

DEPARTMENT OF FINANCE

AMOUNT TO BE APPROPRIATED:	R 97,336,000
STATUTORY AMOUNT:	R 796,000
RESPONSIBLE EXECUTIVE AUTHORITY:	MEC FOR FINANCE
ADMINISTERING DEPARTMENT:	DEPARTMENT OF FINANCE
ACCOUNTING OFFICER:	HEAD OF DEPARTMENT

1. OVERVIEW

Vision

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

Mission

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

- ≠ formulating financial policies consistent with Government objectives and;
- ≠ monitoring, and administering the implementations of such policies;
- ≠ rendering sound and modernised public financial management services; and
- ≠ developing and providing a fair transparent and inclusive procurement system.

Core Function and Responsibilities

The core function of the Provincial Treasury has changed from:

- ≠ The narrow focus on expenditure control (financial administration) of departments and enforcing strict, prescriptive and restrictive rules and procedures of the old Exchequer Act and Treasury Instructions to:-
- ≠ Guidance, assistance, advice and support to all departments and monitoring that modernised and sound public financial management is effectively applied and efficiently practiced in all departments, in terms of generally recognised accounting principles (GRAP) and internationally accepted best practices, as advocated by the provisions of the Public Finance Management Act 1999. As the Provincial Treasury in terms of Section 17 of the PFMA, the Department is the custodian of public financial management in the Province.

Types of Services Rendered and to be Rendered.

- ≠ **Financial Planning and Resource Management**

Budget Management:-

Which includes the planning, analysis, evaluation and monitoring of departments revenue and expenditure and provincial budget consolidation including Treasury approvals of exceptional expenditure coupled with consolidation and evaluation of budget to expenditure variance reports.

Resource Management:-

Which includes management of provincial investments and short term bridging finance as well as recommendation on policy with regard to cash management of available funds and the daily monitoring of availability of funds to meet the Department's disbursement requirements

Municipalities Management:-

Including analysis, evaluation, advice and monitoring the management of district municipalities and public entities budgets and compliance with requirements of Municipal Finance Management Act and PFMA.

Chain Supply Management:-

Which includes rendering a support function to the Provincial Tender Board, issuing directives to departments as well as ensuring compliance with supply chain management policies and related training. Advising departments on all procurement issues on deliberations in departmental tender committees, and monitoring the effective application of tender rules and regulations.

PROVINCIAL ACCOUNTING**Provincial Financial Accounting:-**

Which includes rendering of sound and transparent provincial financial and management accounting services and consolidation of provincial periodic and annual financial statements.

Provincial Salaries Management:-

Including management of all salary related matters, and the reconciliation of the related control accounts.

Financial System Management:-

Which includes management of the main financial system and the co-coordinating and arranging of related training.

Provincial Asset Management:-

Including monitoring the effective and efficient management and use of all provincial fixed and moveable assets and the reconciling with related budgets, asset registers and control accounts.

DEPARTMENTAL ACCOUNTING :-**Financial Accounting**

Which includes rendering of sound and modernised financial accounting services to the Department.

Management Accounting

Which includes rendering of sound and modernised management accounting services to the Department.

Financial Inspectorate

Which includes performing compliance and regulatory financial inspections.

CORPORATE SUPPORT SERVICES**Human Resource Management**

Render services to the Department that include, staffing services, HR administration and the effective implementation of all relevant regulations.

Human Resource Development

Facilitate and manage the training and development of staff within the Department and coordinate financial management related development for the provincial staff.

Office Administration

Manage all departmental assets and ensuring that they are in good working conditions. Manage all contracts of the department such as floor cleaning, security, equipment with the intention to make the department operate smoothly. Manage the Registry and transport services for the department.

Legal Services and Labour Relations

Provide legal and labour advice to the Department

Acts and Regulations administered by the Department

- ⊕ Public Finance Management Act 1999
- ⊕ Municipal Finance Management Act
- ⊕ Treasury Regulations issued in terms of the PFMA
- ⊕ Northern Cape Provincial Tender Board Act, 2 of 1994
- ⊕ Preferential Procurement Policy Framework Act 5 of 2000 and its regulations
- ⊕ Basic conditions of employment Act
- ⊕ Public service Act
- ⊕ Employment equity Act
- ⊕ Public service regulations
- ⊕ PSCBC resolutions
- ⊕ Skills development Act
- ⊕ Skills development Levy Act
- ⊕ Labour Relations Act
- ⊕ Promotion of Access to Information Act

Key Five Year Provincial Financial Management Strategic Priorities**⊕ Budgetary Reforms**

- Involvement of the executing authority in giving policy directives and objectives to be met.
- Multi year budgeting principles and concepts, to be further improved.
- Budget formats based on international best practices to be further developed and improved.
- Change from expenditure control focus to performance budgeting, based outputs and outcomes.

⊕ Procurement Reforms

- Decentralisation of Tender Board functions to departments to enhance responsibility and accountability.
- Tender delegations to user departments have been increased to R1 000 000,00 but will be reviewed annually.
- Procurement office to implement the supply chain management concept and focus on training, monitoring and compliance.

⊕ Fiscal Discipline

- Prevention of over expenditure with the introduction of cost containment measures.
- Introduction of internal control structures between the provincial treasury and respective departments.
- Introduction of commitments reporting to enhance In year Monitoring mechanism.

⊕ Modernised and Improved Provincial Accounting

- Introduction and implementation of an integrated financial system to support the accrual based accounting.
- Introduction and implementation of an accrual based accounting for better accountability and improved reporting based on international best practices.
- Introduction of financial statement based on accrual principles in the place of the compilation of appropriation accounts.
- Introduction of Asset Management Systems to account for all provincial assets on an accrual basis.

⌘ Improved Revenue Collection

- Assisting line departments in developing practical strategies in improved revenue collection and revenue management.

⌘ Prevention of Fraud and Corruption

- A Provincial Fraud Prevention Plan has been compiled and accepted by all departments.
- All officials within the department have been sensitised to its content.
- Enforce Code of Conduct for Public Servants.
- Further improvements with regard to own departmental needs are in process.
- The establishing of a Financial Inspectorate function to complement the Internal Audit function on compliance audit.

⌘ Human Resource Management

- Ensure that representation is in accordance with government policies on affirmative action.
- Accelerate transformation within the department.
- Create employment for youth and disabled.
- Develop an affirmative action plan.
- Develop an employment equity plan.
- Enforce gender equality.

⌘ Human Resource Development

- Practical training in accrual accounting principles and concepts and their practical application.
- Training in internationally accepted best practices, in all spheres of financial management.
- Training in aspects that affect the department's broader operations.
- Compile skills and service audits.
- Assist with programmes to inform/combat HIV/AIDS.
- Improve service delivery to the disabled - clients
- Implement anti-racism and sexism programs
- Compliance with Batho Pele Policy.

2. REVIEW OF THE CURRENT FINANCIAL YEAR

- € In the year under review as part of further enhancements in the phased implementation process of the Public Finance Management Act (PFMA) 1999, departments were required to prepare the Annual Financial Statements (AFS) with information on Assets to be included as a Disclosure Note in preparation for proper accounting under the accrual basis.
- € The introduction of Strategic Plans linked to budgets during the year under review, went a long way in laying the foundation for the Performance based budgets.
- € One of the huge demands was the changeover from the Financial Management System (FMS) to the Basic Accounting System (BAS) to be in a position to accommodate the accrual accounting principles once they are introduced. The changeover from the FMS to BAS was, successfully managed by the department.
- € With the implementation of the BAS, departments established and managed their own bank accounts as opposed to the one centralized bank account previously managed by this department. Departments were therefore able to manage their own bank affairs and compile their comparative bank reconciliation statements.
- € During the year under review the department also retracted all the hand chequebooks from the departments compelling them to make use of electronic payments. It therefore minimized and reduced cheque fraud to the maximum.
- € To ensure that the Provincial Treasury's assistance is of a qualitative nature, the officials of the Department together with the BAS consultant support team visited the various departments on a continuous basis to ensure that problems experienced by them are adequately addressed.
- € The Department also successfully assisted the respective provincial departments in taking over their procurement functions by rendering the necessary advice and training to the established Departmental Tender Committees. This department rendering such functions on their behalf, ably assisted those provincial departments that did not have such Committees.
- € In its quest to ensure sound and transparent Asset and Provisioning management the department instituted the Asset and Provisioning Managers Forum, which conducts bi-monthly meetings. These meetings strengthened the cooperation between departments and also ensured uniformity in the application of principles that affect these functions.

- € The Department also filled some key senior positions during the course of the financial year to ensure its objectives are met.
- € Various training courses

Financial Practitioners course	15 Financial Practitioners
Training on the operations of the transversal systems, viz Persal, BAS and PAS	
Persal	111 Financial Practitioners
BAS	302 Financial Practitioners
PAS 1	20 Officials
PAS 2	27 Officials
Introduction to Asset Management in government	33 Officials

3. OUTLOOK FOR THE COMING FINANCIAL YEAR

- € The department will implement a new system to properly account for all provincial assets in that those below the value of R5,000 (five thousand rand) will be accounted for as normal expenditure though the inventory list register will still be drawn to control the available stock, whereas on the other hand assets of R5,000(five thousand rand) and above will be accounted for under proper asset registers and not as normal expenditure. Only depreciation thereof will be accounted for as an expense in preparation for accrual based accounting to be implemented later with the new integrated solution.
- € Decentralisation of salary functions and bank reconciliation to respective departments from the Department of Finance will be finalised in this coming year. The decentralisation of financial management functions to respective departments is in line with the philosophy behind the implementation of PFMA to allow and enable managers to manage but still hold them accountable.
- € This coming year will experience the implementation of the standard charts of accounts across all the departments whereas the standard budget structures will be phased in for most of the sectors. The idea behind standardisation of both account structures and budget structures is for provincial and departmental comparability and consolidation of government financial information.
- € With regard to effective monitoring of departmental budgets, the Department will ensure that accrued expenses and commitments are taken into account together with actual expenditure before calculation of expenditure projections with a view to determine the realistic expenditure projections for the remainder of the financial year, in the place of the misleading method of dividing the budget by twelve months to determine the projections on a straight line method.
- € With the decentralisation of the Centralised Paymaster General Account to respective departments, proper cash flow management will be the biggest challenge both to this department and other departments. Proper cash flow requisitions by respective departments based on the available funds on approved budget, standing commitments and other prioritised payments through other sources (such as suspense accounts and agency services) while taking into account outstanding cash outflow (through outstanding cheques and electronic transfers of funds to creditors) will be the big challenge for this Department to monitor and manage.
- € With the promulgation of Municipal Finance Management Act in the coming year, the challenge to this Department, will be building capacity in Municipalities to manage their budgets effectively which will also change from one year to multi- year budgeting:
Training sessions, workshops and specific short courses in practical and applied financial management will be a priority.
- € Development of systems control accounts within the main financial system (BAS) in consultation with National Treasury, as an enabling instrument to effectively monitor the financial performance of respective departments will be given top priority in preparation for implementation of an integrated system solution to cater for accrued based accounting.
- € Capacity building in procurement principles and best practice including procedures to be applied by Departmental Tender Committees with a view to ultimately dissolve the Provincial Tender Board will be one of the biggest challenges.
- € The establishment of an effective Financial Inspectorate function to perform extensive compliance audit with a view to relieve Provincial Internal Audit function to focus more on performance audit and to a limited extent to compliance audit will enhance the financial performance of departments in general. This will be a

great shift from the present focus on compliance audit to performance audit and value for money audit by both external and internal auditors.

4. RECEIPTS AND FINANCING

The following sources of funding are used for the Vote

Table 4.1 Summary of receipts: Vote 8: Finance

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05	2005/06	2006/07
	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000	2004/05 R'000	2005/06 R'000	2006/07 R'000		
Equitable share	32 128	30 412	45 037	86 325	85 676	82 166	97 336	101 245	107 308
Conditional grants									
Statutory			673	746	783	744	796	851	851
Total receipts	32 128	30 412	45 710	87 071	86 459	82 910	98 132	102 096	108 159

Table 4.2 Departmental receipts collection: Vote 8: Finance

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05	2005/06	2006/07
	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000	2004/05 R'000	2005/06 R'000	2006/07 R'000		
Tax receipts									
Non-tax receipts	25,200	19,442	12,640	12,221	12,221	10,562	5,985	6,348	6,408
Sale of goods and services other than capital assets							3,285	3,648	3,708
Fines, penalties and forfeits									
Interest, dividends and rent on land	25,200	19,442	12,640	12,221	12,221	10,562	2,700	2,700	2,700
Transfers received									
Sale of capital assets									
Financial transactions									
Total departmental receipts	25,200	19,442	12,640	12,221	12,221	10,562	5,985	6,348	6,408

5. PAYMENT SUMMARY

The MTEF baseline allocations for the period 2004/2005 to 2006/2007 are:

Financial year 2004/2005: R98,132million

Financial year 2005/2006: R102,096million

Financial year 2006/2007: R108,159million

Table 5.1 Summary of payments and estimates - Department of Finance

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05	2005/06	2006/07
	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000	2004/05 R'000	2005/06 R'000	2006/07 R'000		
1. Administration	4 766	5 320	7 780	12 017	14 157	10 201	28 266	29 373	29 509
2. Financial Planning and Resource Management	4 195	3 511	3 392	5 944	5 944	4 267	30 071	33 461	33 847
3. Provincial Accounting	8 048	12 503	18 266	22 346	25 346	20 904	26 229	21 677	26 225
4. Corporate Support Services							4 617	7 125	7 542
5. Departmental Accounting Auxiliary and Associated Services	15 119	9 078	15 599	46 018	40 229	46 794	8 153	9 609	10 185
Statutory			673	746	783	744	796	851	851
Total payments and estimate	32 128	30 412	45 710	87 071	86 459	82 910	98 132	102 096	108 159

Table 5.2 Summary of payments and estimates - GFS classification: Department of Finance

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05	2005/06	2006/07
	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000	2004/05 R'000	2005/06 R'000	2006/07 R'000		
Current payments	31 698	30 195	44 885	85 880	85 201	82 059	96 550	100 488	106 489
Compensation of employees	11 576	12 457	13 734	22 945	23 002	20 298	27 282	29 807	31 556
Goods and services	20 057	17 722	31 017	62 935	62 199	61 761	69 268	70 681	74 933
Interest and rent on land									
Financial transactions in assets and liabilities	65	16	134						
Unauthorised expenditure									
Transfers and subsidies to:	26	9	11	15	15	15	95	123	146
Provinces and municipalities	7	8	11	15	15	15	95	123	146
Departmental agencies and accounts	19	1							
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	404	208	141	430	460	92	691	634	673
Buildings and other fixed structures									
Machinery and equipment	404	208	141	430	460	92	691	634	673
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Statutory			673	746	783	744	796	851	851
Total economic classification: Department of Finance	32 128	30 412	45 710	87 071	86 459	82 910	98 132	102 096	108 159

6.1 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.

Table 6.1 Summary of payments and estimates : Programme1 Administration

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2003/04 R'000	2004/05 R'000	2005/06 R'000
	2000/01 R'000	2001/02 R'000	2002/03 R'000						
1. Office MEC	951	835	1 161	3 887	5 183	1 650	1 962	2 676	2 658
2. Office of the HOD	1 054	966	1 972	2 426	2 430	1 922	26 304	26 697	26 851
3. Corporate Support Services	2 761	3 519	4 647	5 704	5 761	5 846	-	-	-
Total payments and estimates: Programme 1	4 766	5 320	7 780	12 017	13 374	9 418	28 266	29 373	29 509

Table 6.1.1 Summary of payments and estimates by economic classification: Programme 1 Administration

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2003/04 R'000	2004/05 R'000	2005/06 R'000
	2000/01 R'000	2001/02 R'000	2002/03 R'000						
Current payments	4,406	5,103	7,628	11,572	12,929	9,311	27,993	29,292	29,419
Compensation of employees	2,141	2,622	3,997	6,797	6,071	5,391	2,201	2,444	2,582
Goods and services	2,207	2,465	3,497	4,775	6,858	3,920	25,792	26,848	26,837
Interest and rent on land									
Financial transactions in assets and liabilities	58	16	134						
Unauthorised expenditure									
Transfers and subsidies to:	26	9	11	15	15	15	20	31	37
Provinces and municipalities	26	9	11	15	15	15	20	31	37
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	334	208	141	430	430	92	253	50	53
Buildings and other fixed structures									
Machinery and equipment	334	208	141	430	430	92	253	50	53
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification: Programme1	4,766	5,320	7,780	12,017	13,374	9,418	28,266	29,373	29,509

6.2 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 will include *inter-alia* the following areas:

- € **Budget management**, including the planning, analysis, evaluation, consolidation and monitoring of the revenue and expenditure of the Province and to manage dispensation emanating there from;
- € **Resource Management**, including the management and administration of the provincial bank accounts, investments and short-term loans as well as the recommendation of policy with regard to cash flow management and investment and the allocation of available funds;
- € **Municipalities Management**, including monitoring local government budgets in accordance with the provisions of the Municipal Finance Management Act;

€ **Supply Chain Management**, including providing for a fair and inclusive procurement system to the advantage of all the citizens in the Province.

Table 6.2 Summary of payments and estimates : Programme 2 Financial Planning and Resource Management

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05 R'000	2005/06 R'000	2006/07 R'000
	2000/01 R'000	2001/02 R'000	2002/03 R'000						
1. Budget Mnnagement	595	586	1,229	1,453	1,453	1,546	2,979	3,383	3,578
2. Resource Management	500	684	584	881	881	651	23,155	25,765	25,984
3. Municipalities Management	461	986	351	1,212	1,212	521	2,077	2,223	2,348
4. Supply chain Management	2,639	1,255	1,228	2,398	2,398	1,549	1,860	2,090	1,937
Total payments and estimates:Programme 2	4,195	3,511	3,392	5,944	5,944	4,267	30,071	33,461	33,847

6.2 Programme Description

Programme 2: Financial Planning and Resource Management

Aim: To manage and provide an effective, efficient and professional financial planning by preparing budgets, formulating fiscal and procurement policies, promoting and enforcing transparency, monitoring of revenue and expenditure of provincial departments, relevant municipalities and provincial entities.

Sub-programme 1: Budget Management

Aim: To ensure that expenditure, revenue and policy initiatives of the provincial services are planned, communicated and implemented in a way that reflects the priorities of the Provincial Government.

<ul style="list-style-type: none"> * Development and co-ordination of budget documentation, briefing for budget decision making and estimate updated. * Effective analysis and evaluation of provincial departments' expenditure and revenue budgeting for credibility. * Promote the implementation of Provincial Strategic Plan through the improved integration of strategic plans and the budgeting process. * Monitoring of spending so that growth in programme spending be held to roughly the growth in population and inflation. * Ensure that the conditional grants spending are directed towards the aims intended for. * Ensure that spending is directed towards health, education, social and economic policies. * Ensure that significant resources are available for investment in infrastructure and the maintenance and the rehabilitation of existing infrastructure. * Realistic Own Revenue estimates * Realistic sustainable total revenue and expenditure budgets. 	<ul style="list-style-type: none"> * Major budget documents. * Difference between first budget estimated operating results and final outcome. * Meeting budget process guidelines. * Balanced budget per department, programmes expenditure and revenue. * Improved link between strategic plans and the budget process. * Achieve Fiscal Balance. * Improve the quality of life. * Economic growth. * Improve in-year monitoring system. * Consistent real growth in revenue over MTEF period * Stable revenue flows consistence with expenditure flows. 	<ul style="list-style-type: none"> * Supplied according to timetable and within the Statutory limits of PFMA. * Departments to meet the Statutory requirements of PFMA and Treasury Regulations. * As per Statutory requirement and National and Provincial priorities. * Early Warning Reports by 22nd of each month. * As per Statutory framework and National guidelines.
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Outputs	Performance Measures	Performance Targets
Sub-programme 2: Resource Management		
Aim: To manage the provincial Revenue Fund and maintain a sound Cash Management system.		
<ul style="list-style-type: none"> * Establish appropriate and effective cash flow management and banking arrangements using the new technology * Maintain safe and secure electronic system that hold and transfer provincial monies. * Ensure that the Provincial Government Cash Flow Management System minimise risk through electronic risk identification and analysis. * Productively invest cash assets in order to maintain a high level of safety, essential liquidity and yield that translate to achieving profit on investments. * Cost effectively finance the Provincial Government's daily operations through proper management of short-term loans. 	<ul style="list-style-type: none"> * Accurate banking transaction. * All transaction at minimal risk. * Consolidated cash requirements within cash flow * Annual return on investment. * Investment transactions in compliance with safety and liquidity policies. * Reduction in opportunity cost for short term financing. * Cost borrowing reduced and thus more funds will be available for other projects. 	<ul style="list-style-type: none"> * Continuous * Continuous * Continuous-all departments meet deadline. * Monthly * Within Statutory framework * Continuous * Continuous
Sub-programme 3: Municipalities Management		
Aim: Maintain a monitoring system that delivers continuing improvements in the effectiveness of municipalities financial management.		
<ul style="list-style-type: none"> * Approval of balanced budgets in line with the municipalities' IDP's. * Municipalities remain within their budgets. 	<ul style="list-style-type: none"> * Submission of approved budgets by municipalities before the start of the municipal financial year. * Balanced budgets per municipality. * Link between IDP and approved budget. * Budgets comply with the growth factor as determined by National Treasury. * Periodic submission of budget reports to the municipal council and Treasury. * Approval of adjustments budget, when necessary. 	<ul style="list-style-type: none"> * All municipalities comply. * All municipalities comply.

Outputs	Performance Measures	Performance Targets
Sub-programme 4: · Supply Chain Management		
<p>Aim: To assist the MEC: Finance with the formulation of Supply Chain Management polices for the Provincial Government as well as developing and ensuring that a fair and inclusive Supply Chain system prevails for the citizens of the Northern Cape.</p>		
<p>* To provide the MEC: Finance with policy inputs on all Supply chain Management policy matters for the Province.</p> <p>* Issue directives to provincial departments and public enterprises with regard to national/provincial policy to ensure implementation and compliance</p>	<p>* Compliance with national legislation (PPPFA and Regulations)</p> <p>Northern Cape Tender Board Act Regulations, Directives and Circulars</p> <p>Implementation of supply chain management principles</p> <p>Awarding of 70% of the total rand value of all procurements to HDI SMME enterprises</p> <p>Registration of suppliers on a provincial database for information purposes for departments and public compliance</p> <p>Implementation of a tool to acquire monthly statistics from departments on all procurements to enable provincial procurement to release these statistics to the MEC: Finance and Tender Board and to make commercial useful decisions from statistics for provincial economic development</p> <p>To provide training for procurement officials, departmental tender committees and entrepreneurs to enable them to participate in the provincial tender process</p> <p>To co-ordinate the utilization of transversal contracts for the benefit of the Province</p>	<p>*Ongoing process to monitor implementation and compliance</p> <p>*Ongoing</p> <p>Presently 55% of the rand value is awarded to HDI / SMME enterprises Target 70%</p> <p>Ongoing as new suppliers request registration Continuous updating of registered enterprises details</p> <p>To be developed and roll-out 2004/05 financial year</p> <p>Ongoing, during 2002/03 402 entrepreneurs have been trained of which 238 males and 164 females throughout the province</p> <p>Decision to participate in transversal contracts arranged by National Treasury is ongoing</p>

6.3 PROGRAMME 3 - PROVINCIAL ACCOUNTING**Aim**

To render a specialist financial management service to the Province with regard to expenditure, revenue, financial systems and asset management.

Table 6.3 Summary of payments and estimates : Programme 3 Provincial Accounting

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05	2005/06	2006/07
	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000					
1. Provincial Financial Accounting	3 374	3 710	3 283	5 456	5 456	3 457	5 721	6 682	7 098
2. Salaries Management	3 193	3 357	2 258	3 441	3 441	2 025	2 568	3 543	3 704
3. Financial System Management	1 481	4 436	12 101	12 134	15 134	13 595	12 411	5 623	9 427
4. Provincial Asset Management		1 000	624	1 315	1 315	1 827	5 529	5 829	5 996
Total payments and estimates: Programme 3	8 048	12 503	18 266	22 346	25 346	20 904	26 229	21 677	26 225

Table 6.3.1 Summary of payments and estimates by economic classification: Programme 3 Provincial Accounting

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2003/04 R'000	2004/05 R'000	2005/06 R'000
	2000/01	2001/02	2002/03						
	R'000	R'000	R'000						
Current payments	7,980	12,503	18,266	22,319	25,319	20,877	26,193	21,617	26,159
Compensation of employees	5,466	6,645	6,578	10,861	10,861	10,256	9,725	10,721	11,324
Goods and services	2,514	5,858	11,688	11,458	14,458	10,621	16,468	10,896	14,835
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:				27	27	27	36	40	44
Provinces and municipalities				27	27	27	36	40	44
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	68							20	22
Buildings and other fixed structures									
Machinery and equipment	68							20	22
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification: Programme3	8,048	12,503	18,266	22,346	25,346	20,904	26,229	21,677	26,225

Outputs	Performance Measures	Performance Targets
Programme 3: Provincial Accounting		
Aim: To provide a comprehensive Financial accounting service to the Provincial Government including financial systems and asset management and Provincial entities.		
Sub-programme 1: Provincial Financial Accounting		
Aim: To provide a Financial accounting service to the Provincial Government.		
<ul style="list-style-type: none"> * Preparing reconciled balances with regard to the Accounts that form the Consolidated Paymaster Group at financial month/year end * Submitting reconciled Bank Reconciliation Statements at month-end. * Ensuring all Appropriated funds have been located correctly to the respective Vote's accounts. * Reconciling balances in those accounts that are affected by system interfaces. * Submitting credible Consolidated Annual Financial Statements at end of May as well as comprehensive answers on Audit queries raised. 	<ul style="list-style-type: none"> * Reflecting reconciled balances on the respective accounts. * Reconciled bank statements. * Allocation in accordance with appropriation/budget Statement * Reconciled and credible balances at month/year end *timeous and correct submissin of financial statements in accordance with legislative requirements and prescripts 	<ul style="list-style-type: none"> *Credible financial information to report in financial statements *Correctness of transactions and to ensure accurate and reliable financial records/ Bookkeeping *Compliance with legislation * Credible and reliable Finanacial data. *Compliance with prescribed policy, procedure and legislation
Sub-programme 2: Provincial Salaries Management		
Aim: To manage and monitor all salaries and related matters in the provincial departments including salary system management related training		
<ul style="list-style-type: none"> * Management of the salary system (Persal) and rendering of relevant training * Monthly reconciliation of salary suspense accounts in the provincial departments * Efficient management of salaries in the provincial departments 	<ul style="list-style-type: none"> * Minimum queries about the use of persal system * Acceptable balances in the salary suspense accounts * Minimum queries 	<ul style="list-style-type: none"> * Efficient persal system users * Compliance with SARS regulations * Compliance with Treasury regulations * Compliance with SARS requirements

Outputs	Performance Measures	Performance Targets
<p>Sub-programme 3: Financial System Management</p>		
<p>Aim: To maintain and manage the main Financial Management System and other supplementary sub-systems.</p>		
<ul style="list-style-type: none"> *Assessment of BAS/Vulindlela users * Circulars * Workshops. * Meetings * Training sessions. * Workshops. *Procedure manuals *Identification of problems experienced. *Compiling action plans to resolve such problems 	<ul style="list-style-type: none"> * Optimal use of financial systems. * Credible financial information. *Informed users. * Credible and updated information *Competent staff *Credible financial information *Solving of problems. *Satisfied customers 	<ul style="list-style-type: none"> *Quarterly visits to departments/ regional offices *As and when it occurs *Continuous *As and when problems are brought to helpdesk
<p>Sub-programme 4: Provincial Asset Management</p>		
<p>Aim: To maintain and promote a system of effective monitoring and management over all Provincial property and other moveable and fixed assets.</p>		
<ul style="list-style-type: none"> *Comprehensive guidelines, policies and directives *Workshops. *Procedure and training manuals *Identification of problems experienced. *Compilation of action plans to solve such problems *Inspections report (s) 	<ul style="list-style-type: none"> *Compliance in all aspects. *Limited audit queries * Trained staff. *Limited or no audit queries *Solving problems. *Satisfied customers *Departments aware of shortcomings. *Preventative measures instituted 	<ul style="list-style-type: none"> *As and when received *As and when the need arises *As need arises *Twice a year per department and institution

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 Programme
- € Contingency Reserve
- € Overdraft Redemption

Summary of payments and estimates : Auxiliary and Associated Services

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05 R'000	2005/06 R'000	2006/07 R'000
	2000/01 R'000	2001/02 R'000	2002/03 R'000						
1. Finance Reserve	12,397		5,281	21,000	21,000	21,000			
2. Bank Charges	672	906	852	571	571	1,347			
3. Audit Fees	2,050	1,212	843	1,796	1,796	1,796			
4. Special Programmes		8	36	50	50	50			
5. Contingency Reserve		6,952	8,587	22,601	16,812	22,601			
Total payments and estimates	15,119	9,078	15,599	46,018	40,229	46,794			

Summary of payments and estimates by economic classification: Auxiliary and Associated Services

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05	2005/06	2006/07
	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000	R'000	R'000	R'000		
Current payments	15,119	9,078	15,599	46,018	40,229	46,794			
Compensation of employees									
Goods and services	15,119	9,078	15,599	46,018	40,229	46,794			
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:									
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets									
Buildings and other fixed structures									
Machinery and equipment									
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	15,119	9,078	15,599	46,018	40,229	46,794			

6.4 PROGRAMME: 4 - CORPORATE SUPPORT SERVICES**AIM:**

The aim of this Programme is to render Human Resource management and Human Resource Development services to the department of finance also including Registry and administrative functions.

Table 6.4 Summary of payments and estimates : Programme: 4 Corporate Support Services

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05	2005/06	2006/07
	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000	R'000	R'000	R'000		
1. Human Resource Management							1 363	1 706	1 804
2. Human Resource Development							828	847	898
3. Office Administration							2 426	4 572	4 840
4. Legal Services and Labour Relations									
Total payments and estimates: Programme 4							4 617	7 125	7 542

Table 6.4.1 Summary of payments and estimates by economic classification: Programme 4 Corporate Support Services

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2004/05	2005/06	2006/07
	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000	R'000	R'000	R'000		
Current payments							4,405	6,894	7,293
Compensation of employees							2,378	2,578	2,722
Goods and services							2,027	4,316	4,571
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:							12	16	21
Provinces and municipalities							12	16	21
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets							200	215	228
Buildings and other fixed structures									
Machinery and equipment							200	215	228
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification: Programme4							4,617	7,125	7,542

Human Resource Management		
Output	Performance Measures	Performance Targets
* Providing an effective Human Resource Management w.r.t: € Recruitment System € Condition of Service € Job Evaluation	An effective efficiently capacitated department	High standards of service delivery and performance

Human Resource Development		
Output	Performance Measures	Performance Targets
<ul style="list-style-type: none"> * Submitting the Work Skills Plan (WSP) to the Skills Education Training Authority (SETA) on time * Identify performance gaps * Motivated, effective and efficient workforce * An informed workforce * An informed workforce that has adapt to the department's culture and practices To have a committed workforce equipped with formal academic qualifications 	<ul style="list-style-type: none"> * The Workskills plan (SETA) report * A trained and efficient workforce * Improvement of service after the training intervention * The decrease in the number of HIV/AIDS infected people. An HIV/AIDS aware workforce All new employees are inducted and have less stress and frustrations * Career pathing and development of employees 	<ul style="list-style-type: none"> * As requested by Work skills Plan (SETA) * Partially achieved * Partially achieved * Partially achieved, on-going * On-going * Partially achieved, busy developing a guide/policy * Developing a guide/policy
Office Administration		
Output	Performance Measures	Performance Targets
<ul style="list-style-type: none"> * Facilitate the flow of information within the department * Properly maintained filing system and safe keeping of documents * Proper maintenance of moveable and immovable assets * Ensure transport is available when needed and a high level of maintenance is maintained 	<ul style="list-style-type: none"> * Accessibility * Easy flow of documents * Well maintained and cost effective assets * Satisfied clients 	<ul style="list-style-type: none"> Timeously Continuously Continuously Continuously

6.5 PROGRAMME 5 - DEPARTMENTAL ACCOUNTING**AIM:**

To render financial accounting and management accounting services to the department of finance.

Table 6.5 Summary of payment and estimates - Programme 5: Departmental Accounting

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
	Audited	Audited	Audited				2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03							
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
1. Financial Accounting						5 312	6 282	6 667		
2. Management Accounting						1 416	1 537	1 628		
3. Financial Inspectorate						1 425	1 790	1 890		
Total payments and estimates: Programme 5						8 153	9 609	10 185		

Table 6.5 Summary of payment and estimates - Programme 5: Departmental Accounting

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
	Audited	Audited	Audited				2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03							
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Current payments						7,994	9,343	9,900		
Compensation of employees						4,996	5,364	5,685		
Goods and services						2,998	3,979	4,215		
Interest and rent on land										
Financial transactions in assets and liabilities										
Unauthorised expenditure										
Transfers and subsidies to:						11	15	19		
Provinces and municipalities						11	15	19		
Departmental agencies and accounts										
Universities and technikons										
Public corporations and private enterprises										
Foreign governments and international organisations										
Non-profit institutions										
Households										
Payments for capital assets						148	251	266		
Buildings and other fixed structures										
Machinery and equipment						148	251	266		
Cultivated assets										
Software and other intangible assets										
Land and subsoil assets										
Total economic classification: Programme 5						8,153	9,609	10,185		

Financial Accounting		
Output	Performance Measures	Performance Targets
€ Compiling of primary books of account, € Reconciling various ledgers against control accounts. € Capturing of payments € Preparing annual and interim financial statements. € Audit Queries € Provisioning and Asset Management € Salary Administration	€ Submission of credible and accurate expenditure management reports € Payments to creditors within the prescribed period € Timeous presentation of € Financial Statements. € Coordinate and compilation of Audit queries € Provisioning of goods and services € Effective Management of Asset register € Effective management of salary issues of personnel	As per PFMA & Treasury regulations
Management Accounting		
Output	Performance Measures	Performance Targets
€ To ensure that credible budgets are compiled, submitted for tabling and maintained in accordance with the requirements of the PFMA and Treasury Regulations	To compile and maintain the annual budget according to the PFMA and Treasury Regulations.	As per PFMA & Treasury regulations
Financial Inspectorate		
Output	Performance Measures	Performance Targets
*Develop & implement Financial Inspectorate strategy *Establish Financial Inspectorate Division *Development & implementation of system of Internal Control *Compile & report findings and irregularities	Internal control in terms of PFMA & Treasury Regulations	Annual Financial Inspectorate Plan

7. Other Programme Information

Table 7.1 Personnel numbers and costs: Department of Finance

Personnel numbers	As at 31 March 2000	As at 31 March 2001	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005
Administration		17	30	29	51	10
Financial planning and Resource management		25	21	17	24	45
Provincial accounting		73	70	67	57	53
Departmental accounting						31
Corporate support services						20
Total personnel numbers: (name of department)	-	115	121	113	132	159
Total personnel cost (R'000)		10,602	12,457	14,331	23,785	28,078
Unit cost (R'000)		92,191	102,950	126,823	180,189	176,591

Table 8: Expenditure on Training: Department of Finance

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2003/04 R'000	2004/05 R'000	2005/06 R'000
	2000/01 R'000	2001/02 R'000	2002/03 R'000						
Administration		3	115	42			34	39	31
Financial planning and Resource management		20	35	77			57	55	83
Provincial accounting		219	194	111			56	80	53
Corporate Support Services							48	55	84
Departmental Accounting							85	78	73
Total expenditure on training: Finance		242	344	230			280	307	324

Table 2.12 Reconciliation of structural changes

Programmes for 2003/04		Programmes for 2004/05	
Programme 1: Administration	<ol style="list-style-type: none"> Office of the MEC Management Departmental Support Services 	Programme 1: Administration	<ol style="list-style-type: none"> Office of the MEC Office of the HOD
Programme 2: Financial Planning and Resource management	<ol style="list-style-type: none"> Budget Management Resource Management Municipalities Management Supply Chain Management 	Programme 2: Financial Planning and Resource management	<ol style="list-style-type: none"> Budget Management Resource Management Municipalities Management Supply Chain Management
Programme 3: Provincial Accounting	<ol style="list-style-type: none"> Provincial Management and Financial Accounting Salary Administration Financial System Management Asset Management 	Programme 3: Provincial Accounting	<ol style="list-style-type: none"> Provincial Financial Accounting Provincial Salaries Management Financial System Management Provincial Asset Management
Programme 4: Auxiliary and Associated Services	<ol style="list-style-type: none"> Finance Reserves Bank Charges Special Programmes Contingency Reserves 	Programme 4: Departmental Accounting	<ol style="list-style-type: none"> Financial Accounting Management Accounting Financial Inspectorate
		Programme 5: Corporate Support Services	<ol style="list-style-type: none"> Human Resource Management Human Resource development Office Administration Legal Services and Labour Relations