque fraud. 3. Fraud prevention.
<b>SKILLS DEVELOPMENT</b>	<b>10) HUMAN RESOURCE DEVELOPMENT AND CAPACITY BUILDING</b>	1. Implement a training programme in accrual accounting principles (internationally accepted best practices) and concepts and their practical application. 2. Implement training programmes that will ensure that the employees are capacitated to adequately perform their tasks. 3. Implement an effective Performance Management	1. Trained and effective personnel. 2. Enhance effective and efficient service delivery. 3. Promote quality service

<b>PROVINCIAL STRATEGIC THEMES</b>	<b>KEY PERFORMANCE AREAS/KEY OUTPUTS</b>	<b>STRATEGIC OBJECTIVES</b>	<b>PERFORMANCE INDICATORS/ MEASURES</b>
<p><b>JOB CREATION (Transport, Roads and Public Works)</b></p> <p><b>INVESTMENT PROMOTION (Economic Affairs and Tourism)</b></p> <p><b>RURAL / URBAN DEVELOPMENT (Housing and Local Government)</b></p> <p><b>INFRASTRUCTURE DEVELOPMENT</b></p>	<p><b>11) IMPLEMENTING BUDGETARY REFORMS</b></p>	<p>and related rewards system.</p> <p>Due to the nature of the Department's operations, the Provincial Treasury will, by nature of its functional responsibility, monitor the financial application of funds towards this Provincial theme.</p> <p>Due to the nature of the Department's operations, the Provincial Treasury will, by nature of its functional responsibility, monitor the financial application of funds towards this Provincial theme.</p> <p>Due to the nature of the Department's operations, the Provincial Treasury will, by nature of its functional responsibility, monitor the financial application of funds towards this Provincial theme.</p> <p>Due to the nature of the Department's operations, the Provincial Treasury will, by nature of its functional responsibility, monitor the financial application of funds towards this Provincial theme.</p>	

<b>PROVINCIAL STRATEGIC THEMES</b>	<b>KEY PERFORMANCE AREAS/KEY OUTPUTS</b>	<b>STRATEGIC OBJECTIVES</b>	<b>PERFORMANCE INDICATORS/ MEASURES</b>
<b>NT (Transport, Roads and Public Works)</b>		Due to the nature of the Department's operations, the Provincial Treasury will, by nature of its functional responsibility, monitor the financial application of funds towards this Provincial theme.	
<b>MARKETING THE PROVINCE (Economic Affairs and Tourism)</b>		Due to the nature of the Department's operations, the Provincial Treasury will, by nature of its functional responsibility, monitor the financial application of funds towards this Provincial theme.	
<b>COMBATING HIV / AIDS (Health)</b>		The Department has embarked on implementing the Basic Accounting System (BAS) and Asset Management sub-system.	Compliance to PFMA and related legislation.
<b>TARGET GROUPS: YOUTH, WOMEN AND CHILDREN (Office of the Premier)</b>		Due to the nature of the Department's operations, the Provincial Treasury will, by nature of its functional responsibility, monitor the financial application of funds towards this Provincial theme.	
<b>INFORMATION TECHNOLOGY (Office of the Premier)</b>			

<b>PROVINCIAL STRATEGIC THEMES</b>	<b>KEY PERFORMANCE AREAS/KEY OUTPUTS</b>	<b>STRATEGIC OBJECTIVES</b>	<b>PERFORMANCE INDICATORS/ MEASURES</b>
<b>POVERTY ERADICATION [Identified as a new theme] (Social Services and Population Development</b>			

## PERFORMANCE TARGETS AND MTEF BUDGETS

Refer to point 10.

### 12) MEDIUM – TERM REVENUES AND EXPENDITURES

#### **Summary of Revenue**

The following sources of funding are used for the Vote:

#### **Summary of revenue Vote 8:Department of Finance**

	<b>2000/01 Actual R'000</b>	<b>2001/02 Actual R'000</b>	<b>2002/03 Est. Actual R'000</b>	<b>2003/04 Voted R'000</b>	<b>2004/05 MTEF R'000</b>	<b>2005/06 MTEF R'000</b>
Equitable share	27,258	20,938	61,557	63,724	69,621	73,280
Contingency Reserves			47,835	22,601	35,639	36,889
Conditional grants	4,870	9,474	0	0	0	0
Statutory amounts			680	746	796	851
<b>Total Revenue</b>	<b>32,128</b>	<b>30,412</b>	<b>110,072</b>	<b>87,071</b>	<b>106,056</b>	<b>111,020</b>

**Table 4.2 Summary of Departmental revenue collection: Department of Finance**

	<b>2000/01 Actual R'000</b>	<b>2001/02 Actual R'000</b>	<b>2002/03 Est. Actual R'000</b>	<b>2003/04 Voted R'000</b>	<b>2004/05 MTEF R'000</b>	<b>2005/06 MTEF R'000</b>
Current revenue						
-Tax revenue						
-Non-tax revenue	15,000	12,617	12,640	12,358	6,016	6,377
Capital revenue						
<b>Departmental Revenue projected</b>	<b>15,000</b>	<b>12,617</b>	<b>12,640</b>	<b>12,358</b>	<b>6,016</b>	<b>6,377</b>

## Expenditure Summary by Programme

THE MTEF BASELINE ALLOCATIONS FOR THE PERIOD 2003/04 TO 2005/06 ARE:

Financial year: 2003/04: R87,071 million  
 Financial year: 2004/05: R106,056 million  
 Financial year: 2005/06: R111,020 million

### Summary of expenditure and estimates Vote 8 (Per Programme)

	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. Actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
1. Administration	4,765	5,304	8,820	12,017	14,822	17,565
2. Financial Planning & Resource Management	4195	3,256	5,508	5,944	6,837	7,168
3. Provincial Accounting	8,048	11,503	24,129	22,346	23,614	24,054
4. Procurement		1,255				
5. Auxiliary and Associated Services	15,120	9,078	70,935	46,018	59,987	61,382
6. Special Functions Authorised losses		16				
<b>Total Programmes</b>	<b>32,128</b>	<b>30,412</b>	<b>109,392</b>	<b>86,325</b>	<b>105,260</b>	<b>110,169</b>
<b>Statutory Amount</b>			<b>680</b>	<b>746</b>	<b>796</b>	<b>851</b>
<b>Total</b>	<b>32,128</b>	<b>30,412</b>	<b>110,072</b>	<b>87,071</b>	<b>106,056</b>	<b>111,020</b>

### Summary of expenditure and estimates GFS Classification - Vote 8

	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. Actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
<b>CURRENT</b>						
- Personnel	10,602	12,457	20,157	22,944	24,068	24,795
- Transfers						
- Other current	21,191	17,747	89,052	62,951	80,992	84,886
<b>Total Current</b>	<b>31,794</b>	<b>30,204</b>	<b>109,209</b>	<b>85,895</b>	<b>105,060</b>	<b>109,681</b>
<b>CAPITAL</b>						
- Acquisition of capital assets	334	208	183	430	200	488
- Transfer payments						
<b>Total Capital</b>	<b>334</b>	<b>208</b>	<b>183</b>	<b>430</b>	<b>200</b>	<b>488</b>
<b>Statutory Amount</b>			<b>680</b>	<b>746</b>	<b>796</b>	<b>851</b>
<b>Total GFS classification</b>	<b>32,128</b>	<b>30,412</b>	<b>110,072</b>	<b>87,071</b>	<b>106,056</b>	<b>111,020</b>



**Summary of expenditure and estimates: Vote 8: Department of Finance  
(standard item classification)**

	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. Actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
Personnel	10,602	12,457	20,157	22,944	24,068	24,795
Administrative expenditure	2,541	3,238	2,912	4,895	8,383	10,737
Stores and livestock	511	447	436	576	685	873
<b>Equipment</b>						
Current	180	146	305	235	330	320
Capital	334	208	183	430	200	488
<b>Land and Buildings</b>						
Current						
Capital						
<b>Professional and special services</b>						
Current	16963	13,900	85,400	57,245	71,594	72,955
Capital						
<b>Transfer payments</b>						
Current						
Capital						
Miscellaneous	997	16				
<b>Total Current</b>	<b>31,794</b>	<b>30,204</b>	<b>109,209</b>	<b>85895</b>	<b>105,260</b>	<b>109,681</b>
<b>Total Capital</b>	<b>334</b>	<b>208</b>	<b>183</b>	<b>430</b>	<b>200</b>	<b>488</b>
<b>Statutory Amount</b>			<b>680</b>	<b>746</b>	<b>796</b>	<b>851</b>
<b>Total standard item classification</b>	<b>32,128</b>	<b>30,412</b>	<b>110,072</b>	<b>86,171</b>	<b>105,060</b>	<b>111,020</b>

## **6. CO – ORDINATION, CO – OPERATION AND OUTSOURCING PLANS**

### ***Interdepartmental Linkages***

- Continuously provide a compliance monitoring function to all departments to ensure that all Tender Board resolutions and directives are adhered to as well as to provide a helpdesk function to assist all departments.
- Rendering an Salary Administration Service to all employees of the Provincial Government.
- Manage and maintain the transversal financial systems within the Province and to ensure that facilities are utilized efficiently.
- Co-ordinate financial management training within the Provincial Government.
- Co-ordinate financial accounting services for all departments within the Province.

### ***Local Government Linkages***

There are none, except for the co-monitoring role of funds transferred to Local authorities.

### ***Public Entities***

None

### ***Public, Private Partnerships, Outsourcing***

None

## **PART C**

### **BACKGROUND INFORMATION**

## **7. Appendix one : Analysis of Service Delivery Environment**

### ***Environmental factors and emerging challenges***

#### ***Demographic Profile of the Northern Cape Province***

##### **Geography**

The Northern Cape is one of the nine newly founded provinces of the Republic of South Africa. It has by far the biggest land mass of all the provinces, being more than ten times the size of Gauteng, its highveld counterpart or thrice the size of the new Federal German Republic. It covers 29.7% of South Africa's land surface at 361,830 square km (Gauteng 1.4% or 17,010 square km) (*Stats SA-2000*).

The Northern Cape is bounded by the Atlantic Ocean on the west, Namibia and Botswana to its north west and north respectively. It is fringed by the Swartberg mountain range on its southern border with the Western Cape Province in the Calvinia district.



## Regions of the Northern Cape

The Department of Finance operates in the four administrative districts of the Northern Cape, comprising the **Karoo**, with its district capital in De Aar; **Frances Baard** with its capital in Kimberley; **Siyanda**, which includes large sections of the Kalahari desert, has its capital in Uptington; the **Namaqua** region, known for its minerals and seasonal flowers, has Springbok as its capital.

### Karoo

The Department has a staff complement of 7 members servicing this region.

### Frances Baard

The Department has a staff complement of 9 members servicing this region.

## **Namaqua**

The Department has a staff complement of 7 members servicing this region.

## **Siyanda**

The Department has a staff complement of 9 members servicing this region.

## **Population**

By 2000 the official census population of the Northern Cape was 840,000. This was comprised of a sizeable Coloured component (435,000) followed by Blacks (279,000), Whites (112,000) and people of Indian (2,300) and Chinese and other (12,000) extraction. Minor cultural groups also occur in scattered settlements throughout the Province. These comprise mostly the Nama, San, Khoi, Xu! and Khwe communities.

## **Language**

Afrikaans is widely spoken by almost all racial groups, followed by Setswana speakers at 20% and Xhosa at 6.3%. English, follows a distant fourth at 2.4% then to lesser proportions Zulu. About 70% of the population is urbanised while the rest is rural. Females outnumber males by four per cent, being 51% and 47% respectively (*Stats SA-2000*).

## **Climate**

The Northern Cape has a summer rainfall pattern, with very dry, cold winters and very hot summers. The north eastern part of the Province is fertile and hosts the green square in the Vaalharts agricultural lands.

## 8. Appendix Two : Organisational Information and the Institutional Environment

### ***Organisational design***

The Department of Finance is structured along its four programmes:

1. Administration
2. Financial Planning & Resource Management
3. Provincial Accounting Management
4. Auxiliary and Associated Services

#### *PROGRAMME 1: ADMINISTRATION*

**AIM:** Provides for the determination of political priorities, special projects and policy formulation by the Member of the Executive Committee as well as management within the Department, tasked with the effective, efficient and economic implementation of such policies. This programme consists of the following sub-programmes:

- Member of the Executive Council
- Management
- Departmental Support Services

#### *PROGRAMME 2 - FINANCIAL PLANNING AND RESOURCE MANAGEMENT*

**AIM:** This programme's aim is to manage and provide an effective, efficient and professional financial planning and resource management function within the Northern Cape Provincial Government to ensure sound public finance.

This programme consists of the following sub-programmes:

- Budget Management
- Cash Management and Investments
- District Municipalities and Public Entities Management
- Procurement Administration

#### *PROGRAMME 3: PROVINCIAL ACCOUNTING*

**AIM:** To render a specialised financial management service to the Province with regard to expenditure, revenue, financial systems and asset management. This programme consists of the following sub-programmes:

- Financial and Management Accounting
- Salary Administration
- Financial Systems Management & Training Co-ordination
- Asset Management

## *PROGRAMME 4 – AUXILIARY AND ASSOCIATED SERVICES*

**AIM:** The aim of this Programme is to render Auxiliary and related services, which are associated with the Departments objectives .

Such services will encompass:

- Interest Provision
- Bank Charges
- Audit Fees
- Special Programmes
- Motor Transport
- Contingency Reserve
- Overdraft Redemption

### ***Delegations***

The Legislation that mainly dictates the operations of the Department is in the Public Finance Management Act (PFMA), the Public Service Act (PSA) and other related regulations.

The PFMA confers the responsibility of the Provincial Treasury to the MEC of Finance who in turn may delegate any of the powers to the Head of the Provincial Department responsible for financial matters in the Province. In accordance with section 20 of the PFMA , the Executing Authority has delegated the powers of the Provincial Treasury to the Head of Department who in turn has conferred the necessary powers to Treasury officials and/or all the Accounting Officers in the Provincial Government.

The PSA confers all Public Service activities and those related to Human Resource Management to the relevant Executing Authority. These functions must be delegated by the Executing Authority to the relevant head of department.

The delegation or authority is recorded in writing wherein the main delegations or authorisations are specified in order to enable the Head of Department to manage the department effectively.

### ***Long-term capital investment and asset management plans***

#### **Long-term Asset Management Plan**

Ultimately all assets of government will have to be recorded in an Asset Register. It has therefore tentatively been agreed upon that all assets procured for the financial year 1999 / 2000 and 2000 / 2001 be recorded in the Asset Register by December 2003 and June 2003 respectively.

In conjunction with this process, the book transactions to keep track and record these entries will be based on accrual principles, whilst the system that it will be recorded in is cash based. Careful consideration of the book-keeping process will have to be ensured as the reporting thereof in the Annual Financial Statements (AFS) may be misleading to the readers of the AFS if not dealt with properly.



### Short-term Asset Management Plan

As government and especially the National Treasury is on a major drive to have all the assets recorded and establish credible Asset Registers, it is incumbent on this Department to provide guidelines and procedures for the various Provincial departments. Within the broad framework of the National guidelines, it is envisaged to include reporting on the assets by way of the Annual Financial Statements (AFS) at the end of the current financial year (2002 / 2003). To this end the Department of Finance has issued a provisional guideline whereby all assets procured as from 1 April 2002 must be differentiated between major and minor assets. Assets with a value below R5 000 will be classified as minor assets, while assets with a value above R5 000 will be classified as major assets. To successfully perform its role of guiding and supporting departments, the Department of Finance will have

to access reports to ascertain whether the guidelines in the document are adhered to by the departments as a first phase of the process to have credible asset registers.

### **Personnel**

#### **Personnel numbers and estimates: Department of Finance**

Personnel estimates: Provincial Treasury			
<b>Programme</b>	At 31 March 2001	At 31 March 2002	At 31 March 2003
Programme 1	28	30	41
Programme 2	31	20	45
Programme 3	66	71	82
<b>Total</b>	<b>125</b>	<b>121</b>	<b>168</b>

### ***IT Systems***

The Department uses the transversal systems as recommended by National Treasury.

### ***Performance Management System***

To develop a performance management and development system aimed at achieving the following:

- Provide opportunities to identify individual's development needs and to devise plans to address those needs.
- To facilitate the effective management of unsatisfactory performance.
- To provide the basis for decisions on performance related awards.
- Improving individual's awareness and understanding of their work objectives and performance standards expected of them.
- Evaluate performance against organisational goals by establishing performance targets.

### ***Financial Management***

#### ***Audit Queries***

The Department ensures that all Audit-queries are comprehensively answered within the prescribed time frames and before the closure of the books for the financial year under review.

The Department's strategy will be to:

- Endeavour to minimise the number of audit queries by sensitising officials on areas of concern.
- Providing well-documented policies and procedures, which departmental officials must adhere to.

### ***Internal Audit***

The Internal Audit Unit is a shared service for all Provincial Departments functionally reporting to the Provincial Audit Committee which reports to the Executive Council.

### ***Implementation of PFMA***

The Department will endeavour to continuously drive the compliance process of the Public Finance Management Act with the following measures:

- Advocate all officials in the Department to attend PFMA workshops and courses to build capacity on the Act.
- Workshop to the Departments within Provincial Government, the prescripts, internal delegations and systems to ensure compliance.
- Timeously report to the Accounting Officer or Chief Financial Officer any gross deviations from the Act.

## **9. Appendix three: Analysis of Changes to Programmes**

Due to the restructuring process that the department embarked upon, it has decreased its programmes from five ( 5 ) to four ( 4 ) and also shifted sub-programmes between programmes. The following are the major changes effected :

### **Programme 2**

Has Procurement included as a sub-programme for the 2002 / 2003 financial year whilst it used to be a Programme on its own for the previous financial year ( 2001 / 2002 ).

### **Programme 3**

Has Asset Management included as a sub-programme ( thus expanding its sub-programmes to four ( 4 ) ). Where it used to be a sub-programme under Programme 2.

### **Programme 4**

Due to the restructuring process this programme has been re-numbered to its current number where it used to be number 5. It also encompasses a new sub-programme "Contingency reserve" and "Overdraft Redemption" which devolved when the RDP vote was disbanded as from the 2002 / 2003 financial year.