



NCPT

NORTHERN CAPE PROVINCIAL TREASURY

ANNUAL PERFORMANCE PLAN FOR THE YEAR 2022/23

Table of Contents

Executive Authority Statement	5
Accounting Officer Statement	6
PART A: OUR MANDATE	9
1. Updates on the relevant legislative and policy mandates	9
1.1 Legislative mandates	9
1.2 Policy mandates	10
2. Updates to institutional policies and strategies	11
3. Updates to relevant court rulings	13
PART B: OUR STRATEGIC FOCUS	14
1. Updated situational analysis	14
1.1 External Environment Analysis	21
1.2 Internal environment analysis	22
PART C: MEASURING OUR PERFORMANCE	24
1. Institutional programme performance Information	24
Overview of 2022/23 Budget and MTEF estimates	25
1.1 Programme 1: Administration	26
Sub-Programme 1.1: Office of the MEC	26
Sub-Programme 1.2: Management Services	26
Sub-Programme 1.3: Corporate Services	27
Sub-Programme 1.4: Financial Management	27
Explanation of planned performance over the medium term period	28
Programme Resource Considerations	29
2.1 Programme 2: Sustainable Resource Management	30
Sub-Programme 2.2: Economic Analysis	30
Sub-Programme 2.3: Fiscal Policy	31

Sub-Programme 2.4: Budget Management.....	31
Explanation of planned performance over the medium term period.....	32
Programme Resource Considerations.....	34
3.1 Programme 3: Assets and Liabilities Management	35
Sub-Programme 3.2: Asset Management	36
Sub-Programme 3.3: Supporting and Interlinked Financial Systems	37
Sub-Programme 3.4: Infrastructure Performance Management	38
Sub-Programme 3.5: Banking and Cash Flow Management.....	38
Explanation of planned performance over the medium term period.....	39
Programme Resource Considerations.....	41
4.1 Programme 4: Financial Governance	42
Sub-programme 4.2 Accounting Services	42
Sub-Programme 4.3: Norms and Standards.....	43
Sub-Programme 4.4: Risk Management	44
Explanation of planned performance over the medium term period.....	44
Programme Resource Considerations.....	46
5.1 Programme 5: Municipal Finance	47
Sub-Programme 5.2: Accounting and Reporting	47
Sub-Programme 5.3: Revenue and Budget Management.....	48
Sub-Programme 5.4: Municipal Institutional Compliance and Governance	49
Sub-Programme 5.5: Municipal Supply Chain & Asset Management	50
Explanation of planned performance over the medium term period.....	50
Programme Resource Considerations.....	52
6.1 Programme 6: Provincial Internal Audit.....	53
Sub-Programme 6.1: Programme Support & Audit Committee	53
Sub-Programme 6.2: Education Cluster	53
Sub-Programme 6.3: Health Cluster.....	54

Sub-Programme 6.4: Agriculture Cluster	54
Sub-Programme 6.5: DPW Cluster	55
Explanation of planned performance over the medium term period.....	55
Programme Resource Considerations.....	57
Updated key risks and mitigation from the Strategic Plan.....	58
Part D: Technical Indicator Descriptors (TID).....	60
1. Administration	60
2. Sustainable Resource Management.....	62
3. Asset & Liabilities Management	66
4. Financial Governance	71
5. Municipal Finance	76
6. Provincial Internal Audit.....	83
Annexure A: Amendments to the Strategic Plan	85
Annexure B: Conditional Grants	86
Annexure C: Consolidated Indicators.....	86
Annexure D: District Development Model	86

Executive Authority Statement

This annual performance plan is tabled during the mid-term of the 5th Administration. It provides a holistic view on the progress achieved by the Department. Provincial Treasury is a critical lever in the management of public finances in the province and we can attest that the fiscal and liquidity position of the province is sound and in a better sustainability path compared to what we inherited at the start of the term of the current administration.

Central to our commitments, is the drive to achieve efficiencies in the system by implementing reforms, namely, the expenditure reviews to ensure that there is efficiencies in the system both in expenditure and in our procurement system. Secondly, Provincial Treasury will also embark on zero based budgeting exercise with all provincial departments to ensure that all programmes funded are palatable with the objectives of this government. This will result in the eradication and scaling down of old programmes that are no longer relevant based on the developmental drive of this Administration.

The current fiscal environment demands of us to adopt a servant leadership approach by being more human in our daily working lives and in our interactions while maximising the impact of our delivery mechanisms. In fact, much earlier, Aristotle warned that we need to appreciate a new intellectual virtue, phronesis (a word that implies both good judgement and solidity of character and habits) if we are to effect values-based change in our world. I am of the view that real value-based leadership and management is only developed through conscious action and reflection.

Furthermore, as a standard bearer of good governance in South Africa we continue to strive for excellence, driving resource efficiency and effective financial accountability and resilience across both provincial and local spheres of government. Our continued attainment of clean audits is a testament to the success of these efforts as we maintain strong controls and monitoring frameworks, together with clear leadership that is focused on achieving the goals, objectives and targets in our Annual Performance Plan.

The department will continue to provide targeted support and advice to sector departments, Public entities and municipalities. This will be coupled with our commitment to foster partnerships and collaboration in our oversight endeavours in pursuit of good financial governance and accountability in the province.

I hereby endorse the Annual Performance Plan of Treasury for the 2022/23 MTEF and commit to support its implementation.



A Vosloo MPL
Executive Authority of Provincial Treasury

Accounting Officer Statement

Clean administration is a key pillar of our envisioned Modern, Growing and Successful Province. Under the direction, guidance and control of our Executive Authority, the Provincial Treasury held a strategic review session in February 2022 for the 2022/23 annual performance plan. Stemming from the aforesaid session, specific strategic actions were formulated with an objective of attaining the following specific outcomes:

- Eight (8) Public Finance Management Act (PFMA) clean audits;
- Ten (10) Municipal Finance Management Act MFMA clean audits;
- Reduction of the R 18 billion legacy irregular expenditure by more than 50%;
- Improved financial management at local government attributable to focussed municipal support;
- Improved “own revenue” streams in light of the ever diminishing equitable share from the fiscus;
- Improvement of the payment of suppliers within 30 days in the Provincial administration, with a special focus, to Health and Education departments.

The attainment of the aforementioned outcomes are underpinned by the Provincial Programme of Action, which would require management attention during the 2022/23 reporting period.

The collective vision of the sixth administration has always been that by the end of this term, we envision the possibility of attaining clean audits in all twelve departments in the Provincial Administration. Pursuing incrementalism and gradualism in the attainment of our ultimate vision, the targeted PFMA clean audits for the 2022/23 reporting period are as follows:

- Office of the Premier,
- Provincial Treasury,
- Department of Social Development,
- Department of Sport, Arts and Culture,
- Department of Economic Development and Tourism,
- Department of Agriculture,
- Department of Transport Safety and Liaison and
- Department of Co-Operative Governance Human Settlement and Administration

Furthermore, the targeted MFMA clean audits are five (5) district municipalities as well as five (5) major municipalities in each region for the financial reporting period ending 30 June 2023. As a Provincial Treasury, we commit to do everything we can within our mandate to ensure that the Province attains the afore-mentioned targeted clean audit outcomes, in partnership with the candidate departments and municipalities, which have a primary responsibility in pursuit of this objective.

Working closely with the Premier's Office, Provincial Treasury will be expediting the investigations of the legacy irregular expenditure. The top three-targeted department contribute over 90% of the cumulative irregular expenditure, and consequence management will be at the core of those investigations. As the investigations are completed in the targeted three departments, the Provincial Treasury will consider their outcomes for condonements as determined by the law. To ensure the integrity of the condonement process and to mitigate inherent exogenous and endogenous risks, we will work in partnership with the Province's Chief State Law Advisor, with the support of the Executive.

A consistent theme by the Executive Authority in all our engagements is the genuine concern for the state affairs at local government and that as a Provincial Treasury we must do whatever we can within our mandate to change the current trajectory. For the 2022/23 reporting period, the Provincial Treasury will be providing fifteen (15) municipalities with "hands on" support and fifteen (15) will receive "intervention" support on different facets of financial management. The determination of the municipalities to receive either "hands on" or "intervention" support categories, was informed by the provincial support strategy, which used specific determining criteria with an allocation of certain grading scores and values; informed by governance, financial viability and audit outcomes prevailing in municipalities.

Some of these municipalities are implementing the financial recovery plans that the Provincial Treasury crafted in previous reporting periods and their implementation has spill-over effects to the 2022/23 financial year. The planned work on hands-on and intervention categories is in addition to our normal MFMA responsibilities as expressly stipulated in the MFMA, which cover all the municipalities in the Province. These support plans will be made easier by the new structure which has been approved, which will give some much needed capacity in the municipal finance space. We are collaborating with COGSTA in line with the memorandum of understanding, guided by the "state of local government indicators", which are in five (5) facets, financial management being one of them.

It is our commitment to do whatever we can during this reporting period in the optimisation of own revenue streams to increase the percentage provincial share of this source.




Dr. Moses Gasela

Acting Accounting Officer of Provincial Treasury

Official Sign-Off

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the Provincial Treasury under the guidance of MEC Abraham Vosloo
- Takes into account all the relevant policies, legislation and other mandates for which the Provincial Treasury is responsible.
- Accurately reflects the outcomes and outputs which the Provincial Treasury will endeavour to achieve over the period 2022 - 2025.



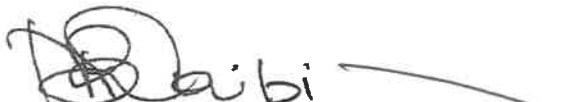
Q Vermeulen
Acting Chief Director
Asset and Liabilities Management



GL Bosvark
Chief Director
Financial Governance



B Mashobao
Chief Financial Officer




BN Maibi
Head Official Responsible for Planning



Dr MM Gasela
Acting Accounting Officer



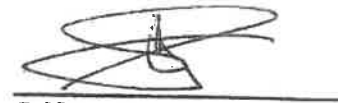
A Vosloo MPL
Executive Authority of Provincial Treasury



B Moea
Acting Chief Director
Sustainable Resources Management



B Mgaguli
Acting Chief Director
Municipal Finance



G Kruger
Acting Chief Director
Provincial Internal Audit

PART A: OUR MANDATE

1. Updates on the relevant legislative and policy mandates

The following are legislative and other mandates that the department is directly responsible for implementing, managing or overseeing.

1.1 Legislative mandates

Constitution Act No.108 of 1996, Chapter 13	The supreme law of the Republic, law or conduct inconsistent with it is invalid and the obligations imposed by it must be fulfilled.
Public Finance Management Act (Act 1 of 1999) as amended (PFMA)	To regulate financial management in the National Government and Provincial Governments, to ensure that all revenue, expenditure, assets and liabilities of the governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments and to provide for matters connected therewith.
Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)	To secure sound and sustainable management of the financial affairs of the municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government and to provide for matters connected therewith.
Division of Revenue Act as annually enacted	To provide for the equitable division of revenue anticipated to be raised nationally among the national, provincial and local spheres of government and the reporting requirements for allocation pursuant to such division; to permit the withholding and the delaying of payments in certain circumstances; to provide for liability for costs incurred in litigation in violation of the principles of co-operative governance and intergovernmental relations and to provide for matters connected therewith.
Treasury Regulations, March 2005 (as amended)	To regulate for the requirements for strategic planning as the basis for the preparation of budgets; to set minimum standards for financial management, clarification of roles; to instilling a culture of output measurement; to regulate and provide guidelines for the handling of property, disposal of state assets, disposal of immovable state assets and procurement.
Preferential Procurement Policy Framework Act (Act 5 of 2000)	To provide regulatory framework enabling and assisting departments and potentially disadvantaged Individuals (HDI's) in the sustainable development and implementation of preferential procurement system.
Public Service Act (Act 103 of 1994) as amended	To provide for the organization and administration of human resources management, which includes the regulation of conditions of employment, terms of office, discipline, retirement and discharge of staff and matters connected therewith.
Promotion of Access to Information Act, 2000 (Act 2 of 2000)	To give effect to constitutional right of access to any information held by the state and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.

Employment Equity Act, 1998 (Act 55 of 1998)	To regulate the process and procedures in achieving a diverse and competent workforce broadly representative of demographics of the country and eliminating unfair discrimination in employment towards implementing equity.
Labour Relations Act, 1995 (Act 66 of 1995)	To regulate and guide organisations in recognizing and fulfilling their roles in effecting labour harmony and democratization of the workplace.
Municipal Systems Act (2000) and Development facilitation Act (1995)	To support and monitor municipal Integrated Development Planning (IDP)
Broad Based Black Economic Empowerment Act 2003	To establish a legal framework for the empowerment, align the Preferential Procurement Policy Framework 2000 with the aims of Broad Based Black Economic Empowerment Act and association Codes of good practice

1.2 Policy mandates

POLICY MANDATES	PURPOSE
National Development Plan	The department should ensure that its plans are aligned to the country's development plan. This will ensure achievement of socio-economic development and growth
Medium Term Strategic Framework(MTSF) 2019 -2024	The department must develop a five year strategic plan and budget requirement taking into account the medium-term imperatives as outlined in the MTSF 2019 – 2024
Northern Cape Provincial Growth and Development Strategy (NCPGDS)	The Provincial Growth and Development Strategy (PGDS) is a critical tool to guide and coordinate the allocation of national, provincial and local resources and private sector investment to achieve sustainable development outcomes.
Integrated Development Plans	To assist in determining the credibility of Integrated Development Plans and Municipal Budgets as well as facilitate integrated planning among the three spheres of government
Human Resource Development Strategy	To maximise the potential of the people of South Africa, through the acquisition of knowledge, skills and values, to work productively and competitively in order to achieve a rising quality of life for all, and to set in place an operational plan, together with the necessary institutional arrangements, to achieve this
Implementation of the PT & COGHSTA MoU	<p>To clarify the roles and consolidate efforts between NCPT and COGHSTA in rendering support to municipalities;</p> <p>Collaborate and cross cutting issues and synchronise efforts in providing assistance to municipalities through "Back to Basics" programme</p>
Provincial strategy to support municipalities	<ul style="list-style-type: none"> • Promote credible and reliable financial reporting by enforcing; • The implementation of control activities in all financial management functional areas;

POLICY MANDATES	PURPOSE
	<ul style="list-style-type: none"> • Build financial management capacity in municipalities in a holistic approach by addressing individual institutional and organisation gaps; • Enhance control environment in municipalities to improve oversight and accountability; • Municipal financial viability through sustainable operations that will enable service delivery
Provincial Preferential Procurement Framework	<ul style="list-style-type: none"> • Set provincial targets for designated groups • Create a conducive environment for designated group business to grow within the province • Set industry targets for support to designated groups
Provincial MTEF Technical Guidelines	<ul style="list-style-type: none"> • Provides relevant information on main strategic proposals as required by the budget decision-making structures. • The Guidelines provide public institutions with guidance on how to prepare their medium-term budget submissions for the 2021 Budget • Guidance is in accordance with section 27(3) of the Public Finance Management Act (PFMA), Act No. 1 of 1999.

2. Updates to institutional policies and strategies

The department's annual performance plan has been developed in consideration of the following policies:

- Provincial vision
- Northern Cape Provincial Growth and Development Plan;
- Provincial Growth Development Plan 5-Year Implementation Plan & Monitoring Framework as per the following relevant outcomes indicators:
 - Priority 1: Building a capable, ethical and developmental state
 - Priority 2: Economic transformation and job creation
- National Treasury Budget guidelines and budget mandate document; and all other policies mentioned above

The following are the **key priorities** that the department intends on implementing in fulfilling the requirement of the above institutional policies:

Key Drivers	Strategy to unlock key drivers in order to accomplish outcomes																		
Priorities that require majority of Management attention	<p>a) Clean administration: Improved PFMA audit outcomes.</p> <ul style="list-style-type: none">8 clean audits;<ul style="list-style-type: none">Office of the PremierProvincial TreasuryDepartment of Social DevelopmentSportsEconomic DevelopmentSafetyAgricultureCOGSTA3 financially unqualified with findings																		
Provincial Interventions	<p>b) Reduction of the provincial irregular expenditure by R 18,1 billion</p> <table><tr><th>Department</th><th>Cumulative Balance</th><th>Percentage of Provincial Debt</th></tr><tr><td>Health</td><td>8 664 163</td><td>48%</td></tr><tr><td>Education</td><td>3 260 979</td><td>18%</td></tr><tr><td>Public Works</td><td>3 834 200</td><td>21%</td></tr><tr><td>Sports</td><td>59 829</td><td>0,33%</td></tr><tr><td>Economic Development</td><td>19 096</td><td>0,08%</td></tr></table>	Department	Cumulative Balance	Percentage of Provincial Debt	Health	8 664 163	48%	Education	3 260 979	18%	Public Works	3 834 200	21%	Sports	59 829	0,33%	Economic Development	19 096	0,08%
Department	Cumulative Balance	Percentage of Provincial Debt																	
Health	8 664 163	48%																	
Education	3 260 979	18%																	
Public Works	3 834 200	21%																	
Sports	59 829	0,33%																	
Economic Development	19 096	0,08%																	
Provincial and Municipal Specific Interventions	<p>c) Health department: Section 18 (g)</p> <ul style="list-style-type: none">EXCO resolution 107/2016 (11);EXCO resolution 074/2021 (11);NB: All units to reflect on section 18 (g). <p>d) Municipality intervention</p> <ul style="list-style-type: none"><i>strand 1:</i> Clean audits for the targeted municipalities;<i>strand 2:</i> Programme of Action																		
Enforcement Enforcement of Legislation to improve sound governance	<p>e) Plan to respond to the recurring Legislature concerns</p> <ul style="list-style-type: none">Obtained the legislature questions for the first quarter of 2021/22 and analysed it.The following major themes and categories emerged:<ul style="list-style-type: none">Irregular expenditure emanating from non-compliance with Supply Chain Management legalities:<ul style="list-style-type: none">Legacy irregular balance to be dealt with;Continued incurrence of irregular e.g. contract management deficiencies and so forth;Asset management;																		

Key Drivers	Strategy to unlock key drivers in order to accomplish outcomes
	<ul style="list-style-type: none"> • Accruals; • Financial management issues at Health
Priorities that require some management attention	<p>The Executive Authority being the head of Provincial Treasury responsible for prudent financial management will:</p> <ul style="list-style-type: none"> • Issue directives on sound financial management; • Convene quarterly meetings with relevant stakeholders to outline the financial position and financial management of the province; • Ensure that key positions are filled in order to create a culture of stability and accountability, • Implement proper delegations of powers
Capacity Capable and modern state to accelerate service delivery	<p>To create a capable workforce that delivers on its mandate, Provincial Treasury will:</p> <ul style="list-style-type: none"> • Finalise the Organisational structure and ensure that it is responsive to the strategies that need to be implemented; • Empower its officials through coaching, mentoring, succession planning and address skills gaps through training initiatives including, membership to professional bodies; • Performance Agreements will be SMART – aligned to NCPT Strategic and Annual Performance Plan; • Develop information management & knowledge sharing platforms.

3. Updates to relevant court rulings

The Preferential Procurement Regulation of 2017, which was repealed by the court of law effective from February, which brought procurement process to a halt during this period.

PART B: OUR STRATEGIC FOCUS

1. Updated situational analysis

In order to evaluate the current service delivery environment, it is essential to reflect on the mandate of a Provincial Treasury. The Public Finance Management Act 1 of 1999 section 18 indicates that a provincial treasury must:

- (1)
 - (a) prepare the provincial budget;
 - (b) exercise control over the implementation of the provincial budget;
 - (c) promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities; and
 - (d) ensure that its fiscal policies do not materially and unreasonably prejudice national economic policies.
- (2)
 - (a) must enforce this Act and any prescribed national and provincial norms and standards, including any prescribed standards of generally recognised accounting practice and uniform classification systems, in provincial departments; norms and standards;
 - (b) may assist provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management;
 - (c) must intervene by taking appropriate steps, which may include the withholding of funds, to address a serious or persistent material breach of this Act by a provincial department or a provincial public entity;
 - (d) may do anything further that is necessary to fulfil its responsibilities effectively.

Furthermore, Provincial Treasury as a custodian of the provincial resources is required to support and promote:

- Economic growth and job creation initiatives;
- Revenue enhancement and debt collection;
- Prudent management of provincial expenditure;
- Reduction of debt and unauthorised expenditure;
- Improvement of financial governance; and
- Management of the public sector wage bill.

The fiscal environment and the current economic climate forces Provincial government to vigorously deal with mismanagement and inefficiencies to allow the system to direct our scarce resources in areas of greatest need to maximise impact, for example, protect non-

negotiables priorities like medicines, blood services, learner transport and other core programmes driving our costs in the province.

Economic Overview

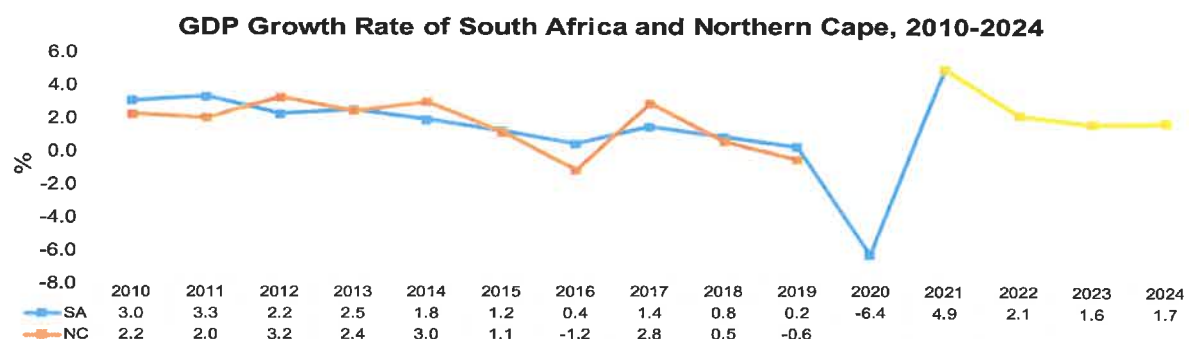
The national economy contracted by 6.4 per cent in 2020, however it recovered growing by 4.9 per cent in 2021, according to Statistics South Africa. It is expected to grow 2.1 per cent in 2022 and 1.6 per cent in 2023 and 1.7 per cent in 2024 as per the National Treasury's projections. With a slow growing economy in the country, allocation and spending of limited resources becomes important to address needs of the people of South African and more especially in the province.

Government remains committed to reducing the budget deficit and stabilizing the debt to GDP ratio. To this end, National Treasury will continue with the fiscal consolidation efforts post the 2022 MTEF in a continuous effort to reduce the primary deficit. This will ensure that the debt trajectory of the country is stabilized by 2024.

Improved MTEF revenue projections provided some fiscal space to finance key spending pressures, including employment programmes, student funding and pressures in both provincial education and health functions.

Debt service costs have increased due to higher interest rates, but the negative impact on long term debt sustainability is mitigated by an improvement in the deficit position. A primary surplus from 2023/24 ensures that the debt to GDP trajectory remains the same as at the time of the 2021 MTBPS. Based on this national context, the province must ensure fiscal prudence to ensure that the departments are able to provide services in a sustainable manner.

The graph below shows the GDP growth rates for South Africa for the period 2010 to 2024.



2021 estimate, 2022-2024 forecasts

Source: Stats SA GDP Quarterly and Regional, 4th Quarter 2020 (SA and NC 2010-2019), National Treasury Budget Review 2021 (SA 2020-2024)

The Northern Cape economy contracted in 2019 and is expected to further contract in 2020 following the economic and health crisis brought about by the COVID-19 pandemic. The national economy contracted by a staggering 6.4 per cent, but started to bounce back in 2021, growing by 4.9 per cent, according to the latest data from Statistics South Africa. In 2022, the national economy is forecasted to grow by 2.1 per cent.

Table below provides the industry growth and contributions to provincial GDP that was recorded by the industries in 2018 and 2019.

Provincial Industry Growth and Contributions to GDP, 2018 and 2019

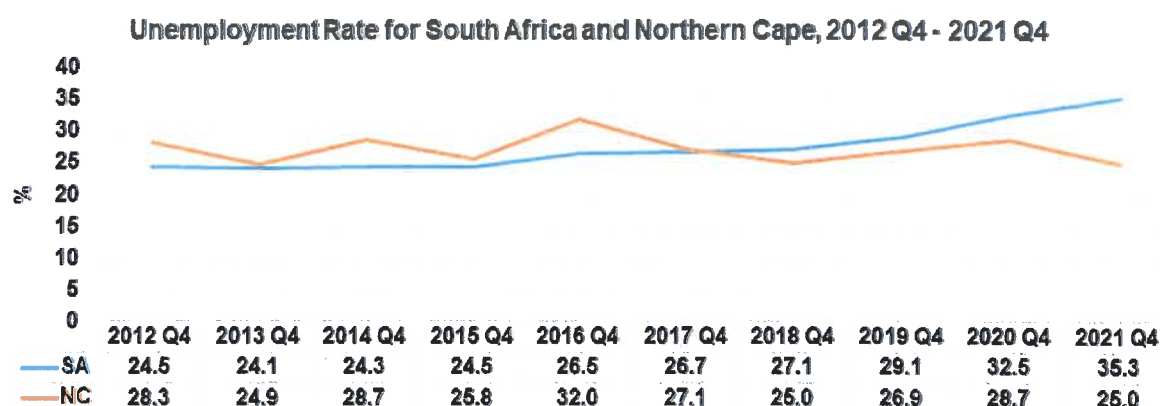
Sector	Growth Rate (%)		Contributions to GDP	
	2018	2019	2018	2019
Primary Sector	-0.3	-2.0	26.9	26.5
Agriculture, forestry and fishing	-5.9	-6.5	6.4	5.4
Mining and quarrying	1.1	-0.9	20.5	21.1
Secondary Sector	-0.3	-1.2	9.8	9.1
Manufacturing	0.4	-0.8	3.2	3.2
Electricity, gas and water	0.3	-0.7	3.9	3.5
Construction	-1.8	-2.5	2.7	2.4
Tertiary Sector	0.9	0.3	53.4	54.8
Trade, catering and accommodation	0.2	-1.4	9.5	10.3
Transport, storage and communication	0.7	-1.1	10.3	10.7
Finance, real estate and business services	1.2	2.0	12.4	12.4
Personal services	0.8	0.6	5.0	4.9
General government services	1.3	0.9	16.1	16.5
All industries at basic prices	0.3	-0.6	90.0	90.4
Taxes less subsidies on products	2.1	-0.2	10.0	9.6
GDPR at market prices	0.5	-0.6	100.0	100.0

Growth rate at constant 2010 prices, Contributions to GDP at current prices

Source: Stats SA GDP Quarterly and Regional, 4th Quarter 2020

In both years under review, the *Tertiary sector* was the largest sector in the Northern Cape, making a contribution of 53.4 per cent towards the provincial GDP in 2018 and a slightly higher contribution in 2019 at 54.8 per cent. *Mining and quarrying* remained the largest industry in 2019, contributing 21.1 per cent to the provincial economy, with *Construction* remaining the smallest industry, contributing only 2.4 per cent. In 2019, the *Tertiary sector* grew by 0.3 per cent, compared to a 2.0 per cent contraction in the *Primary sector* and a 1.2 per cent contraction in the *Secondary sector*. In 2018, the *Agriculture, forestry and fishing* industry recorded the largest contraction at -5.9 per cent, also recording the largest contraction in 2019 at -6.5 per cent. In 2019, the industry with the highest growth rate was Finance, real estate and business services, growing by 2.0 per cent.

In the figure below, the unemployment rate for the fourth quarters of 2012 to 2021 is illustrated for South Africa and the Northern Cape.



Source: Stats SA QLFS 4th Quarter 2021 (QLFS trends)

The unemployment rate for the Northern Cape has been higher than the national unemployment rate from quarter four of 2012 until quarter four of 2017. From the fourth quarter of 2018, the national unemployment rate was higher than the provincial rate. In quarter 4 of 2021, the unemployment rate of the Northern Cape was 10.3 percentage points lower than the national unemployment rate.

Provincial Economic Overview

The countries' economy and the province has been showing signs of recovery since the relaxation of COVID-19 restrictions. Provincially the economy declined by -0.6 per cent in 2019 and unemployment rate was at 24.9 per cent in the third quarter of 2021, which shows an increase from the third quarter of 2020. In addressing the challenges that came with COVID-19 and lockdown regulations, government has had a number of initiatives, strategies such as Social relief of distress grant, and Economic Reconstruction and Recovery Plan, this was to assist with the challenges that came with the pandemic. The economy is expected to continue in the recovery trajectory in 2022 according to projections from National Treasury.

Service delivery demands

Provincial Treasury exercises oversight over 13 Departments, 30 municipalities and 6 public entities. The current state of financial governance necessitates a vigorous approach to ensure that accountability is institutionalised in all institutions to ensure financial sustainability.

During the 2020/21 financial year, the province once again passed another Finance Act to clear the debt from the 2011/12 to 2015/16 financial years amounting to **R550.846 million**.

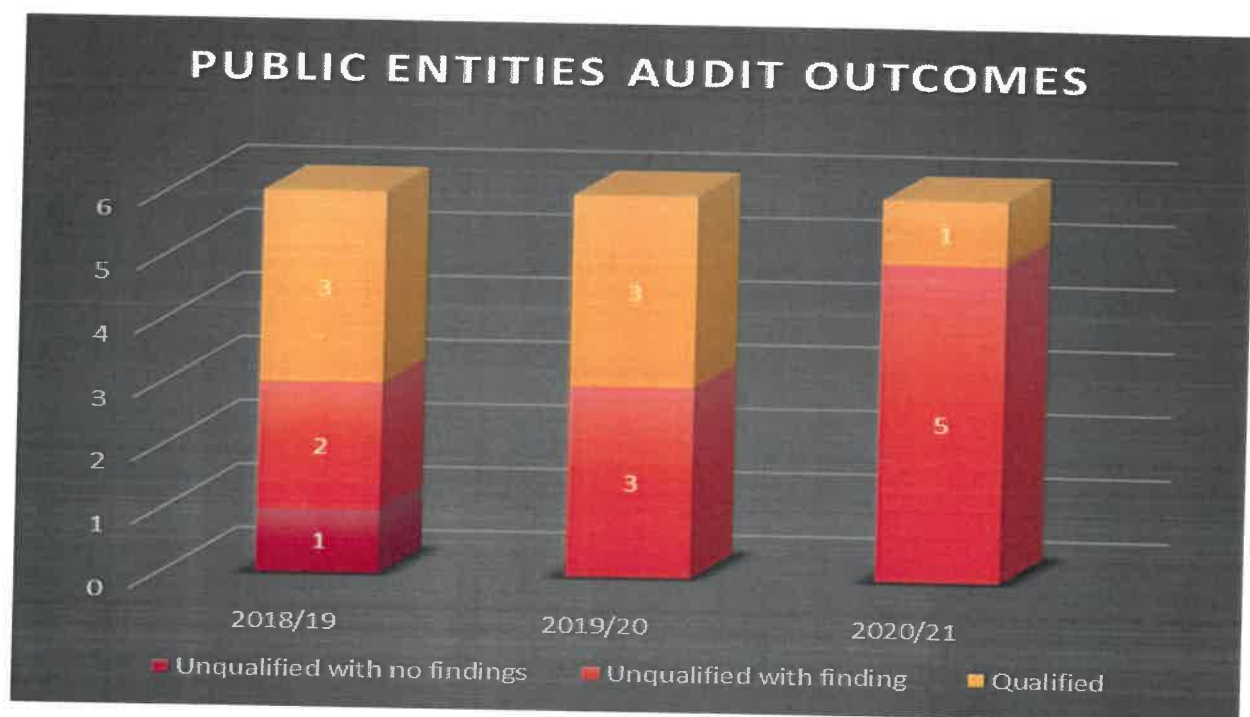
The debt has increased to **R683.326 million** of which the Department of Health accounts for **60 per cent** up to 2020/21 financial year. Thus the need for focus interventions is required to curb increased levels of debt in the Province. This increased levels of debt have led to the Debt-to-Budget Ratio remaining high relative to the size of the budget; and thus Continuous overspending by some departments is negating the achievement of the Debt Redemption Strategy of the department for the Province.

Non-compliance to laws and regulations in relation to Supply Chain Management has increased significantly, especially during the national lockdown period. Irregular Expenditure continues to increase even after preventative measures were shared with departments. This placed a great demand on Treasury to promote implementation of early warning systems to prevent non-compliance leading to incurrence of Irregular Expenditure. Provincial Treasury has set a committee, which is dealing with condonation of irregular expenditure and has included Office of the Premier Legal team to be part of the investigation to resolve all legacy issues and advice of actions to be taken on case level.

The department has also identified Capacity-building initiatives as key to ensuring that support and guidance is provided to both department and municipalities, the following are some of the interventions which include but not limited to the following;

- Institutionalize and resource the SAIPA Accredited Training Centre (additional intake of trainee accountants and producing more professionals)
- Consider integrated implementation of capacity building (PFMA)
- Councilors induction and competency based training
- Competency based training on accounting qualification by Association of Accounting Technicians, AAT (Office of the Premier initiative)
- Continuously review organisational capacity and recommend corrective actions.
- Strengthen partnerships with National Treasury, Education & Training Authorities, Professional Organizations, SALGA and other sector departments.
- Institutional support was aimed at addressing the shortfall or lack of appropriate knowledge and skills in SCM reforms and Asset Management
- Technical support was aimed at assisting PT, the clients (departments & PEs and municipalities to implement SCM reforms and having GRAP compliant Asset Management FAR. as well as to adequately address audit findings through responsive and appropriate AAPs

PFMA Audit Outcomes



To give effect to the graph above, the Province has attained a marginal improvement in audit outcomes and the following is noteworthy:

Departmental Audit Outcome

- There is no disclaimer of opinions
- Three departments (Provincial Treasury, Social Development, Office of the Premier)

maintained clean audits

- The number of unqualified with findings increased and the qualified reduced

These improvements are despite the non-compliance with laws and regulations relating to Supply Chain Management (SCM) as well as an increase in irregular expenditure.

Provincial Treasury is engaging all departments to address Irregular expenditure, particularly the following main contributors:

- Department of Health
- Department of Roads and Public Works and
- Department of Education

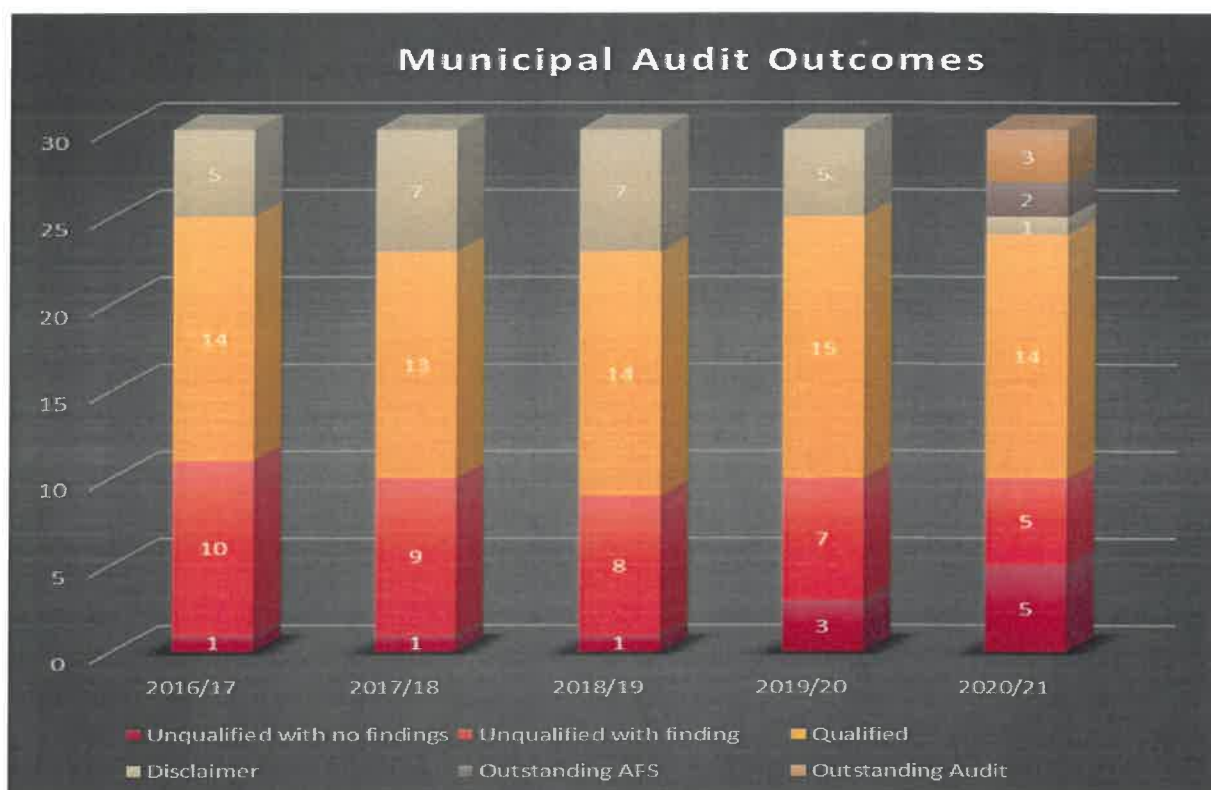
The province worked hard to ensure that there are no disclaimers of opinion and to improve audit outcomes.

Public Entities Audit Outcomes

Five out of the six entities received unqualified audit with findings opinion and only one received a qualification.

Municipal Audit outcomes

The outcomes depicted on the graph is as at 31 March 2022, this picture could change as more municipalities finalise their audit and submit their financial statements.



The province has 30 municipalities and it must be noted that over the years there is minimal improvement since more than 70 per cent of the municipalities are still receiving unfavourable audit outcomes. The 33 per cent falls under the category of municipalities, which received Unqualified Audit Reports with findings and with no findings. The issues raised in terms municipalities, which received Unqualified with findings relates to non-compliance either with SCM or contract management.

There are 14 municipalities, which received a qualified audit opinion, and 1 disclaimer there are a range of issues which needs to be addressed in these municipalities, which includes but not limited to the following;

- Material misstatement in the face of the AFS
- Non- compliance with section 62(1)d of the MFMA
- Strategic planning and performance – Non-compliance to Municipal planning and performance management regulation 7(1)

In addressing all the compliance issues raised by the AGSA we shall assist our municipalities through training sessions to improve reporting and adhere to relevant prescripts.

The strategic focus of the Department over the MTEF will be to facilitate the improvement of financial management and good governance in order to ensure sustainability and financial viability of the province, thus restoring public confidence. The Municipal Finance has been established as a stand-alone programme for a more focused approach.

Our endeavors are aligned to the MTSF priorities, especially priority 1 and 2, which will ensure that we achieve the envisaged outcomes. We will continue to place much focus on municipalities as the sustainability and growth of the province significantly depends on them. We will furthermore be re-engineering our processes and repositioning ourselves to be the catalyst of good governance and sound financial management.

1.1 External Environment Analysis

The continued reductions implemented on the equitable share continue to pose a serious risk for the sustainability of the fiscal framework in the province; however, the current measures implemented to mitigate these risks have proven to be effective towards maintaining a balance budget despite these identified risks.

COVID 19 has forced the department to also relook at the current business models to ensure continued adaptation to meet the department's strategic objectives. These includes our

strategies in providing oversight in both provincial departments and municipalities by using more technology as a catalyst in mitigating some of these external factors.

1.2 Internal environment analysis

Provincial Treasury has reviewed the current organisational structure and it was approved by the Member of the Executive Authority for Provincial Treasury in December 2021 and endorsed by the Premier and was submitted to DPSA in January 2022. The structure was in turn reviewed by DPSA and came back with minor questions of clarity, of which the department has already responded to and submitted to DPSA. The current structure submitted makes provision for the 6 programme with the additional being the Municipal Finance programme which has been stripped from three programmes in the department to establish a stand-alone unit.

The department is human resource driven and heads of all programmes are Chief Directors. Thus, it becomes imperative to have adequate and skilled officials to execute the mandate of the department. The organisational environment of the department has been unstable over the past five years, due to key positions in the organisation being vacant including the Head of Department posts. This increase in vacancies rate is starting to affect the level of service that can be provided to our clients.

The department has however made adequate provision for the filling of vacant posts in order bring back stability and consistent leadership to the department. This will also lead to units focussing on areas of priority as set out in key priorities mentioned above.

In pursuit of a modern, growing and successful province, the department has also committed itself to ensuring that, this finds expression in the strategic framework of the department. The department has developed a digitisation strategy, which has signalled out key priorities to be implement by the department for short, medium and long-term plans with respective time frames.

For the 2019/20 financial year the Department received an unqualified audit opinion with no findings, however it received 4 SCM findings of which two where internal control and two compliance findings. The internal control findings have been addressed by making sure that all supporting documentation is completed in its entirety and the 2 compliance finding has been addressed through ensuring that the market is properly tested for all request for quotations and the department submitted information as required by the BBBEE commission.

The employment stats of the department are indicated in the table below for the MTEF cycle:

Medium-term expenditure estimate						
2022/23			2023/24		2024/25	
R thousands	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs
Salary level						
1 – 7	113	26,966	111	29,755	111	29,973
8 – 10	156	86,590	158	89,806	160	91,236
11 – 12	75	65,442	77	62,087	73	62,087
13 – 16	32	42,010	32	42,675	32	44,392
Other	–	–	–	–	–	–
Total	376	221,008	378	224,323	376	227,688

Employment Equity: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2021.

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	1	-	-	-	-	-	-	1
Senior Management	5	1	-	3	7	1	-	-	17
Professionally qualified and experienced specialists and mid-management	48	13	1	-	47	21	1	3	134
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	19	5	-	-	42	16	-	1	83
Semi-skilled and discretionary decision making	7	1	-	-	22	8	-	1	39
Unskilled and defined decision making	-	-	-	-	2	-	-	-	2
Total	79	21	1	3	120	46	1	5	276

PART C: MEASURING OUR PERFORMANCE

1. Institutional programme performance Information

Key priorities were identified by the Executive Authority and Acting Head of Department and these were incorporated in the Annual Performance Plan.

Consensus was reached that it is important that proper synergy and coordination occurs if the department wishes to succeed in its mandate. It was also agreed that strengthening the municipal function within the districts and improving the financial governance in public entities will find special focus.

All performance indicators were reviewed with their related technical indicators to ensure compliance with the Performance Information Framework.

As an oversight organisation we realised that there is no major change in the external environment due to our recommendations and strategies not being implemented adequately by the relevant stakeholders. We acknowledge that there are complicated situations that have many independent variables and perspectives, therefore, in resolving these situations we cannot apply a one size fits all approach. Thus the implementation of fully fledged stand-alone Municipal finance unit.

Overview of 2022/23 Budget and MTEF estimates

Table 2.1 : Summary of payments and estimates by programme: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
1. Administration	97 862	102 158	95 312	104 581	102 281	102 281	107 826	111 582	114 822
2. Sustainable Resource	34 335	33 973	23 702	25 771	24 071	24 071	25 873	25 926	26 987
3. Assets And Liabilities Management	45 743	48 180	40 509	43 715	48 515	46 515	50 110	54 275	54 940
4. Financial Governance	17 928	15 315	23 807	17 723	26 340	26 340	18 127	19 000	19 891
5. Municipal Finance	44 454	49 964	26 218	69 362	32 445	32 445	62 750	62 044	62 887
6. Provincial Internal Audit	32 638	31 682	28 203	36 641	31 141	31 141	36 739	37 690	38 261
Total payments and estimates	272 960	281 272	237 751	297 793	262 793	262 793	301 425	310 517	317 788

Table 2.2 : Summary of provincial payments and estimates by economic classification: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
Current payments	264 927	275 039	231 652	292 936	252 087	251 831	294 558	303 149	310 052
Compensation of employees	193 623	193 202	184 035	217 742	190 271	190 050	221 008	224 323	227 688
Goods and services	71 265	80 866	47 262	74 921	61 543	61 508	73 264	78 526	82 051
Interest and rent on land	39	971	355	273	273	273	286	300	313
Transfers and subsidies to:	562	1 494	1 082	315	2 677	2 933	522	538	563
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and account	19	29	16	29	29	29	41	43	45
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private ente	-	-	-	-	-	-	-	-	-
Non-profit institutions	55	75	15	186	186	186	181	190	199
Households	488	1 390	1 051	100	2 462	2 718	300	305	319
Payments for capital assets	7 471	4 739	5 017	4 542	8 029	8 029	6 345	6 830	7 173
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	7 207	4 271	4 462	4 542	7 229	7 229	6 345	6 830	7 173
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	264	468	555	-	800	800	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total economic classification	272 960	281 272	237 751	297 793	262 793	262 793	301 425	310 517	317 788

The above table reflects an increase of 1.2 per cent in 2022/23 from the 2021/22 main appropriation, 3 per cent in 2023/24 and 2.3 per cent in the 2024/25 financial year.

The department is a human resources driven department, thus compensation of employees constitutes 73 per cent of the department's total budget allocation for the 2022/23 financial year.

1.1 Programme 1: Administration

Purpose:

To provide and maintain high quality support services to the Executive Authority and the department pertaining to sound financial management, human resource management and administration.

Sub-Programme 1.1: Office of the MEC

Purpose:

The Executive Authority provides Strategic and Political Leadership, to ensure effective and efficient utilisation of provincial resources in line with all prescripts and effective administration of the department; this is evidenced by the achievement of targets set out below in each programme.

Sub-Programme 1.2: Management Services

Purpose:

The Accounting Officer of Treasury provides strategic and administrative leadership to ensure effective and efficient utilisation of departmental resources in line with all prescripts and effective administration of the department. Furthermore, as the Head Official of Treasury strategic leadership is provided to promote accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standards in PFMA and MFMA compliant Institutions.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited performance			Estimated performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Strategic Risk register review sessions completed	Number of strategic risk register review sessions completed	1	1	1	1	1	1	1
	Risk and Ethics Management committee reports issued	Number of risk and ethics management committee reports issued	4	4	4	4	4	4	4

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
1.2.2 Number of strategic risk register review sessions completed	1	-	-	-	1
1.2.3 Number of risk and ethics management committee reports issued	4	1	1	1	1

Sub-Programme 1.3: Corporate Services

Purpose:

To render strategic management of Human Resource Management, Administrative Support and Security Management.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited performance			Estimated performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Reduced vacancy rate	Percentage of vacant and funded posts filled	New Indicator	New Indicator	81%	70%	80%	90%	95%
	Compliance with the DPSA Corporate Governance of ICT (CGICT) framework	Number of progress reports on Corporate Governance of ICT (CGICT) framework	4	4	-	4	4	4	4

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
1.3.1 Percentage of vacant and funded posts filled	80%	80%	80%	80%	80%
1.3.2 Number of progress reports on Corporate Governance of ICT (CGICT) framework	4	1	1	1	1

Sub-Programme 1.4: Financial Management

Purpose:

To provide financial and accounting management as well as supply chain management services.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Compliance with regulatory and legislated requirements	Clean Audit Report	Clean Audit Report	Clean Audit Report	Clean Audit Report	Clean Audit Report	1	1	1

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
1.4.1 Clean Audit Report	1	-	-	1	.

Explanation of planned performance over the medium term period

Programme 1 serves as a support function for all programmes, creating a conducive and enabling environment to ensure that programmes are able to achieve their respective targets. Thus, the outputs indicated above are meant to contribute to the indicated outcomes and to ensure that the department complies with all required prescripts.

The programme is further responsible for driving recruitment processes and ensuring that there is no labour unrest in the department, this is achieved through continuous engagement with all affected parties and the unions in the department. The programme also runs corporate social projects through the Office of the MEC and special programmes, which contributes towards social upliftments of the people of the Northern Cape.

Administration is the custodian of all contractual obligation in the department, as the facilities and records management units fall within this programme, hence the sub-programme is allocated a huge portion of the budget.

The IT unit in its mandate to try to align the department to the broader objective of the Province which is to be a modern growing and successful province, has developed IT priority projects which will take IT in the department to another level.

The programmes continue to maintain good healthy internal controls which will assist with the maintenance of the clean audit.

Programme Resource Considerations

Table 3.1 : Summary of payments and estimates by sub-programme: Programme 1: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
1. Office Of The Mec	11 661	12 176	11 190	13 006	13 132	13 132	13 085	13 373	13 444
2. Management Services	2 250	1 989	1 241	6 297	976	3 276	6 503	6 647	7 182
3. Corporate Services	28 639	29 378	26 951	30 884	30 779	28 479	32 582	33 302	33 477
4. Financial Management	23 119	23 921	22 459	24 306	24 306	24 306	25 904	26 893	27 928
5. Security And Records Management	32 193	34 694	33 471	30 088	33 088	33 088	29 752	31 367	32 791
Total payments and estimates	97 862	102 158	95 312	104 581	102 281	102 281	107 826	111 582	114 822

Table 3.2 : Summary of payments and estimates by economic classification: Programme 1: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
Current payments	95 074	99 712	92 071	103 059	99 487	99 437	105 589	109 167	112 297
Compensation of employees	55 086	56 748	56 915	61 354	57 931	57 931	61 922	63 475	64 550
Goods and services	39 988	42 964	35 156	41 705	41 556	41 506	43 667	45 692	47 747
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	352	338	662	315	345	395	522	538	563
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and account	19	29	16	29	29	29	41	43	45
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private ente	-	-	-	-	-	-	-	-	-
Non-profit institutions	55	75	15	186	186	186	181	190	199
Households	278	234	631	100	130	180	300	305	319
Payments for capital assets	2 438	2 108	2 579	1 207	2 449	2 449	1 715	1 877	1 962
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 395	1 795	2 105	1 207	2 449	2 449	1 715	1 877	1 962
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	41	313	474	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total economic classification	97 862	102 158	95 312	104 581	102 281	102 281	107 826	111 582	114 822

Over the MTEF the allocation increases by 3.1 per cent in 2022/23, 3.5 per cent in 2023/24 and 2.9 per cent in 2024/25 financial year.

Compensation of employees shows a slight increase of 0.9 per cent in 2022/23, 2.5 per cent in 2023/24 and 1.7 per cent in 2024/25 financial year.

Goods and services increases by 4.7 per cent in 2022/23 due to contractual obligations, 4.6 per cent in 2023/24 and 4.5 per cent in 2024/25 financial year. Increases relates to contractual obligations under security and records management and financial management.

Machinery and equipment increases with 42 per cent in 2022/23 from 2021/22 financial year, due to once off procurement for the open plan furniture. This is also largely due to the fact, the department has rolled out a project of procuring laptops for most official in the department, to allow them to be able to remotely at all times.

2.1 Programme 2: Sustainable Resource Management

Purpose:

The purpose of the programme is to enhance the effective utilisation of fiscal resources.

Outcomes, Baseline, Targets

Outcome	Outcome Indicator	Baseline	Five year target	Estimate 2020/21	Medium-term targets			
					2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Reduction of unauthorised expenditure	R961 million	R434 million	R434 million	R434 million	R434 million	R434 million	R434 million
Financial Viability and Sustainability of the Province	Reduced provincial debt	R1,7 billion in accruals	R1.2 billion in accruals	R1.9 billion	R1.8 billion	R1.6 billion	R1.4 billion	R1.2 billion
		R447 million in accounts receivable	R237 million in accounts receivables	R437 million	R407 Million	R352 million	R297 Million	R237 Million

Sub-Programme 2.2: Economic Analysis

Purpose:

To provide socio-economic research that informs resource allocation within the province

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance		Estimated Performance		MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Financial Viability and Sustainability of the Province	Socio-economic research for informed decision making	Socio-Economic Research conducted	6	6	6	6	6	6	6
	Informed Financial resource allocation	Provincial Medium Term Budget Policy Statement (MTBPS)	1	1	1	1	1	1	1

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
2.2.1 Socio-Economic Research conducted	6	1	1	1	3
2.2.2 Provincial Medium Term Budget Policy Statement (MTBPS)	1	-	-	1	-

Sub-Programme 2.3: Fiscal Policy

Purpose:

To optimise provincial own revenue

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Financial Viability and Sustainability of the Province	Status on revenue performance	Revenue collection assessment report produced	4	4	4	4	4	4	4

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
2.3.1 Revenue collection assessment report produced	4	1	1	1	1

Sub-Programme 2.4: Budget Management

Purpose:

To promote sustainable management of fiscal resources through planning and budget implementation

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Financial Resource allocation	Appropriation of Main and Adjustment MTEF Budgets.	2	2	5	3	2	2	2
	Effective usage of financial resource allocated (Value for money)	Performance expenditure review conducted	New indicator	New indicator	1	1	1	1	1
Financial Viability and Sustainability of the Province	Early warning system on budget risks	Provincial Budget implementation assessment report	New indicator	New indicator	4	4	4	4	4

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
2.4.1 Appropriation of Main and Adjustment MTEF Budgets	2	-	-	1	1
2.4.2 Performance expenditure review conducted	1	-	-	1	-
2.4.3 Provincial Budget implementation assessment report	4	1	1	1	1

Explanation of planned performance over the medium term period

As the custodian of the provincial resources it is important that we ensure sustainable resource allocation which accelerates service delivery. The current fiscal environment is significantly constrained and the debt levels continue to increase as a result of non-compliance and continuous baseline cuts. These prompt the need to implement strict austerity measures without compromising service delivery. All the above outputs have been developed to ensure that there is effective allocation and utilisation of available fiscal resources further leading to the achievement of the outcome relating to the financial viability and sustainability of the province.

To this end the programme anticipates full participation in the reforms for the District Development Model (DDM). This model seeks to accelerate, align and integrate service delivery under a single development plan, which is developed jointly by national, provincial and local government as well as business, labour and community in each district. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area, pursuing inclusive growth and job creation. To drive our input in this regard will require more extensive Socio-economic Research for informed decision making and financial resource allocation.

With the recent developments that has put a serious dent on fiscal resources, namely the outbreak of the Corona Virus in 2019 among others, it has become critical for the province to enhance fiscal resources from within. While the generation of these resources from within is also challenged by the effects of the pandemic, now more than ever we need to uncover revenue sources and drive the production of credible, compliant revenue budgets for the provincial departments. To this end a research on new sources of revenue will be conducted through the Sol Plaatjie University. The aim is also to facilitate realistic and well informed assumptions behind revenue budgets, which will ensure their collectability for meeting provincial priorities as well as service delivery demands.

The budget constraints have escalated over the past decade, prompting government to introduce another strategic budget reform that will assist the fiscus in moving towards a recovery trajectory. It is against this backdrop that the Minister of Finance pronounced that Zero Based Budgeting (ZBB) be undertaken through Spending Reviews, to align spending with growth enhancing programmes. This methodology allows officials to probe expenditure trends in detail in order to understand the articulation

between policy goals and budget needs from a unique perspective. The methodology may provide insight of policy and programme logic and the institutional implementation framework, which is then combined with readily available expenditure data from government accounting systems (BAS, PERSAL, LOGIS).

So far we have embarked on two spending reviews for recommendations to be submitted to EXCO. The first was for the consideration of insourcing vs outsourcing security services for efficiency and cost effectiveness. We are currently conducting the same exercise for cleaning services. In order to institutionalise spending reviews, a project plan is to be compiled which will entail focus areas provincially and even within departments.

Programme Resource Considerations

Table 4.1 : Summary of payments and estimates by sub-programme: Programme 2: Sustainable Resource

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
1. Programme Support	1 959	2 058	379	2 210	1 289	1 289	2 229	2 232	2 450
2. Economic Analysis	4 051	4 459	4 421	6 369	4 651	4 651	6 697	6 709	6 965
3. Fiscal Policy	15 446	15 543	8 252	5 566	6 505	6 505	5 729	5 742	5 935
4. Budget Management	12 879	11 913	10 650	11 626	11 626	11 626	11 218	11 243	11 637
Total payments and estimates	34 335	33 973	23 702	25 771	24 071	24 071	25 873	25 926	26 987

Table 4.2 : Summary of payments and estimates by economic classification: Programme 2: Sustainable Resource

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
Current payments	34 065	32 968	23 477	25 402	23 523	23 523	25 432	25 463	26 502
Compensation of employees	28 215	23 144	20 173	23 105	21 187	21 187	23 586	23 530	24 484
Goods and services	5 850	9 824	3 304	2 297	2 336	2 336	1 846	1 933	2 018
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	11	709	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and account	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private entit	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	11	709	-	-	-	-	-	-	-
Payments for capital assets	259	296	225	369	548	548	441	463	485
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	259	296	225	369	548	548	441	463	485
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total economic classification	34 335	33 973	23 702	25 771	24 071	24 071	25 873	25 926	26 987

The table shows an increase of 0.4 per cent from 2021/22 to 2022/23, 0.2 per cent in 2023/24 and 4.1 per cent in 2024/25 financial year.

Compensation of employees shows an increase of 2.1 per cent from 2021/22 to 2022/23, a decrease of 0.2 per cent in 2023/24 and 4.1 per cent increase in 2024/25 financial year.

Goods and services shows a decrease of 19.6 per cent from 2021/22 to 2022/23 due to once off projects for the previous financial year. An increase of 4.7 per cent in 2023/24 and 4.4 per cent in 2024/25 financial year.

There is an increase of 19.5 per cent in machinery and equipment budget from the 2021/22 to 2022/23 financial year.

3.1 Programme 3: Assets and Liabilities Management

Purpose:

This programme's aim is to provide policy direction, facilitating the effective and efficient management of physical assets, ensure sound supply chain management policies and procedures, maintain and manage all financial systems, Banking and Cash Flow Management and provide technical support on Infrastructure Performance Management provincial departments in the province.

Outcomes, Baseline, Targets – Measuring our outcomes

Outcome	Outcome Indicator	Baseline	Five year target	Estimate 2020/21	Medium-term targets			
					2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Reduction of irregular expenditure	R11 billion	R5.8 billion	R12.5 billion	R9.3 billion	R8.1 billion	R6.9 billion	R5.8 billion
Financial Viability and Sustainability of the Province	% government set aside spend by provincial departments on Designated groups in accelerating economic growth	39% on locally based companies	60% on locally based companies	28% on locally based companies	35% on locally based companies	45% on locally based companies	55% on locally based companies	60% on locally based companies
		57% black owned companies	60% on black owned companies	36% on black owned companies	35% on black owned companies	45% on black owned companies	55% on black owned companies	60% on black owned companies
		10% on youth owned companies	30% on youth owned companies	8% on youth owned companies	12% on youth owned companies	16% on youth owned companies	20% on youth owned companies	30% on youth owned companies
		20% on women owned companies	20% on women owned companies	18% on women owned companies	20% on women owned companies	20% on women owned companies	20% on women owned companies	20% on women owned companies
		1% on disabled owned companies	5% on disabled owned companies	0.5% on disabled owned companies	1% on disabled owned companies	2% on disabled owned companies	4% on disabled owned companies	5% on disabled owned companies

Sub-Programme 3.2: Asset Management

Purpose

To promote and enforce transparency and effectiveness of Supply Chain Management and Asset Management.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Financially capable departments and Public Entities in terms of SCM and Asset Management.	Support plans implemented for improvement of compliance in line with Supply Chain Management and Asset Management prescripts.	New indicator	New indicator	4	4	4	4	4
Financial Viability and Sustainability of the Province	Improved participation of SMME's and designated groups in the Province	Capacity building provided to SMMEs and departments	New indicator	New indicator	4	4	4	4	4

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
3.2.1 Support plans implemented for improvement of compliance in line with Supply Chain Management and Asset Management prescripts.	4	1	1	1	1
3.2.2 Capacity building provided to SMMEs and departments.	4	1	1	1	1

Sub-Programme 3.3: Supporting and Interlinked Financial Systems

Purpose:

Ensure effective and efficient implementation, integration and utilisation of financial systems and build capacity in provincial departments to enhance the effective utilisation of transversal systems.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Optimal utilisation of transversal systems	Assessment of compliance to prescribed legislation and policies relating to transversal systems	12	12	12	12	12	12	12
	Effective functional and technical support rendered to transversal systems users	Capacity building sessions conducted	56	53	18	18	25	25	25

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
3.3.1 Assessment of compliance to prescribed legislation and policies relating to transversal systems	12	3	3	3	3
3.3.2 Capacity building sessions conducted	25	-	13	-	12

Sub-Programme 3.4: Infrastructure Performance Management

Purpose:

Promote and facilitate the strengthening of infrastructure performance management within Provincial and Local Government by providing technical assistance and support on all Infrastructure Procurement and Delivery Management methodologies.

Outcomes, Outputs, Output Indicators and Targets

Outcomes	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Compliance and alignment of departments to infrastructure planning and delivery management framework and prescripts	Infrastructure Technical advisory support services provided	4	4	4	4	4	4	4
Financial Viability and Sustainability of the Province	Infrastructure projects aligned and spent according to priorities and budgets	Assessment on Infrastructure Budget & expenditure outcome to determine value for money	4	4	4	4	4	4	4

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
3.4.1 Infrastructure Technical advisory support services provided.	4	1	1	1	1
3.4.2 Assessment on Infrastructure Budget & expenditure outcome to determine value for money	4	1	1	1	1

Sub-Programme 3.5: Banking and Cash Flow Management

Purpose:

To enforce effective management of provincial cash resources to ensure liquidity that enables the province to meet its financial obligations.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Credible Provincial Revenue Fund (PRF) annual financial	Compilation of Annual Financial Statements of the PRF	1	1	1	1	1	1	1

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	statements								
Financial Viability and Sustainability of the Province	Adherence to the Provincial Cash Management Framework	Analysis of spending departments to determine compliance with cash flow requirements	1	1	12	12	12	12	12
		Positive consolidated provincial bank balance	New indicator	New indicator	20% reduction on overdraft balance	50% reduction on overdraft balance	No overdraft	No overdraft	No overdraft

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
3.5.1 Compilation of Annual Financial Statements of the PRF	1	-	-	1	-
3.5.2 Analysis of spending departments to determine compliance with cash flow requirements	12	3	3	3	3
3.5.3 Positive consolidated provincial bank balance	0%	-	-	-	0%

Explanation of planned performance over the medium term period

This programme's aim is to provide policy direction, facilitating the effective and efficient management of physical assets, ensure sound supply chain management policies and procedures, maintain and manage all financial systems, Banking and Cash Flow Management and provide technical support on Infrastructure Performance Management provincial departments in the province.

SCM non-compliance is a major contributor to irregular expenditure in the province. Support plans implemented for improvement of compliance in line with Supply Chain Management and Asset Management prescripts have been identified as a mechanism to reduce the phenomenon of SCM non-compliance. Support plans should identify and outline the areas of improvement within SCM, focussing on implementing standing operating procedures to prevent and detect SCM non-compliance in departments.

As the institution that exercises oversight over the physical provincial assets and transversal systems of the Province, it is important to ensure that policy direction is provided and the effective and efficient management of physical assets and transversal systems are facilitated through capacity building programmes.

Expenditure on conditional grants, according to schedules and prescripts of DORA is posing a risk for the province in terms of under-expenditure and subsequently compromised service delivery. To mitigate the risk associated with under-performance on conditional grant expenditure, the Infrastructure Performance Management Directorate will provide Infrastructure Technical advisory support services and Infrastructure Budget & expenditure Outcome value for money assessments.

The institutionalising of the Infrastructure Delivery Management System (IDMS) and subsequent frameworks and systems such as the Framework for Infrastructure Delivery Procurement Management (FIDPM) and the Infrastructure Reporting Model (IRM) should be facilitated. Moreover, the institutionalising of the cash management framework to prohibit departments to overspend on available cash in the Provincial Revenue Fund must be managed and facilitated hence maintaining a positive bank balance.

Credible information on systems of government is key and therefore assessment of compliance to prescribed legislation and policies relating to transversal systems is conducted to measure correct utilisation of Logis, BAS and Persal.

The outcomes and subsequent indicators and targets in the APP is aimed at achieving a desired outcome for the activities of Program 3.

Programme Resource Considerations

Table 5.1 : Summary of payments and estimates by sub-programme: Programme 3: Assets And Liabilities Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
1. Programme Support	2 200	2 123	2 054	2 088	1 020	1 020	2 134	2 174	2 221
2. Asset Management	17 307	13 513	10 165	5 716	11 584	11 584	6 114	7 277	7 498
3. Support And Interlinked Financial Sy	18 895	22 704	16 536	21 301	20 301	20 301	20 564	23 138	23 070
4. Infrastructure Performance Managen	3 355	3 905	6 636	8 167	7 767	7 767	14 618	14 882	15 016
5. Banking And Cashflow Management	3 986	5 935	5 118	6 443	5 843	5 843	6 682	6 804	7 135
Total payments and estimates	45 743	48 180	40 509	43 715	46 515	46 515	50 110	54 275	54 940

Table 5.2 : Summary of payments and estimates by economic classification: Programme 3: Assets And Liabilities Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
Current payments	44 650	47 040	39 968	42 709	43 358	43 264	49 246	53 355	53 979
Compensation of employees	34 041	32 962	34 557	32 999	34 529	34 529	36 894	40 985	41 035
Goods and services	10 570	13 107	5 056	9 437	8 556	8 462	10 066	12 090	12 631
Interest and rent on land	39	971	355	273	273	273	286	300	313
Transfers and subsidies to:	19	148	19	-	85	179	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and account	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private ente	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	19	148	19	-	85	179	-	-	-
Payments for capital assets	1 074	992	522	1 006	3 072	3 072	864	920	961
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 074	992	522	1 006	2 272	2 272	864	920	961
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	800	800	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total economic classification	45 743	48 180	40 509	43 715	46 515	46 515	50 110	54 275	54 940

The table shows an increase of 14.6 per cent in 2022/23 as a result of the Municipal Infrastructure budget that was moved from Programme 5. There is an increase of 8.3 per cent in 2023/24 and a further 1.2 per cent in 2024/25 financial year.

Compensation of employees increases with 17.9 per cent from 2021/22 to 2022/23 and 5.3 per cent in 2023/24 financial year.

Goods and services shows an increase of 6.7 per cent from 2021/22 to 2022/23, 20 per cent in 2023/24 and 4.5 per cent in 2024/25 financial year.

Machinery and equipment decreases with 14 per cent in 2022/23 due to once off procurement for the implementation of ICT projects.

The resources allocated to the Program mainly contributes towards compensation of employees. Funds allocated towards Goods and Services will be utilised to fund visits to municipalities and provincial departments to do assessments, implement support plans and to provide technical advisory support especially around the areas of SCM and Infrastructure. It will furthermore be utilised to provide digital solutions to Provincial Treasury as well as Provincial Departments in respect of identified processes such as recording and identification of irregular expenditure, procurement spend analysis and contract management.

4.1 Programme 4: Financial Governance

Purpose:

To promote accountability and governance through substantive reflection of financial activities of the province as well as compliance with financial norms and standards.

Outcome, Baseline, Targets – Measuring out outcome

Outcome	Outcome Indicator	Baseline	Five year target	Estimate 2020/21	Medium-term targets			
					2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Provincial Audit outcomes	2 Qualified 9 unqualified 2 Clean	12 Clean Audit Opinion for Departments	3 Clean Audit Opinion for Departments	3 Clean Audit Opinion for Departments	8 Clean Audit Opinion for Departments	11 Clean Audit Opinion for Departments	11 Clean Audit Opinion for Departments
	Reduction of wasteful and fruitless expenditure	R141 million	R70.5 million	R93 million	R85.5 million	R78 million	R70.5 million	R70.5 million

Sub-programme 4.2 Accounting Services

Purpose:

To support provincial departments and public entities with implementation of accounting standards

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Improvement in financial reporting	Number of departments supported on Accounting related matters	New indicator	New indicator	4	12	11	11	11
		Consolidated annual financial information tabled timeously	1	0	1	2	3	1	1
		Number of capacity building programmes implemented	7	8	2	5	6	6	6

Output Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
4.2.1 Number of departments supported on Accounting related matters	11	-	-	-	11
4.2.2 Consolidated annual financial information tabled timeously	3	1	1	1	-
4.2.3 Number of capacity building programmes implemented	6	1	2	1	2

Sub-Programme 4.3: Norms and Standards

Purpose

To manage the monitoring and enforce compliance with the PFMA

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Improved compliance with prescripts.	Number of capacity development programmes implemented	8	11	3	3	3	3	3
Financial Viability and Sustainability of the Province	Improved provincial average number of days for payment of creditors within 30 days.	Number of reports on payment of creditors within 30 days.	New indicator	3	4	4	4	4	4
	Effective Management of Expenditure and implementation of internal controls	Number of departments guided to address Unauthorised, Irregular, Wasteful and Fruitless expenditure.	New indicator	New indicator	2	1	11	11	11

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
4.3.1 Number of capacity development programmes implemented.	3	1	1	-	1
4.3.2 Number of reports on payment of creditors within 30 days	4	1	1	1	1
4.3.3 Number of departments guided to address Unauthorised, Irregular, Wasteful and Fruitless expenditure.	11	-	-	-	11

Sub-Programme 4.4: Risk Management

Purpose:

Manage the promotion and enforce provincial Risk Management services and to facilitate, evaluate and monitor the establishment of IT Risk Management capacity and financial governance system in the province.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Reduced Risk Management audit findings	Number of departments supported to implement the Public Sector Risk Management Framework	New Indicator	New Indicator	2	4	11	11	11
		Number of public entities supported to implement the Public Sector Risk Management Framework	New Indicator	New Indicator	2	4	4	4	4
	Functional Risk Management structures	Number of Risk Management structures reports	4	4	5	4	4	4	4
		Number of Risk Management Forums conducted	New Indicator	New Indicator	New Indicator	New Indicator	4	4	4

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
4.4.1 Number of departments supported to implement the Public Sector Risk Management Framework	11	-	-	-	11
4.4.2 Number of public entities supported to implement the Public Sector Risk Management Framework	4	-	-	-	4
4.4.3 Number of Risk Management structures reports	4	1	1	1	1
4.4.4 Number of Risk Management Forums conducted	4	1	1	1	1

Explanation of planned performance over the medium term period

As part of our mandate to promote good financial governance and effective utilization of resources, we remain committed towards supporting departments to improve audit outcomes.

In realizing the aforementioned, following will be key in enhancing our core mandate:

Accounting and Reporting – The programme will focus on pertinent financial governance issues and promote accountability and transparency in reporting by provincial departments and public

entities. This will be achieved by providing support to departments through accounting reforms aimed at ensuring adherence to the applicable frameworks. This support will translate into the compilation of credible Annual Financial Statements (AFS) within the Province.

Compliance monitoring and risk management - The programme will partner with Accounting Officers of departments to promote the institutionalisation of risk management and compliance principles which are key towards reduction of unwanted expenditure and addressing internal control deficiencies.

In addressing the aforementioned unwanted expenditures, guidance will be provided to departments in implementing the Irregular Expenditure Framework and other available guidelines. The value that will be derived from such interventions will be through reduction of these unwanted expenditures.

Our continued monitoring of timely payments of creditors by departments will result in the financial viability of service providers particularly the SMME's. There are departments where compliance rate has improved, however some are still struggling in this area.

Furthermore, the programme will collaborate with other oversight structures to strengthen oversight towards the promotion of financial governance (such as Standing Committee on Public Accounts) by providing advisory assistance for them to recommend implementable and relevant resolutions that will foster accountability to the current provincial priorities.

In terms of capacity building, it will foster partnerships with relevant stakeholders to ensure the development and implementation of programmes that are addressing gaps identified in individual, institutional and organisational pillars of capacity.

Programme Resource Considerations

Table 6.1 : Summary of payments and estimates by sub-programme: Programme 4: Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
1. Programme Support	2 119	2 203	2 116	2 325	2 383	2 383	2 400	2 514	2 627
2. Accounting Services	5 416	5 337	7 136	6 271	8 158	8 158	5 822	6 103	6 378
3. Norms And Standards	6 004	4 121	7 878	5 144	8 474	8 474	5 311	5 566	5 851
4. Risk Management	4 389	3 654	6 677	3 983	7 325	7 325	4 594	4 817	5 035
Total payments and estimates	17 928	15 315	23 807	17 723	26 340	26 340	18 127	19 000	19 891

Table 6.2 : Summary of payments and estimates by economic classification: Programme 4: Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
Current payments	17 309	15 106	23 389	17 482	25 850	25 799	17 927	18 788	19 634
Compensation of employees	12 579	13 410	22 337	14 418	22 658	22 658	15 194	15 921	16 635
Goods and services	4 730	1 696	1 032	3 044	3 192	3 141	2 733	2 867	2 999
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	-	16	35	-	12	63	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and account	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private entit	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	16	35	-	12	63	-	-	-
Payments for capital assets	619	193	403	261	478	478	200	212	257
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	619	193	403	261	478	478	200	212	257
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total economic classification	17 928	15 315	23 807	17 723	26 340	26 340	18 127	19 000	19 891

The table relatively shows an increase of 2.3 per cent from 2021/22 to 2022/23, 4.8 per cent in 2023/24 and 4.7 per cent in 2024/25 financial year.

Compensation of employees increases by 5.4 per cent from 2021/22 to 2022/23, 4.8 per cent in 2023/24 and 4.5 per cent in 2024/25 financial year.

Goods and services decreases by 10 per cent in 2022/23, an increase of 4.9 per cent in 2023/24 and 4.6 per cent in 2024/25 financial year.

Machinery and equipment decreases with 23 per cent in 2022/23 due to once off procurement of laptops in the previous year.

5.1 Programme 5: Municipal Finance

Purpose:

To manage the promotion of effective and efficient performance of Municipalities and Municipal Entities and co-ordinate the provisioning of capacity building

Outcome, Outcome indicator, baseline – Measuring our outcome

Outcome	Outcome Indicator	Baseline	Five year target	Estimate 2020/21	Medium-term targets			
					2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Provincial Audit outcomes	6 Disclaimed	-	5 Disclaimed	4 Disclaimed	3 Disclaimed	2 Disclaimed	0 Disclaimed
		12 Qualified	9 Qualified	13 Qualified	11 Qualified	10 Qualified	9 Qualified	9 Qualified
		8 unqualified	21 Unqualified	9 Unqualified	11 Unqualified	13 Unqualified	15 Unqualified	21 Unqualified
		1 Clean	5 Clean	1 Clean	3 Clean	5 Clean	5 Clean	5 Clean
		3 Outstanding	-	2 Outstanding	1 Outstanding	-	-	-
	Reduction of wasteful and fruitless expenditure	R259 million	R129 million	R93 million	R207 million	R 181 million	R 155 million	R 129 million
	Reduction of irregular expenditure	R1.6 billion	R810 million	R29 million	R1.2 billion	R1.1 billion	R972 million	R810 million
Financial Viability and Sustainability of the Province	Number of Municipalities that are financial viable	15 municipalities	25 Municipalities	17 municipalities	19 municipalities	21 municipalities	23 municipalities	25 Municipalities

Sub-Programme 5.2: Accounting and Reporting

Purpose:

Monitor compliance with financial management and annual reporting framework and provide support to improve audit outcomes.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Improvement in financial reporting	Number of municipalities supported on Accounting related matters	New indicator	New indicator	7	30	30	30	30
	Improved Financial Management Capability	Number of capacity building programmes implemented	1	-	2	1	1	1	1

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Maturity level								

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
5.2.1 Number of municipalities supported on Accounting related matters	30	-	-	-	30
5.2.2 Number of capacity building programmes implemented	1	-	-	-	1

Sub-Programme 5.3: Revenue and Budget Management

Purpose:

Ensure optimal and sustainable budget management and revenue management.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Financial Viability and Sustainability of the Province	Status on revenue performance	Number of local municipalities supported on debt management	New indicator	New indicator	New indicator	New indicator	25	25	25
	Compliant municipal budgets	Consolidated municipal budget assessments	1	1	2	2	2	2	2
	Status on budget implementation	Consolidated Municipal Budget implementation assessments	4	4	4	4	4	4	4

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
5.3.1 Number of local municipalities supported on debt management	25	-	-	-	25
5.3.2 Consolidated municipal budgets assessments.	2	1	-	-	1
5.3.3 Consolidated Municipal Budget implementation assessments	4	1	1	1	1

Sub-Programme 5.4: Municipal Institutional Compliance and Governance

Purpose:

To manage the monitoring and enforce compliance with the MFMA

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Matured Financial Management Capability	Number of capacity development programmes implemented.	8	11	2	6	6	6	6
	Effective Management of Expenditure and implementation of internal controls	Number of municipalities guided to address Unauthorised, Irregular, Wasteful and Fruitless expenditure.	New indicator	New indicator	1	1	10	10	10
	Reduced Risk Management audit findings	Number of municipalities supported to implement the Local Government Risk Management Framework	New Indicator	New Indicator	12	30	30	30	30
	Functional Risk Management structures	Number of Risk Management structures reports	2	2	3	4	4	4	4
	Reduced findings on Internal Audit and Audit Committee matters	Number of municipalities supported to implement the Internal Audit Framework	New Indicator	New Indicator	New Indicator	New Indicator	27	27	27
	Functional Internal Audit structures	Internal Audit structures status report	New Indicator	New Indicator	New Indicator	New Indicator	4	4	4

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
5.4.1 Number of capacity development programmes implemented.	6	2	2	1	1
5.4.2 Number of municipalities guided to address Unauthorised, Irregular, Wasteful and Fruitless expenditure	10	-	-	-	10
5.4.3 Number of municipalities supported to implement the Local Government Risk Management Framework	30	-	-	-	30
5.4.4 Number of Risk Management structures reports	4	1	1	1	1
5.4.5 Number of municipalities supported to implement the Internal Audit Framework	27	-	-	-	27
5.4.6 Number of Internal Audit structures status	4	1	1	1	1

Sub-Programme 5.5: Municipal Supply Chain & Asset Management

Purpose:

Monitor effective and efficient compliance with Supply Chain and Assets management

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Financially capable Municipalities in SCM and Asset Management.	Support plans implemented for improvement of compliance in line with Supply Chain Management and Asset Management prescripts.	New indicator	New indicator	4	4	4	4	4
	Improved Audit Outcomes in the Province	Support plans implemented for improvement of Audit Outcomes.	New indicator	New indicator	4	4	4	4	4

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
5.5.1 Support plans implemented for improvement of compliance in line with Supply Chain Management and Asset Management prescripts.	4	1	1	1	1
5.5.2 Support plans implemented for improvement of Audit Outcomes.	4	1	1	1	1

Explanation of planned performance over the medium term period

The role of the programme is to facilitate and co-ordinate the implementation of the MFMA, this is done to ensure that the objectives of the Local Government financial reform agenda are achieved. Key to achieving financial sustainability is functional governance structures in municipalities to strengthen monitoring and oversight over performance of municipalities such as, disciplinary boards and MPACs. Our focus areas are in line with the TCF game-changers which aim to restore stability at municipal councils and executive management, build the required capacity within municipalities, improve financial sustainability of municipalities, improve audit outcomes and improve service delivery through infrastructure management.

The support will include, amongst others, the assessment of municipal budgets to determine the funding status, followed by engagements to ascertain that recommendations are implemented and credible budget funding plans are adopted in order to move to a funded status.

In order to improve audit outcomes, the programme will provide accounting related matters and further assess and monitor the compilation of audit action plans, internal audit and risk management plans and implementation thereof.

The programme will assist to improve compliance with SCM and asset management prescripts through the implementation of support plans.

Programme Resource Considerations

Table 7.1 : Summary of payments and estimates by sub-programme: Programme 5: Municipal Finance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
1. Programme Support	4 439	9 278	–	7 624	2 924	2 924	7 599	7 669	7 919
2. Accounting And Reporting	7 086	4 995	–	8 835	2 681	2 681	9 627	9 718	9 999
3. Revenue & Budget Management	20 500	22 666	26 218	27 077	25 141	25 141	27 043	26 006	25 827
4. Municipal Institutional Compliance An	8 988	9 361	–	9 201	1 471	1 471	9 586	9 675	9 959
5. Municipal Supply Chain & Asset Mar	3 441	3 664	–	16 625	228	228	8 895	8 978	9 183
Total payments and estimates	44 454	49 964	26 218	69 362	32 445	32 445	62 750	62 044	62 887

Table 7.2 : Summary of payments and estimates by economic classification: Programme 5: Municipal Finance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
Current payments	43 805	49 076	25 441	68 143	29 211	29 150	59 946	59 120	59 832
Compensation of employees	37 172	39 756	24 183	53 931	26 031	25 810	49 231	47 634	47 833
Goods and services	6 433	9 320	1 258	14 212	3 180	3 340	10 715	11 486	11 999
Interest and rent on land	–	–	–	–	–	–	–	–	–
Transfers and subsidies to:	83	202	325	–	2 232	2 293	–	–	–
Provinces and municipalities	–	–	–	–	–	–	–	–	–
Departmental agencies and account	–	–	–	–	–	–	–	–	–
Higher education institutions	–	–	–	–	–	–	–	–	–
Foreign governments and internatio	–	–	–	–	–	–	–	–	–
Public corporations and private ente	–	–	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–	–	–
Households	83	202	325	–	2 232	2 293	–	–	–
Payments for capital assets	766	686	452	1 219	1 002	1 002	2 804	2 924	3 055
Buildings and other fixed structures	–	–	–	–	–	–	–	–	–
Machinery and equipment	760	686	452	1 219	1 002	1 002	2 804	2 924	3 055
Heritage Assets	–	–	–	–	–	–	–	–	–
Specialised military assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Land and sub-soil assets	–	–	–	–	–	–	–	–	–
Software and other intangible assets	6	–	–	–	–	–	–	–	–
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total economic classification	44 454	49 964	26 218	69 362	32 445	32 445	62 750	62 044	62 887

The budget of the programme decreases by 9.5 per cent in 2022/23 from the 2021/22 financial year due to the Municipal Infrastructure budget being moved to programme 3. A further reduction of 1.1 per cent in 2023/24 and 1.4 per cent increase in 2024/25 financial year.

Compensation of employees realises a decrease of 8.7 per cent in 2022/23, 3.2 per cent in 2023/24 and increases with 0.4 per cent in 2024/25 financial year.

Goods and services decreases by 24.6 per cent in 2022/23, increases with 7.2 per cent in 2023/24 and 4.5 per cent in 2024/25 financial year.

The available resources will assist with the implementation and capacitation of the MFMA stand-alone programme for the purpose of a more streamlined, economical and efficient approach, which can be used to reach the maximum potential impact.

6.1 Programme 6: Provincial Internal Audit

Purpose:

- To provide internal audit service to the Northern Cape Provincial Departments and listed public entities.
- To ensure the provision of audit committee oversight services to the Northern Cape Provincial Departments and listed public entities.

Sub-Programme 6.1: Programme Support & Audit Committee

Purpose:

To provide and manage a shared internal audit service and audit committee oversight to provincial government departments and entities.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Compliance with Audit Committee charter	Percentage achievement of the Audit Committee Charter	4	4	99	85%	85%	85%	85%

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
6.1.1 Percentage achievement of the Audit Committee Charter	85%	20%	40%	60%	85%

Sub-Programme 6.2: Education Cluster

Purpose:

To provide internal audit services for Departments: Education, Provincial Treasury, Economic Development & Tourism (Liquor Board, Gambling Board, Tourism Authority, NCEDA).

Outcomes, Outputs, Performance Indicators and Target

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Improved governance, risk management and internal control	Percentage achievement of internal audit plan / revised internal audit plan	59	66	89%	85%	85%	85%	85%

Indicators, Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
6.2.1 Percentage achievement of internal audit plan / revised internal audit plan	85%	20%	40%	60%	85%

Sub-Programme 6.3: Health Cluster

Purpose:

To provide internal audit services for Departments: Departments: Health, OTP and Social Development

Outcomes, Outputs, Performance Indicators and Target

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Improved governance, risk management and internal control	Percentage achievement of internal audit plan / revised internal audit plan	27	25	85%	85%	85%	85%	85%

Output Indicators: Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
6.3.1 Percentage achievement of internal audit plan / revised internal audit plan	85%	20%	40%	60%	85%

Sub-Programme 6.4: Agriculture Cluster

Purpose:

To provide internal audit services Departments: Agriculture, Environmental Affairs, Rural Development & Land Reform, Coghsta, Sports, Arts & Culture (McGregor Museum & Kalahari Kid Corporation).

Outcomes, Outputs, output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Improved governance, risk management and internal control	Percentage achievement of internal audit plan / revised internal audit plan	50	45	91	85%	85%	85%	85%

Output Indicators, Annual and Quarterly Targets

Output Indicators	Annual Targets	Q1	Q2	Q3	Q4
6.4.1 Percentage achievement of internal audit plan / revised internal audit plan	85%	20%	40%	60%	85%

Sub-Programme 6.5: DPW Cluster

Purpose:

To provide internal audit services Departments: Roads & Public Works, Transport, Safety & Liaison, NC Fleet Management Trading Entity.

Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sound financial management and good financial governance	Improved governance, risk management and internal control	Percentage achievement of internal audit plan / revised internal audit plan	38	34	96%	85%	85%	85%	85%

Output Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
6.5.1 Percentage achievement of internal audit plan / revised internal audit plan	85%	20%	40%	60%	85%

Explanation of planned performance over the medium term period

Audit Committees

The audit committees are a legislated imperative that provides oversight over the departments and listed entities. The four shared audit committees have been established to provide oversight in a cluster model of three departments under each audit committee. The legislative and audit committee charter mandate is discharged by conducting quarterly meetings.

Internal audit

The internal audit unit's strategy and operations are driven by the legislated need to conduct audits in line with an annual risk-based internal audit plan. The outputs are the internal audit reports that are issued to the accounting officer and the audit committees.

The outputs assist the institution to improve on governance, risk management and internal controls as the main reporting areas of the International Standards for the Professional Practice of Internal

Auditing. Included in the audit plans of each department are follow-up assignments where internal audit reviews and provides assurance to the audit committees and accounting officers on the status of implementation of internal audit and AGSA recommendations to improve audit outcomes.

Programme Resource Considerations

Table 8.1 : Summary of payments and estimates by sub-programme: Programme 6: Provincial Internal Audit

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
1. Programme Support	9 654	8 339	6 462	8 017	6 471	6 471	7 886	8 312	8 397
2. Internal Audit (Education)	5 782	5 756	5 326	7 292	6 269	6 269	7 297	7 430	7 549
3. Internal Audit (Health)	6 302	6 211	5 409	7 284	6 084	6 084	7 297	7 430	7 548
4. Internal Audit (Agriculture)	5 450	5 411	5 201	6 997	5 183	5 183	7 116	7 244	7 369
5. Internal Audit (Dpw)	5 450	5 965	5 805	7 051	7 134	7 134	7 143	7 274	7 398
Total payments and estimates	32 638	31 682	28 203	36 641	31 141	31 141	36 739	37 690	38 261

Table 8.2 : Summary of payments and estimates by economic classification: Programme 6: Provincial Internal Audit

R thousand	Outcome			Main appropriation	Adjusted appropriation 2021/22	Revised estimate	Medium-term estimates		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
Current payments	30 224	31 137	27 326	36 161	30 658	30 658	36 418	37 256	37 808
Compensation of employees	26 530	27 182	25 870	31 935	27 935	27 935	32 181	32 798	33 151
Goods and services	3 694	3 955	1 456	4 226	2 723	2 723	4 237	4 458	4 657
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	97	81	41	-	3	3	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and account	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private ente	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	97	81	41	-	3	3	-	-	-
Payments for capital assets	2 317	464	836	480	480	480	321	434	453
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 100	309	755	480	480	480	321	434	453
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	217	155	81	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total economic classification	32 638	31 682	28 203	36 641	31 141	31 141	36 739	37 690	38 261

The budget of the programme increases by 0.3 per cent in 2022/23 from 2021/22 financial year, 2.6 per cent in 2023/24 and 1.5 per cent in 2024/25 financial year.

Compensation of employees shows an increase of 0.8 per cent from 2021/22 to 2022/23, 1.9 per cent in 2023/24 and 1.1 per cent in 2024/25 financial year. The majority of the budget relates to compensation of employees, because the internal audit and audit committee service is personnel driven. These officials ensure that the internal audit assignments are performed and that the audit committee oversight takes place.

Goods and services increases by 0.3 per cent from 2021/22 to 2022/23 financial year, 5 per cent in 2023/24 and 4.5 per cent in 2024/25 financial year. The internal audit services to the listed public entities are outsourced and paid from goods and services. The remainder of the budget is for logistics to move officials to audit sites and for training to ensure compliance with the continued professional development requirements of the Institute of Internal Auditors.

Machinery and equipment decreases with 33 per cent in 2022/23 due to once off procurement of laptops

Updated key risks and mitigation from the Strategic Plan

Outcome	Key Risk	Risk Mitigation
Sound financial management and good financial governance	High vacancy rate in key leadership positions	<ul style="list-style-type: none"> •Alignment of structure with mandate •Prioritising of critical posts to be filled
	Loss of Institutional Memory	<ul style="list-style-type: none"> •Review, finalising and implementation of organisational structure •Implementation and monitoring of succession plan •Compulsory handover report •Approval of delegations (Treasury related) •Implementation of knowledge management system •Development of a Knowledge Management framework
	Susceptibility to Cyber Attacks	<ul style="list-style-type: none"> •Engagements with stakeholders to implement ICT Shared Services Centre (ITSSC); •Analysis of dataline reports from SITA •VPN monitoring (Business Intelligence) •Filling of IT manager vacancy
	Ineffective processes to enable accountability in the Province"	<ul style="list-style-type: none"> •Quarterly reporting on compliance to EXCO for intervention •Enforcement of legislative prescripts •Continuous engagements with clients •Improved compliance monitoring •Improvement of Municipal Support programme modality •Strengthening (Training) of municipal oversight structures: MPAC •Consequence management
	Irrelevant municipal support interventions	<ul style="list-style-type: none"> •Integrated reporting to ensure that all KPA's are adequately addressed •EXCO for intervention •Enforcement of legislative prescripts •Strengthening (Training) of municipal oversight structures: MPACC •Non-implementation of s139 of the Constitution and s81 of the PFMA •Source alternative revenue generating sources •Initiate intervention with National Treasury to ensure compliance (withholding of funds)
Financial viability and sustainability of the Province	Province placed under s100	<ul style="list-style-type: none"> •Enforcement of s34 of the PFMA •Budget blocking •Intervention by EXCO •Withdrawal of appointment functions on PERSAL •Strengthening of revenue collection efforts

Public Entities

Not applicable

Infrastructure Projects

Not applicable

Public-Private Partnership

The Provincial Treasury is responsible to provide the technical support to the Provincial Departments and Municipalities with regards to implementation and creation of Public Private Partnership.

Part D: Technical Indicator Descriptors (TID)

1. Administration

1.2 Management Services

1.2.1 Indicator title	Number of strategic risk register review sessions completed
Definition	Risk register review sessions completed
Source of data	Strategic review sessions
Method of calculation/ Assessment	Simple Count (1 x Report –qrt 4)
Means of Verification	Departmental Risk Register
Assumptions	Reduced risk exposure of critical risks that affect the department. Sound financial management and good financial governance in the department
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting cycle	Annual
Desired performance	Risk register review sessions completed
Indicator responsibility	Deputy Director: Risk management

1.2.2 Indicator Title	Number of risk and ethics management committee reports issued
Definition	Risk and ethics management committee reports issued
Source of data	Minutes of risk management committee meeting, Agenda
Method of calculation/ Assessment	Simple Count: 1 x Report per quarter (Risk and ethics management committee reports)
Means of Verification	1 x Risk and ethics management committee reports per quarter
Assumptions	Matured risk management processes and ethical work environment
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-end)
Reporting cycle	Quarterly
Desired performance	4 x Risk and ethics management committee reports issued
Indicator responsibility	Deputy Director: Risk management

1.3 Corporate Services

1.3.1 Indicator title	Percentage of vacant and funded posts filled
Definition	Filling of vacant funded posts to maintain the vacancy rate under 20%.
Source of data	PERSAL report, vacancy rate reports
Method of calculation/ Assessment	Simple Count: 1 x Vacancy rate report per quarter (Total number of permanent posts filled versus the total permanent staff establishment (80% per quarter)
Means of Verification	1 x Vacancy rate report per quarter
Assumptions	Turnaround times will be adhered to. Adverts to be placed on time, availability of selection committees. HR and Financial resources. Approval of submissions on time.
Disaggregation of Beneficiaries (where applicable)	Women: 50% at SMS level Youth: 50% People with disabilities: 2%
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting cycle	Quarterly
Desired performance	80% of vacant funded posts filled
Indicator responsibility	Director: HRM

1.3.2 Indicator title	Number of progress reports on Corporate Governance of ICT (CGICT) framework
Definition	To show progress on compliance with the DPSA Corporate Governance of ICT (CGICT) framework.
Source of data	Quarter 1: IT Strategic Plan IT Implementation Plan IT Steering Committee Minutes Provincial GITO Forum Minutes Quarter 2: Operational Plan Procurement Plan IT Steering Committee Minutes Provincial GITO Forum Minutes Quarter 3: IT Steering Committee Minutes Provincial GITO Forum Minutes Quarter 4: IT Steering Committee Minutes Provincial GITO Forum Minutes
Method of calculation/ Assessment	Simple Count (1 x CGICT report per quarter)
Means of Verification	1 x CGICT report per quarter
Assumptions	A Deputy Director: IT/GITO is permanently appointed
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-end)

1.3.2 Indicator title	Number of progress reports on Corporate Governance of ICT (CGICT) framework
Reporting cycle	Quarterly
Desired performance	4 Corporate Governance of ICT reports issued
Indicator responsibility	Director: Corporate Support

1.4 Financial Management

1.4.1 Indicator title	Clean Audit Report
Definition	Adherence to policies and procedures as per PFMA, Treasury Regulations and continuous monitoring of systems and internal controls within department leading to clean audit
Source of data	Audit Report AFS Audited Performance Information Corporate Services information Audit Committee report Risk Management
Method of calculation/ Assessment	Simple Count: Annual report – qrt 3
Means of Verification	Annual report
Assumptions	Adequate Financial and Human Resources. Adherence to policies and procedures
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting cycle	Annual
Desired performance	Compliance with regulatory and legislated requirements
Indicator responsibility	Chief Financial Officer

2. Sustainable Resource Management

2.2 Economic Analysis

2.2.1 Indicator title	Socio-Economic Research conducted
Definition	Provincial economic and social research and analysis that informs decision-making.
Source of data	IHS Markit, Statistics South Africa, International Monetary Fund, World Bank and some departmental and municipal information or other sources as required.
Method of calculation/ Assessment	Simple Count: Quarter 1: 1 x Research paper Quarter 2: 1 x Research paper Quarter 3: 1 x Research paper Quarter 4:

2.2.1 Indicator title	Socio-Economic Research conducted
	1 x Research paper 1 x Provincial Socio-Economic Review 1 x Comparative Analysis for District Municipality
Means of Verification	4 x Research papers 1 x Provincial Socio-Economic Review 1 x Comparative Analysis for District Municipality
Assumptions	Availability and credibility of data
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Research for informed decision making
Indicator responsibility	Director: Economic Analysis

2.2.2 Indicator title	Provincial Medium Term Budget Policy Statement (MTBPS)
Definition	An assessment of the socio-economic conditions, fiscal position and policy priorities of the Northern Cape in order to inform future planning and resource allocation
Source of data	IHS Markit, Statistics South Africa, National Treasury, IMF, Departmental APPs, other units within NCPT and other relevant sources as required.
Method of calculation/ Assessment	Simple Count (1 x MTBPS in quarter 3)
Means of Verification	MTBPS book
Assumptions	Availability and credibility of data
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting cycle	Annual
Desired performance	MTBPS book produced
Indicator responsibility	Director: Economic Analysis

2.3 Fiscal Policy

2.3.1 Indicator title	Revenue collection assessment reports produced.
Definition	<ul style="list-style-type: none"> ➤ Quarterly revenue report assessing provincial own revenue performance of departments, in terms of: <ul style="list-style-type: none"> ➤ own revenue collection targets, ➤ status of tariff reviews by departments
Source of data	<ul style="list-style-type: none"> ➤ Data file-IYM reports; BAS reports. ➤ Bank statements and reports from departments. ➤ Tariff submissions from the departments.
Method of calculation/ Assessment	Simple Count: 1 x report per quarter
Means of Verification	1 x revenue collection assessment report per quarter
Assumptions	Credible Information
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Improved revenue collection
Indicator responsibility	Director: Fiscal Policy

2.4 Budget Management

2.4.1 Indicator title	Appropriation of Main and Adjustment MTEF Budgets
Definition	Coordination and consolidation of the Main and Adjustment budgets (respectively) of Departments that is tabled by the MEC of Finance.
Source of data	National and Provincial Treasury Allocation Letters
Method of calculation/ Assessment	Simple Count: Qrt 3: Adjusted EPRE 2022/23 Qrt 4: EPRE 2023/24
Means of Verification	Qrt 3: Adjusted EPRE 2022/23 book Qrt 4: EPRE 2023/24 book
Assumptions	Compliance to budget formats Accurate information
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting Cycle	Bi-Annual
Desired performance	Table budget within prescribed timeframes, according to the PFMA
Indicator responsibility	Director: Budget Management

2.4.2 Indicator title	Performance expenditure review conducted
Definition	Expenditure review working paper items based on policy priorities both provincially and nationally (financial information).
Source of data	Transversal systems (BAS, PERSAL, LOGIS, Vulindlela), consultations / engagement with stakeholders
Method of calculation/ Assessment	Simple Count: 1 x Expenditure Review report – qrt 3
Means of Verification	1 x Expenditure Review Report
Assumptions	Credible data, cooperation / availability of stakeholders
Disaggregation of Beneficiaries(where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Annual
Desired performance	Expenditure review to HOD for informed decisions
Indicator responsibility	Director: Budget Management

2.4.3 Indicator title	Provincial Budget implementation assessment report
Definition	Assessment on the implementation of the provincial budget
Source of data	In Year Monitoring (IYM) reports, Transversal Systems, performance reports, consultation / engagement with stakeholders
Method of calculation/ Assessment	Simple Count: 1 x reports per quarter (Provincial budget implementation assessment)
Means of Verification	1 x reports per quarter (Provincial budget implementation assessment)
Assumptions	Accurate data, IYM submission and cooperation / availability of stakeholders
Disaggregation of Beneficiaries(where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Reduction of unauthorised expenditure and effective implementation of provincial budget
Indicator responsibility	Director: Budget Management

3. Asset & Liabilities Management

3.2 Asset Management

3.2.1 Indicator Title	Support plans implemented for improvement of compliance in line with Supply Chain Management and Asset Management prescripts.
Definition	Compliance with Supply Chain Management and Asset Management prescripts
Source of data	Results of the Financial Management Capability Maturity assessment on Asset Management and Supply Chain Management submitted by Provincial Departments Documented support plans implemented addressing the Gaps for: <ul style="list-style-type: none"> • Supply Chain Management & Asset Management Support plans will be in relation to: <ul style="list-style-type: none"> • Contract management • SCM compliance • Asset Registers • SCM Policy and Standard Operating Procedures
Method of Calculation / Assessment	Simple Count: 1 x report per quarter (SCM and Asset Management)
Means of verification	1 x report per quarter (SCM and Asset Management)
Assumptions	Departments and Public Entities have capable officials to perform Asset Management and SCM functions. FMCMM to form the basis of support interventions.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year- end)
Reporting Cycle	Quarterly
Desired performance	Compliance with SCM and Asset Management prescripts
Indicator Responsibility	Director: Asset Management

3.2.2 Indicator Title	Capacity building provided to SMMEs and departments
Definition	<ul style="list-style-type: none"> • A total number of SMMEs registered and assisted on CSD and training provided to SMMEs on tender and procurement process. • Providing departments with their spent analysis to enhance their spent on SMMEs-
Source of data	Preferential Procurement Policy Framework; Central Supplier Data Base (CSD) and LOGIS Reports
Method of Calculation / Assessment	Simple Count: 1 x report per quarter
Means of verification	1 x report and attendance registers
Assumptions	Departments and their Public Entities have capable officials to align procurement targets with Local Preferential Procurement Policy Framework (SMMEs and designated Groups).
Disaggregation of Beneficiaries (where applicable)	All SMMEs and designated groups

3.2.2 Indicator Title	Capacity building provided to SMMEs and departments
applicable)	
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year – end)
Reporting Cycle	Quarterly
Desired performance	Improve the participation of SMME's and designated groups in the Province
Indicator Responsibility	Director: Asset Management

3.3 Support Interlinked & Financial Systems

3.3.1 Indicator Title	Assessment of compliance to prescribed legislation and policies relating to transversal systems
Definition	To ensure that all transversal system users are compliant to prescribed legislation and policies. Departments to comply with legislation and policies and also assist oversight units to fulfil their monitoring role
Source of data	System generated reports (PERSAL, BAS, LOGIS reports)
Method of calculation / Assessment	Simple Count: 3 x reports per quarter (PERSAL, BAS, LOGIS)
Means of verification	3 x assessment reports per quarter (PERSAL, BAS, LOGIS)
Assumptions	Availability of transversal systems
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-end)
Reporting Cycle	Quarterly
Desired Performance	Effective Utilisation of Transversal Systems
Indicator Responsibility	Director: Supporting & Interlinked Financial Systems

3.3.3 Indicator Title	Capacity building sessions conducted
Definition	Transversal systems training sessions and user forums conducted to enhance the skills of employees
Source of Data	Nomination forms Training manuals Training schedule Invitation to departments via e-mail
Method of Calculation / Assessment	Simple Count: Bi-annual: Apr – Sept 4 x Forums 9 x Training (3 x BAS, 3 x PERSAL, 3 x LOGIS) Oct – Mar 4 x Forums 8 x Training (2x BAS, 3x PERSAL, 3 x LOGIS)

3.3.3 Indicator Title	Capacity building sessions conducted
Means of verification	Training sessions: ✓ Attendance Registers Forums: ✓ E-mail to the departments ✓ Agenda ✓ Attendance Register
Assumptions	Collaboration/virtual meeting platform (Presenters) Stable internet/network connection (Presenters & Delegates) Capable device (video and audio capabilities)
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-end)
Reporting Cycle	Bi-Annual
Desired Performance	Capable transversal system users
Indicator Responsibility	Director: Supporting & Interlinked Financial Systems

3.4 Infrastructure Performance Management

3.4.1 Indicator Title	Infrastructure Technical advisory support services provided
Definition	Provide Technical advisory support and capacitation and training sessions in a bid to facilitate and institutionalize the revised Framework for Infrastructure Delivery and Procurement Management, to provincial departments and municipalities to ensure effective and efficient infrastructure delivery management in line with provincial and local government infrastructure delivery management standard.
Source of data	PFMA: DORA Frameworks, U-AMP, IPMP, EOY Reports, IYM (section 40 projections), ECE, CPS and PIC progress meetings MFMA: DORA Frameworks, A1 Schedules (Table 36 a, b, c, IDP, SDF, MFMA Budget Circular <ul style="list-style-type: none"> Assessment against the NC IDMS and FIDPM Methodologies and National best practices. Reports of capacitation sessions held; Knowledge Management COP meetings (Attendance Register and Minutes) Case Studies and Best Practice methodologies developed and recorded in accordance with KM guidelines,
Method of Calculation / Assessment	Simple Count: 1 x report per quarter (PFMA & MFMA)
Means of verification	1 x report per quarter (PFMA & MFMA)
Assumptions	<ul style="list-style-type: none"> Provision of infrastructure in a way that ensures that services are delivered to the community ensuring economic growth and social upliftment. Compliance to the prescripts of infrastructure procurement.
Disaggregation of	N/A

3.4.1 Indicator Title	Infrastructure Technical advisory support services provided
Beneficiaries (where applicable)	
Spatial Transformation (where applicable)	NSDF Sub Frames 3 &4 <ul style="list-style-type: none"> ➤ National Connecting and Movement Infrastructure ➤ National Ecological Infrastructure and Natural Resource Base
Calculation Type	Cumulative (Year-end)
Reporting Cycle	Quarterly
Desired performance	<ul style="list-style-type: none"> • Four assessment reports on effective and efficient integrated planning and performance on Provincial and Local Government infrastructure. • Two provincial and two municipal capacitation sessions that would ensure capacitated stakeholders to ensure institutionalisation of FIDPM methodologies.
Indicator Responsibility	Director: Infrastructure Performance Management

3.4.2 Indicator Title	Assessment on Infrastructure budget & expenditure outcome to determine value for money.
Definition	Contribute to the implementation of annual evaluation of infrastructure projects/ programmes in terms of in year reporting & related financial aspects; Monitor & report on compliance with relevant Infrastructure Grant section and conditional grant frameworks as performed by infrastructure stakeholders and assess progress and value for money in terms of the delivery of infrastructure through the optimal utilisation of the allocated infrastructure budgets and to facilitate/ensure proper alignment to initial plans and budget allocation
Source of data	<p>PFMA: End of Year Reports Infrastructure Progression Model IRM & IYM submitted to Provincial Treasury and monthly PIC meetings and progress reports; Project Status reports submitted Provincial Treasury, PIC meetings, progress report, assessment meetings, site visit conducted.</p> <p>MFMA: Municipal Finance Sec.71 & 72 Reports; MFMA LG Database Monthly assessment meetings and expenditure analysis conducted. mSCOA MIG Expenditure reports; Monthly Human Settlements DoRA Reports Section 72 & 71 reports, transferring sector reports, mSCOA, Project Information Template</p>
Method of Calculation / Assessment	Simple Count: 1 x report per quarter (PFMA & MFMA)
Means of verification	1 x report per quarter (PFMA & MFMA)
Assumptions	Factors that are accepted as true and certain to happen without proof; Completion of project on time and within budget
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year- end)
Reporting Cycle	Quarterly

3.4.2 Indicator Title	Assessment on Infrastructure budget & expenditure outcome to determine value for money.
Desired performance	Expenditure Analysis that Identifies whether actual performance that is higher or lower than targeted performance is desirable. 4 Quarterly site visits assessment reports on the Value for Money in terms of the delivery of infrastructure by departments and municipalities
Indicator Responsibility	Director: Infrastructure Performance Management

3.5 Banking and Cash Flow Management

3.5.1 Indicator title	Compilation of Annual Financial Statements of the PRF
Definition	Maintain effective and efficient Revenue Fund financial accounting transactions in line with Modified Cash Standard
Source / Collection of data	Annual Reports of departments, Basic Accounting System (BAS),
Method of calculation/ assessment	Simple Count: 1 x PRF Annual Financial Statement
Means of verification	1 x PRF Annual Financial Statement – qrt 3
Assumptions	Skilled personnel, BAS Budget
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Non- Cumulative
Reporting cycle	Annual
Desired performance	Unqualified Audit Opinion
Indicator responsibility	Director: Banking Services and Cash Flow Management

3.5.2 Indicator title	Analysis of spending departments to determine compliance with cash flow requirements
Definition	Analysis of weekly spending of departments to determine compliance with cash flow requirements
Source / Collection of data	Bank Accounts, Basic Accounting System (BAS) reports, Persal Reports
Method of calculation/ assessment	Simple Count: 3 x spending analysis reports per quarter.
Means of Verification	3 x spending analysis reports per quarter
Assumptions	Skilled personnel
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Compliant with cash flow requirements
Indicator responsibility	Director: Banking Services and Cash Flow Management

3.5.3 Indicator title	Positive consolidated provincial bank balance
Definition	Effective cash management and accurate forecasting to ensure liquidity requirements
Source / Collection of data	Bank Accounts of Departments, BAS reports of department, Reserve Bank
Method of calculation/ assessment	Simple Count: 1 x consolidated report per year (4 th qrt)
Means of Verification	1 x consolidated report per year (4 th qrt)
Assumptions	Skilled personnel, systems, Access to internet banking facility, budget allocation
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Non- Cumulative
Reporting cycle	Annual
Desired performance	Positive consolidated bank balance for the province
Indicator responsibility	Director: Banking Services and Cash Flow Management

4. Financial Governance

4.2: Accounting Services

4.2.1 Indicator Title	Number of departments supported on Accounting related matters
Definition	To provide support in accounting related matters with the objective of improving audit outcomes.
Source of data	Audit reports for departments. Compliance certificates received from departments. Audit Action plans for departments.
Method of Calculation / Assessment	Simple count: Number of department supported
Means of verification	Proof of support to 11 departments - 4 th qrt
Assumptions	Availability of resources (human and funding) Cooperation and support from all stakeholders Quality, accuracy, timeliness and completeness of information submitted by the departments
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Annual
Desired performance	Improved audit outcomes by departments.
Indicator Responsibility	Director: Accounting Services

4.2.2 Indicator title	Consolidated annual financial information tabled timeously
Definition	To table the consolidated financial statements of the Province as required by Section 19 of the PFMA
Source of data	Annual financial statement received from legislature, departments, revenue fund and public entities
Method of calculation/ Assessment	Simple Count: 3 x Consolidated Financial Information (CFI) – 1 x qrt 1, 1 x qrt 2 & 1 x qrt 3
Means of verification	3 x Consolidated Financial Information (CFI)
Assumptions	Good quality, accuracy, timeliness and completeness of information submitted by the legislature, departments, revenue fund and public entities
Calculation type	Cumulative (year –end)
Reporting cycle	Quarterly
Desired performance	Tabling the Consolidated Financial Statements inclusive of all departments and entities within the legislated timeframe
Indicator responsibility	Director: Accounting Services

4.2.3 Indicator title	Number of capacity building programmes implemented
Definition	To share information and best practices and to capacitate financial practitioners on accounting frameworks and latest developments
Source of data	Results of FCMCM and audit reports, Practice notes, Frameworks, Circulars; guides and templates issued by the Office of the Accountant – General; GRAP Standards from the Accounting Standards Board as well as agenda inputs from departments.
Method of calculation/ Assessment	1 x Workshops and 1 x CFO forum - qrt 1 1 x CFO forum - qrt 2 1 x CFO forum – qrt 3 1 x Workshops and 1 forum - qrt 4
Means of verification	Attendance Register Minutes Invitations
Assumptions	Cooperation, commitment and the involvement of financial practitioners and CFO's in identifying training needs, availability of information on latest reforms.
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Informed and skilled officials
Indicator responsibility	Director: Accounting Services

4.3: Norms and Standards

4.3.1 Indicator Title	Number of capacity development programmes implemented
Definition	Implementing programmes that aims to improve individual and organisational capacity and build an enabling environment for good Public Finance Management (PFM) practice.
Source of data	Invitation, video and audio recording of online /virtual sessions. Attendance registers
Method of Calculation / Assessment	Simple Count: ✓ 3 x PFMA related capacity building session(1 x qrt 1, 1 x qrt 2 & 1 x qrt 4)
Means of verification	Invitation, video and audio recording of online /virtual sessions. ✓ Attendance registers
Assumptions	Commitment that attendees will participate and make use of the information shared.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Continuous training and development is necessary for any institution for individual and organisation performance enhancement, compliance improvement and financial maturity. Increase professionalisation of Public Finance Management (PFM) within all spheres of government
Indicator Responsibility	Director: Norms & Standards

4.3.2 Indicator Title	Number of reports on payment of creditors within 30 days
Definition	Monitoring payment of creditors within 30 days as per National Treasury Instruction note 34 and report on the compliance status.
Source of data	Instruction note 34 - submitted by departments Register of payment data
Method of Calculation / Assessment	Simple count: 4 x Reports on payment of creditors within 30 days 1 x report compiled in April 2021 (qrt 1) 1 x report compiled in July 2021 (qrt 2) 1 x report compiled in October 2021 (qrt 3) 1 x report compiled in January 2022 (qrt 4)
Means of verification	1 x reports on payments of creditors within 30 days per quarter.
Assumptions	Departments are keeping invoice tracking system, which validate the invoice receipt date accurately. All departments are paying creditors within 30 days
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly

4.3.2 Indicator Title	Number of reports on payment of creditors within 30 days
Desired performance	Improved provincial average number of days for payment of creditors within 30 days.
Indicator Responsibility	Director: Norms & Standards

4.3.3 Indicator Title	Number of departments guided to address Unauthorised, Irregular, Wasteful and Fruitless expenditure.
Definition	To provide guidance to departments on how to address Unauthorised, Irregular, Wasteful and Fruitless expenditure reduction of unwanted expenditures based on the implementation of applicable framework.
Source of data	Accumulated Unauthorised, Irregular, Fruitless & Wasteful Expenditure figures as disclosed in the 2021/22 AFS In-year Monitoring Reports submitted by PFMA compliant institutions.
Method of Calculation / Assessment	Simple count of: Number of departments guided on how to address Unauthorised, Irregular, Wasteful and Fruitless expenditure.
Means of verification	Proof of support per department (11 departments)
Assumptions	Provincial Treasury apply legislated mandate Provincial Departments apply legislated mandate
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annual
Desired performance	Effective implementation of prescripts regarding financial misconduct. Full compliance with Norms & Standards Effective Management of Expenditure and implementation of internal controls.
Indicator Responsibility	Director: Norms & Standards

4.4. Risk Management

4.4.1 Indicator Title	Number of departments supported to implement the Public Sector Risk Management Framework
Definition	To address root causes of risk management audit findings
Source of data	Engagements with Risk Management Practitioners Audit action plans of departments Internal and external audit reports of departments
Method of Calculation / Assessment	Simple count: Number of departments supported to implement the Public Sector Risk Management Framework
Means of verification	Proof of support per department - 11 departments
Assumptions	Availability of audit action plans and audit reports Cooperation from departments

4.4.1 Indicator Title	Number of departments supported to implement the Public Sector Risk Management Framework
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Annual
Desired performance	Risk management audit findings addressed
Indicator Responsibility	Director: Provincial Risk Management

4.4.2 Indicator Title	Number of public entities supported to implement the Public Sector Risk Management Framework
Definition	To address root causes of risk management audit findings
Source of data	Engagements with Risk Management Practitioners Internal and external audit reports of public entities
Method of Calculation / Assessment	Simple count: Number of public entities supported to implement the Public Sector Risk Management Framework (NCLB, NCGB, NCTA and NCEDA)
Means of verification	Proof of support per public entity – 4 th qrt
Assumptions	Availability of audit reports Cooperation from public entities
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Annual
Desired performance	Risk management audit findings addressed
Indicator Responsibility	Director: Provincial Risk Management

4.4.3 Indicator Title	Number of Risk Management structures reports
Definition	To monitor the establishment and functionality of Risk Management Units and Risk Management Committees
Source of data	Compliance monitoring and assessment
Method of Calculation / Assessment	Simple count: 1 x report per quarter
Means of verification	1 x report per quarter
Assumptions	Credibility of information provided through compliance monitoring and assessment
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)

Reporting Cycle	Quarterly
Desired performance	Improvement in Risk Management compliance
Indicator Responsibility	Director: Provincial Risk Management

4.4.4 Indicator Title	Number of Risk Management Forums conducted
Definition	To build capacity for Risk Management Practitioners
Source of data	Invitation letters, presentations, attendance registers
Method of Calculation / Assessment	Simple count: 1 x Risk Management forum per quarter
Means of verification	Invitation letters, presentations, attendance registers
Assumptions	Commitment from Risk Management Practitioners
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Improvement in skills set Increase in Knowledge Management
Indicator Responsibility	Director: Provincial Risk Management

5. Municipal Finance

5.2: Accounting and Reporting

5.2.1 Indicator Title	Number of municipalities supported on Accounting related matters
Definition	To provide support in accounting related matters with the objective of improving audit outcomes.
Source of data	Audit reports, Monitoring tool, audit action plans, AFS preparation plan, Draft AFS of municipalities
Method of Calculation / Assessment	Simple count: Number of municipalities supported on Accounting related matters
Means of verification	Proof of support per municipality - 30 municipalities - 4 th qrt
Assumptions	Availability of resources (human and funding) Cooperation and support from all stakeholders Quality, accuracy, timeliness and completeness of information submitted by the municipalities.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Annual
Desired performance	Improved audit outcomes by municipalities

5.2.1 Indicator Title	Number of municipalities supported on Accounting related matters
Indicator Responsibility	Chief Director: Municipal Finance

5.2.2 Indicator title	Number of capacity building programmes implemented
Definition	To share information and best practices and to capacitate financial practitioners on accounting frameworks and latest developments
Source of data	Results of FCMCM and audit reports, Practice notes, Frameworks, Circulars; guides and templates issued by the Office of the Accountant – General; GRAP Standards from the Accounting Standards Board as well as agenda inputs from Municipalities.
Method of calculation/ Assessment	1 x Training/workshop- qrt 4
Means of verification	Attendance Register Invitations
Assumptions	Credibility of the completed FCMCM models and the involvement of financial practitioners and CFO's in identification of the training needs, availability of information on latest developments.
Calculation type	Non-Cumulative
Reporting cycle	Annual
Desired performance	Informed and skilled officials
Indicator responsibility	Chief Director: Municipal Finance

5.3: Revenue and Budget Management

5.3.1 Indicator title	Number of local municipalities supported on debt management
Definition	To provide guidance to municipalities on debt management based on the applicable legislation.
Source of data	LGDatabase
Method of calculation/ Assessment	Simple Count: Number of municipalities supported on debt management: Dikgatlong, Phokwane, Magareng, Ubuntu, Umsobomvu, Emthanjeni, Kareeberg, Renosterberg, Thembelihle, Siyancuma, Siyathemba, Richtersveld, Karoo hoogland, Hantam, Khai-Ma, Kamiesberg, Nama Khoi, Kai!Garib, !Kheis, Tsantsabane, Kgatelopele, Dawid Kruiper, Joe morolong, Gamagara, Ga-Segonyana)
Means of Verification	Proof of support per municipality - 25 municipalities
Assumptions	Credible data
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting cycle	Annual
Desired performance	Effective Debt Management
Indicator responsibility	Chief Director: Municipal Finance

5.3.2 Indicator title	Consolidated municipal budget assessments.
Definition	Annual consolidated report on draft and adjusted budgets for municipalities in the province.
Source of data	Municipal budgets and assessment reports from regional offices
Method of calculation/ Assessment	Simple Count: Qrt 1: 1 x consolidated municipal budget assessment for the draft budgets for 2022/23 Qrt 4: 1 x consolidated municipal budget assessment for the adjustment budgets for 2022/23
Means of Verification	1 x consolidated municipal budget assessment report on draft budgets for 2022/23 1 x consolidated municipal budget assessment report on adjustment budgets for 2022/23
Assumptions	Accurate data, municipal budget submission and cooperation / availability of stakeholders.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Bi-Annual
Reporting cycle	Quarterly
Desired performance	Compliant Municipal budget
Indicator responsibility	Chief Director: Municipal Finance

5.3.3 Indicator title	Consolidated Municipal Budget Implementation Assessments
Definition	Monitor status of implementation of municipal budgets.
Source of data	Local Government Database
Method of calculation/ Assessment	Simple Count: 4 x Reports on municipal budget implementation assessments within 45 days after the end of each quarter as follows: Qrt 1: 1 x consolidated report compiled in May 2022 on municipal information as at the end of March 2022 Qrt 2: 1 x consolidated report compiled in August 2022 on municipal information as at the end of June 2022. Qrt-3: 1 x consolidated report compiled in November 2022 on municipal information as at the end of September 2022 Qrt4: 1 x consolidated report compiled in February 2023 on municipal information as at the end of December 2022
Means of Verification	1 x Consolidated municipal budget implementation report per quarter.
Assumptions	Credible data.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-end)

Reporting cycle	Quarterly
Desired performance	Improved budget implementation
Indicator responsibility	Chief Director: Municipal Finance

Sub-Programme 5.4: Municipal Institutional Compliance and Governance

5.4.1 Indicator Title	Number of capacity development programmes implemented
Definition	Implementing programmes that aims to improve individual and organisational capacity and build an enabling environment for good Municipal Finance Management practice.
Source of data	Invitation, video and audio recording of online /virtual sessions. Attendance register
Method of Calculation / Assessment	Simple Count: 6 x MFMA related capacity building sessions (2 – qrt 1, 2 - qrt 2, 1 – qrt 3 & 1 – qrt 4)
Means of verification	Invitation, video and audio recording of online /virtual sessions. Attendance register
Assumptions	Confirmation from municipalities that sessions will be attended virtually. Commitment that attendees will participate and make use of the information shared.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Continuous training and development is necessary for any institution for individual and organisation performance enhancement, compliance improvement and financial maturity. Increase professionalisation of Municipal Finance Management (PFM) within all local government institutions.
Indicator Responsibility	Chief Director: Municipal Finance

5.4.2 Indicator Title	Number of municipalities guided to address Unauthorised, Irregular, Wasteful and Fruitless expenditure.
Definition	To provide guidance to municipalities on how to address Unauthorised, Irregular, Wasteful and Fruitless expenditure reduction of unwanted expenditures based on the implementation of applicable framework.
Source of data	Accumulated Unauthorised, Irregular, Fruitless & Wasteful Expenditure figures as disclosed in the 2020/21 AFS UIF&W reduction strategy per municipality
Method of Calculation / Assessment	Simple count of: The number of departments guided on how to address UIF&W expenditure (top ten contributors): Ubuntu, Thembelihle, Siyathemba, Kai Garib , Nama Khoi , Kamiesberg, Dikgatlong, Magareng, Joe Morolong and Gamagara
Means of verification	Report on guidance provided to municipalities to address Unauthorised, Irregular, Fruitless & Wasteful Expenditure figures.
Assumptions	Provincial Treasury apply legislated mandate Municipalities apply legislated mandate

5.4.2 Indicator Title	Number of municipalities guided to address Unauthorised, Irregular, Wasteful and Fruitless expenditure.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annual
Desired performance	Effective implementation of prescripts regarding financial misconduct. Full compliance with Norms & Standards Effective Management of Expenditure and implementation of internal controls.
Indicator Responsibility	Chief Director: Municipal Finance

5.4.3 Indicator Title	Number of municipalities supported to implement the Local Government Risk Management Framework
Definition	To address root causes of risk management audit findings
Source of data	Engagements with Risk Management Practitioners Audit action plans Internal and external audit reports
Method of Calculation / Assessment	Simple count: 30 municipalities supported by the end of the Financial Year
Means of verification	Evidence of support provided to 30 municipalities
Assumptions	Availability of audit action plans and audit reports Cooperation from municipalities
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Annual
Desired performance	Risk management audit findings addressed
Indicator Responsibility	Chief Director: Municipal Finance

5.4.4 Indicator Title	Number of Risk Management structures reports
Definition	To monitor the establishment and functionality of Risk Management Units and Risk Management Committees
Source of data	Compliance monitoring and assessment
Method of Calculation / Assessment	Simple count: 1x report per quarter
Means of verification	1 x report per quarter – 4 x reports
Assumptions	Credibility of information provided through compliance monitoring and assessment
Disaggregation of Beneficiaries (where applicable)	N/A

5.4.4 Indicator Title	Number of Risk Management structures reports
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Improvement in Risk Management compliance
Indicator Responsibility	Chief Director: Municipal Finance

5.4.5 Indicator Title	Number of municipalities supported to implement the Internal Audit Framework
Definition	To address root causes of findings on Internal Audit and Audit Committee matters
Source of data	Engagements with Chief Audit Executives Audit action plans AGSA general reports
Method of Calculation / Assessment	Simple count: 27 municipalities supported by the end of the Financial Year (ZF Mgcawu District Municipality, Karoo Hoogland, Kareeberg, Pixley ka Seme District municipality, Dawid Kruiper, Ga-Segonyana, Frances Baard District Municipality, Namakwa District Municipality, John Taolo Gaetsewe District Municipality, Dikgatlong, Magareng, Siyancuma, Ubuntu, Umsobomvu, Thembelihle, Siyathemba, Emthanjeni, Tsantsabane, Khai Ma, Kamiesberg, Kai Garib, Nama Khoi, Hantam, Renosterberg, Joe Morolong, Kheis, Kgatelopele.
Means of verification	Evidence of support provided to 27 municipalities
Assumptions	Availability of audit action plans and audit reports Cooperation from municipalities
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Annual
Desired performance	Findings on Internal Audit and Audit Committees addressed
Indicator Responsibility	Chief Director: Municipal Finance

5.4.6 Indicator Title	Number of Internal Audit structures status
Definition	To monitor the establishment and functionality of Internal Audit Units and Audit Committees
Source of data	Compliance monitoring and assessment
Method of Calculation / Assessment	Simple count: 1x report per quarter
Means of verification	1 x report per quarter
Assumptions	Credibility of information provided through compliance monitoring and assessment
Disaggregation of Beneficiaries (where applicable)	N/A

applicable)	
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Improvement in compliance of Internal Audit and Audit Committee matters
Indicator Responsibility	Chief Director: Municipal Finance

Sub-Programme 5.5: Municipal Supply Chain & Asset Management

5.5.1 Indicator Title	Support plans implemented for improvement of compliance in line with Supply Chain Management and Asset Management prescripts.
Definition	Compliance with Supply Chain Management and Asset Management prescripts
Source of data	Results of the Financial Management Capability Maturity assessment on Asset Management and Supply Chain Management submitted by Municipalities. Documented support plans implemented addressing the Gaps: Support plans will be in relation to: <ul style="list-style-type: none"> • Contract management • SCM compliance • Asset Registers • SCM Policy and Standard Operating Procedures
Method of Calculation / Assessment	Simple Count: 1 x report per quarter (SCM and Asset Management)
Means of verification	1 x report per quarter (SCM and Asset Management)
Assumptions	Municipalities have capable officials to perform Asset Management and SCM functions. FMCMM to form the basis of support interventions.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year- end)
Reporting Cycle	Quarterly
Desired performance	Improvement on Financial Maturity Capability level 3 and above on compliance with SCM and Asset Management
Indicator Responsibility	Chief Director: Municipal Finance

5.5.2 Indicator Title	Support plans implemented for improvement of Audit Outcomes.
Definition	Municipalities supported in compiling credible Audit Action Plans and providing adequate responses to AGSA
Source of data	<ul style="list-style-type: none"> • Management reports • Audit Action Plans • Audit engagement meetings
Method of Calculation / Assessment	Simple Count: 1 x Audit intervention report per quarter (SCM and Asset Management)
Means of verification	1 x Audit intervention report per quarter (SCM and Asset Management)

5.5.2 Indicator Title	Support plans implemented for improvement of Audit Outcomes.
Assumptions	Municipalities have capable officials to perform Asset Management and SCM functions. FMCMM to form the basis of support interventions.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (year- end)
Reporting Cycle	Quarterly
Desired performance	Improvement on audit outcomes in both SCM and Asset Management
Indicator Responsibility	Chief Director: Municipal Finance

6. Provincial Internal Audit

6.1 Audit Committee

6.1.1 Indicator Title	Percentage achievement of the Audit Committee Charter
Definition	The Audit Committee Charter is a requirement of the PFMA and governs the operations and functioning of the Audit Committees.
Source of data	The Audit Committee Charter and the Audit Committee Charter assessment tool maintained by the Audit Committee Secretariat.
Method of Calculation/ Assessment	Calculate the percentage of the number of Audit Committee functions achieved per the assessment tool divided by the number of Audit Committee function as stipulated by the Audit Committee Charter and listed in the Audit Committee Charter assessment tool.
Means of Verification	Audit Committee Charter assessment tool that lists the Audit Committee functions as stipulated in the Audit Committee Charter – per quarter.
Assumptions	Existence of an approved Audit Committee Charter and appointed Audit Committees.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-to-date)
Reporting Cycle	Quarterly
Desired performance	Full compliance to the Audit Committee Charter.
Indicator Responsibility	Chief Audit Executive

6.2 Internal Audit – Education, Health, Agriculture and DPW

6.2.1 Indicator Title	Percentage achievement of internal audit plan / revised internal audit plan
Definition	Achieving the planned internal audit assignments for the year as per the latest approved internal audit plan.
Source of data	Approved internal audit plans from the Director Internal Audit in charge of the respective sub-programs. Secretary of the respective sub-programs maintains filing of signed audit reports collected quarterly from the Director Internal Audit in charge of the respective sub-programs. Calculation sheet that stipulates the planned audits against the actual audits completed from the Director Internal Audit in charge of the respective sub-programs.
Method of Calculation/ Assessment	Calculate the percentage of the number of signed internal audit reports divided by the number of audit reports in the latest approved internal audit
Means of Verification	Calculation sheet that supports the quarterly performance report that is underpinned by the latest approved /internal audit plans and the signed internal audit reports – per quarter.
Assumptions	Internal audit unit is fully capacitated. Clients will provide cooperation in provision of information requests and management comments on findings.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-to-date)
Reporting Cycle	Quarterly
Desired performance	Actual performance that is higher than targeted performance is desirable.
Indicator Responsibility	Director Internal Audit of the clusters: Education, Health, Agriculture, DPW.

Annexure A: Amendments to the Strategic Plan

MTSF Priority 4: Spatial Integration, Human Settlements & Local Government MTSF Priority 6: A Capable, Ethical & Developmental State					
Original Targets				Revised Target/Outcome	
Outcome	Outcome Indicators	Baseline	Five year target	Five year target	Reasons for revision
Sound Financial Management and good governance	Number of municipalities that are financial viable	15	30	25	The operations have been affected rigorously in terms visibility and financially
	Provincial Audit outcomes	2 Qualified 9 Unqualified 2 Clean Audit for departments	13 Clean Audit for departments	12 Clean Audit for departments	Amalgamation of two departments into one
Financially Viable Province Financially Viability and sustainability of the Province to accelerate economic growth	-	-	-	Financial viability and sustainability of the Province	Typing error

Annexure B: Conditional Grants

Not applicable

Annexure C: Consolidated Indicators

Not applicable

Annexure D: District Development Model

Not applicable

