

Vote 8

DEPARTMENT OF FINANCE

AMOUNT TO BE APPROPRIATED:	R 67 366 000
STATUTORY AMOUNT:	R 801 000
RESPONSIBLE EXECUTIVE AUTHORITY:	MEC FOR FINANCE AND ECONOMIC
ADMINISTERING DEPARTMENT:	DEPARTMENT OF FINANCE
ACCOUNTING OFFICER:	HEAD OF THE DEPARTMENT

1. OVERVIEW

Vision

To promote prudent financial management of provincial resources.

Mission

Render timeous and responsive service delivery to clients through:-

- Enforcing the implementation of the Public Finance Management Act and Municipal Finance Management Act;
- Preparation of sound, sustainable and developmental provincial budgets;
- Promotion and monitoring of the sustainability of local government budgets;
- Sound management of departmental provincial government's financial assets and liabilities;
- Promotion of sound supply chain management practices at provincial and local government level;
- Optimisation of provincially collected revenue;
- Enhancement of sound cash management, accounting practices, policies and systems;
- Alignment of strategic plans and budgets to Provincial Growth and Development strategy;

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 practised in all departments in terms of generally recognised accounting principles (GRAP) and internationally accepted best practises, 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

- **Sustainable Resource Management:**

Budget Management -

To oversee the provincial allocation process aligned with provincial policies/ growth and development strategy..

Economic Analysis -

To provide for provincial economic and social research and analysis, that informs fiscal policy development and the annual budget process thereby contributing to the provincial growth and development strategy

Fiscal Policy -

To provide fiscal policy advice, determine the Medium Term Fiscal framework, develop and optimise the provincial revenue base and develop the provincial borrowing framework

Public Finance -

To provide departmental policy advice, ensure budget implementation and enhance service delivery Provincial Accounting

- **Assets and Liabilities Management**

To provide policy direction, facilitating the effective and efficient management of physical and financial assets, PPPs and liabilities.

Programme support -

To provide for the cost related to efficient running of the programme

Liabilities Management: -

To facilitate the effective and efficient management of liabilities.

Supporting and interlinked Financial Systems -

To provide for the oversight and management of existing financial systems and the transition to the Integrated Financial Management System enhancing compliance with the PFMA and other relevant legislation.

Asset Management

To facilitate the effective and efficient management of physical and financial assets.

- **Financial Governance -**

Programme support

To provide for the cost related to efficient running of the programme.

Accounting Services

To ensure the effective implementation of accounting practices in line with Generally Recognised Accounting Practice; prepare consolidated financial statements that reflect the financial position of the province.

Norms and Standards

The sub programme ensures the development and implementation of Norms and Standards for the province

Risk Management

To promote effective optimal financial resource utilisation

Provincial Internal Audit

To coordinate the activities of all provincial internal audit offices and committees.

Acts and regulations administered by the Department

- Public Finance Management Act 1999
- Municipal Finance Management Act 56 of 2003
- Treasury Regulations issued in terms of the PFMA
- Northern Cape Provincial Tender Board Act 2, 1994
- Preferential Procurement Policy Framework Act 5, 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 on 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 to 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 the 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 statements based on accrual principles in the place of the compilation of appropriation accounts.
- Introduction of Asset Management System 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.
- Establishment 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 quest to ensure sound and transparent Asset and Provisioning management the department implemented PAS at four line departments including the Gordonia Hospital complex in Upington. Physical verification and asset evaluation has been conducted at 5 line departments.
The Asset and Provisioning management forum has continued to meet during this year strengthening the co-operation between departments and Provincial Treasury.
In order to ensure professional service delivery 5 officials from the Provincial Asset management team has attended the Supply Chain management 1 course.
- The following training material has been developed:
 - Operation and Maintenance plan
 - Risk Management plan
 - Disposal plan
- One of the major demands during the year under review was the successful management of the changeover from the Basic Accounting System (BAS) to the new standard chart of accounts or BAS – SCOA. A standard list of general-ledger items are provided for in the new chart which is in line with international accounting and economic reporting standards.
- The Standard Chart of Accounts (SCoA) across all departments to standardize the account and budget structures for comparability and consolidation of government financial information was successfully implemented.
- The funds requisition format has been implemented where the department request funds and serves as cash flow tool to enable them to manage their bank accounts effectively.
- The Northern Cape Province is in the process of phasing out the Northern Cape Provincial Tender Board and phasing in an integrated supply chain management system. Minimum norms and standards will have to be adhered to. Five practice notes have been issued to departments, inter alia the new format of bid documents. Two SCM I courses have been completed, training 56 SCM practitioners. Part of the roll-out of SCM will include a presentation to MEC's and HOD's as well as two, three day courses, to be presented by IPFA during February/March 2005 for CFO's, HOD's and other senior management.
- The Municipal Financial Management Act came into effect on 1 July 2004. A provincial launching workshop was held in Kimberley on 1-2 June 2004.
- Decentralisation of salary functions to several departments.

- Various training courses

3. OUTLOOK FOR THE COMING FINANCIAL YEAR

- It is envisaged that the rollout of SCM on provincial and local government level will continue as per implementation plan with a phased-in approach. Practice notes will be issued to assist with detailed implementation of SCM. Training of SCM practitioners will be ongoing and progress will be monitored issuing monthly reports. Training of entrepreneurs is ongoing. An electronic database and statistical reporting tool will be rolled-out.
- All departments performing their salary functions.
- Various training courses on the salary system: Persal system 69 financial practitioners.
- This coming year will experience the implementation of the standard charts of accounts across the board 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 with a view to determine the realistic expenditure projections for the remainder of the financial year, in place the misleading method of dividing the budget by twelve months to determine the projections on a straight line method.
- To build capacity within provincial departments to facilitate the process of change over from the cash to accrual accounting system of financial reporting.
- Provincial Treasury will assume its role in terms of the MFMA on 1 July 2005. The challenge will be the rollout of the implementation of the Act by all municipalities. One municipality must fully complying and some preparing themselves to comply the following financial year.
- With the information available in the main financial system (BAS) and other sub-systems we will seek to analyze and interpret the information in order for the Provincial Government to be able to be pro active in dealing with possible under/overspending of the budget.
- The main challenge for the coming financial year is to take corrective action with regard to monitoring of provincial bank accounts and the funding thereof and to ensure that only available cash is utilised by the departments, system must be put in place not to allow overdrawn bank accounts, to drastically reduce cost of borrowing.
- Training of all staff members in the new Supply Chain Management system.
- The effective monitoring of the implementation of the Supply Chain Management system. Ensure a smooth transition from the old PAS system to the new Supply Chain Managements system.

4. RECEIPTS AND FINANCING

4.1 SUMMARY OF RECEIPTS

The following sources of funding are used for the Vote: 8

Table 4.1: Summary of Receipts: Department of Finance

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
				2004/05					
Treasury Funding									
Equitable share	30,412	45,037	66,945	97,336	67,492	53,405	67,366	79,249	80,110
Conditional grants									
Departmental Receipts	12,617	11,465	1,708	5,985	5,985	5,985	250	260	280
Total Treasury Funding	43,029	56,502	68,653	103,321	73,477	59,390	67,616	79,509	80,390

Table 4.2: Departmental receipts: Department of Finance

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
				2004/05					
Tax receipts									
Sales of goods and services other than capital assets									
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land	12,617	11,465	1,708	5,985	5,985	5,985	250	260	280
Sales of capital assets									
Financial transactions in assets and liabilities									
Total departmental receipts	12,617	11,465	1,708	5,985	5,985	5,985	250	260	280

Table 4.3: Summary of Receipts: Department of Finance

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
Treasury Funding									
Equitable share	30,412	45,037	66,945	97,336	67,492	53,405	67,366	79,249	80,110
Conditional grants									
Other									
Total Treasury Funding	30,412	45,037	66,945	97,336	67,492	53,405	67,366	79,249	80,110
Departmental receipts									
Tax receipts									
Sales of goods and services other than capital assets									
Transfers received from:									
Fines, penalties and forfeits									
Interest, dividends and rent on land	12,617	11,465	1,708	5,985	5,985	5,985	250	260	280
Sales of capital assets									
Financial transactions in assets and liabilities									
Total departmental receipts	12,617	11,465	1,708	5,985	5,985	5,985	250	260	280
Total receipts	43,029	56,502	68,653	103,321	73,477	59,390	67,616	79,509	80,390

5. PAYMENT SUMMARY

THE MTEF BASELINE ALLOCATIONS FOR THE PERIOD 2005/06 TO 2007/08 ARE:

Financial year: 2004/05: R68,167 million
 Financial year: 2005/06: R80,101 million
 Financial year: 2006/07: R81,017 million

Table 5.1: Summary of Payments and Estimates: Department of Finance

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
				2004/05					
Administration	6,122	8,623	11,787	41,036	27,910	19,950	24,951	27,144	26,764
Sustainable Resource Management	11,787	18,148	33,191	30,071	25,695	19,287	21,017	26,681	27,804
Asset and Liability Management	8,793	14,983	18,303	20,508	8,685	9,147	14,995	19,158	18,979
Financial Governance	3,710	3,283	3,664	5,721	5,202	5,021	6,403	6,266	6,563
Total payments and estimates	30,412	45,037	66,945	97,336	67,492	53,405	67,366	79,249	80,110
Statutory Amount*		673	732	796	796	792	801	852	907
Total	30,412	45,710	67,677	98,132	68,288	54,197	68,167	80,101	81,017

* Amount forming a direct charge on the Provincial Revenue Fund

Table 5.2: Summary of Provincial Payments and Estimates by Economic Classification: Department of Finance

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
				2004/05					
Current payments	30,195	44,885	66,769	96,550	66,306	52,560	66,291	78,110	78,914
Compensation of employees	12,457	13,734	17,581	27,282	24,691	23,342	31,675	33,192	35,111
Goods and services	17,722	31,017	49,188	69,268	41,615	29,218	34,616	44,918	43,803
Interest and rent on land									
Financial transactions in assets and liabilities	16	134							
Unauthorised expenditure									
Transfers and subsidies:	9	11	63	95	95	84	119	137	154
Provinces and municipalities	8	11	63	95	95	84	119	137	154
Departmental agencies and accounts	1								
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	208	141	113	691	1,091	761	956	1,002	1,042
Buildings and other fixed structures									
Machinery and equipment	208	141	113	691	1,091	761	956	1,002	1,042
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	30,412	45,037	66,945	97,336	67,492	53,405	67,366	79,249	80,110
Statutory Amount*		673	732	796	796	792	801	852	907
Total	30,412	45,710	67,677	98,132	68,288	54,197	68,167	80,101	81,017

* Amount forming a direct charge on the Provincial Revenue Fund

6. PROGRAMME DESCRIPTION

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: Programme 1 Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
					2004/05				
Office of the MEC	835	1,161	2,319	1,952	3,892	3,593	4,184	5,121	3,724
Office of the HCD	966	1,972	1,848	26,304	11,104	4,010	1,821	1,974	2,061
Corporate Services	3,519	4,647	6,698	4,617	4,872	5,574	10,084	10,733	10,941
Financial Management (CFO)	802	843	922	8,153	8,042	6,773	8,862	9,316	10,038
Total	6,122	8,623	11,787	41,036	27,910	19,950	24,951	27,144	26,764

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
					2004/05				
Current payments	5,905	8,471	11,651	40,392	26,866	19,265	24,083	26,234	25,812
Compensation of employees	2,622	3,997	6,128	9,574	10,058	9,778	12,003	12,916	13,842
Goods and services	3,267	4,340	5,523	30,818	16,808	9,487	12,080	13,318	11,970
Interest and rent on land									
Financial transactions in assets and liabilities	16	134							
Unauthorised expenditure									
Transfers and subsidies:	9	11	23	43	43	28	51	57	66
Provinces and municipalities	8	11	23	43	43	28	51	57	66
Departmental agencies and accounts	1								
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	208	141	113	601	1,001	657	817	853	886
Buildings and other fixed structures									
Machinery and equipment	208	141	113	601	1,001	657	817	853	886
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	6,122	8,623	11,787	41,036	27,910	19,950	24,951	27,144	26,764

Service delivery measures**Sub-programme 1.1: Office of the MEC**

		Performance Measure		
Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To provide effective support to the MEC	Effective support services		In accordance with the Ministerial Handbook	Regularly
To develop a filing system	An effective filing system		In accordance with the archive act	Timely

Sub-programme 1.3: Corporate Services

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Achievement of acceptable level of filled posts on establishment	Resourced department	75% filled posts	Labour relations Act	Appropriately qualified labour force
Implement employment equity plan	Number of individuals from designated groups employed	As per employment equity targets	According to the Employment Equity Act	Timely
Implementation of PDMS	Performance plans for all filled posts	At least 75% filled posts	Labour relations Act	
Promoting human resource development	Skilled officials	All officials as per PDMS	According to the skill development Act	Regularly
Promote effective and efficient communication	Number of media briefing session and publications produced	2 media briefings and quarterly internal news letter	According to the access to information Act	
Provide law advisory, employment relations and security services	Sound legal advice and effective handling of employment relations cases	All employment relations cases handled within prescribed timeframes	In accordance with statutory documents	
Provide law advisory, employment relations and security services	Sound legal advice and effective handling of employment relations cases	All employment relations cases handled within prescribed timeframes	In accordance with statutory documents	

Sub-programme 1.4: Financial Management

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Effective and efficient Supply Chain Management Services	Compliance to prescribed legislation and policies	As per the requirements of the clients	As per the PMFA and Treasury regulations	Within the prescripts and clients requests
Salary Administration	Effective management of salary issues of personnel	Reconciled and cleared financial records	As per the requirements of the clients	Monthly
Compile financial accounting records	Reconciled and cleared financial records and accounts	Percentage of key performance measures	As per applicable accounting principles and standards	Daily
Effective salary and debt management	Timeously payover of debt deductions Acceptable debt recovery rate	Percentage	According to the relevant Acts and Treasury Regulations	Monthly (before the 7 th) Five months after end of financial year
Prepare annual & interim financial statements	Credible Financial statements according to the guidelines	As per the requirement of the PFMA	Consistent, Accurate and comparable statements	Annually and semi annually
Effective and efficient budget and strategic plan documents	Credible departmental budget aligned to the strategic plan	As per National and Provincial Treasury guidelines	Credible Budget in line with departmental priorities and mandates	Finalized before set due dates on an annual basis and before the 15 th of each month
Monitor expenditure versus the budget	Reconciled and aligned expenditure with deviations explained	As per the requirement of the PFMA	Consist reports according to the prescripts	Monthly before the 15 th .
Effective and efficient cash flow management	Credible departmental fund request	As per departmental requirements.	Credible and consistent cash flow management	Monthly

Sub-programme 1.5: Internal Audit

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
An independent, appraisal and objective audit unit that reports and advices the department	Objective reporting	As the need arises and informed by the audit plan	As per the audit plan and related audit regulations	Regularly
To prepare risk based annual internal audit plan.	Annual internal audit plan.	Informed by the audit plan	In line with risk assessment requirements	Regularly

To compile a risk assessment report	Risk assessment report	As the need arises	One	Regularly
To provide effective and professional internal audit services	Completion of planned and ad-hoc audit assignments	As the need arises and informed by the audit plan	In line with the approved plan	Annually

6.2 PROGRAMME 2 – SUSTAINABLE RESOURCE MANAGEMENT

AIM: To provide professional advice and support to the MEC on provincial economic analysis, fiscal policy, public finance development and management of the annual budget process. There are four sub programmes:

Budget management, To oversee the provincial allocation process aligned with provincial policies/ growth and development strategy;

Economic Analysis, To oversee the provincial allocation process aligned with provincial policies/ growth and development strategy;

Fiscal Policy, To provide fiscal policy advice, determine the Medium Term Fiscal framework, develop and optimise the provincial revenue base and develop the provincial borrowing framework;

Public Finance, To provide departmental policy advice, ensure budget implementation and enhance service delivery

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

Rthousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
					2004/05				
Budget Management	586	1,229	1,813	2,979	2,585	2,460	3,383	3,579	3,752
Resource Management	8,980	15,340	29,280	23,155	20,184	14,024	13,321	18,484	19,263
Municipalities Management	986	351	535	2,077	1,344	1,284	2,223	2,348	2,449
Supply Chain Management	1,255	1,228	1,553	1,860	1,582	1,519	2,090	2,270	2,340
Total	11,787	18,148	33,191	30,071	25,695	19,287	21,017	26,681	27,804

Table 6.2.1: Summary of payments and estimates by economic classification: Programme 2 Sustainable Resource Management

Rthousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
					2004/05				
Current payments	11,787	18,148	33,179	29,965	25,589	19,166	20,876	26,526	27,638
Compensation of employees	3,190	3,159	3,882	7,983	6,532	5,837	8,700	9,192	9,703
Goods and services	8,597	14,989	29,297	21,982	19,057	13,329	12,176	17,334	17,935
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:			12	16	16	17	22	28	32
Provinces and municipalities			12	16	16	17	22	28	32
Departmental agencies and accounts									
Universities and technicians									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets				90	90	104	119	127	134
Buildings and other fixed structures									
Machinery and equipment				90	90	104	119	127	134
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	11,787	18,148	33,191	30,071	25,695	19,287	21,017	26,681	27,804

Service delivery measures**Sub-programme 2.2: Economic Analysis**

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Understand the economy of the N Cape by conducting and analysing provincial and regional socio-economic indicators	Compiled Socio - Economic Review analysis	Socio-Economic Review		Annually
Compile potential sources and constraints of growth, development and employment in the N Cape	Sources and constraints that enhance growth and development	All sectors reviewed		Continuous review
Compile and publish a provincial Medium Term Budget Policy Statement (MTBPS)	Provincial MTBPS	MTBPS	Aligned to National MTBPS	Annually – 1 month after publication of the National document
Provide capacity to conduct socio- economic research	Researched advices to enhance decision making	All	Improved research reports and analysis	Continuous

Sub-programme 2.3: Fiscal Policy

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Develop a borrowing framework for the N Cape Province.	Approved Borrowing framework	A credible framework		2007/08
Provincial own revenue sources maximized and expanded	Revenue based developed for each department Credible revenue budget figures	All provincial department	Revenue Base per department	Annually reviewed
Norms and standards of own revenue complied with	Monthly inspection reports issued	At least 2 Reports per month		Monthly
Promote the collection of outstanding revenue	Decrease in outstanding revenue	All provincial department	Status report per department	Quarterly
Monitor the effective management of revenue collection	Review policies Analysed revenue reports	All provincial department		Annually 15 th each month

Sub-programme 2.4: Budget Management

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Plan developmental and transparent provincial budget.	Budget Cycle		In line with national budget cycle	As per National guideline
Prepare developmental transformatory provincial budget.	Accurate and credible provincial budget.		Accuracy: No arithmetic mistakes. Credibility: Budget in line with provincial priorities and mandates.	Table one week after National Minister tabled national budget.
Preparation of Annual Framework and Division of Revenue	Annual Budget Circular Provincial Treasury Guideline	One circular	In line with National Guidelines	Before the end of May
Preparation of Provincial Budget Process Schedule	Budget process schedule	One schedule		Produced by set due date/ end of May
Budget preparation process for the provincial / local government sphere coordinated	Reports on Municipal visits Municipal budgets Analysis report Provincial benchmark exercise Municipal budgets assessment report Sound and prompt advise on matters and queries pertaining to municipalities in the province	One report	Credible budgets Aligned with broad national and provincial priorities	2 weeks after each visit As may be required from time to time
Preparation of budget documents	Reliable, accurate Budget Statement 1 and	One	Aligned with provincial	Annually, before the tabling of the

	2 Allocations approved by Exco		priorities and budgets 100 % endorsement by Exco	budget by the MEC
Appropriation Act	Tabled document		100% in terms of the format	Tabling within prescribed timeframes
Prepare credible Adjustment Appropriation Act To prepare credible Provincial Adjustments Estimate book	Tabled documents Timeous and appropriate response to problem situations or emergencies in provinces Monitored budget database for the province Credible Adjustment Budget book		100% in line of the format As & when necessary Alignment of allocations 100 % endorsement by Exco 100% in line of the format	Tabling within prescribed timeframes Annually Tabling within prescribed timeframes
Ensure credibility of budgets and that revenue matches expenditure in the province	Balanced budget		Approved by Exco In line with allocations 100% in line with the format	Annually
All municipal budgets monitored and assessed	Credible municipal budgets		Aligned with national and provincial priorities	Annually
Ensure the development and maintenance of the provincial database	Updated provincial budget database (Financial and Non-financial Information) produced		Alignment with MTEF allocations	Monthly update on expenditure
Ensure the development and maintenance of the municipal database	Updated municipal budget database (Financial and Non-financial Information) produced		Alignment with MTEF allocations	Monthly update on expenditure

Sub-programme 2.5: Public Finance

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Analyze and report on infrastructure expenditure trends	Accurate, credible expenditure report	All departments	Expenditure in line with Infrastructure Plans & financial reports	Quarterly
Analyse and report on provincial expenditure trends.	Accurate, credible consolidated timely expenditure reports.	All departments	Credibility: Verify In Year Monitoring figures with trial balance figures.	Regularly throughout the financial year
In-year monitoring, quarterly and half year reports for the province produced	Accurate credible consolidated timely reports produced	All departments	Accuracy: No arithmetic mistakes	Monthly Quarterly Annually

Publication of Section 32 & 35 (PFMA) information	Facilitate the publication of quarterly provincial Section 32 information including conditional grants (including section 35)	4 Reports	Accuracy	Before the set due date
Publication of Section 71 & 72 (MFMA) information	Facilitate the publication of quarterly municipal Section 71 & 72 information including conditional grants	4 Reports	Accuracy	Before set due date
Monitor monthly outcomes of municipalities	Accurate, credible consolidated timely expenditure reports	All provincial Municipalities 12 Monthly Reports	Accuracy	Monthly Quarterly Annually

6.3 PROGRAMME 3 –ASSET AND LIABILITY MANAGEMENT

AIM: To provide policy direction, facilitating the effective and efficient management of physical and financial assets, PPPs and liabilities.

Table 6.3: Summary of payments and estimates: Programme 3 Asset and Liability Management

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04				2005/06	2006/07	2007/08
Liabilities Management	3,357	2,258	1,704	2,568	1,822	1,703	3,533	3,746	3,930
Supporting and Interlinked Financial Systems	4,436	12,101	14,963	12,411	4,347	5,121	5,623	9,427	8,753
Asset Management	1,000	624	1,636	5,529	2,516	2,323	5,839	5,985	6,296
Total	8,793	14,983	18,303	20,508	8,685	9,147	14,995	19,158	18,979

Table 6.3.1: Summary of payments and estimates by economic classification: Programme 3 Asset and Liability Management

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04				2005/06	2006/07	2007/08
Current payments	8,793	14,983	18,282	20,481	8,658	9,117	14,960	19,119	18,937
Compensation of employees	4,863	3,662	5,739	4,687	3,582	3,389	5,300	5,751	5,775
Goods and services	3,940	11,321	12,543	15,794	5,076	5,728	9,570	13,368	13,162
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:			21	27	27	30	35	39	42
Provinces and municipalities			21	27	27	30	35	39	42
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	8,793	14,983	18,303	20,508	8,685	9,147	14,995	19,158	18,979

Services delivery measures

Sub-programme 3.2: Supporting and Interlinked Financial Systems

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Manage and maintain the Financial and related System	Availability and stability of the computer Systems	Acceptable standards	According to National Norms and standards	Continuous
Build capacity in respect of the Financial system for the Province	Trained clientele	Trainees to pass implementable courses	According to National Norms and standards	Monthly
Strengthen and provide technical and functional help desk	Respond to call within 8 working hours and solved problems within 24 working hours	90% of calls handled	In line with best practice	Daily
Ensure a maintained Supplier Register and Item Master for Provincial Departments	According to National Norms and Standards		As Requested	Monthly
To ensure the availability and stability of the BAS and Persal Systems	Administration and Maintenance of BAS Terminal Servers and other relating Servers	Server Uptime 90% (dependent on SITA)	Access to BAS available 90%	Continuous
	BAS user Administration	On request		Within 24 hours
	Persal user Administration	On request	User Satisfaction	Within 24 hours
	Helpdesk for Persal and BAS problem reporting	Available 90%	User Satisfaction	Continuous
	First-line Technical Support and problem resolution for BAS and Persal users	On request		Within 24 hours
Management of systems	Availability and stability of financial systems 8 hours a day	95% adherence		Daily
	Credible information on system		Accurate and reliable information	
Rollouts of systems training completed	Training programs on systems coordinated and implemented Quantity of users trained: ■ BAS, Persal	Number of users trained		April
	Proper interface between systems achieved			Monthly

Sub-programme 3.3: Asset Management

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Development and enhancement of a credible Provincial SCM Policy, consistent with national norms and standards.	Policy Directives	One transversal provincial policy	Consistency	Regularly reviewed
To promote effective and efficient utilisation of moveable and immovable assets in the province.	Provide clear regulatory guidelines for departments	Number of reports	Value adding recommendations	Monthly Quarterly Annually
To oversee that proper stock taking is undertaken regularly as prescribed by the departmental policy.	Monitoring reports	Number of reports.	Value adding recommendations	Regularly reviewed
To assist with capacity building of officials responsible for SCM in the line departments.	Training programmes in place.	Capacity building training	Value adding interventions.	Regularly reviewed
To arrange cost-saving transversal procurement contracts.	Transversal Contracts	Number of provincial transversal contracts	According to the National guidelines	Monthly Quarterly Annually
To monitor compliance to procurement prescripts.	Monitoring reports		Value adding interventions	Ongoing
To develop, roll-out and manage the provincial suppliers' database.	A functional database		Functionality	
Effectively match transfer of funds with cash flow projections	To promote and ensure effective and efficient cash flow management	12 monthly reports	Accurate and credible monthly reports	Monthly
To generate maximum interest from surplus funds	Interest generated	Surplus funds invested	Invest according to the Investment policy	Daily
To monitor the inflow of equitable share and conditional grants	Reconciliation of the payment schedule and the bank statements	12 monthly reconciliations reports	Reconciled payment schedules	Monthly Daily
To keep accurate financial accounting records for the Revenue fund	Reconciliation between BAS and the bank statements	12 monthly reconciliations	Minimal variance allowed	Monthly Daily
Preparation of the Revenue Fund Annual Financial Statements	Annual Financial Statements	4 quarterly financial statements; 1 Annual Financial Statements	Clean audit report	Quarterly Annually
To operationalize the PPP and Infrastructure Treasury functions.	Provincial Treasury guidelines		Completeness of the report with plans.	Annual

To maintain the reporting regarding PPP's and infrastructure.			Accuracy and value adding of the recommendations	Monthly Quarterly Annually
To operationalize all Asset Management functions regarding Municipalities.			Completeness of the report with plans.	Annual
Enforce and monitor compliance with the PFMA, Provincial Norms and Standards, regulations and provide guidance	Monitoring of performance by means of the Balanced Score Cards, reports and visits within 7 days after identification of problem area to sites	60% of identified cases	In line with best practice	Monthly

PROGRAMME 4 –FINANCIAL GOVERNANCE

AIM: Promote accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standards.

Table 6.4: Summary of payments and estimates: Programme 4 Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
Accounting Services	3,710	3,283	3,664	5,721	5,202	5,021	6,403	6,266	6,563
Total	3,710	3,283	3,664	5,721	5,202	5,021	6,403	6,266	6,563

Table 6.4.1: Summary of payments and estimates by economic classification: Programme 4 Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
Current payments	3,710	3,283	3,657	5,712	5,193	5,012	6,372	6,231	6,527
Compensation of employees	1,792	2,916	1,832	5,038	4,519	4,338	5,582	5,333	5,791
Goods and services	1,918	367	1,825	674	674	674	790	898	736
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:			7	9	9	9	11	13	14
Provinces and municipalities			7	9	9	9	11	13	14
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							20	22	22
Buildings and other fixed structures									
Machinery and equipment							20	22	22
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	3,710	3,283	3,664	5,721	5,202	5,021	6,403	6,266	6,563

Sub-programme 4.1: Accounting Services

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Accounting policy, guidelines and practices Implemented in line with National Framework	Completed set of Accounting policies	All departments	Standardised policies	Regularly
Ensure the accurate compilation of Annual Financial Statements	Issued guideline for compilation of Annual Financial Statements Conduct workshop for preparation of AFS	All departments	Accurate reports	Regularly
Timely submission of AFS to AG and Provincial Legislature	Meeting of all due dates	All departments		31 May

The AFS for the province developed and consolidated	Meeting of all due dates	All departments	According to National guidelines	31 October
Monitor Financial Administration of Departments	Adherence to key performance indicators	All departments	Adherence %	Monthly
Guidelines, norms and standards issued to departments	Promote compliance by Accounting Delegations updated annually	All departments	According to National guidelines	Annually
Assess the degree of compliance and facilitate training in the provincial departments and Provincial Public Entities with PFMA, Regulations and Guidelines	PFMA compliance report	Number of Compliance reports		Quarterly
Monitor compliance in selected high capacity municipalities in line with the MFMA	Compliance report	One compliance report		Report issued March 2006

7. ADDITIONAL INFORMATION

Table 7.1: Personnel numbers and costs: Department of Finance

Personnel numbers	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
Administration	36	8	48	61	62	62
Sustainable Resource Management	21	21	26	27	27	28
Asset and Liability Management	50	50	61	56	56	56
Financial Governance						
Total personnel numbers *	107	79	135	144	145	146
Total personnel cost (R thousand)	12,457	13,734	17,581	23,342	31,675	33,192
Unit cost (R thousand)	116	174	130	162	218	227

* Full-time equivalent

Table 2.12 Reconciliation of structural changes

Programmes for 2004/05			Programmes for 2005/06		
Programme 1: Administration	Office of the MEC Office of the HOD		Programme 1: Administration	Office of the MEC Office of the HOD Corporate Services Financial Management (CFO) Internal Audit	
Programme 2: Financial Planning and Resource management	Budget Management Resource Management Municipalities Management Supply Chain Management		Programme 2: Sustainable Resource Management	Budget Management Economic Analysis Fiscal Policy Public Finance	
Programme 3: Provincial Accounting	Provincial Management and Financial Accounting Salary Administration Financial System Management Asset Management		Programme 3: Asset Liability Management	Programme Support Liabilities Management Supporting & Interlinked Financial System Asset Management	
Programme 4: Auxiliary and Associated Services	Finance Reserves Bank Charges Special Programmes Contingency Reserves		Programme 4: Financial Governance	Programme Support Accounting Services Norms and Standards Risk Management Provincial Internal Auditing	