



2024 NMOG

NATIONAL MACRO ORGANISATION OF GOVERNMENT PROCESS

National Treasury Consolidated Guide



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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1 INTRODUCTION

Following the establishment of a Government of National Unity (GNU) in June 2024, and the subsequent appointment of Ministers and Deputy Ministers in July 2024, administrative and legal measures are being implemented to establish new Executive portfolios and support structures.

The 7th Administration is initiating reforms within these portfolios and departments to fulfill the vision of a developmental state, align with the National Development Plan, and ensure efficient use of resources. These reforms aim to integrate functions, enhance synergy among ministerial portfolios, and maintain accountability in line with the objectives of the new government. The government is committed to minimising disruptions in public services while improving coherence, coordination, and resource optimisation. Such reforms are crucial for achieving a developmental state and maintaining effective administration.

This process is part of the National Macro Organisation of Government (NMOG) project, a process led by the Presidency to reconfigure executive and departmental structures. The NMOG project involves the:

- Establishment of ministries and departments
- Transfer of legislation administration by the President to Ministers
- Renaming, merging, splitting, establishment, and abolishment of departments
- Transfer of functions between departments, and approval of start-up organisational structures for departments (institutions attached to departments will move between portfolios and departments in accordance with how functions are transferred); and
- Resource allocation to ensure departments are functional with approved budgets.

As part of the NMOG process, the National Treasury is responsible for ensuring the process adheres to sound economic, financial, and budgeting principles by guiding affected departments and institutions, applying uniform treasury standards, and maintaining continuity in the government's spending programme for service delivery. The National Treasury is also responsible for providing sound advice on accounting and financial practices for in-year financial administration and departmental budgets.

This document serves as a 2024 NMOG guide by the National Treasury, following the President's proclamation establishing the reconfiguration of government. This process facilitates the transfer of functions between departments and executive authorities, in line with the Ministry of Public Service and Administration's determination of functions and concurrence. The issuing of determinations is in terms of section 3(4)(b) of the Public Service Act, 1994 (Act No. 103 of 1994) regarding the transfer of functions.

The 2024 NMOG guide consolidates information on the Public Finance Management Act, 1999 (Act No.1 of 1999) related and statutory processes for affected departments and institutions. It helps identify resources for transferred functions, ensures institutions are fully functional with approved budgets, and transfers staff within existing service conditions. The process includes gathering approved budgets, analysing budgets and assets, determining budget needs, reconciling expenditure, and auditing the approved budget and asset register.

These entail guidance and mapping of processes related to:

- Sectoral/departmental oversight, budget planning, and gathering of budget information of transferring departments
- Public entities and applicable frameworks
- Clarification of accounting policy and frameworks, support on governance monitoring and compliance
- Technical support on PFMA implementation and SOCs oversight and debt management (if relevant)
- Support on supply chain policy, legislative and governance requirements
- Public sector remuneration analysis to complement DPSA processes.

2 RELEVANT NATIONAL TREASURY DEADLINES

Institutions and departments affected by the NMOG are required to adhere to the following deadlines.

Table 1: Critical National Treasury dates for the 2024 NMOG

ITEM	DUE DATE
Requests for the shifting of funds between votes and budget programme structure changes for inclusion in the 2025 Estimates of National Expenditure (ENE)	04 October to 11 October 2024
Finalise approval of function shifts and budget programme structures	28 October to 4 Nov 2024
Issue ENE guidelines and workbooks to departments, including NMOG amendments	Mid November 2024
Issuing of Cabinet approved 2025 MTEF allocations to departments (including any processed NMOG shifts to date)	Early December
Submission of ENE chapters and workbooks by departments	December 2024
2025 Budget tabled in Parliament	February 2025
Effective date of new budget programme structures	1 April 2025

3 2024/25 TRANSITIONAL ARRANGEMENTS AND FUNDING FOR NEW MINISTERS AND DEPUTY MINISTERS

- 3.1 The National Treasury issued a circular on 22 July 2024 regarding funding for new Ministers and Deputy Ministers in national departments. To accommodate their office expenditure, departments are expected to reprioritise their current budget baselines. If new Ministers and Deputy Ministers' offices are established in a new department, the department aligned with must for transitional purposes bear the reprioritisation costs.
- 3.2 Where identified funds for reprioritisation are insufficient, an application for funding through unforeseeable and unavoidable expenditure could be made in terms of section 30(2)(b) of the PFMA.
- 3.3 Notifications regarding the processes for unforeseeable and unavoidable expenditure have been sent to departments, with the deadline for submissions set for 8 August 2024.

- 3.4 Regarding the renaming of two departments, i.e. the former Ministry of Higher Education, Science and Innovation and the creation of the new Ministries for Higher Education and Science, Technology and Innovation, which does not involve any changes in functions or staff transfers, the modifications can be implemented in time to be included in the Adjustments Appropriation Bill scheduled for October 2024, in line with Proclamation 188 of 2024: Amendment to Schedule 1 of the Public Service Act. The changes will come into effect from date on which the Adjustments Appropriation for 2024/25 Act is published as Act in Gazette.¹
- 3.5 Concerning the splitting of the Department of Mineral Resources and Energy and the Department of Agriculture and Land Reform, it is agreed that the foundational documents for these departments should be published with an effective date of 1 April 2025. If the proclamation is published by 31 October 2024, it will align with the budget process for the fiscal year 2025/26. However, an earlier publication date is preferable to provide the affected departments more time for planning.

4 SUMMARY OF KEY GUIDING PRINCIPLES FOR COSTING OF NMOG

- 4.1 The NMOG project aims to streamline and redistribute statutory functions within government's existing frameworks, enhancing efficiency and accountability. It does not involve state restructuring, but rather reorganising of the state to improve efficiency and effectiveness with neutral aggregate costs to government.
- 4.2 These new structures will coexist with current structures until they are finalised and functions and resources are transferred.
- 4.3 Departments undergoing organisational development change must minimise associated costs, focusing on creating necessary structures for the changes announced in Presidential proclamations. This is crucial given the government's tight fiscal environment and the need to stabilise debt growth and restore fiscal sustainability.
- 4.4 Funds will be reallocated to new departments from existing budget votes, as functions are fully transferred to the new departments, and their departmental structures are properly established. Only then will it be possible to calculate accurate budget allocations in terms of the new vote structure. New budget programme structures and allocations will be effective 1 April 2025. In terms of Section 33 of the PFMA, as functions are transferred between departments so are the associated funds.
- 4.5 In the interim, funding for operational activities in new departments that have not completed the national macro organisation of the state approval process should be reallocated against the budget vote of the department to which the new department has been aligned for transitional purposes.
- 4.6 Expenditure incurred by an existing department on behalf of a new department must be in terms of a memorandum of understanding agreement, regulating the approval of expenditure, accountability, and allocation of PFMA responsibilities between Executive Authorities and Accounting Officers. This should be done on a recoverable basis.

¹ The shifting of funds between votes for purposes of the Ministry functions for the new Ministries for Higher Education and Science, Technology and Innovation can be finalised during the 2024/25 Adjustments Budget.

- 4.7 The accommodation requirements for executive authorities will be met using cost containment measures. The generic ministry structure will be used to determine accommodation needs, new ministries will be housed within existing facilities, and strict procurement measures will be used to source new and used interior decor items, considering funding availability. This approach ensures that new ministries are adequately accommodated and not procured new accommodation.
- 4.8 Costs related to the compensation of employees at departmental level, functions will need to be transferred between departments, including to new departments. As part of this process, the staff currently employed by the affected departments who are performing such functions will need to be identified and effectively transferred.
- 4.9 Institutions are expected to budget for compensation of employees within their existing baselines, achieving value for money and controlling growth in personnel expenditure. Alignment between compensation of employees' budgets and personnel headcount is essential.
- 4.10 The principle of function follows structure and staff follows function based on validated job content applies. All affected employees will be transferred to recipient departments at the same salary level as their current post. Any additional staff requirements identified after the transfer process must be included in the new recipient department structure. The normal approval processes for new structures and post fillings should be followed.
- 4.11 Accounting for the transfer of functions and related resources is crucial, as all concomitant resources of a department pertaining to a function need to be transferred when such a function is effectively transferred.
- 4.12 Key accounting principles that departments should apply are in the Modified Cash Standard (MCS) whereas public entities apply the Standards of Generally Recognised Accounting Practice (GRAP).
- 4.13 The procurement of goods and services must be made through a fair, equitable, competitive, transparent, and cost-effective system, as prescribed by the Constitution and the PFMA. Appropriate sourcing strategies should be used, and elevated prices should not be paid.
- 4.14 The above summary of principles should be read together with the Cost Containment Guidelines National Macro Organisation of the State Project, including the National Treasury Instruction No. 1 of 2024/25 on Revised Cost Containment Measures . These can be accessed on the National Treasury website (<http://www.treasury.gov.za/publications/guidelines>).

5 SECTORAL OVERSIGHT AND THE NATIONAL BUDGET PROCESS

- 5.1 The PSA requires the Minister responsible for Public Service and Administration or a Premier of a province to determine the transfer of a function. Where a function is to be transferred between votes during a financial year, the relevant treasury must be consulted in advance, to facilitate any request for the resulting transfer of funds voted for that function in terms of section 33 of the PFMA Act.
- 5.2 Should the Minister of Public Service and Administration or a Premier of a province make a determination to transfer a function, that determination must be accompanied by a request for the transfer of funds as per paragraph 6.5.1 of the Treasury Regulations. Should the

Minister of Public Service and Administration or a Premier approve a function transfer after conclusion of the 2025 Budget, it must be dealt with on a recoverable basis.

- 5.3 Before seeking formal approval from the Minister responsible for Public Service and Administration or the Premier of a province for any transfer of functions to another sphere of government, the transferring accounting officer must first seek the approval of the relevant treasury or treasuries on any funding arrangements. The transfer of functions to municipalities must be dealt with in terms of the annual Division of Revenue Act.
- 5.4 A request to transfer of functions and shifting of funds between institutions following the reorganisation of government must adhere to the principles of "funds-follow-function", ensuring all concomitant resources (financial, human resources, administrative support functions) related to transferred functions are identified and transferred between relinquishing departments and institutions, in accordance with MPSA determinations on the function transfer.
- 5.5 The National Treasury must guide institutions affected by the NMOG process to facilitate and support the realignment of budget resources to give effect to the function shift and transfer of functions between departments, institutions and other organs of state, through the medium-term budget process. Furthermore, the National Treasury will provide amendment of programme budget structures in line with approved organisational structures of new departments. Important to note is that the budget programme structure should not necessarily have to mirror the organisational structure. The budget programme structure must be compiled in accordance with the Budget Programme Structure Guidelines, which can be accessed on <http://www.treasury.gov.za/publications/guidelines/>.
- 5.6 To the extent necessary, the National Treasury may intervene by taking appropriate steps in terms of section 6(2) (f) of the PFMA to resolve and expediently deal with any impasse on the resources between transferring departments and institutions. Additionally, section 33 of the PFMA provides that in the absence of agreement between the affected departments on the amount of funds to be transferred, the relevant treasury will determine the funds to be shifted.
- 5.7 For the establishment costs of the offices of the new Ministers and Deputy Ministers, provision must be made primarily through reprioritisation of the budget of the department. If the offices of the new Ministers and Deputy Ministers are established in a new department, then the department it is aligned with for transitional purposes must bear the reprioritisation costs. Where identified funds for reprioritisation are insufficient, an application for funding through unforeseeable and unavoidable expenditure could be made in terms of section 30(2)(b) of the PFMA. The average establishment costs must not exceed R8.8 million for a new Deputy Minister and R14.4 million for a new Minister.

Shifting of funds and transfer of assets and liabilities

- 5.8 Section 42 of the PFMA, 1999 regulates the transfer of assets and liabilities between departments or institutions based on legislation or reorganisation of functions.
- 5.9 Where a function is to be transferred between votes, the relevant treasury must be consulted in advance, to facilitate any request for the resulting transfer of funds voted for that function in terms of section 33 of the Act. In the absence of agreement between the affected

departments on the amount of funds to be transferred, the relevant treasury will determine the funds to be shifted.

Withholding of appropriated funds

- 5.10 Section 33 of the PFMA states that the relevant treasury may withhold from a department any remaining funds appropriated for a specific function if that function is transferred to another department or any other institution; and must allocate those remaining funds to that other department or institution.

Revival and technical changes of the 2024/25 Financial Year Appropriation Bill process following the establishment of a new administration and new Cabinet portfolios

- 5.11 In February 2024, the Minister tabled the annual budget for the 2024/25 financial year and introduced the Appropriation Bill for the 2024/25 financial year in the National Assembly. Due to the 2024 national and provincial elections, the sixth Parliament's term ended before the Appropriation Bill was passed. To ensure the Appropriation Bill (the Bill) is passed within four months after the start of the 2024/25 financial year, the Bill was revived for Parliament to process it further. The President has recently assented the Bill into law.

2025 Estimates of National Expenditure (ENE)

- 5.12 Newly established departments must submit a database and chapter for the ENE process after completing their organisational approval process. This applies to departments that have completed their organisational approval process, including obtaining approval for new establishments, function shifts, and budget program structures from DPSA and National Treasury.
- 5.13 The 2025 ENE will cover the medium-term budget implications of the 2024 NMOG function and funding shifts, ensuring all transactions completed by the November 2024 deadline are reflected in the 2025 ENE Publication.
- 5.14 To this end, the National Treasury will issue technical guidelines on the 2025 ENE, detailing NMOG processes for ENE 2025, including timelines.
- 5.15 Affected departments and institutions need to ensure that the function and funding shifts are appropriately reflected in the 2025 ENE technical workbook.

Process for dealing with residual NMOG matters post the 2025 ENE

- 5.16 The reconciliation of NMOG-related transactions should be completed within the 2025 ENE process, and in exceptional circumstances, outstanding residual NMOG processes not completed during this period should be finalised and included in the 2025/26 AENE.

6 ACCOUNTING POLICY FRAMEWORKS, SUPPORT ON GOVERNANCE, MONITORING AND COMPLIANCE

- 6.1 The Office of the Accountant-General (OAG) prescribes uniform treasury norms and standards, enforces prescribed norms and standards, and monitors and assesses the implementation of prescribed norms and standards in departments and public entities.

- 6.2 Chapter 19 and 20 of the Modified Cash Standard (MCS) framework, outlines departmental transfer of functions and mergers accounting requirements.
- 6.3 Public entities must adhere to the accounting requirements for the transfer of functions and mergers as outlined by the Accounting Standards Board's (ASB) in the Standards of Generally Recognised Accounting Practice (GRAP).
- 6.4 The OAG provides guidance on these requirements for both the MCS and Standards of GRAP. The OAG supports implementing these requirements, ensuring alignment with the latest NMOG guidance and adhering to due process, including stakeholder consultation for amendments.
- 6.5 The following are some of the National Treasury Instruction Notes and circulars that are applicable for the 2024 NMOG process:
- The **National Treasury Instruction Note 34 of 2011** on effecting payments within 30 days from receipt of an invoice outlines reporting requirements for late or non-payment of invoices by national and provincial departments, including reporting requirements and timeframes for national and provincial treasuries must submit the required information to the National Treasury.
 - **National Treasury Instruction 2 of 2022/2023** on Tabling of Annual Reports, Financial Statements, and Audit Reports in Legislatures prescribed the time limits upon which PFMA institutions must table annual reports, financial statements, and audit reports after tabling a written explanation for late submission of the reports to the relevant legislature.
 - The **2023 Circular on Central Register** on dismissal and resignation of employees of public entities listed in schedules 2 and 3 of the PFMA prescribed reporting requirements on dismissal employees and resignations of employees before the finalisation of investigations and/or disciplinary process.
 - The **National Treasury Instruction No. 4 of 2022/2023** introduces the PFMA Compliance and Reporting Framework, consolidating instruments related to unauthorised, irregular, fruitless, and wasteful expenditure (UIF&WE). It prescribes disclosure requirements for UIF&WE and quarterly reporting for PFMA institutions to report cases of irregularity in the preceding quarter. This serves as a monitoring tool and precursor to identify institutions in need of assistance.
 - The **Office of the Accountant-General Practice Note 4 of 2001** for implementation of an amended deposit system with commercial banks, the Note outlines the process for opening deposit, bank charges, interest accounts, and deposits into the National Revenue Fund with commercial banks.
 - **The National Treasury Instruction 01 of 2014/15** for prohibition of payments via Internet due to risks associated with such transactions.

7 SUPPLY CHAIN MANAGEMENT

- 7.1 The Office Chief Procurement Office aims to modernise the state procurement system, ensuring fairness, transparency, and cost-effectiveness. It promotes efficient use of financial and state assets for improved service delivery and enforces transparent procurement management. The National Treasury has issued regulations to promote and enforce these

standards, and reforms are being implemented in the public sector supply chain and they entail the following:

- 7.1.1 **Strategic sourcing:** the Strategic Procurement Framework (SPF) and Good Practice Guides have been updated to align with current Supply Chain Management best practices and procurement legislative regimes. Departments should implement strategic sourcing and procurement strategies to ensure value for money. This involves critically analysing the spending patterns of the procuring institution and using this information to make informed business decisions about acquiring goods, services, and infrastructure-related works effectively. Strategic procurement is a systematic process that guides supply chain managers in planning, managing, and developing the supply base according to the strategic objectives of the government institution. The revised SPF can be accessed at <https://www.treasury.gov.za/espf/>. Government institutions are encouraged to apply strategic sourcing principles on high-value commodities and services to achieve savings opportunities.
- 7.1.2 **SCM Policy and legal:** The Public Procurement Act, 2024, was approved by the President and published in the Government Gazette on July 23, 2024. Its provisions are not yet in force, but the President will bring them into effect through a proclamation.
- 7.1.3 The Act allows for the repeal or amendment of various laws, such as the Preferential Policy Procurement Framework Act, 2000 (PPPFA), and Chapter 4 of the Act. Regulations for many provisions of the Act require consultation with affected Ministers and Parliamentary scrutiny, as outlined in section 64.
- 7.1.4 Regulations for different categories of procuring institutions and types of procurement are mandatory, and regulations regarding procurement of infrastructure and capital assets are mandatory. The current procurement framework remains in place until the relevant provisions of the Act, 2024, and accompanying regulations take effect.
- 7.1.5 The Preferential Procurement Regulations, 2022 (PPR, 2022), which repealed the 2017 PPR, mandate state organs to create their own preferential procurement policies, balancing empowerment with constitutional procurement principles. Proper planning is crucial for achieving this balance. The PPPFA and PPR, 2022 can be accessed at http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/PPPFA-Regulations.aspx.
- 7.1.6 **Transversal Contracting:** the National Treasury is implementing transversal term contracts to improve cost-effectiveness and promote economic transformation. These contracts allow participating organs of state structure procurement contracts in a manner that achieves economies of scale and savings from bulk negotiations, allowing multiple client institutions to use the same goods and services. Currently, there are 69 transversal contracts available on the National Treasury website. Departments participating in transversal term contracts may not advertise bids for similar commodities.
- 7.1.7 **SCM Information and Communication Technology:** The OCPO has implemented several initiatives to modernise SCM through technology. The eTender Publication Portal displays tender opportunities and contract information for awarded tenders. Quarterly procurement schedules are published and indicate upcoming bid opportunities. The Central Supplier Database (CSD) simplifies business with the state, managing compliance information in real-time. The CSD is a foundation for a full eProcurement solution for government, improving reporting and visibility. A transparency portal enables sharing of public procurement data and key statistics in the Open Contracting Data Standard. Institutions affected by the NMOG

process should ensure that procurement official have access to the CSD and the eTenders Portal.

7.1.8 Stakeholders and client management: the support to organs of state is also provided through SCM Forums. In these settings, organs of state are empowered on developments pertaining to SCM reforms and other legislative related matters.

7.1.9 SCM Governance Monitoring and Compliance: provides oversight on the application of the supply chain management legislative framework, and this includes compliance to supply chain management policies, procedures, norms and standards. The following are some the relevant procurement governance policies, regulations, instructions and guidelines:

NUMBER	REGULATION	OBJECTIVE
1	National Treasury SCM Instruction No 2 of 2016-2017 Procurement Plans - Submission and Reporting	Guide institutions on the procurement plan submission.
2	PFMA SCM Instruction No 2 of 2021/2022 Procurement threshold and processes	Guide institutions on the advertisement and processes for bids below R1 million threshold.
3	PFMA SCM Instruction No 3 of 2021/2022 Enhancing compliance, transparency and accountability in supply chain management.	Guide institutions on the advertisement and processes for bids above R1 million threshold. Deviations and Expansions of contracts; Handling of abuse relating to procurement; Restriction of Suppliers.
4	Preferential Procurement Policy Framework Act (PPPFA) and Preferential Regulations 2022	Guide institutions on how to address preference of designated groups in procurement.
5	PFMA SCM Instruction No 9 of 2022-2023 Mandatory utilisation of e-tender portal for publication of bid opportunities, bid awards and any bid related notification.	Guide institutions on the platform for listing of tenders published online and any related matters.
6	National Treasury Instruction No 4 of 2022/2023 PFMA Compliance Reporting.	Guide institutions on the condonation application.
7	Treasury Regulation 16A	Guide institutions on the Supplier Restriction Application; SCM Enquiries/Request for Advice; Piggybacking; Deviation; Transversal contracts.

8 PUBLIC SECTOR REMUNERATION ANALYSIS

8.1 The PFMA plays a critical role in the NMOG process as it sets the legal and financial framework for government spending, including personnel costs. This will especially be importing during the NMOG process as it relates to the financial aspects of restructuring of human resources withing departments.

8.2 The process of transferring of staff along with their associated functions must ensure job security as a priority and all affected employees must at least maintain their current employment conditions of service. No employee should be adversely affected in terms of their remuneration.

8.3 All staff movement matters will be handled under the auspices of the Public Service Coordinated Bargaining Council (PSCBC) through a collective agreement by employer and employee parties. This will mandate the General Public Service Sector Bargaining Council (GPSSBC) to convene a National Implementation Task Team (NITT) to fulfil this mandate.

- 8.4 Costs related to the compensation of employees at departmental level, functions will need to be transferred between departments, including to new departments. As part of this process, the staff currently employed by the affected departments who are performing such functions will need to be identified and effectively transferred.
- 8.5 Institutions are expected to budget for compensation of employees within their existing baselines, achieving value for money and controlling growth in personnel expenditure. Alignment between compensation of employees' budgets and personnel headcount is essential.
- 8.6 The principle of function follows structure and staff follows function based on validated job content applies. All affected employees will be transferred to recipient departments at the same salary level as their current post. Any additional staff requirements identified after the transfer process must be included in the new recipient department structure. The normal approval processes for new structures and post fillings should be followed.
- 8.7 As part of the NMOG process, there may be cases where transferred posts may require different skills or responsibilities. Departments may need to conduct job evaluations to determine the appropriate skills or qualifications required based on the new post. Identifying any skills gaps that might arise due to the transfer may necessitate the provision of training opportunities if needed.
- 8.8 Restructuring departments can lead to redundancy of certain posts. For those affected employees finding suitable alternative posts within the new structure for qualified employees may be required. Alternatively adding their current post as additional to the establishment may be an option until such time that the employee vacates the redundant post.
- 8.9 The PFMA emphasizes transparency in public finances. During NMOG, the process of restructuring departments and transferring functions need to be documented clearly to be able to clearly estimate the budgets for the 2025/26 financial year. This includes financial projections for the new departmental structures, ensuring efficient use of resources.
- 8.10 To accurately estimate the costs/savings associated with the NMOG process particularly as it relates to employee remuneration, departments will need to analyse the new post establishment to determine which posts are filled, vacant, funded and unfunded (Unfunded posts should be abolished and not considered in the NMOG process). These include those posts additional to the establishment. The objective is to ensure that there is sufficient budget to cover the remuneration costs associated with the restructured departments including over the medium to long term.
- 8.11 The PFMA holds government departments accountable for their financial performance. The NMOG process needs to be implemented in a way that maintains or improves financial efficiency. This includes avoiding unnecessary duplication of staff or functions, which could lead to wasted resources. Moreover, any restructuring should happen in a way that is financially responsible, transparent and must at least alignment with PSCBC Resolution 1 of 2019. The key elements of this resolution emphasized the principles and guidelines that govern the NMOG process as it relates to the transfer and placement of employees.

9 CONCLUSION

- 9.1 Departments should consult National Treasury representatives for clarification on costing arrangements and organisational design decisions impacting budgets and finances. These representatives will assist in the budgeting and design process. The table below lists Public Finance representatives for each of the sectoral clusters in the NMOG project budget and financial workflow.

PUBLIC FINANCE REPRESENTATIVE	CLUSTER	EMAIL ADDRESS
Gillian Wilson	Administrative Services	gillian.wilson@treasury.gov.za
Julia De Bruyn	Education and Related Services	julia.debruyne@treasury.gov.za
Lebogang Madiba	Economic Services	lebogang.madiba@treasury.gov.za
Mark Blecher	Health and Social Services	mark.blecher@treasury.gov.za
Mashudu Bidzha	Protection Services	mashudu.bidzha@treasury.gov.za
Pebetse Maleka	Urban Development and Infrastructure	pebetse.maleka@treasury.gov.za

- 9.2 Function shifts in terms of approved NMOG will be included in the ENE 2025 process and effective from 1 April 2025.

ANNEXURE 1

CHECKLIST FOR THE NATIONAL MACRO ORGANISING OF GOVERNMENT

HUMAN RESOURCES

- Meeting with Finance for Codes and Reconciliation on BAS and PERSAL
- Reconciliation of approved structures vs Persal and budget information
- Conducting HRD audit for debt recovery (e.g. bursaries)
- Development of criteria for matching and placing
- Actual matching and placing:
 - one-on-one meetings between staff, Departmental Bargaining Council and management,
 - Issuing transfer letters to staff members affected by relinquishing department
- Implementation of PERSAL
- Issuing of appointment letters by recipient department
- Agree on which records need to be transferred to the recipient department
- Agree on entity responsible for half yearly performance review assessment on officials transferring to recipient department. The recipient departments must collaborate with relinquishing and take ownership of PDMS, disciplinary cases and grievances
- Identify and list records (both paper-based and electronic) required for the outgoing staff and the management of the transferred function/activity
- Arrange with the recipient department for the transport of paper-based records, computer systems and / storage media relating to the transferred personnel
- Make arrangements with the recipient department for the transport of paper-based records, computer systems and / or storage media relating to the transferred function / activity
- Update existing registers to indicate resources transferred out and transferred in
- Transfer records
- Develop and implement a document handover process.

DELEGATIONS

- Review and where appropriate update the departmental delegations (consider interim delegations)
- Ensure delegations conform with the Transfer of Administration and Power and Functions Proclamation as well as the Amendment to Schedule 1 of the PSA, 1994

LEGAL

- Identify and review existing obligations from SLA's, leases, contracts, litigations and MOUs for transfer
- Identify opportunities for review and renegotiation of terms and contracts
- Transfer contracts for outgoing functions
- Identify computer licenses for transfer
- Draft proclamations for transfer of functions
- Draft proclamation for the listing of departments in Schedule 1 of the PSA.

FINANCE

- Approved establishment reconciled against Persal and compensation budget
- Reconcile all relevant account balances transferred to recipient departments
- Development of the budget programme structure
- Remove system access for personnel leaving the transferor and arrange access for new personnel (to be performed by recipient department)
- PERSAL and BAS Controllers to register the request for the creation of their personnel and financial systems with PERSAL and BAS respectively
- Creation of bank accounts for new department
- Arrange for bank accounts to be renamed and for signatories to be changed.

FINANCIAL ACCOUNTING AND REPORTING

In a transfer of function:

- A binding arrangement exists conferring enforceable rights and obligations on the transferor and the acquirer
- The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function
- The acquirer recognises the assets acquired and the liabilities assumed
- The transferor derecognises the assets transferred and liabilities relinquished
- The acquirer reports in its financial statements provisional amounts for the items for which the accounting is incomplete during the measurement period.

In a merger:

- A binding arrangement exists conferring enforceable rights and obligations on combining departments or public entities
- The combining entities identify a merger date, which is the date on which entities are combined for the mutual sharing of risks and benefits and when the assets and liabilities are transferred to the combined entity.

- The combined entity reports in its financial statements provisional amounts for the items for which the accounting is incomplete during the measurement period.

RENAMING OF A DEPARTMENT (ONLY FROM 1 APRIL 2025)

- Annual Report: New departments name must be used in the report
- Report on the Accounting Officer: Add a paragraph stating that the department's name changed.
- Annual Financial Statement: use new name of departments. Compile prior and current period figures.

NEW DEPARTMENTS

- Annual Report: New departments name must be used in the report
- Report on the Accounting Officer: Add a paragraph stating that the department is new and has no predecessor where its functions were performed.
- Annual Financial Statement: None will be shown because the department is new. Only current figures should be compiled.

TRANSFER AND RECEIPT OF FUNCTION REPORTING

- Annual Report: Compiled according to the Annual Report Guide. National Treasury's OAG develops guidance for the Governance, Compliance and Financial Information parts of the Annual Report Guide. DPME prescribes requirements for the Performance Information part, while DPSA handles the Human Resources Management part of the guide.
- Report of the Accounting Officer: Indicate the nature and activities of the department before and after the transfer of function, department's previous name for information purposes and details of functions transferred.
- The following should be prepared in accordance with the MCS for departments and the Standards of GRAP for public entities:
 - Appropriation statement (departments) / Presentation of Budget Information in Financial Statements (public entities)
 - Statement of financial performance
 - Statement of financial position
 - Statement of changes in net assets
 - Cash Flow Statements
 - Notes to the financial statements including accounting policies
 - Annexures

SPECIFIC ITEMS TO REPORT ON (WHERE APPLICABLE)

- Unauthorised expenditure
- Fruitless and wasteful expenditure
- Irregular expenditure
- Cash and Cash equivalent
- Rollovers
- Investments
- Loans
- Transfers to public entities
- Loans to public entities
- Staff advances
- Write-offs / irrecoverable debts
- Outstanding travel and subsistence
- Prepayments
- Recoverable expenditure
- Staff disallowances
- General disallowances
- Staff debt
- Advances received
- Clearing accounts
- Capitalisation reserve
- Recoverable revenue by transferor
- Contingent liabilities
- Commitments
- Accruals
- Employee benefits
- Lease commitments
- Provisions
- Transfer if functions disclosure note
- Virements

INFRASTRUCTURE

- Analyse assets register, building, parking and accommodation needs of the National Executive and affected departments
- Determine needs of new departments
- Audit the approved budget and asset register, including the accommodation utilised for the delivery of the functions
- The landlord is notified of any changes to the use of office accommodation
- Determine whether employees will move immediately to a new location or remain in the transferor's accommodation for a period
- Agree on recovery of accommodation costs where the recipient department shares the office accommodation
- Determine portion of the budget and assets that should be transferred to the affected departments
- Agree on office furniture and equipment to move to the recipient department and arrange necessary paperwork, transport, movement and packaging boxes etc.
- Perform physical stock-take with representatives from the transferor and recipient department
- Identified capital assets to be transferred (tag separately to easily identify when the move takes place)
- Identify comparatives to be reported by the recipient department
- Ensure appropriate confirmations and formal sign-off of figures transferred.

RELINQUISHING DEPARTMENT

- Project task team to prepare handover report on transfer of shareholder function to DTPS for Minister's approval
- Minister's meeting with the Board
- Bilateral meeting between Ministers to discuss process of transfer
- Letter informing entity of the transfer process and copying both Ministers
- Consultation with relinquishing department, NT and recipient department
- Consultation with Entities to discuss pre-emptive rights (if any)
- Consultation with DPSA and NT on funds to be transferred with functions and staff.

GOVERNANCE

- AGM (appointment of Board members, introduction of new Minister to Board)
- Notice of AGM and SGM
- Media announcement/ Communications
- Identify governance documents requiring review

- Identify issues raised in previous internal and external reports to be dealt with prior to the transfer of functions
- Identify significant and on-going issues raised by committees (such as the audit and parliamentary committees) to be carried forward by either the transferor or recipient department.

GENERIC ISSUES: TO EFFECT THE SETTING UP OF THE PE, AN EXECUTIVE AUTHORITY MUST

- Transfer of Entity consulted with stakeholders/ Board by relinquishing department
- Approve the initial organisation and post establishment structure for the PE
- Appoint the members of the controlling body / board for the PE in terms of its establishing act
- In the case where a PE is established for a new function, allocate / transfer resources to the PE where appropriate
- Effect the transfer of the function and concomitant resources to the PE based on the following principles:
 - the relinquishing department shall transfer all concomitant resources, including staff, to the recipient PE
 - the recipient PE shall co-ordinate the transfer
 - the recipient PE shall accept accountability for the function on the date of transferring the function or the date on which its establishing act comes into operation
 - the accounting officer of the relinquishing department shall retain accountability for matters originating prior to the date of transfer
 - the transfer of personnel shall take place with due regard to the requirements of the Labour Relations Act (LRA) and appropriate Public Service Coordinating Bargaining Council agreements (PSCBC)
 - the transfer of assets and liabilities shall take place in accordance with Section 42 of the PFMA, which deals with the accounting officers' responsibility when assets and liabilities are transferred
 - adherence to budgeting and related matters set out in Treasury Regulation 6
- Request in writing the listing and classification of a PE in terms of the PFMA
- Ensure that the PE compiles and submits a borrowing programme and budgeted projection as set out below:
 - For an intended National Government Business Enterprise, the corporate plan and three-year borrowing programme.
 - For an intended National PE, the strategic plan and 3-year budget projection.

2024 NMOG

**NATIONAL MACRO
ORGANISATION OF
GOVERNMENT PROCESS**

National Treasury Consolidated Guide

October 2024

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