



**PORTFOLIO COMMITTEE: PREMIER'S OFFICE,
FINANCE, ECONOMIC DEVELOPMENT AND
TOURISM**

REPORT ON VOTE 3

REPORT 3 OF 2014

**PORTFOLIO COMMITTEE ON PREMIER'S OFFICE, FINANCE, ECONOMIC DEVELOPMENT
AND TOURISM OF THE 5TH MPUMALANGA PROVINCIAL LEGISLATURE: ANNUAL
PERFORMANCE PLAN FOR THE DEPARTMENT OF FINANCE**

1. INTRODUCTION

The Portfolio Committee on Premier's Office, Finance and Economic Development and Tourism (the Committee) is mandated by Section 114 (2) of the Constitution of the Republic of South Africa to oversee, thereafter referred to as "the department" in its planning, budgeting, performance and reporting.

Consideration of the Annual Performance Plan (the APP) of the department in line with its five-year strategic plan and appropriated budget for the financial year under review is thus a crucial oversight tool used by the Committee to hold the department accountable for its performance throughout the financial year. Thus, the Committee tables this report in support of the oversight work done in consideration of the 2014/15 APP of the department and corresponding budget appropriated to Vote 3, as per the Mpumalanga Appropriation Bill, 2015.

The consequent deliberations by the Committee were mainly aimed at ensuring that the Department has made the necessary commitment to efficiently deliver according to its specific Strategic Plan for the period 2010 – 2014 and the Annual Performance Plan (APP) for the Financial Year 2014/15.

2. METHOD OF WORK

The Speaker referred the 2014/15 Annual Performance Plan of the Department to the Committee for deliberations and report back to Legislature.

The Committee met on 11 July 2014 to deliberate on the Research Analysis on the performance of the Department. A Committee meeting was held with the department on 22 July 2014. The delegation from the Department was comprised of the MEC, HOD, and the Senior Management of the Department. The Draft Committee Report was considered and adopted at a meeting on 29 July 2014.

3. COMPLIANCE TO NATIONAL TREASURY

The Committee made the following observations with regards to the structure of the Annual Performance Plans in compliance with the fundamental elements:

- The cover page had all the elements as required by the new Treasury Framework for Annual Performance Plan, including the date in which it was tabled.
- The foreword presented by the MEC reflected political priorities and outcomes over the next Medium Term Strategic Framework (MTSF). The MEC highlighted how the budget of the Department was going to be utilized in order to realize the objectives set out in the Strategic Plan (2010-2015).
- The official sign-off has been carried out by all relevant officials.

4. UPDATED PROGRESS REPORT ON HOUSE RESOLUTIONS ON THE 2013/14 BUDGET

The HOD presented the updated progress report on House resolutions to the Committee. See Annexure A of this report. The Committee will continue to monitor the implementation of the House resolutions through its oversight of the departmental quarterly progress reports and during the various oversight visits during the financial year.

5. BRIEF OUTLINE ON STRATEGIC GOALS AND OBJECTIVES

The Department is directly linked to two outcomes, OUTCOME 9 and OUTCOME 12 in terms of its Strategic Plan and Annual Performance Plan (APP), namely:

- (9) RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT SYSTEM**
- (12) AN EFFICIENT AND DEVELOPMENT ORIENTATED PUBLIC SERVICES AND EMPOWERED, FAIR AND INCLUSIVE CITIZENSHIP**

In relation to Outcome 9 and 12, the Department is linked to four sub outcomes which are as follows:

**SUB-OUTCOME 3 : SOUND FINANCIAL AND ADMINISTRATIVE
MANAGEMENT**

**SUB-OUTCOME 4 : EFFECIENT AND EFFECTIVE MANAGEMENT AND
OPERATIONS SYSTEMS**

**SUB-OUTCOME 5 : PROCUREMENT SYSTEM THAT DELIVER VALUE FOR
MONEY**

**SUB-OUTCOME 8 : IMPROVE MECHANISM TO PREVENT CORRUPTION IN
THE PUBLIC SERVICE**

6. MEC'S OVERVIEW

The MEC indicated that the departmental APP is informed by the Executive Lekgotla which made key injunctions which are to move towards fiscal stability; ensure that at least 75% of the procurement is localised and also improve the financial governance in all the state departments guided by the shared country's 2030 vision – the NDP.

The MEC further indicated that the Department is resolute to its commitment in addressing through Provincial Fiscus, the challenges of creating decent job opportunities, reducing poverty focusing on social and economic infrastructure.

The MEC indicated that mandate of the Department is to ensure that the financial resources of the province are equitably allocated to departments, using a nationally agreed formula, to enable service delivery.

The MEC, in addition, confirmed that the departments, specifically, Social Development, Health and Education are allocated the full amount as part of the drive to minimise in year budget adjustments.

In his overview, the MEC emphasized that the Department is expected, in terms of the Public Finance Management Act and Municipal Finance Management Act, to support the public institutions to budget right and account correctly for public resources.

The MEC confirmed to the Committee that the Department of Finance and the Department of Economic Development and Tourism will remain as separate votes under one Political Head; in line with Section 17 of the PFMA. Furthermore, indicated that the Department requested and was granted an approval to re-designate the Department's name from "Department of Finance" to "Mpumalanga Provincial Treasury".

The MEC indicated that the Executive Council took the decision to intervene in the Department of Health in July 2014 following numerous attempts at supporting the Department in addressing its financial controls. Hence, the Curator was appointed in terms of the PFMA.

With regards to infrastructure, the MEC indicated that the Department will work closely with other departments to ensure compliance with the reforms associated with the Infrastructure Conditional Grants. The MEC added that the Department will assist other departments to put financial controls and ensure strict monitoring and sustained delivery of infrastructure programme.

In relation to the Department's assistance to Municipalities; the Departments of Finance and Cooperative Governance and Traditional Affairs entered into a Memorandum of Understanding (MoU) in 2009 in order to streamline support to the local government sphere. The MEC indicated to the Committee that the Department was previously assisting 20 municipalities. However, the Department have taken a decision to further add Mbombela Local Municipality in the list of municipalities to be supported in the Province.

Nonetheless, the implementation of the MoU did not happen as envisaged and planned thus, thus Executive Council instructed the Department to improve the

support to municipalities begin a process to review the MoU in order to reduce the administrative burden on the municipal officials. The departmental view is that municipal officials must focus exclusively on providing services to the people, and not have a laborious task of too much reporting, in an uncoordinated manner, to other officials as is currently the practice.

The MEC added that the Department have developed an integrated support plan with clearly defined support mechanisms, where all overlapping areas have been identified. The two Departments have also prepared a discussion document that is being finalised at the level of 2 Executive Authorities and for further submission to the Executive Council.

With regard to Public Private Partnership, the MEC indicated that the Department will pay particular attention to initiatives which will advance Public Private Partnerships as an alternative to the traditional procurement methods, but more importantly, in the implementation of the Mpumalanga Economic Growth and Development Plan.

7. ANALYSIS OF THE DEPARTMENTAL ANNUAL PERFORMANCE PLAN

PART A: STRATEGIC OVERVIEW

UPDATED SITUATIONAL ANALYSIS

The updated situational analysis of the APP presents all the programmes of the Department, and how well they align with the budget and programme structure of the Department in relation to the Outcomes 9 and Outcome 12 which were alluded above in the report.

PART B: PROGRAMMES AND SUB-PROGRAMMES

Programme 1: Administration

This Programme is responsible for the political, financial and administrative management of the Department. The Programme provides effective and efficient administration support to all line function in the department.

Budget Allocations	Adjusted Appropriation 2012/2013 R'000	Adjusted Appropriation 2013/2014 R'000	Main Appropriation 2014/2015 R'000
Member of Executive Council	5 193	6 485	5 851
Management Services	28 132	29 923	32 866
Financial Management	34 192	36 086	36 992
Internal Audit	3 678	3 978	4 210
Total	71 195	76 472	79 919

This Programme's allocation indicates an increase of **4.5%** in 2014/15 financial year when compared to the previous financial year.

Compensation of Employees has been allocated an amount of **R49 017 000.00** which constitute **61.3%** of the programme's budget. Goods and Services have been allocated **R28 233 000.00**, Transfer and Subsidies **R509 000.00** and Payment for Capital Assets **R2 160 000.00**, each of them take up a share of **35.33%**, **0, 69%** and **2, 70%** of the budget respectively for the 2014/15 financial year.

5.3.2 Programme 2: Sustainable Resource Management

The Programme is responsible for promoting optimal and effective provincial resources allocation and utilization; efficient budget management; accurate financial reporting on provincial revenue generating and maximisation; providing quality and accurate socio-economic research reports to inform the provincial budget and planning process; promoting efficient planning, implementation and management of infrastructure by provincial departments and municipalities; and providing technical support to delegated municipalities on the implementation of the MFMA.

Budget allocations	Adjusted Appropriation 2012/2013 R'000	Adjusted Appropriation 2013/2014 R'000	Main Appropriation 2014/2015 R'000
Program me Support	2 141	6 268	1 746
Economic Analysis	3 339	3 375	3 721
Provincial Administration Discipline	4 361	5 037	6 137
Budget and Expenditure Management	7 490	8 659	9 052
Municipal Finance	15 581	20 076	21 758
Infrastructure Co-ordination	2 653	3 808	4 532
Totals	35 565	47 223	46 946

This Programme's allocation indicates a decrease of **0.6%** in 2014/15 financial year when compared to the 2013/14 financial year. The sub-programme: Municipal Finance has been allocated most of the Programme's budget allocation which is **46.4%** while Programme support received the least allocation at **3.7%** of the 2014/15 budget.

The Programme has been allocated an amount of **R36 389 000.00** for Compensation of Employees which is **77.51%** of the programme's budget. Goods and Services have allocated an amount of **R7 507 000.00**, Transfer and Subsidies **R3 000 000.00** and Payments for capital assets **R50 000.00** each of them take up a share of **15.99%**, **6,39%** and **0,11%** respectively.

The strategic objective of the Sub-programme: Municipal Finance is to provide support and monitor municipalities on the implementation of the MFMA. Page 29 of the 2014/15 APP indicate that the Department target to analyse 100% of draft budget and provided feedback for. The Department also target to assist municipalities with data cleansing during this financial year as stated on page 29 of the 2014/15 APP.

5.3.3 Programme 3: Assets and Liabilities

The Programme is responsible for the monitoring and support of Transversal Systems, Information Technology Services, Assets, Liabilities, Public Private

Partnerships and Provincial Supply Chain Management to departments, public entities and municipalities.

Budget allocations	Adjusted Appropriation 2012/2013 R'000	Adjusted Appropriation 2013/2014 R'000	Main Appropriation 2014/2015 R'000
Program Support	1 818	2 690	1 666
Provincial Supply chain Management	14 038	16 085	16 960
Financial Assets Management	1 841	2 520	3 003
Public Sector Liabilities	2 518	3 603	4 024
Physical Assets Management	4 264	4 689	5 014
Interlinked Financial System	9 599	11 940	12 444
Information Technology	73 539	68 477	70 679
Total	107 617	110 004	113 790

The Programme consists of Program Support; Economic Analysis; Provincial Administration Discipline; Budget and Expenditure Management; Municipal Finance; and Infrastructure Co-ordination. According to the Department's Annual Performance Plan (APP) 2014/15, the Department indicates that this Programme has been allocated an amount of **R113 790 000.00** for the 2014/15 financial year.

The Programme allocation indicates an increase of **3.4%** in 2013/14 financial year when compared to the previous year adjusted budget. Sub-programme: Information Technology has been allocated most of the Programme's budget allocation at **62.1%** while the least is for programme support at **1.5%**.

This Programme has been allocated an amount of **R50 388 000.00** for Compensation of Employees which is **37.66%** of the programme budget. Goods and Services have been allocated an amount of **R61 185 000.00** and Payment for Capital Assets an amount of **R2 217 000.00**, each take up a share of **53.77%** and **1.95%** respectively.

5.3.4 Programme 4: Financial Governance

The objective of this Programme is to facilitate, monitor, support and provide professional advice to ensure good governance in the Province.

Budget allocations	Adjusted Appropriation 2012/2013 R'000	Adjusted Appropriation 2013/2014 R'000	Main Appropriation 2014/2015 R'000
Program Support	4 993	6 476	3 953
Accounting Services	3 659	5 369	5 045
Norms And Standards	18 212	16 110	14 619
Risk Management	1 289	1 391	1 858
Provincial Internal Audit	1 981	1 960	2 039
Totals	30 134	31 306	27 514

The Programme consists of the following Sub-programmes: Program Support; Accounting Service; Norms and Standards; Risk Management, and Provincial Internal Audit. The Annual Performance Plan (APP) indicate that this programme has been allocated an amount of **R27 514 000.00** for the 2014/15 financial year.

The Programme's allocation indicates a decrease of **12.1%** in 2014/15 financial year when compared to the previous year's adjusted budget. Sub-programme: Norms and Standard has been allocated most of the Programme's budget allocation at **53.1%** while the least is for Provincial Internal Audit at **7.3%**.

Allocation for compensation of employees amounts to **R18 642 000.00**, which is 67.75% of the programme budget and Goods and Services have been allocated an amount of **R8 872 000.00** which is **32.25%** of the programme budget.

8. BUDGET ALLOCATIONS FOR 2014/15

The Department of Finance has been allocated an amount of **R268 169 000.00** for the 2014/2015 financial year. The department's budget allocation has increased by **1.2%** in the current financial year.

Budget Allocation R'000	Adjusted Appropriation 2012/2013 R'000	Adjusted Appropriation 2013/2014 R'000	Main Appropriation 2014/2015 R'000
Administration	71 195	76 472	799 19
Sustainable Resource Management	35 565	47 223	46 946
Assets and Liability	107 617	110 004	113 790
Financial Governance	30 134	31 306	27 514
Total	244 511	265 005	268 169

Source: EPRE (2013 & 2014)

The main appropriation for the Department has been increasing in the following financial period (2012/2013; 2013/2014 and 2014/2015) by **10%**, **8%** and **1%** respectively.

The programme allocations for specific financial years are as follows:

Programme 1: Administration received **29%**, **29%** and **30%** of the allocated budget in 2012/2013, 2013/2014 and 2014/2015 respectively.

Programme 2: Sustainable Resource Management received **15%**, **18%** and **18%** of the allocated budget for 2012/2013, 2013/2014 and 2014/2015 respectively.

Programme 3: Assets and Liabilities received **44%**, **42%** and **42%** of the allocated budget for 2012/2013, 2013/2014 and 2014/2015 respectively. This programme has been receiving the larger portion of the budget in the last three financial years.

Programme 4: Financial Governance received **12%**, **12%** and **10%** of the allocated budget for 2012/2013, 2013/2014 and 2014/2015 respectively.

Budget per Economic Classification

Budget Allocation R'000	Adjusted Appropriation 2012/2013 R'000	Adjusted Appropriation 2013/2014 R'000	Main Appropriation 2014/2015 R'000
Compensation of employees	126 458	140 466	154 436
Goods and Services	111 810	115 807	105 797
Transfer and Subsidies	259	3 713	3 509
Payment for Capital Assets	5 980	5 019	4 427
Payment for Financial Assets	4	0	0
Total	244 511	265 005	268169

- **Compensation of Employees** increased by 6.7% from R118.499 000 in 2011/2012 to R126 458 000.00 in 2012/2013, it also increased by 11.1% from R126 458 000.00 in 2012/2013 to R140 466 000.00 in 2013/2014; Further increased by 9.9% from R140 466 000.00 in 2013/2014 to R154 436 000.00 in 2014/2015.
- **Goods and Services** increased by 12.4% from R99 467 000 in 2011/2012 to R 111 810 000.00 in 2012/2013 it also increased by 3.6% from R111 810 000.00 in 2012/2013 to R115 807 000.00 However it has decreased by 8.6% from R115 807 000.00 in 2013/2014 to R105 797 000.00 in 2014/2015
- **Transfer and Subsidies** decreased by 85.0% from R1 728 000.00 in 2011/2012 to R259 000.00 in 2012/2013, however in 2012/2013 it increased by 1333.6% from R259 000.00 in 2012/2013 to R3 713 000.00 in 2013/2014; it has decreased by 5.5% from R3 713 000.00 in in 2013/2014 to R3 509 000.00 in 2014/2015
- **Payment for Capital Assets** increased by 67.2% from R3 576 000.00 in 2011/2012 to R5 980 000.00 in 2012/2013. It however decreased by 16.1% from R5 980 000.00 in 2012/2013 to R5 019 000.00 in 2013/2014 it further decreased by 11.8% from R5 019 000.00 in 2013/14 to R4 275 000.00 in 2014/2015.

9. ORGANOGRAM

The Department's organisational structure has been revised to give effect to its expanded mandate. The approval process is dependent on the finalisation of the organisational design review by National Treasury and the Department of Public Service and Administration (DPSA). The Department has indicated on page 10 of the APP that only critical vacancies will be filled in the current financial year in order to improve the monitoring, support and analysis of performance in the province. The organisational structure of the Department indicates that there are **433 posts** in current financial year. The APP reflects the vacancy rate of **7.1 (339 funded, 315 filled post and 24 vacant funded post)**.

10. COMMITTEE DELIBERATIONS

The Committee noted that the Department has deployed Local Government specialists in relation with assisting municipalities with operation clean audit. The Committee wanted the Department to indicate if the specialists are still in the municipalities and further indicate their impact on municipalities, in light of the fact that there is little improvement in local government audit outcomes in the past three years or so.

Furthermore, the Committee commended the Department for emphasising local procurement. Although, the Committee is of the view that local procurement should not be flagged out only on small procurement but must extend to large quantities and prices. In addition, the Committee wanted local procurement to spread across the province and not to be centralised in developed towns.

The Committee further noted that the provincial growth is struggling to reach the 5% annual economic growth as per the provincial development and growth strategy. The Committee wanted to understand if the strategy has been reviewed or updated to respond to the current challenges.

The Committee, having noted the meagre rates of successful project undertaken under Public Private Partnership then indicated that the department must ensure that efforts are put in place to accelerate the pace in which Public Private Partnership is undertaken in the province to drive economic growth and create job opportunities.

The Committee noted with concern that the Office of the Premier, Departments of Finance and CoGTA are all involved in the support of municipalities which could lead into duplication and redundancy if this support is not coordinated properly.

The Department alleviated the concern by indicating that measures are being put in place to avoid duplication in relation to the support given by the provincial government to municipalities. They reported that together with COGTA, have developed a discussion document and are in a process of reviewing the MoU which was signed in 2009 in relation to the support to municipalities to avoid the above mentioned concern. The Department indicated that all finance related matters of municipalities will be dealt with by the Department of Finance whereas CoGTA will address matters relating service delivery by municipalities. In addition, the MEC indicated that a new directorate will be established to deal with municipal finance support from the Department of Finance.

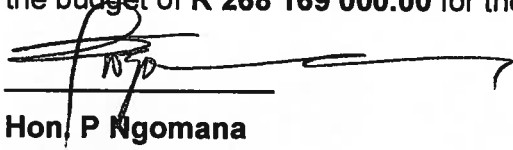
The MEC conceded that indeed the growth patterns of the province are lower than the 5% projected growth, however, this is partly because the province does not have established baseline on performances which make it difficult to understand and know the potential in each of the six key identified economic sectors. The MEC believe that a baseline for performance must first be set and move from that angle.

The MEC, in his responses to the committee, further alluded that the Department seek to strengthen the unit responsible for economic analysis. In this regard, the view of the Department is that this unit must be strengthened to do economic analysis for municipalities in support of Local Economic Development.

The Committee noted that the Department had a program that trains Supply Chain Management practitioners which is provided by the University of Pretoria. The Committee wanted the Department to quantify this program and indicate its impact on local government.

12. ADOPTION

The Portfolio Committee on Premier's Office, Economic Development and Tourism recommends that the House adopt this report on the APP and Budget of the Department of Finance. The Committee further recommend the House to approve the budget of R 268 169 000.00 for the Department of Finance.



Hon. P Ngomana

Chairperson

PC: Premier's Office, Economic Development and Tourism

30/07/14
Date

11. FINDINGS

After considering the 2014/15 Annual Performance Plan and budget documentation of the department, the Committee made the following findings:

- (i) The Department has deployed Local Government Specialists to the municipalities in order to assist them in achieving the operation clean audit.
- (ii) The provincial economic growth is currently at lower than the projected 5% Annual Economic Growth.
- (iii) The Department has not finalised its provincial revenue enhancement strategy.
- (iv) The Department has only one successful Public Private Partnership project.
- (v) The Department want 75% of Provincial Supply Chain to be localised.
- (vi) The Department of Finance and Co-operative Governance and Traditional Affairs (CoGTA) are in a process to review Memorandum of Understanding (MoU) in which was initially signed in 2009.

8. RECOMMENDATIONS

After considering the Annual Performance Plan (APP) of the Department, the Committee recommends that the department must:

- (i) Report on a quarterly basis, about the progress regarding the financial status of the municipalities and furthermore, ensure that all municipalities attain a clean audit outcome by the end of June 2015.
- (ii) Develop initiative that will assist in ensuring that the provincial annual economic growth achieves a set target.

- (iii) The department must ensure that Provincial Revenue Enhancement Strategy is adopted and approved of the by the Executive Council by 30 September 2014.
- (iv) The Department must review its strategies in dealing with Public Private Partnership projects to ensure more success on the projects.
- (v) The Department must develop a plan and a strategy that will ensure that at least 75% of the Supply Chain (procurements) are localised. The department must provide the Committee with quarterly reports on localised procurement taking place in the province.
- (vi) Whilst reviewing the Memorandum of Understanding (MoU) that was signed between itself and CoGTA, the Department must ensure that SALGA is included in the revised MOU in order to ensure that it plays a role. Furthermore, the finalisation of this MOU must be done in as a matter of urgency.

11. CONCLUSION

- a) In support of the allocated Budget Vote 3 for the 2014/15 financial year, the Committee hereby approves the revised 2014/15 Annual Performance Plan of the Department of Finance as revised and tabled in the Legislature on 04 July 2014.
- b) The Department must submit a progress report on the implementation of the House resolutions contained in this report by no later than **30 November 2014**.
- c) The Department should update the Committee on a quarterly basis on the progress made in implementing the House Resolutions, as well as any challenges being experienced.
- d) The Chairperson sincerely thanks the Members of the Committee for their keen participation during the deliberations with the Department. The Committee extends a word of appreciation to its support.

ANNEXURE A : PROGRESS REPORT ON HOUSE RESOLUTIONS

RESOLUTION	PROGRESS
<p>1. The Department through its performance Improvement Plan, must ensure that capacity in departments, public entities and municipalities is enhanced to the fullest</p>	<p>A) The department had conducted the following retreat sessions:</p> <p>Human Resource Retreat session: The retreat assisted in sharing the best practices and stimulating commitment to do things differently including putting in place internal controls and also ensuring compliance with applicable legislative framework</p> <p>Internal Audit retreat session: The purpose of the retreat was to enhance the knowledge and compliance of the PFMA and Treasury Regulations, addressing challenges experienced in the province and facilitate knowledge sharing amongst internal auditors with regard to internal audit issues.</p> <p>MFMA retreat: A two day session was held with Municipal CFOs and Financial managers within budget and treasury offices. The purpose of these sessions was to provide support and guidance on how to produce credible information and accurate reporting on monthly financial reports in particular section 71 report as an early warning system.</p> <p>Provincial treasury and municipalities identified root causes and developed a plan that was responsive to addressing all root causes that were identified. An intervention plan was tabled at the PCF and was adopted. This has formed the basis of the intervention plan that is being used by the Provincial treasury to intervene in municipalities.</p> <p>B) Municipal Finance Training to municipalities.</p> <p>Training of MPACs was conducted in all the three districts focusing on financial aspects such as Annual Report and how to interpret the financial statements as well as the relevant question that MPACs could ask.</p> <p>C) National Electricity Regulator in the South Africa (NERSA Training)</p> <p>Whilst evaluating the credibility of municipal budgets, it was discovered that the issue of tariffs charged by municipalities is one of the variables which is problematic. Municipalities at times are not motivating to NERSA correctly. Some of the applications are rejected from incorrect completion of forms. NERSA assisted the Provincial Treasury and the Municipalities in the completion of applications forms for tariff increases as well as determination of the correct tariff structure on electricity.</p> <p>D) Budget Formulation</p>

<p>An annual training was conducted for up and coming budget officials in order to assist them in understanding budget formulation guidelines.</p> <p>E) CFO forum</p> <p>During the CFO forum meeting the department elevated issues on supply chain management, expenditure management and assets management, quality of submitted annual financial statements, issues raised by the Auditor General. The AG was invited to provide guidance on low hanging fruit during a regulatory audit.</p> <p>a) The department focused on the strengthening of controls which include:</p> <ul style="list-style-type: none"> - Monitor and support that appropriate SCM governance practices are implemented and - Support departments in the interpretation and implementation of the Asset Management framework - The maintenance of the fraud prevention system (Safety web, Luminet) - Monitoring compliance in terms of legislation pertaining to 30 day payment cycle by all institutions <p>b) Luminet fraud and compliance software captures a complete, real time, over the shoulder view of user activity across critical HR and financial applications (LOGIS, PERSAL) running on the MPG network. Once suspicious behaviour has been detected, Luminet generate real time alert related to questionable activity patterns, allowing the CFO's, Internal Auditors and risk offices to immediately address anomalies and then take informed action</p> <p>c) Provincial Treasury provided guidance, policies, standards and best practices to all delegated municipalities to correct IT governance matters and audit outcome.</p> <p>d) Mbombela has been added to the list regardless of the fact that it is not delegated by the Minister</p> <p>Monthly meetings were held which yielded improvements in bookkeeping and treatment of transaction in the book of accounts. Guidance was given to the departments, municipalities, and public entities with regard to the preparation of the AFS, issues emanating from the template and disclosure requirements.</p> <p>The department has developed a tool to monitor compliance with the enterprise risk management framework and guidelines</p>	
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<p>2. The department through the finance MUNIMEC must ensure that the executive oversight and political accountability on financial management at municipal level is strengthened</p>	<p>Finance MUNIMEC's are held on a quarterly basis. Discussion points for MUNIMEC held on 28 March 2014 were as follows:</p> <ul style="list-style-type: none"> - To date the province has achieved 100% in terms of special merit case and granting of approvals
<p>3. The department must provide the provincial revenue enhancement strategy that will enhance revenue generation in the province, to the committee was it is finalised.</p>	<p>The draft provincial revenue enhancement strategy is available but further consultation processes are under way with a potential sponsor, GIZ and other relevant stakeholders.</p>
<p>4. The department must ensure that the extension of another 18 months to capacitate MMs, CFOs, and supply chain practitioners at municipal level will be fully utilised.</p>	<p>The Provincial Treasury has conducted workshops with each municipality that did not respond to the special merit case and assisted the municipalities in complying with National Treasury requirements. There is currently 100% compliance in applying for special merit case. All 21 municipalities were granted an approval to proceed with training in order to ensure that officials comply with the requirement within the extended period.</p>
<p>5. The department must improve on establishing public private partnerships in the province because it is an instrument that can enhance service delivery in the province and benefit the poor communities.</p>	<p>The department continues to provide support to departments and municipalities with PPP projects already registered with National Treasury:</p> <ul style="list-style-type: none"> - Graskop/Sabie resort project of the Thaba Chewu Municipality. Feasibility study has been done and the parties are about to sign an agreement that will allow the procurement process to follow - Revitalisation of the Pilgrims Rest Project of DEDET has since been reinstated and transaction advisor has been appointed and the process will be followed by a comprehensive feasibility study. - Tertiary Hospital project of the Department of Health is currently being managed by the national health department - The project of office accommodation by DPWRT has been put on hold due to lack of funding to commission a feasibility study

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