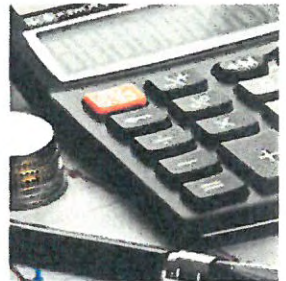
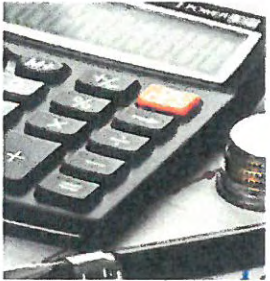




NCPT

NORTHERN CAPE PROVINCIAL TREASURY

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Final Five Year Strategic Plan for the Fiscal Years

2015 - 2020

FOREWORD

Provincial Treasury plays a key role in public service, as the Government's lead economic and financial advisor and as one of the central agencies responsible for leading the state sector to achieve higher level of performance. The focus of our five year strategic outcome set out in this Strategic Plan is to deliver our vision to be the "Heartbeat of sound financial management that support economic growth and development".

National Development Plan (NDP) was adopted by the Cabinet in 2012 to serve as a long term plan for the work required in order to achieve the desired results in terms of socio-economic development and the growth. This long-term vision and plan was developed to enable the country to address the triple challenge of poverty, inequality and unemployment.

Medium Term Strategic Framework (MTFS) 2014-2019 is a plan for implementing NDP and serves as the principal guide to the planning and the allocation of resources. The MTFS priorities will therefore inform the budget formulation that departments make to the budgeting process for the Medium Term Expenditure Framework (MTEF).

To achieve this long term vision and strategic outcomes, we need a high performing organization driven by a strong set of values and culture with right capability and capacity now and into the future. As Provincial Treasury we further need to be able to manage in a rapid changing world which is characterized by uncertainty, fragility and volatility.

Provincial Treasury has also undertaken to invest in its core capabilities so that its oversight role toward provincial departments and municipalities is based on a richer understanding of the socio-economic development and growth and to ensure that the citizens will get best value from spending. This investment is essential to Provincial Treasury's ability to respond to growth and developmental objectives.

Government's programme of radical economic transformation is about placing the economy on a qualitatively different path that ensures more rapid, sustainable growth, higher investment, increased employment, reduced inequality and deracialisation of the economy.

In this regard MTFS includes actions aimed at achieving an economic environment that encourages business investment and rewards competitiveness, especially in sectors that can catalyse longer term growth and job creation.

Success on these strategic outcomes will require ongoing steps to raise the economy's competitiveness and productivity; give business the confidence to invest and create new jobs, and improve public services by delivering them in more innovative and effective ways.

Our priority is to make government's investment and expenditure more productive and effective, ensure that departments deliver public services within tight financial constrain and further to ensure that there is discipline around public spending.

For the past years, Auditor General released several reports on audit outcomes for local government. The reports continuously point out among others on the following; weak leadership or political interference in operations, vacancies in critical posts, poor financial management, lack of transparency

and accountability, and weak and ineffective platforms for public participation and communication with communities.

At the core of local government is the provision of services to communities in a sustainable manner. In order to achieve this, there needs to be sound and sustainable management of fiscal and financial affairs of municipalities, municipal entities and the strengthening of the financial planning processes of municipalities.

The NDP emphasises the need to reinforce the ability of local government to fulfil its developmental role and thus play a key role in development initiatives, such as rural development programmes, economic development and job creation.

The MTSF includes a range of actions to address these challenges, including improving municipal financial management. Of strategic importance and priority is to provide the necessary support and interventions to all struggling municipalities to improve financial management outcomes. Accordingly, the Provincial Treasury will consider a multi-dimensional approach to assist in its role of providing oversight towards local government finances to improve service delivery.

Having committed ourselves to the above, I hereby table the Department's strategic plan being convinced that these outcomes will result in the realisation of the MTSF priorities.



J Block, MPL

MEC of Finance, Economic Development and Tourism

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

Was developed by the management of the Northern Cape Provincial Treasury under the guidance of Mr JF Block, Member of Executive Council responsible for Finance, Economic Development and Tourism,

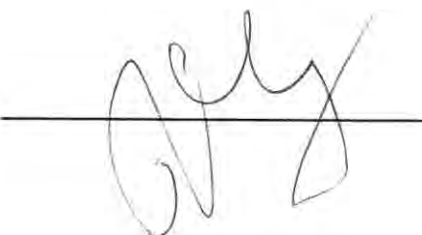
Takes into account all the relevant policies, legislation and other mandates for which the Northern Cape Provincial Treasury is responsible, and

Accurately reflects the strategic goals and objectives which the Northern Cape Provincial Treasury will endeavour to achieve over the period 2015/16 to 2019/20.

KE Mojanaga
Chief Financial Officer

Signature: 

HV Gumbo
Acting Accounting Officer

Signature: 

Approved by:

J Block, MPL

Signature: 

MEC of Finance, Economic Development and Tourism

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PART A: STRATEGIC OVERVIEW

1. Vision

To be the heartbeat of sound financial management that supports economic growth and development.

2. Mission

We strive to promote sound fiscal policy that enables financial sustainability and supports Economic development.

3. Values

The core values that the Northern Cape Provincial Treasury espouses are:

- Batho Pele
- Integrity
- Excellence
- Professionalism

4. Legislative and other mandates

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

4.1 Legislative mandates

Constitution Act No.108 of 1996	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.
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.
Occupational Health and Safety Act (Act 85 of 1993)	To provide for the health and safety of persons at work and for the health and safety of persons connected with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; to provide for 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 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.
Skills Development Act 1998 (Act 97 of 1998)	To provides an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to provide for the financing of skills development by means of a levy-grant scheme and a national skills fund, to provide for and regulate employment services; and to provide for matters connected therewith.
Skills Development Levies Act (Act 9 of 1999)	To imposing the payment of a skills development levy on employers; establishment of a system for the recovery and disbursement of levies for purpose of funding skills development training in accordance with approved skills development strategy.
Qualification Authority Act, 1995	To provide for learnership that lead to recognized occupational qualification; provide for matters connected therewith.
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

4.2 Policy mandates

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) 2014 -2019	The department must develop a five year strategic plan and budget requirement taking into account the medium-term imperatives as outlined in the MTSF 2014 - 2019
Northern Cape Provincial Growth and Development Strategy (NCPGDS)	Given the limitations of funding from the equitable share and provincial own revenue, the department has a responsibility to find alternative mechanisms to leverage additional funding for promoting growth and development in the province
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.

4.3 Planned policy initiatives

The department doesn't have new policy initiatives it plans to initiate in the period covered by the plan.

5. Situational analysis

Our situational analysis presents broad information on the current performance and institutional environment that affect the achievement of the strategic goals and objectives contained here-in.

5.1 Performance environment

Our mandate as Provincial Treasury requires us to be central to all developments in the province in relation to good governance, fiscal discipline and economic growth and development. As the custodian of the provincial financial resources we need to ensure that provincial resources are allocated effectively and efficient and also monitor the utilization thereof for the achievement of the government priorities. Instilling sound financial management principles has been a challenge thus far especially within the municipalities and departments such as Health and Education.

Various interventions we employed in ensuring that we achieve the priorities set out in our previous strategic plan, however the challenges faced resulted in the non-achievement of the set outcomes, mainly caused by the fact that these priorities required a collective effort from all stakeholders.

These challenges in departments and municipalities included:

- The technical skills gap and lack of relevant competencies in key positions with;
- The erosion of accountability and authority;
- Poor organisational and institutional arrangements/structures within organisation;
- Reluctance to manage the Supply Chain Management on a day-to day basis created tensions and instability; and
- Lack of effective coordination between relevant stakeholders.

This strategic plan has been developed taking cognisance of the strategic focus of the MTSF for the next five (5) years which are built on the following eight (8) strategies of the 2014 – 2019 electoral mandate:

- Radical economic transformation, rapid economic growth and job creation;
- Rural development, land and agrarian reform and food security;
- Ensuring access to adequate human settlements and quality basic services;
- Improving the quality of and expanding access to education and training;
- Ensuring quality health care and social security for all citizens;
- Fighting corruption and crime;
- Contributing to a better Africa and a better world; and
- Social cohesion and nation building.

As a multi-disciplinary team we will support departments in realizing the above outcomes, however we as Provincial Treasury are significantly aligned as key stakeholders to outcome 9 and 12 of MTSF, which has indicated the following as key outcomes for the next five years:

Outcome 9:

- Increase in the percentage of households with access to functional water service from 85% in 2013 to 90% by 2019
- Increase %age of households with access to functional sanitation service from 84% in 2013 to 90% by 2019 as well as eliminating the bucket system.
- 1.4 million additional households to be connected to the grid between 2014 to 2019 and 105 000 additional non grid connections.
- Income support to the unemployed through expansion of the community work programme to reach 1 million participants in 2019.
- An increase in the level of public trust and confidence in local government from 51% in 2012 to 65 % in 2019.
- An improvement in overall municipal audit outcomes, with at least 75% of municipalities receiving unqualified audits by 2019.

Outcome 12:

- Improve capacity accountability and service delivery;
- Improve coordination;
- Payments of small businesses within 30 days;
- Use of IT to improve service delivery:
 - IT can make services more accessible
 - Reduce the cost of accessing services
 - Streamline administrative process and improve turnaround times
 - Strengthen accountability and responsiveness;
- Office of the Chief Procurement Officer in NT will strengthen oversight of procurement processes and pricing to ensure:
 - Cost effectiveness and transparency
 - Better value for money
 - Adherence to procedures and fairness.

In order to render effective services, fulfil the above goals and overcome the above challenge, it was essential for the department to conduct a thorough introspection of it strengthens, weakness, opportunities and threats. The following were the outcomes:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Stability at a strategic level and a strong senior management team • Appropriate skills in financial management • Innovation, i.e improving systems • Effective recruitment processes and employer of choice • Good business acumen • Transparent and efficient provincial budget process • Fiscal discipline • Strong employee wellness programme • Social responsibility investment • Good reputation • Committed to doing the right thing at the right time • Proper functioning audit committee 	<ul style="list-style-type: none"> • Lack of a coordinated approach • Lack of skills retention and succession planning • Lack of functional delegations • Inability of enforce compliance • Lack of robustness of supply chain management • Unreliable data from municipalities • Lack of procedural manuals & Standard Operating Procedures on oversight functions • Inability to meet deadlines • Lack off effective communication from directorates to external stakeholders
Opportunities	Threats
<ul style="list-style-type: none"> • Support from Exco • Political stability within the Department • Good stakeholder relations 	<ul style="list-style-type: none"> • External Political instability in local governments • New legislation • Economic recession • Loss of key staff • Under developed IT infrastructure • National Treasury's instructions • Dependency of municipalities • Increasing provincial unauthorized expenditure and accruals • Introduction of new technology

Considering the above, all efforts will be employed to fulfil the following policy priorities:

1. Within our mandate Provincial Treasury will play a facilitating role to ensure that service delivery departments achieve the objective of radical economic transformation;
2. Resuscitate operation clean audit to ensure the fulfilment of clean administration in the province;
3. Expand research on revenue collection from the private sectors such as the mining and solar industries in order to identify possible revenue collection streams;
4. Intensification of public private partnership to increase infrastructure development and revenue collection within the province;
5. Supporting municipalities to improve their relevant financial skills and assist municipalities to improve their financial management position.

5.2 Organisational environment

The organisational structure of the Provincial Treasury consists of the five programmes:

- Administration
- Sustainable resource management
- Assets and Liabilities management
- Financial Governance
- Internal Audit and audit committees

The current organisational structure approved and implemented from 1 April 2012 has met the needs of the organisation to a great extent. The department is more structured and is able to carry out its functions properly. However, there are structural areas that need some attention, at strategic level to enable us to meet the demands of the new environment. Therefore the department is currently in the process of reviewing the organisation structure to be more responsive to its mandate and functions as required. It will also be aligned to the generic structure for Provincial Treasuries from Department of Public Service and Administration (DPSA) and National Treasury (NT). This process will be managed and co-ordinated properly to ensure that the re-alignment speaks to functions and activities and where necessary new chief directorates, directorates, sub-directorates and divisions will be created. This process will follow the prescribed procedure by the DPSA.

The department is adhering to the target of filling vacant funded posts within the period of two months. The need to achieve 50% females at SMS level will be addressed by the structure that is under review.

6. Description of the strategic planning process

Provincial Treasury's senior management committee chaired by the MEC for Finance, Economic Development and Tourism met and discussed various strategic issues. Key in these discussions was the strategic role that the Provincial Treasury should play in supporting the local government to be financially well-managed and sustainable. At this session the Medium Term Strategic Framework of the government was discussed to ensure that the department's outcomes are aligned accordingly.

It needs to be noted that as an oversight department, we are required to support, monitor and enforce compliance with all relevant legislative prescripts to ensure that all government priorities are fulfilled by departments and municipalities. Thus our strategic objectives relate more to a supportive function rather than outputs, outcomes and impact. The impact of our role in departments and municipalities will be realised by departments or municipalities.

It is on this basis that the department included strategic objective indicators in the plan which will be outputs that relate to the strategic objectives.

7. Strategic outcomes oriented goals of the department:

Strategic Goal 1	Strategic leadership and administrative support
Goal statement	To render strategic leadership, effective management and administrative support within the department.
Justification	To provide and maintain high quality support services to the Member of the Executive Council and the whole Department pertaining to sound financial management, human resource management and corporate support
Links	MTSF priority area 9: Responsive, accountable, effective and efficient developmental local government MTSF priority area 12: An efficient, effective and development-oriented public Service

Strategic Goal 2	Management and use of fiscal resources
Goal statement	To ensure effective and efficient optimisation, utilization and management of fiscal resources at 32 municipalities and 13 provincial departments.
Justification	To formulate and manage sound fiscal policy and to support municipal and departmental budget processes.
Links	MTSF priority area 9: Responsive, accountable, effective and efficient developmental local government MTSF priority area 12: An efficient, effective and development-oriented public Service

Strategic Goal 3	Management of assets and liabilities
Goal statement	To promote compliance with supply chain management prescripts and the prudent management of assets and liabilities through effective management of transversal systems and processes within the province
Justification	To provide policy direction and facilitate the effective and efficient management of assets and liabilities and compliance with supply chain management policies.
Links	MTSF priority area 4: Decent employment and an inclusive economic growth MTSF priority area 9: Responsive, accountable, effective and efficient developmental local government MTSF priority area 12: An efficient, effective and development-oriented public Service

Strategic Goal 4	Sound financial management and good governance.
Goal statement	To promote sound financial management and good governance within the province.
Justification	Striving for clean administration through good financial governance.
Links	MTSF priority area 9: Responsive, accountable, effective and efficient developmental local government MTSF priority area 12: An efficient, effective and development-oriented public Service

Strategic Goal 5	Sound governance through internal audit and audit committees
Goal statement	To render an independent objective assurance and consulting activity designed to add value and improve the Northern Cape Provincial Governments operations. To provide audit committee oversight over the Northern Cape Provincial Government.
Justification	To improve the effectiveness of risk management, control and governance processes in the Northern Cape Provincial Government. To maintain oversight through audit committees over the Northern Cape Provincial Government.
Links	MTSF priority area 9

PART B: STRATEGIC OBJECTIVES

This section covers the strategic objectives identified to achieve the set goals. The strategic objectives that have been identified are related to and discussed within the context of the approved budget programme structure.

Programme	Sub-programme
1. Administration	1.1. Office of the MEC 1.2. Management Services 1.3. Corporate Services 1.4. Financial Management (Office of the CFO)
2. Sustainable Resource Management	2.1. Programme Support 2.2. Economic Analysis 2.3. Fiscal Policy 2.4. Budget Management 2.5. Municipal Finance
3. Assets and Liabilities Management	3.1. Programme Support 3.2. Asset Management 3.3. Supporting and Interlinked Financial Systems 3.4. Immovable Asset Management 3.5. Banking Services and Cash Flow Management
4. Financial Governance	4.1. Programme Support 4.2. Accounting Services 4.3. Norms and Standards 4.4. Risk Management
5. Internal Audit	5.1. Programme Support and audit committees 5.2. Internal Audit: Education Cluster 5.3. Internal Audit: Health Cluster 5.4. Internal Audit: Agriculture Cluster 5.5. Internal Audit: Roads and Public Works Cluster

8. Programme 1: Administration

Programme 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 corporate support.

Programme Overview:

The programme objective is to ensure that the department has effective strategic leadership, administration and management, and to ensure that it complies with all relevant legislative prescripts. The programme is currently made up of the following sub-programmes:

- Office of the MEC
- Management Service
- Corporate Service
- Financial Management
- Security and Records Management

8.1 Strategic Objectives

Sub-Programme 1.1: Office of the MEC

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

Sub – Programme 1.2: Management Services (Office of the HOD)

Strategic Objective	Provide strategic leadership for the effective administration and performance of the department
Objective statement	Strategic Leadership to ensure effective administration and performance of department
Baseline	98% achievement of Provincial Treasury's targets indicated in the APP
Justification	Strategic leadership is essential in ensuring that the organisation achieves its objects and fulfils its mandate
Links	Goal 1: Management and administration support

Strategic Objective performance indicators:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
1.2.1	Number of performance targets achieved as indicated in the strategic plan	Newly developed strategic objective	Newly developed strategic objective	All functions executed accordingly evidenced by the outputs in the annual report	All functions executed accordingly evidenced by the outputs in the annual report	Achievement of all Provincial Treasury's targets indicated in the strategic plan	Achievement of all Provincial Treasury's targets indicated in the strategic plan	Achievement of all Provincial Treasury's targets indicated in the strategic plan

Sub – Programme 1.3: Corporate Services

Strategic Objective	Provide an internal enabling environment and support service to other programmes with regard to human resource management and development, information technology, records management, security and facilities management.
Objective statement	Rendering effective and timeous human resource management and corporate support services to all programmes.
Baseline	Policies and systems exists resulting no matter of emphasis in the audit report
Justification	In order for the Department to fulfil its legislative mandate, it requires the necessary staff compliment through proper and on time recruitment, up-to-date wellness programme, labour peace, capacitated employees, performance management, security, IT and well -structured communication systems.
Links	Goal 1: Management and administration support

Strategic Objective performance indicator:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
1.3.1	Compliance to all HRM and corporate support services regulations and prescripts	-	70% compliance to HRM regulations and prescripts	100% compliance to HRM regulations and prescripts	100% compliance to HRM regulations and prescripts	No matters of emphasis reported in the audit report.	No matters of emphasis reported in the audit report.	No matters of emphasis reported in the audit report.

Sub – Programme 1.4: Financial Management (Office of the CFO)

Strategic Objective	To ensure implementation of sound financial management within department
Objective statement	Implementation of sound financial management, through policies and procedures and continuous monitoring of systems and internal controls within department.
Baseline	Unqualified audit opinion
Justification	Sound financial management within the department reflects accountability and effective management as required by the Public Financial Management Act.
Links	Goal 1: Management and administration support

Strategic Objective performance indicator:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
1.4.1	Implementation of sound financial management within department evidenced by annual clean audit outcomes	Unqualified audit report	Unqualified audit report	Clean Audit Report	1 Clean Audit Report	1 Clean Audit Report	1 Clean Audit Report	1 Clean Audit Report

8.2 Resource Allocation

Table 2.10.1: Summary of payments and estimates by sub-programme: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
1. Office Of The Mec	8 146	9 031	8 537	8 982	10 182	10 182	10 592	11 142	11 699
2. Management Services	2 981	4 962	5 173	4 389	4 389	4 389	4 460	4 707	4 943
3. Corporate Services	13 508	18 040	17 442	19 946	18 451	18 451	23 526	24 707	25 996
4. Financial Management	14 535	14 512	16 347	18 217	18 253	18 253	20 606	21 721	22 807
5. Security And Records Management	16 816	18 175	22 286	18 381	22 625	22 625	19 464	21 245	22 307
Total payments and estimates	55 986	64 720	69 785	69 915	73 900	73 900	78 648	83 522	87 753

The table shows an increase of 12 percent in 2015/16 from the main appropriation and an increase of 6.4 percent from the adjusted appropriation. There is increase of 6.2 percent from 2015/16 to 2016/17 and a further increase of 5.0 percent from 2016/17 to 2017/18 financial year.

8.3 Risk Management

Risk Title	Risk Description	Cause	Mitigating Strategy
Scarcity of human resources	Limited availability of human resources with required knowledge and skills	High staff turnaround owing to promotional opportunities in other departments and disparities in salary levels between provinces	<ul style="list-style-type: none"> Formalised bursary opportunities. Study leave for students (50/50). Promotional opportunities due to the expansion of the Structure. Training to address workplace skills plan(WSP); Upgrading of oversight functions salary levels to levels 10 (AM) and 12 (M) respectively
Non-compliance with HRM prescripts	Non-adherence to the prescribed policies, legislations and prescripts for the effective managing of Human Resource Management	Ineffective communication and coordination of processes	<ul style="list-style-type: none"> Approved policies in place; Roadshows conducted to enhance communication; Policies are placed on the Departmental website to enhance effective communication; Development of procedure manuals Monthly meetings to monitor the progress on implementation of activities; Submission of quarterly reports
Non-compliance within the Department	Non adherence to financial management policies and legislative prescripts	Non-compliance to the set policies and procedures	<ul style="list-style-type: none"> Monthly monitoring and reporting Monthly enforcement of policies and procedures outlined in the financial management manuals and policies Establishment of an inspectorate unit
Inadequate ICT Framework	Inadequate ICT frameworks that doesn't respond to the needs of the department	Lack of policies and frameworks	<ul style="list-style-type: none"> Development of Departmental ICT Framework, strategy and implementation plan

9. Programme 2: Sustainable Resource Management

Programme Purpose:

The aim of the programme is to enhance the effective utilisation of available fiscal resources by informing financial resource allocation, managing the provincial budgets and monitoring the implementation of provincial, municipal and entities budgets.

Programme Overview:

The programme's functions are split over four sub-programmes of which:

- **Economic Analysis** is responsible for the researching and evaluation of economic parameters and socio-economic imperatives to be used to inform provincial resource allocation;
- **Fiscal Policy** provides guidance on the effective and efficient development and collection of all available revenue streams.
- **Budget Management** is responsible for monitoring of provincial departments' budget and expenditure of including the annual preparation of the budget for the province. Thus, it provides support to all the provincial departments in preparation of credible budgets, ensures that budget allocations are made in line with determined national and provincial priorities and that resources are utilised in line with these priorities.
- **Municipal Finance** is responsible for monitoring the budgets of municipalities in order to establish whether they promote sound fiscal management and provide technical support to municipalities that are in financial distress. The function of the Municipal Finance Unit is process driven and is largely determined by statutory deadlines as stipulated in the MFMA. Monthly, quarterly and annual reporting is required on the municipal budgets.

9.1 Strategic Objectives

Sub – Programme 2.2: Economic Analysis

Strategic Objective	To provide provincial economic & social research to inform the provincial budget and planning process.
Objective statement	To provide for provincial economic and social research and analysis that informs provincial fiscal policy development.
Baseline	Published the provincial Medium Term Budget Policy Statement, Provincial Socio-Economic Review, the District Municipalities Socio-Economic Reviews and the Quarterly Policy Briefs.
Justification	To conduct socio-economic research and analysis to inform budget allocations and assess the alignment with government policy priorities.
Links	Goal 2: Management and use of fiscal resources.

Strategic Objective performance indicator:	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
2.2.1 Provincial economic & social research and analysis published	Provincial and District Socio-economic review produced	Provincial and District Socio-economic review produced	Provincial, District and Local Socio-economic review document produced	Provincial, District and Local Socio-economic review document produced	Annual Provincial Socio-economic review tabled & published	Annual Provincial Socio-economic review tabled & published	Annual Provincial Socio-economic review tabled & published

Sub – Programme 2.3 Fiscal Policy

Strategic Objective	To promote optimisation and efficiency of provincial and municipal revenue collection.
Objective statement	Efficient revenue sources and fiscal policy that addresses financing requirements.
Baseline	Annual revenue budgets for departments and municipalities evaluated. Developed municipal revenue enhancement guide. Reports on the status of government debts and revenue collection.
Justification	Limited and constrained fiscal resources require provincial departments and municipalities to ensure the optimisation and efficient collection of all potential revenue sources.
Links	Goal 2: Management and use of fiscal resources.

Strategic Objective performance indicator:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
2.3.1	Revenue Collection Strategies developed and implemented for optimisation of revenue	Approved revenue policy and strategy	Provincial revenue policy and strategy implemented	Provincial Debt Management policy & Revenue enhancement strategy reviewed Cash office monitoring visits conducted Revenue budget analysed and consolidated	Developed strategies for optimisation of revenue collection in the Province.	2 Strategies (1 Provincial and 1 Municipal) developed and implemented for optimisation of revenue collection in the Province.	2 Strategies (1 Provincial and 1 Municipal) developed and implemented for optimisation of revenue collection in the Province.	2 Strategies (1 Provincial and 1 Municipal) developed and implemented for optimisation of revenue collection in the Province.

Sub programme 2.4 Budget Management

Strategic Objective	Promote equitable financial resource allocation, monitor and report on budget outcomes.
Objective statement	To ensure that resources are utilised effectively, efficiently and economically.
Baseline	Timeous tabling of the main and adjustment budgets.
Justification	Improve the sustainability and credibility of provincial budgets, the monitoring of implementation to enhance expenditure efficiency, financial prudence and fiscal discipline in order to maximise the capacity of provincial departments to deliver services.
Links	Goal 2: Management and use of fiscal resources.

Strategic Objective performance indicators:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
2.4.1	Promote effective optimal financial resource allocation	Timeous and credible provincial budget relevant to government priorities	Timeous and credible provincial budget relevant to government priorities	Credible budget in line with government priorities tabled	Timeous and credible provincial budget relevant to government priorities	Annual provincial budgets tabled	Annual provincial budgets tabled	Annual provincial budgets tabled

Sub – Programme 2.5 Municipal Finance

Strategic Objective	To enhance effective, efficient and credible budgets within municipalities.
Objective statement	To promote the development of responsive municipal budgets that contributes to the improvement of service delivery to communities.
Baseline	Municipal budgets evaluated, benchmark exercises conducted in each district to ensure responsive municipal budgets that contribute to the improvement of service delivery to communities
Justification	Municipal budgets are meant to play key role as policy instruments to address social and economic challenges. The achievements of socio-economic imperatives need to be supported with appropriate policy and budgetary allocations. Budgets that address selected socio economic outcomes as set out in government priorities are important to realise effective resource allocation.
Links	Goal 2: Management and use of fiscal resources.

Strategic Objective performance indicator:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
2.5.1	Municipalities supported to promote sustainable budgets of the municipalities	-	Municipal budgets evaluated for compliance with regulated format	31 Municipalities	Evaluate municipal budgets for sustainability	31 municipalities assisted in achieving sustainable budget	31 municipalities assisted in achieving sustainable budget	31 municipalities assisted in achieving sustainable budget

9.2 Resource Allocation

Table 2.10.2: Summary of payments and estimates by sub-programme: Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
1. Programme Support	1 361	1 348	1 649	1 569	2 251	2 251	2 303	2 460	2 793
2. Economic Analysis	3 319	4 547	4 706	5 474	5 474	5 474	5 382	5 479	5 842
3. Fiscal Policy	3 059	3 961	4 365	5 292	5 292	5 292	5 588	5 955	6 344
4. Budget Management	5 263	6 675	7 817	8 661	8 695	8 695	8 965	9 575	10 053
5. Municipal Finance	10 041	10 462	12 229	18 229	14 541	13 541	19 051	20 085	20 630
Total payments and estimates	23 043	26 993	30 766	39 225	36 253	35 253	41 289	43 553	45 662

The table shows an increase of 13.8 percent in 2015/16 from the adjusted appropriation, 5.5 percent increase from 2015/16 to 2016/17 and a further increase of 4.8 percent from 2016/17 to 2017/18 financial year. The programme's total budget was reduced by R3.500 million within the Municipal Finance sub-programme in the adjustment appropriation. The reduction was due to the fact that posts earmarked for capacity building within the districts were not filled in the previous financial year and funds were allocated in the 2015 MTEF.

9.3 Risk Management

Risk Title	Risk Description	Cause	Mitigating Strategy
Inadequate support strategy	Inadequate monitoring tools/mechanisms/processes to assist Municipalities and Departments to optimally generate revenue	Indirect reporting by Municipalities; Ineffective interventions to remedy under-collection	Quarterly meetings; Revenue IYM Monitoring; Revenue strategy guide; Quarterly site workshops/visits; Practice Notes issuing
Occurrence of overspending by Departments	Non-compliance by Departments with the budgetary controls and processes	Lack of timeous reporting by departments and implementation of recommendation	Monthly feedback to Departments; Quarterly presentation to EXCO on expenditure outcomes; PMTEC hearings
Inadequate funding of Provincial mandates	Incorrect/insufficient information provided for budget allocation purposes which impacts on the funding of provincial priorities.	Insufficient allocation of resources from National Treasury; No synergy in priority funding	Regular reporting process; transparency of the budget process; Updates at the budget lekgotla; Bi-laterals with Departments (eg PMTEC)
Inadequate oversight strategy for Municipalities	Misalignment of oversight functions, processes and systems to ensure compliance	Poor coordination of functions; Lack of analytical skills in municipalities; Fragmentation in interventions	CFO Forums; Municipal budget engagements; Training workshops;
Validity of information	Inadequate research data to inform resource allocation and planning	Lack of innovative data collection capabilities	Staff trainings on data collection

10. Programme 3: Asset and Liabilities Management

Programme 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 Immovable Asset Management to municipalities and provincial departments in the province.

Programme Overview:

The programme consists of the following four sub-programmes:

- **Asset Management:** Responsible for the enforcement of SCM requirements, in terms of the PFMA and the MFMA and their regulations, to assist, guide and issue best practice guidelines to provincial departments, entities and municipalities and to investigate any system of control or financial management from a SCM perspective. This means engaging provincial departments, entities and municipalities on the implementation of SCM and conducting compliance/capacity assessments. It also implies implementation of asset management requirements within the Province, developing Provincial Treasury instructions for SCM and facilitating the arrangements of transversal contracts. The unit also facilitates initiatives and drives policy towards supplier development and preferential procurement initiatives.
- **SIFS:** Responsible for the day to day management of transversal systems (currently BAS, LOGIS, PERSAL and BACS), utilised by all departments. In addition, this section is also responsible for providing assistance and support to system users, and the training of employees in all aspects of the systems to ensure its proper utilisation and management.
- **Immovable Asset Management:** responsible for assessing infrastructure budgets and infrastructure plans, monitoring and enhancing infrastructure spending performance of designated departments (Education, Health, Transport and Public Works) and championing infrastructure delivery improvement processes in these departments. This section is also responsible for advising municipalities on immovable asset management and statutory infrastructure reporting, providing views on the infrastructure components of the draft municipal budgets, monitoring infrastructure spending performance of municipalities and piloting infrastructure delivery business improvement processes in selected municipalities. The section is, also responsible for advising and assisting provincial departments and municipalities on PPP projects and monitoring of PPP projects.
- **Cash Flow Management:** is responsible for controlling the Provincial Revenue Fund and the prudent management of cash by departments. Also responsible to monitor and evaluate cash flow and investment management so that it is sustainable and credible and will enhance service delivery and improve liquidity in departments.

10.1 Strategic Objectives

Sub – Programme 3.2: Asset Management

Strategic Objective	To provide effective support to ensure sound asset and supply chain management(scm) practices within the province
Objective statement	Provide effective support through issuing of circulars, practice notes, technical assistance and capacity building initiatives to ensure sound asset and supply chain management practices within the province.
Baseline	Issued asset management guidelines, developed draft provincial asset and scm policies for the province. Assisted departments and municipalities with developing asset and scm policies from the provincial policy. Issued amended bid documents (ncp1, 4, 6.1, 8 and 9). SCM and asset technical assistance, capacity building and support within the province.
Justification	The objectives will promote optimal utilization of supply chain management and asset management policies and best practice for provincial departments and municipalities.
Links	Goal 2: Management and of fiscal resources Goal 3: Prudent management of assets and liabilities Goal 4: Sound financial management and governance

Strategic Objective performance indicators:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
3.2.1	Level financial maturity capability on Asset and supply chain management	-	-	12 departments	12 departments, 5 listed public entities	Financial Capability to level 3 for 12 departments, 5 public entities	Financial Capability to level 3 for 12 departments, 5 public entities	Financial Capability to level 3 for 12 departments, 5 public entities
3.2.2	Number of municipalities assisted in improving compliance with Asset and Supply Chain Management Prescripts	-	-	10 Municipalities	10 targeted municipalities per annum	16 targeted municipalities per annum	16 targeted municipalities per annum	16 targeted municipalities per annum

Sub – Programme 3.3: Supporting and Interlinked Financial Systems

Strategic Objective	To provide oversight and management of interlinked financial systems and enhancing compliance with the PFMA and other relevant legislation within the provincial administration
Objective statement	Provide oversight and management of interlinked financial systems by promoting effective utilisation of transversal systems to enhance credibility of financial information within the provincial administration
Baseline	Implemented Logis to enhance supply chain compliance, Conducted a biometric aided headcount to enhance credibility of employee data and Implemented Biometric Access Control system to enhance security on financial transactions
Justification	The sub-programme will ensure that technical and functional support on interlinked financial systems is provided, including the rollout of LOGIS to all provincial departments.
Links	Goal 1: Strategic leadership and administrative support Goal 3: Prudent management of assets and liabilities Goal 4: Sound financial management and governance

Strategic Objective performance indicators:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
3.3.1	Percentage of users provided valid access to transversal system	-	-	100% of provincial calls resolved within 24 hours after being logged	100% availability of transversal systems	100% of users provided access within 24 hours after being logged	100% of users provided access within 24 hours after being logged	100% of users provided access within 24 hours after being logged

Sub – Programme 3.4: Immovable Asset Management

Strategic Objective	To promote and facilitate the strengthening of immovable asset management within provincial and local government through the utilisation of best practice methodology.
Objective statement	Promote and facilitate the strengthening of immovable asset management within provincial and local government by providing technical assistance and support on all PPP and infrastructure projects
Baseline	Institutionalization of Immovable asset management framework(IDMS) Four PPPs registered
Justification	Provision of technical support for the identified projects within departments and municipalities is imperative for the effective, efficient and economical management of resources
Links	Goal 2: Management and use of fiscal resources Goal 3: Prudent management of assets and liabilities

Strategic Objective performance indicator:		Audited/Actual performance			Estimate d performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
3.4.1	Departments and Municipalities assessed and supported to ensure compliance with Infrastructure Management	-	-	Infrastructure Delivery Management System (IDMS) Is currently functional	Development of NC Infrastructure Delivery Management Framework (IDMS)	7 Infrastructure Departments compliant with the Infrastructure Delivery Management Framework (IDMS)	7 Infrastructure Departments compliant with the Infrastructure Delivery Management Framework (IDMS)	13 Departments compliant with the Infrastructure Delivery Management Framework (IDMS)
						10 Municipalities Review and Municipal Infrastructure Framework Developed	10 Municipalities Assisted with infrastructure Management Framework	10 Municipalities Assisted with infrastructure Management Framework

Sub – Programme 3.5 Banking Services and Cash Flow Management

Strategic Objective	To promote effective and efficient banking services and cash flow management for the provincial revenue fund
Objective statement	Promote effective and efficient banking services and cash flow management for provincial revenue fund by implementing cash management framework and providing technical advice and support.
Baseline	Clean Audit Report on Provincial Revenue Fund Maintaining healthy provincial liquidity
Justification	Provide support to provincial department in terms of banking services and cash flow Management
Links	Goal 2: Management and use of fiscal resources Goal 3: Promote prudent management of assets. Goal 4: Sound Financial Management of Resources

Strategic Objective Performance Indicator:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
3.5.1	Audit outcome for the Provincial Revenue Fund reflecting the effectiveness and efficiency of banking services and cash flow management	Effective management of Provincial Revenue Fund (PRF)	Effective management of Provincial Revenue Fund (PRF)	Unqualified Report on the revenue fund for 2012/13	Clean Audit Report on the Provincial Revenue Fund	Clean Audit Report on the Provincial Revenue Fund	Clean Audit Report on the Provincial Revenue Fund	Clean Audit Report on the Provincial Revenue Fund

10.2 Resource Allocation

Table 2.10.3: Summary of payments and estimates by sub-programme: Assets and Liabilities Management

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14		2014/15		2015/16	2016/17	2017/18
1. Programme Support	912	535	1 445	1 782	1 782	1 782	1 748	1 775	1 864
2. Asset Management	5 506	5 746	6 160	8 478	7 918	7 308	8 899	9 393	9 863
3. Support And Interlinked Financial Systems	9 278	11 623	29 652	28 600	34 109	34 109	22 592	18 897	19 846
4. Public Private Partnership	1 168	3 637	4 441	5 257	5 817	6 427	5 517	5 888	6 280
5. Banking And Cashflow Management	3 631	2 597	2 695	4 221	4 668	4 668	5 585	5 884	6 184
Total payments and estimates	20 495	24 138	44 393	48 338	54 294	54 294	44 341	41 836	44 036

The table also shows a decrease of 18 percent in 2015/16 from the adjusted appropriation, 5.6 percent decrease from 2015/16 to 2016/17 and an increase of 5.2 percent from 2016/17 to 2017/18 financial year. The decrease is as a result of once off funding provided for Biometric Access Control and Biometric Aided Head Count. Included in the baseline are funds earmarked for biometrics system maintenance.

10.3 Risk Management

Risk Title	Risk Description	Cause	Mitigating Strategy
Inadequate enforcement strategy	Inadequate enforcement strategy to ensure compliance with relevant pre-scripts by Provincial Departments/ Municipalities/ Public entities	Inadequate capacity; Ineffective monitoring tools	<ul style="list-style-type: none"> • Issuing of guidelines; • Compliance monitoring through visits; • Capacity building through trainings
	Inadequate strategies to ensure compliance with IDMS methodologies	Incomplete asset management plans from Departments	<ul style="list-style-type: none"> • Regular workshops; • Monthly Provincial Infrastructure committee meetings; • IDMS training by National Treasury
Disruption to business systems	Non-availability of systems causing disruption to business processes and loss of information	Transversal Systems	<ul style="list-style-type: none"> • Active directory server • Disaster Recovery Plan

11. Programme 4: Financial Governance

Programme Purpose:

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

Programme Overview:

The programme is responsible for promoting sound financial management within the Province by taking the necessary steps to assist and support departments and municipalities in obtaining clean audit reports, addressing compliance issues as per PFMA and MFMA and ensuring effective implementation of risk management.

11.1 Strategic Objectives

Sub – Programme 4.2: Accounting Services

Strategic Objective	To provide support on accounting practises that will promote financial reporting to a level 3 financial management capability maturity level (FMCMM).
Objective statement	Providing ongoing technical support on accounting practice to departments, municipalities and entities.
Baseline	FMCMM level 2 – departments FMCMM level 1 - municipalities
Justification	There is a need to improve the quality of financial reporting and audit outcomes of departments, municipalities and entities.
Links	To promote sound financial management and good governance within the province.

Strategic Objective performance indicators:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
4.2.1	Improved financial management capability maturity (FMCM) to level 3 on financial reporting.	-	13 Departments, 2 listed public entities, 31 municipalities	Credible financial reporting.	FMCM level 3 reporting.	FMCM level 3 reporting.	FMCM level 3 reporting.	FMCM level 3 reporting.

Sub – Programme 4.3: Norms and Standards

Strategic Objective	To monitor, promote and support the implementation of developed norms and standards that will improve financial management capability maturity within the province.
Objective statement	Improvement of financial management capability maturity within the province on institutional arrangements, accountability, transparency and corporate governance areas.
Baseline	FMCM level 2 – departments FMCM level 1 - municipalities
Justification	The objective will contribute to tracking progress on implementation norms and standards as well as the improvement of financial management within the province.
Links	To promote sound financial management and good governance within the province.

Strategic Objective performance indicators:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
4.3.1	Improved financial management capability maturity to level 3 on compliance, institutional arrangements, accountability and transparency within the Province.	FMC Level 2 by departments New indicator	FMC level 2 by departments New indicator	FMC level 2.82 by departments FMC level 1 by municipalities	FMC level 2.80 by departments FMC level 1 by municipalities	FMC level 3 by departments FMC level 2 by municipalities	FMC level 3 by departments FMC level 3 by municipalities	FMC level 3 by departments FMC level 3 by municipalities

Sub – Programme 4.4 Risk management

Strategic Objective	Monitor, oversee and evaluate implementation of risk management practices in order to improve capability maturity level within the province
Objective statement	To improve compliance and implementation of risk management practices to risk maturity level 3.
Baseline	FMCMM level 2 – departments Local Government Risk Maturity level 2 - municipalities
Justification	Continuous improvement in compliance regarding risk management in the province.
Links	To promote sound financial management and good governance within the province.

Strategic objective:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
4.4.1	Improved financial management capability maturity to level 3 on risk management practices by departments and municipalities	-	-	Risk management maturity average level of 2.84 for 12 Departments. Risk management maturity average level of 2.70 for 31 Municipalities	risk management maturity level of 3+ for 12 Departments Risk management maturity level of 2+ for 31 Municipalities	Improved risk management maturity level of 4+ for 12 Departments Improved risk management maturity level of 3+ for 31 Municipalities	Improved risk management maturity level of 5+ for 12 Departments Improved risk management maturity level of 4+ for 31 Municipalities	Maintain improved risk management maturity level of 5+ for 12 Departments Improved risk management maturity level of 4+ for 31 Municipalities

11.2 Resource Allocation

Table 2.10.4: Summary of payments and estimates by sub-programme: Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
1. Programme Support	1 309	1 509	1 729	1 766	1 633	1 633	1 860	1 961	2 060
2. Accounting Services	4 238	14 143	8 752	8 136	7 879	7 879	8 225	8 631	9 063
3. Norms And Standards	3 489	3 818	5 077	5 191	5 811	5 811	5 788	6 105	6 413
4. Risk Management	2 771	3 567	4 815	5 145	5 308	5 308	5 576	5 972	6 271
Total payments and estimates	11 807	23 037	20 373	20 238	20 631	20 631	21 449	22 670	23 807

The table also shows an increase of 3.9 percent in 2015/16 from the adjusted appropriation, 5.7 percent increase from 2015/16 to 2016/17 and 5 percent increase from 2016/17 to 2017/18.

11.3 Risk Management

Risk Title	Risk Description	Cause	Mitigating Strategy
Inadequate enforcement strategy	Inability to enforce compliance to legislation and applicable prescripts	Lack of enforcement tools	Non-compliance letters and continuous engagement with stakeholders; Implementation of approved Accountability Framework

12. Programme 5: Internal Audit

Programme Purpose:

To provide internal audit service to the Northern Cape Provincial Government's operations and to provide audit committee oversight over the Northern Cape Provincial Government.

Programme Overview:

The Northern Cape Provincial Administration has adopted a shared internal audit model with shared audit committees. There are four audit committees' clusters which are reflected in the following sub-programmes.

12.1 Strategic Objectives

Sub-programmes 5.1: Programme Support and Audit Committees

Strategic Objective	Existence and functioning of 4 audit committees to provide oversight over the Northern Cape Provincial Government, 12 Departments.
Objective statement	The audit committee provides oversight over the financial reporting process, the system of internal control, the audit process, the process for monitoring compliance with laws and regulations and the code of conduct
Baseline	There is full compliance with the Audit Committee Charter and the Auditor-General did not raise any findings on the Audit Committee.
Justification	To comply with the PFMA section 38(1)(a)(ii) which requires the existence of audit committees. To improve the effectiveness of risk management, control, and governance processes in the Northern Cape Provincial Government.
Links	Strategic goal 5: To ensure sound governance through audit committees

Strategic objective performance indicators:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
	Audit Committee							
5.1.1	Convene Audit Committee meetings, 4 per year for each of the 12 departments and 4 quarterly Joint Audit Committee meetings	New	New	New	54	52	52	52

Sub-programmes two to five has the same strategic objective:

Strategic Objective	Existence and functioning of an independent, objective internal audit assurance and consulting activity designed to add value and improve the Northern Cape Provincial Government's operations in 12 departments
Objective statement	Shared Internal Audit Unit provides an independent assurance and consulting services to help the Northern Cape Provincial Government accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
Baseline	Partial compliance to International Standards for the Professional Practice of Internal Auditing. The Auditor-General did not raise any findings on the internal audit function.
Justification	To comply with the Treasury Regulation 3.2.2 which requires the existence of internal audit function. To improve the effectiveness of risk management, control, and governance processes in the Northern Cape Provincial Government.
Links	Strategic goal 5: To ensure sound governance through internal audit

Strategic objective performance indicators:		Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011-12	2012-13	2013-14		2015/16	2016/17	2017/18
	Internal audit							
5.2	Execution of the approved annual audit plans.	19 Audit reports	40 Audit Reports	124 reports	133 Audit Reports	100% of audit reports as per approved audit plans	100% of audit reports as per approved audit plans	100% of audit reports as per approved audit plans

12.2 Resource Allocation

Table 2.10.5: Summary of payments and estimates by sub-programme: Provincial Internal Audit

R thousand	Outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
1. Programme Support	–	1 029	1 826	3 558	3 558	3 558	3 634	3 876	4 070
2. Internal Audit (Education)	3 420	3 494	3 601	4 600	4 983	4 983	5 830	6 208	6 421
3. Internal Audit (Health)	3 093	4 012	4 834	6 119	5 879	5 879	5 562	5 926	6 222
4. Internal Audit (Sector Departments)	–	4 174	2 099	5 646	5 028	5 028	5 387	5 595	5 875
5. Internal Audit (Dpw)	–	–	2 612	4 754	5 536	5 536	5 406	5 626	5 907
Total payments and estimates	6 513	12 709	14 972	24 677	24 984	24 984	25 819	27 231	28 496

The programme increases by 3 percent in 2015/16 from adjusted appropriation. An increase of 5.5 percent from 2015/16 to 2016/17 and by 4.6 percent from 2016/17 to 2017/18 financial year.

12.3 Risk Management

Risk Title	Risk Description	Cause	Mitigating Strategy
Inadequate Internal Audit independence	Internal audit unit may not be independent during the delivery of internal audit services.	Incorrect reporting lines and conflict of interest.	<p>Approved IA and AC charters</p> <p>Annual declaration of interest.</p> <p>Declaration of interest per assignment.</p> <p>Annual staff rotation</p> <p>SLA with departments.</p>
Lack of AC oversight	Absence of Audit Committees, due to non-renewal / appointment of AC members to ensure continued existence of Audit Committees and quorate meetings.	Time delays in renewing / appointing of AC members.	<p>Renewal/appointment of AC members took place December 2014 for 3 year term, thus risk mitigated in the short term, but still relevant after 3 years.</p> <p>AC resignations / absence may cause inquorate meetings. Other cluster AC members will be asked to stand in to ensure quorate meetings.</p> <p>Communication of AC vacancies to HOD/MEC Treasury by AC. To appointment AC members in vacant posts by the next AC meeting (quarterly). To remind about upcoming AC terms ending in 2017.</p> <p>Communication of AC vacancies to HOD/MEC Treasury by CAE, and to HOD forum</p> <p>Reflection on AC matters in Joint AC meetings where HOD Treasury is standing member.</p>

13. Resource considerations

Table 2.3: Summary of payments and estimates by programme: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
1. Administration	55 986	64 720	69 785	69 915	73 900	73 900	78 648	83 522	87 753
2. Sustainable Resource	23 043	26 993	30 766	39 225	36 253	35 253	41 289	43 553	45 662
3. Assets And Liabilities Management	20 495	24 138	44 393	48 338	54 294	54 294	44 341	41 836	44 036
4. Financial Governance	11 807	23 037	20 373	20 238	20 631	20 631	21 449	22 670	23 807
5. Provincial Internal Audit	6 513	12 709	14 972	24 677	24 984	24 984	25 819	27 231	28 496
Total payments and estimates	117 844	151 597	180 289	202 393	210 062	209 062	211 546	218 814	229 754

The above table reflects increase of 4.5 percent in 2015/16 from the 2014/15 main appropriation and 0.71 percent from the adjusted appropriation. The minimal increase is due to the impact of roll overs approved in 2014/15 and once-off funding provided in the previous MTEF such as the implementation of the Biometric Access Control System and the Biometric Aided Headcount. Over the MTEF, the allocation increase by 3.4 percent in 2016/17 and increase of 5 percent in 2017/18.

Additional funding was received in relation to the improvement of the department's human resource capacity in order to enhance its oversight role in departments especially department of Health.

7.1 Summary of economic classification

Table 2.4: Summary of provincial payments and estimates by economic classification: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
Current payments	115 915	146 221	172 516	198 302	202 383	201 173	207 969	215 838	226 628
Compensation of employees	76 651	93 682	113 216	140 766	135 495	133 885	158 142	168 637	177 693
Goods and services	38 112	52 415	59 266	57 522	66 874	67 274	49 812	47 186	48 919
Interest and rent on land	1 152	124	34	14	14	14	15	16	17
Transfers and subsidies to:	292	351	216	634	692	968	668	705	740
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	6	8	8	8	8	19	22	23
Higher education institutions	-	-	-	376	376	376	396	417	438
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	62	37	10	50	50	94	53	56	59
Households	230	308	198	200	258	490	200	210	221
Payments for capital assets	1 637	5 025	7 460	3 457	6 987	6 921	2 909	2 270	2 385
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 628	4 606	4 701	3 419	6 696	6 613	2 639	2 142	2 250
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	9	419	2 759	38	291	308	270	129	135
Payments for financial assets	-	-	97	-	-	-	-	-	-
Total economic classification	117 844	151 597	180 289	202 393	210 062	209 062	211 546	218 814	229 754

The department is human resources driven department, thus compensation of employees constitutes 76 percent of the department's total budget allocation. The increase of 12.3 percent from the main appropriation in the compensation of employees is as a result of the filling of additional funded vacancies, especially in the internal audit and municipal finance units.

The goods and services budget for 2015/16 has reduced by 26 percent from the adjusted appropriation due to additional funds allocated in the adjustment budget. In 2016/17 financial year the budget furthermore reduces by 5.3 percent due to the once off funding of Biometrics Access Control System (BACS) and headcount project which commenced in 2014/15 financial year.

The budget of 2015/16 for machinery and equipment indicates a decrease of 153.7 percent from the adjusted appropriation due to the capital equipment that was procured for the Biometric Access Control project.

a. Trends in the numbers of key staff.

Table 2.13: Personnel numbers and costs (Provincial Treasury)

Personnel numbers	As at 31 March 2012	As at 31 March 2013	As at 31 March 2014	As at 31 March 2015	As at 31 March 2016	As at 31 March 2016	As at 31 March 2016
1. Administration	90	111	98	103	107	107	107
2. Sustainable Resource	56	63	64	60	70	70	70
3. Assets And Liabilities Management	48	58	59	58	68	68	68
4. Financial Governance	23	29	31	27	31	31	31
5. Provincial Internal Audit	26	26	34	47	58	58	58
Total provincial personnel numbers	243	287	286	295	334	334	334
Total provincial personnel cost (R thousand)	76 651	93 682	113 216	133 885	158 142	168 637	177 693
Unit cost (R thousand)	315	326	396	454	473	505	532

The significant increase in personnel numbers from 2014/15 to 2015/16 financial year is as result of appointments that will be made within Sustainable Resource Management programme which relates to assistant director positions within district offices that will be utilised to assist municipalities with financial management. Furthermore the internal audit will be appointing additional internal auditors who will service the various departments, thus reducing dependence on consultants.

PART C: LINKS TO OTHER PLANS

7. Links to the long-term infrastructure and other capital plans

This section is not applicable to the Provincial Treasury, as its functional responsibilities do not relate to the capital investment.

8. Conditional grants

Not applicable

9. Public entities

Not applicable

10. Public-private partnerships

The Provincial Treasury is not yet functionally responsible for any PPP but it is responsible to provide the technical support to the Provincial Departments and Municipalities.