

MPUMALANGA PROVINCIAL GOVERNMENT

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Department of Finance

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Departement van Finansies

Kgoro ya Matlotlo

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PROVINCIAL TREASURY 36 CIRCULAR OF 2011

TO: - ACCOUNTING OFFICERS

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR JM RABODILA)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL LEGISLATURE (MR LB SHABALALA)
THE ACCOUNTING OFFICER (ACTING): VOTE 3: FINANCE (MR JB MBATHA)
THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR D MAHLOBO)
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION (MS NL SITHOLE)
THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (DR DV DLAMINI)
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR KM MOHLASEDI)
THE ACCOUNTING OFFICER: VOTE 9: SAFETY, SECURITY & LIAISON (MR ST SIBUYI)
THE ACCOUNTING OFFICER: VOTE 10: HEALTH (DR JJ MAHLANGU)
THE ACCOUNTING OFFICER: VOTE 11: CULTURE SPORTS AND RECREATION (MS SP MJWARA)
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS NL MLANGENI)
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR D DUBE)

CHIEF FINANCIAL OFFICERS:-

THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR T NKOJOANA)
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL LEGISLATURE (MR S SANYANE)
THE CHIEF FINANCIAL OFFICER: VOTE 3: FINANCE (MS P SEMENYA)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR MD SHIPALANA)



THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION (MR R MNISI)
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (MS JP HLATSHWAYO)
THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (MR CB MNISI)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR S SHONGWE)
THE CHIEF FINANCIAL OFFICER: VOTE 9: SAFETY, SECURITY & LIAISON (MR BH NGOMA)
THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MS G MILAZI)
THE CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE SPORTS AND RECREATION (MR M KHOZA)
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS P MORGAN)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 13: HUMAN SETTLEMENT (MS B MOJAPELO)

PUBLIC ENTITIES

THE CHIEF EXECUTIVE OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY (MR RS TSHUKUDU)
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA GAMBLING BOARD (MR B MLAMBO)
THE ACTING CHIEF EXECUTIVE OFFICER: MPUMALANGA TOURISM (DR N MOTETE)
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA REGIONAL TRAINING TRUST (MR ND MOROPANE)

PROVINCIAL TREASURY

THE GENERAL MANAGER: SUSTAINABLE RESOURCE MANAGEMENT (PT) (MS N NKAMBA)
THE GENERAL MANAGER (ACTING): ASSETS AND LIABILITIES MANAGEMENT (PT) (MR R MASAMBO)
THE GENERAL MANAGER: FINANCIAL GOVERNANCE (PT) (MS J BEZUIDENHOUT)

PERFORMANCE INFORMATION BY DEPARTMENTS AND PUBLIC ENTITIES

Performance information indicates how well an institution is meeting its aims and objectives, and which policies and processes are working. Making the best use of available data and knowledge is crucial for improving the execution of government's mandate. It is key to effective management, including planning, budgeting, and implementation, monitoring and reporting. It also facilitates effective accountability, enabling legislators, members of the public and other interested parties to track progress, identify the scope for improvement and better understand the issues involved. The public sector delivers services essential to the well-being and development of the nation. To ensure that public service delivery is as efficient and economical as possible, all government institutions are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results.

The Public Finance Management Act (PFMA), No 1 of 1999 provides a financial management framework that is comparable to the world's best and requires the highest level of discipline in the management of public funds. In terms of section 18(2)(a)(e) of the PFMA, the Provincial Treasury must monitor and assess the implementation of the Act, and any other prescripts, in Provincial Departments and Public Entities.

It should be emphasized that the Head of a Department or Chief Executive Officer, as Accounting Officer, is ultimately accountable for the effective and efficient management of a Department or Public Entity. In terms of Section 38(1)(a) of the PFMA, an Accounting Officer must ensure that the Department and Public Entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Auditor-General's reports continuously expose performance information weaknesses in many institutions of Government, which implies that they are failing to meet the standards set out in the PFMA, Treasury Regulations and other legislation. Whilst audit reports focus on root causes and audit opinions, departments and public entities are experiencing challenges in giving adequate explanations for major variances between the planned and the actual reported targets for the objectives that were not reported as required in terms of the relevant reporting guidance. Planned and reported performance targets are not specific, measurable or time bound. Departments and Public Entities do not report on their performance against the predetermined objectives which are consistent with the approved annual performance plans. Reported targets are not reliable when compared to source information, and no supporting source information could be provided in some instances.

(The validity, accuracy and completeness of 100% of the reported targets could not be established as sufficient appropriate audit evidence could not be provided for audit purposes.)

In monitoring Departments and Public Entities, the Provincial Treasury has determined that in most cases problems are experienced with the consolidation of monthly reports. The annual performance plan of some entities did not include objectives and outcomes as well as key performance measures and indicators for assessing the performance in delivering the desired outcomes and objectives.

The accounting officer of an institution must ensure that there is adequate capacity to integrate and manage performance information with existing management systems. Each institution will need to decide on the appropriate positioning of the responsibility to manage performance information. Ideally, this capacity should be aligned to the planning and financial management functions. This responsibility needs

to focus on the overall design and management of indicators, data collection, collation and verification processes within the institution. Where such systems are lacking, it is necessary to support the relevant line manager to put them in place. It must be emphasized that line managers remain responsible for establishing and running performance information systems within their sections, and for using performance information to make decisions.

The accounting officer of an institution is accountable for establishing and maintaining the systems to manage performance information. Their performance agreements should reflect these responsibilities. They should be assisted by chief information officers, and by ensuring there is appropriate capacity within the institution.

Performance information systems should be integrated within existing management processes and systems. The accounting officer of an institution is responsible for ensuring that the institution has:-

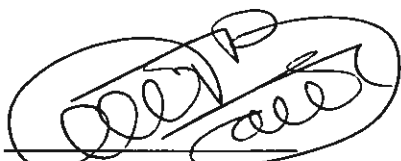
1. Documentation addressing the following:
 - Integration of performance information structures and systems within existing management processes and systems
 - Definitions and technical standards of all the information collected by the institution
 - Processes for identifying, collecting, collating, verifying and storing information
 - Use of information in managing for results
 - Publication of performance information.
2. Appropriate capacity to manage performance information.
3. Appropriate systems to collect, collate, verify and store the information.
4. Consultation processes that ensure the information needs of different users are taken into consideration when specifying the range of information to be collected.
5. Processes to ensure the information is appropriately used for planning, budgeting and management within the institution, including:
 - Processes to set performance standards and targets prior to the start of each service delivery period.
 - Processes to review performance and take management action to ensure service delivery stays on track.
 - Processes to evaluate performance at the end of a service delivery period.
6. Processes to ensure that responsibility for managing performance information is included in the individual performance agreements of line managers and other officials
7. An identified set of performance indicators for reporting for oversight purposes.

Departments and Public Entities should ensure that their internal audit function monitor performance information on a regular basis, at least quarterly to ensure that the performance of the institutions is in line with the predetermined objectives, and evidence is always available for audit purposes.

Provincial Treasury will monitor the implementation of the Framework by all institutions within their respective spheres.

It will be appreciated if the content of this Circular could be distributed to the relevant role-players in your Departments, and Public Entities and implemented as a matter of urgency.

Regards

A handwritten signature in black ink, appearing to read 'JB Mbatha', is written over a horizontal line. The signature is enclosed within a hand-drawn oval shape.

MR JB MBATHA
ACTING HEAD OF DEPARTMENT
DATE: 6/10/2011