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Reference: T7/2/3

TREASURY CIRCULAR NO. 27/2013

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THE PREMIER
THE MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT
THE MINISTER OF COMMUNITY SAFETY
THE MINISTER OF CULTURAL AFFAIRS AND SPORT
THE MINISTER OF EDUCATION
THE MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND TOURISM
THE MINISTER OF HEALTH
                                                                                        For information
THE MINISTER OF HUMAN SETTLEMENTS
THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING
THE MINISTER OF SOCIAL DEVELOPMENT
THE MINISTER OF TRANSPORT AND PUBLIC WORKS
THE SPEAKER! PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT
THE ACCOUNTING OFFICER: VOTE 1:
                                  PREMIER (ADV B GERBER)
                                  PROVINCIAL PARLIAMENT (MR R HINDLEY)
THE ACCOUNTING OFFICER: VOTE 2:
THE ACCOUNTING OFFICER: VOTE 3:
                                  PROVINCIAL TREASURY (DR JC STEGMANN)
                                  COMMUNITY SAFETY (DR GA LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 4:
THE ACCOUNTING OFFICER: VOTE 5:
                                  EDUCATION (MS P VINJEVOLD)
                                  HEALTH (PROFIKO HOUSEHAM)
THE ACCOUNTING OFFICER: VOTE 6:
THE ACCOUNTING OFFICER: VOTE 7:
                                  SOCIAL DEVELOPMENT (MR R MACDONALD)
                                  HUMAN SETTLEMENTS (MR R RUGHUBAR) (ACTING)
THE ACCOUNTING OFFICER: VOTE 8:
                                  ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR P VAN ZYL)
THE ACCOUNTING OFFICER: VOTE 9:
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR J FOURIE)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR S FOURIE)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR B WALTERS)
THE ACCOUNTING OFFICER: VOTE 14: LOCAL GOVERNMENT (DR H FAST)
THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR D BASSON)
THE CHIEF FINANCIAL OFFICER: VOTE 2:
                                    PROVINCIAL PARLIAMENT (MS N PETERSEN)
                                    PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 3:
THE CHIEF FINANCIAL OFFICER: VOTE 4:
                                    COMMUNITY SAFETY (MR M FRIZLAR)
                                    EDUCATION (MR L ELY)
THE CHIEF FINANCIAL OFFICER: VOTE 5:
THE CHIEF FINANCIAL OFFICER: VOTE 6:
                                    HEALTH (MR A VAN NIEKERK)
                                    SOCIAL DEVELOPMENT (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 7:
THE CHIEF FINANCIAL OFFICER: VOTE 8:
                                    HUMAN SETTLEMENTS (MR F DE WET)
                                    ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 9:
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS BG RUTGERS)
THE CHIEF FINANCIAL OFFICER: VOTE 14: LOCAL GOVERNMENT (MS B SEWLALL-SINGH)
THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)
THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR Z HOOSAIN)
THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
THE HEAD: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)
THE HEAD: LOCAL GOVERNMENT PULIC FINANCE (MR M SIGABI) (ACTING)
THE HEAD: ASSET MANAGEMENT (MR IG SMITH)
THE HEAD: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
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THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS T EVANS)
THE SENIOR MANAGER: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)
THE SENIOR MANAGER: FINANCIAL GOVERNANCE (MR B VINK)
THE SENIOR MANAGER: FISCAL POLICY (MS C HORTON)
THE SENIOR MANAGER: INFRASTRUCTURE (MR M WÜST)
THE SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING (MS N OLIPHANT)
THE SENIOR MANAGER: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR F SABBAT)
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)
THE SENIOR MANAGER: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN) (ACTING)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS M KORSTEN)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)
THE SENIOR MANAGER: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE PROVINCIAL AUDITOR
MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
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MINIMUM KEY RESPONSIBILITIES OF THE INTERNAL CONTROL (IC) UNIT

PURPOSE

To inform all relevant stakeholders of the minimum key responsibilities to be performed by Departmental Internal Control units which was tabled and approved in principle by the Chief Financial Officer's at the CFO Forum held on the 15th March 2013.

BACKGROUND

The Financial Compliance unit in the Provincial Treasury requested departments to submit copies of their job descriptions per post level of all officials in the Internal Control unit as well as their current performance agreements.

The information received from departments in terms of the Internal Control key responsibilities contained in the job descriptions and performance agreements of officials within the Internal Control units were captured per post level. Based on the aforementioned, an as-is-analysis was performed by aligning the Key Outputs in respect of the Key Responsibility Areas in the job descriptions and the performance agreements to the minimum functions prescribed by National Treasury's (NT's) generic functional structure for Internal Control. This was to determine which key responsibilities are not covered by the Internal Control units that may hamper the units from functioning optimally and complying with the requirements of the PFMA.

The results of the as-is-analysis were populated in a template per department and

departments were requested to verify the information, and where necessary, effect any

amendments or additions made to the template.

Upon receipt of confirmation on the populated template, the information of all

departments was consolidated and work-shopped with the Internal Control workgroup on

11 - 12 December 2012 and finalised on 25 January 2013. As a result of the renewed focus

of this unit in line with the approved NT generic functional structure for Internal Control, as

well as the Competency Dictionaries for Internal Control, the draft key responsibilities were

compiled on the basis of using the Internal Control unit as a mechanism to monitor and

enforce compliance with the established System of Internal Control.

On the 08th February 2013, the draft minimum key responsibilities were circulated to all

Accounting Officers and Chief Financial Officers of departments for their comment. After

taking into account the proposed changes it was then tabled at the CFO Forum for

approval.

In an effort to depict how the key responsibilities of the Internal Control unit fit into the

System of Internal Control, the Financial Compliance unit developed a one page synopsis

containing a high-level description of the five interrelated components of the System of

Internal Control together with the guiding principles relating to these components.

REQUIREMENT

Departments are required to align the minimum key responsibilities contained in annexure

A to their Internal Control job descriptions and/ or performance agreements.

A REDDY

SENIOR MANAGER: PG ACCOUNTING AND COMPLIANCE

DATE: 28 June 2013

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IC KEY RESPONSIBILITIES IN RELATION TO SYSTEM OF INTERNAL CONTROL

Control Environment

Executive Authority, Head of Department and Senior Management establish the tone from the top regarding the importance of internal control and expected standards of conduct.

- Commitment to Integrity and Ethical Values
- Oversight Responsibility
- Establishes Structure, Reporting lines, Authority, and Responsibility
- · Commitment to Competence
- Enforces Accountability

Risk Assessment

Process for identifying and analysing the risks to achieve the organisations objective, forming a basis for defermining how risks should be managed.

- Objective Settings
- Identify and Analyse risks
- Assess Fraud risks
- Identify and Analyse significant changes

Control Activities

Actions established by policies and procedures to help ensure that management's directives are carried out to mitigate risks to the achievement of objectives.

- Select and develop control activities
- Select and develop general controls over technology
- Deploys through policies and procedures

Information & Communication

Communication is the continual, iterative process of providing, sharing and obtaining the necessary information.

- Uses relevant information
- Communication internally
- Communicate externally

Monitorina - Internal Control unit

Internal control systems need to be monitored, a process that assesses the quality of the system's performance over time.

Monitoring of compliance against prescripts

- Develop and review compliance monitoring tool
- Evaluate the effectiveness of financial prescripts
- Identify root cause of non-compliance
- Issue a report of findings and make recommendations

Policies and SOPs

- Develop policies, procedures and processes perfoining to the key responsibilities of the Internal Control unit
- Identity, monitor and render advice on policy development
- Maintain a database of all issued policies and finance instructions

Manage/obtain and consolidate responses as determined by the department on e.g. draft bills, regulations, treasury instructions, strategy documents, policy documents, plans, reviews, frameworks and reports.

Support the risk champion iro ERM processes

- Advise af sfrategic level on enterprise risk management to Senior Management
- Liaise with Provincial ERM unit
- Maintain and keep record of all internal control queries, internal Audit and risk reports.

Implement and maintain appropriate delegations framework

- Coordinate and evaluate the drafting and review of financial delegations.
- Render advice with regards to Supply Chain Management (SCM) delegations.

Manage/ obtain and consolidate responses with regards to CGRO GAP, FMCMM and governance related monitoring mechanisms. Manage and facilitate the co-ordinated financial/ non-financial responses for the department in respect of:

- Internat Audit
- External Audit
- FIU/ SIU/ ERM

'Facilitate, coordinate, evaluate and prepare responses for:

- SCOPA, Audit Committee, ERMCom, Internal Control Forum and Public Service Commission.
- Provide secretariat services to the ERMCom & Report on the status of irregular, fruitless & wasteful and unauthorised expenditure to ERMCom.

Maintain financial information and knowledge management

Support with the management of Fraud prevention

Ensure the implementation and maintenance of an integrated loss control system.