



Reference: T8/6/2 (2013/14)

TREASURY CIRCULAR NO. 35/2012 (SUPPLEMENTARY 1 OF 2013)

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
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

} For information

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (MR A JOEMAT)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R HINDLEY)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (DR GA LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MS P VINJEVOLD)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KC HOUSEHAM)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (DR R MACDONALD)
THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MS J SAMSON)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR P VAN ZYL)
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)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR F DE WET)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUYS)
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 PUBLIC 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)

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

CORPORATE GOVERNANCE REVIEW AND OUTLOOK (CGRO) 2013

PREAMBLE

1. It is almost a year since the advent of CGRO, a strategy of the Province to systematically achieve higher levels of governance maturity over the medium to long term and already it has yielded positive results in the form of improved audit outcomes for the 2012/13 financial year. The Province has made significant strides in improving its audit outcomes from four (4) clean audits, one(1) qualification and nine unqualified audits to five(5) clean audits, nine(9) unqualified audits and no qualifications. Such results could not be achieved without the concerted efforts of all the relevant role-players, in particular, the Heads of Departments and CFO's. It is clear that the CGRO strategy is having the desired effect of clean governance, and hence should be rigorously pursued to strive for clean audits in all departments for 2013/14 financial year.

PURPOSE

2. To continue to strive for higher levels of Financial Management Capability (FMC) over the long term resulting in positive audit outcomes by moving Western Cape provincial departments towards becoming the best run regional government in the world (PSO 12) through the concerted efforts of Accounting Officers, Provincial Treasury, Department of the Premier, together with the Executive Authorities.

BACKGROUND

3. Flowing from the CGRO cabinet submission tabled on 31 October 2012, it was resolved that Provincial Treasury and the Department of the Premier (CSC and Ce-I) will jointly provide progress reports on the CGRO GAP in January 2013 and April 2013 and thereafter on a quarterly basis. Reference could be made to Treasury circular no 35/2012 for the rationale behind the CGRO strategy.

DISCUSSION

4. Departments will be required to, on an annual basis, develop action plans on what is necessary to get their departments closer to PSO12, i.e. FMC level 6. These action plans will be based on gaps between the actual and the desired state and consequently result in departments progressively moving from conformance to performance (FMC level 6).
5. To systematically contribute towards departments progressing to higher levels of corporate governance, Provincial Treasury and the Department of the Premier (CSC and Ce-I) will, taking into account their respective assigned responsibilities, likewise determine what's necessary to assist accounting officers to achieve the desired level in terms of PSO timeframes, using internal information, parameters already available, unresolved findings emanating from the previous year's CGRO GAP and the latest Auditor-General audit and management reports.
6. The assessment framework/criteria of Provincial Treasury and the Department of the Premier (CSC and Ce-I) would be made available to departments and departments would be welcome to use both assessment frameworks/criteria's as guidelines.
7. The draft CGRO GAP is the only matter that accounting officers will be engaged on via a work session to be held from 16 - 18 October 2013, so as to end up with a Consolidated CGRO GAP for the balance of the financial year or even multi-years where that is relevant.
8. The Consolidated CGRO GAP would comprise of two components, namely, what the department intends to do and what Provincial Treasury or Department of the Premier (CSC and Ce-I) respectively needs to do to support the department in its endeavours.
9. The key areas to be covered are Supply Chain and Asset Management, Accounting, Financial Systems, Predetermined Objectives, Revenue Management, Expenditure Management, Centre for e-Innovation (Ce-I), Corporate Assurance and Human Resource Management.

ENGAGEMENT BETWEEN DEPARTMENTS, PROVINCIAL TREASURY AND DEPARTMENT OF THE PREMIER

10. The purpose of the October 2013 engagement is firstly to end up with the best and most realistic action plan (Consolidated CGRO GAP) for the balance of the financial year; secondly, to see what good practices can be shared/adopted by other stakeholders; and thirdly, what needs to be done transversally.
11. It is suggested that the October trilateral engagement be on a high level involving the respective accounting officers of all departments, the respective chief financial officers, human resource managers/senior managers responsible for the Corporate Relations Units, strategic and systems managers (as applicable); the Head of the CSC, Deputy Director-Generals (DDGs) responsible for Human Resources, Centre for e-Innovation and Corporate Assurance, the Head Official: Provincial Treasury, DDGs: Fiscal and Economic Services and Governance and Asset Management, relevant Chief Directors and the Secretariat from Provincial Treasury.
12. The purpose of the February 2014 engagement is for departments, Provincial Treasury, and the Department of the Premier (CSC and Ce-I) to report and agree on the progress made in addressing the focus areas contained in the Consolidated CGRO GAPs.
13. It is suggested that the February trilateral engagement be attended by the CFOs of all departments with their responsible managers, Provincial Treasury, Department of the Premier (CSC and Ce-I) managers (at least on a SMS level) and the Secretariat from Provincial Treasury.
14. During May 2014, focussed sessions will be held with individual departments in order to follow up and discuss unresolved high risks areas that could possibly impact the audit outcomes and to determine what further steps must be taken by the relevant role players to address these gaps prior to the conclusion of the 2013/14 audit.
15. It is suggested that the focus sessions only be attended by the affected role players.

MONITORING AND EVALUATION

16. Each department must institute a monitoring and evaluation process internally to its MEC/Executive Authority and to Provincial Treasury.
17. Similarly, a dual feedback mechanism, as applicable, between the Department of the Premier (CSC and Ce-I), and its client departments was agreed on.

18. Provincial Treasury will in turn report to Cabinet on the Consolidated CGRO GAP and proposed actions per department in November, and on progress made in March and June.
19. Provincial Treasury and the Department of the Premier (CSC and Ce-I) will each also provide periodic feedback to departments via the Provincial Top Management forum and other mechanisms as appropriate.
20. More detailed and on-going structured interaction by Provincial Treasury, as is already partly the case, will take place with departmental representatives via the established forums and/or sub-forums: Chief Financial Officers, Management Accountants, Financial Accountants, Supply Chain Managements and Internal Control Forums.

WAY FORWARD

21. Responsible officials in departments, Department of the Premier and the Provincial Treasury must ensure that the timelines contained in the attached 2013 CGRO Work Schedule are adhered to. (See Annexure A)
22. The Provincial Treasury: Financial Compliance will be responsible for the logistical arrangements of the trilateral engagements, which will be communicated timeously.
23. On matters of substance and clarity please feel free to contact Mr Frank Jacobs on 021 483-4388 or e-mail at Frank.Jacobs@westerncape.gov.za
24. The Provincial Treasury in conjunction with Ce-I has also undertaken to automate the current manual CGRO GAP to a fully web-based system or e-GAP tool, which will enable the relevant role players' within departments, Provincial Treasury and the Department of the Premier to manage the CGRO process more efficiently.



MR Z. HOOSAIN

THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT

DATE: 08 AUGUST 2013



2013 CGRO WORK SCHEDULE

NO	ACTIVITY	DATE	RESPONSIBILITY
1.	Develop and make available the desired state of FMC level criteria in terms of the PSO 12 timeframes, using the FMC guidelines as a basis for Departments to use when developing their own GAPs. (Submit to PT: Financial Compliance)	15 July 2013	PT Units
2.	Workshop the PT units FMC level criteria at the CGRO Co-ordinators Forum.	22 July 2013	PT Units
3.	Submit the A-G audit report and Management Report to PT: Financial Compliance.	8 August 2013	Departments
4.	Submit the Cabinet submission i.t.o. audit outcomes for tabling on 28 August 2013.	19 August 2013	PT: Financial Compliance
5.	Submit the current year's draft CGRO GAP (i.e. previous year's unresolved findings and summary of audit findings for all departments), per focus area to the respective PT units and DotP.	12 August 2013	PT: Financial Compliance
6.	The current year's draft CGRO GAP (i.e. previous year's unresolved findings and summary of audit findings for all departments) must be aligned to the 2013 FMC criteria (desired state) and populated per department for submission to PT: Financial Compliance.	20 August 2013	PT Units/DotP
7.	Conduct a workshop to identify any duplication of effort, findings impacting on more than 1 PT Unit as well as agree PT GAPs.	23 August 2013	PT Units
8.	The current year's draft CGRO GAP distributed to all departments.	28 August 2013	PT: Financial Compliance
9.	Conduct an Internal Assessment using the FMC criteria, information generated by departments through existing monitoring mechanisms and the summary of audit findings.	12 August - 20 September 2013	PT Units/DotP
10.	PT Unit CDs to submit the signed-off draft PT CGRO GAP to PT: Financial Compliance. (PT units to indicate actions to be taken to assist departments in addressing findings).	1 October 2013	PT Units

NO	ACTIVITY	DATE	RESPONSIBILITY
11.	Departments should independently develop GAPs by using their own or existing information and parameters already available within the department as well as the latest audit reports and unresolved findings emanating from the previous year's CGRO GAP.	30 September 2013	Departments
12.	AOs to submit the signed-off draft departmental CGRO GAP together with an Executive Summary template of proposed actions to address the gaps per focus area to PT: Financial Compliance.	1 October 2013	Departments
13.	PT Units/DotP to consolidate the draft PT CGRO GAP (internal assessment) and draft departmental CGRO GAP and highlight any additions/or discrepancies in the draft Consolidated CGRO GAP.	3 October – 8 October 2013	PT Units and DotP
14.	PT to submit the draft Consolidated CGRO GAP to departments.	9 October 2013	PT: Financial Compliance
15.	Caucus session is conducted with PT units and DotP in preparation for the tri-lateral engagements. (CGRO Co-ordinators forum).	14 October 2013	PT Units and DotP
16.	Tri-lateral engagements - Draft Consolidated CGRO GAP is discussed per department (AO and CFO), PT Units & DotP to reach agreement on the Consolidated CGRO GAP (per department).	15 October – 18 October 2013	Departments, PT Units and DotP
17.	CGRO debriefing session (PT Units and DotP to discuss concerns, lessons learned and the way forward).	31 October 2013	PT Units and DotP
18.	Forward the minutes of the tri-lateral CGRO engagements to departments together with the final Consolidated CGRO GAP and request acceptance of the final Consolidated CGRO GAP.	4 November 2013	PT: Financial Compliance
19.	Departments to confirm the acceptance of the final Consolidated CGRO GAP.	8 November 2013	Departments
20.	Submit the Cabinet submission i.t.o. finalised Consolidated CGRO GAPs and proposed actions to address gaps for tabling.	15 November 2013	PT: Financial Compliance
21.	Departments must conduct their own internal monitoring of CGRO and engage with Provincial Treasury to address short comings.	On-going	Departments
22.	Departments, PT Units and DotP to submit their progress on the Consolidated CGRO GAPs (Excel template) and Executive Summary template to PT: Financial Compliance.	31 January 2014	Departments, PT Units and DotP

NO	ACTIVITY	DATE	RESPONSIBILITY
23.	PT: Financial Compliance to submit PT Units and DotPs progress on actions taken to date to departments.	4 February 2014	PT: Financial Compliance
24.	PT Units and DotP to analyse the departments' actions taken to date and follow-up progress (verifications) with the respective departments and submit input to PT: Financial Compliance.	5 February – 11 February 2014	PT Units and DotP
25.	Caucus session is conducted with PT Units and DotP in preparation for the Tri-lateral engagements. <ul style="list-style-type: none"> Senior Managers to report at the CGRO Co-ordinators Forum on their progress made and any concerns identified 	13 February 2014	PT Units and DotP
26.	Tri-lateral engagements - Consolidated CGRO GAP is discussed per Department (AO and CFO), PT and DotP to agree on the progress made on the Consolidated CGRO GAP and the Executive Summary.	19 February – 21 February 2014	Departments, PT Units and DotP
27.	Forward the minutes of the Tri-lateral engagements to departments together with the updated Consolidated CGRO GAP and request acceptance thereof.	27 February 2014	PT: Financial Compliance
28.	Departments to confirm the acceptance of the progress on the Consolidated CGRO GAP.	28 February 2014	Departments
29.	Submit the Cabinet submission i.t.o. progress on actions taken to address Consolidated CGRO GAPs for tabling.	28 February 2014	PT: Financial Compliance
30.	Departments, PT Units and DotP to submit their progress on the Consolidated CGRO GAPs (Excel template) and Executive Summary template.	30 April 2014	Departments, PT Units and DotP
31.	PT: Financial Compliance to submit PT Units and DotPs progress on actions taken to date to departments.	5 May 2014	PT: Financial Compliance
32.	PT Units and DotP to analyse the departments' actions taken to date and follow-up progress (verifications) with the respective departments and submit input to PT: Financial Compliance.	6 – 13 May 2014	PT Units and DotP
33.	Caucus session is conducted with PT Units and DotP in preparation for the Tri-lateral engagements. (Senior Managers to report at the CGRO Co-ordinators Forum on their progress made and any concerns identified)	15 May 2014	PT Units and DotP

NO	ACTIVITY	DATE	RESPONSIBILITY
34.	Focus sessions – Discuss the unresolved gaps contained in the Consolidated CGRO GAP per department which could hamper clean audit outcomes and determine what further steps can still be taken by the department, PT Units or DotP to address these gaps prior to the conclusion of the 2013/14 audit.	20 – 22 May 2014	Departments, PT Units and DotP
35.	Forward the minutes of the Tri-lateral engagements to departments together with the updated Consolidated CGRO GAP and request acceptance thereof.	30 May 2014	PT: Financial Compliance
36.	Departments to confirm the acceptance of the final Consolidated CGRO GAP.	2 June 2014	Departments
37.	Submit the Cabinet submission i.t.o. progress on actions taken to address Consolidated CGRO GAPs for tabling.	4 June 2014	PT: Financial Compliance