



PROVINCIAL TREASURY

Provincial Government of the Western Cape

CORPORATE GOVERNANCE

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REFERENCE: T 7/2/3

ENQUIRIES: F.A. Jacobs

TREASURY CIRCULAR NO. 33/2011

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
THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT
ALL OTHER MEMBERS OF PARLIAMENT

} For information

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (ADV B GERBER)
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 (MS K LUBELWANA)
THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR M TSHANGANA)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUY)
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 GILDENHUY)
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) (ACTING)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)
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 (MR F DE WET) (ACTING)

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 TC ARENDSE)
THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)
THE HEAD: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUY)
THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR A REDDY)
THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MS L NGXONONO)
THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)
THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MS M SHERATON)
THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR F SABBAT)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)
THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS C HORTON)
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)
THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS A SMIT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

CORPORATE GOVERNANCE CONSOLIDATED QUESTIONNAIRE

1. Purpose

- 1.1 Accounting Officers and Chief Financial Officers (CFO's) are hereby informed that the Normative Measures for Financial Management Questionnaire, Treasury Circular no. 24 of 2000 and all subsequent supplementary circulars are repealed with immediate effect.

2. Background

- 2.1 The Normative Measures questionnaire, which in essence is a management tool, was implemented to assist CFO's of Departments to perfect the basics of the PFMA. Provincial Treasury (PT) utilized this tool to evaluate the progress made by Departments regarding financial management improvement within the province on a quarterly basis.
- 2.2 Departments are no longer required to submit the Normative Measures for Financial Management: Progress Report on a quarterly basis, which is effected immediately.
- 2.3 This monitoring mechanism is hereby replaced with the Corporate Governance Consolidated Questionnaire (CGCQ) which comes into immediate effect and focuses on the CFO structure, capacity as well as internal control within the Departments. The section on Internal Control covers Governance, Assurance Services Facilitation and Fraud and Losses Management.
- 2.4 The assessment tool was based on levels 2, 3 and 4 of the PT's Financial Maturity Capability Model, where level 2 requires Departments to have all its systems, policies and procedures in place, level 3 requires full compliance to the systems, policies and procedures and level 4 focuses on measuring the economic, efficient and effective use of resources.
- 2.5 The CGCQ consist of the following categories:
- CFO Capacity
 - Assurance Services Facilitation
 - Fraud and Losses Management
 - Risk Management
 - Internal Audit

- Audit Committees, and
- Regulatory Framework

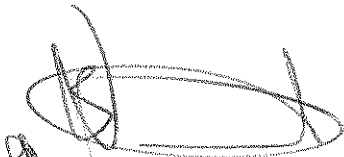
3. Action Required

- 3.1 The electronic version of the CGCQ (see annexure A) will be e-mailed to all AO's and CFO's.
- 3.2 Departments are required to complete the following categories:
- CFO Capacity
 - Assurance Services Facilitation
 - Fraud and Losses Management
 - Risk Management, and
 - Regulatory Framework
- 3.3 In addition, the Department of the Premier is required to complete the categories in respect of:
- Internal Audit, and
 - Audit Committees
- 3.4 In order to evaluate the progress made by Departments regarding financial management improvement relating to the CFO structure, capacity as well as internal control, it is imperative that the completed CGCQ initially be submitted within 1 month after the 1st quarter ending 30 June 2011 (once-off). Thereafter bi-annually, 1 month after the 2nd quarter ending 30 September and the 4th quarter ending 31 March.
- 3.5 The completed document must be submitted to the Provincial Treasury (for the attention Frank Jacobs, 4 Dorp Street, 1st Floor, Open Plan) as well as the electronic version to Frank.Jacobs@pgwc.gov.za.
- 3.6 Please note that the questionnaire must be accompanied by a covering letter signed by the Accounting Officer.
- 3.7 The information provided by Departments in response to the CGCQ will be used as a basis by the Corporate Governance Component in the Provincial Treasury to perform assurance testing.

4. For further enquiries regarding the categories, please contact the following persons:

| Categories | Contact Person | Telephone No. | E-mail Address |
|---|----------------|---------------|---------------------------|
| CFO Capacity, Assurance Services Facilitation and Fraud and Losses Management | Frank Jacobs | (021)483-4388 | Frank.Jacobs@pgwc.gov.za |
| Risk Management, Internal Audit and Audit Committees | AshleyThomas | (021)483-4169 | Ashley.Thomas@pgwc.gov.za |
| Regulatory Framework | Niezel Palmer | (021)483-9924 | Niezel.Palmer@pgwc.gov.za |

5. Thank you for your co-operation.



THE HEAD: BRANCE GOVERNANCE AND ASSET MANAGEMENT

DATE: 7/2/2011

| CORPORATE GOVERNANCE CONSOLIDATED QUESTIONNAIRE (CGCQ) | | | |
|--|--------------|--|--------------|
| PROVINCE | WESTERN CAPE | PERIOD ENDING: | 30 JUNE 2011 |
| PROVINCIAL DEPARTMENT OF: | | | |
| Category | No. | Questions | Response |
| | | | Comments |
| CFO Capacity | 1 | Does the approved CFO organisational structure cover the 4 main financial management functions, namely, Internal Control, Management Accounting, Financial Accounting and Supply Chain Management? | |
| CFO Capacity | 2 | Is any changes to processes communicated and/ or work shopped with all process owners? | |
| CFO Capacity | 3 | Is your CFO organisational structure sufficiently resourced (5 per cent or less)? | |
| CFO Capacity | 4 | Does your Department have an approved retention strategy and/ or approved staff retention policy? (for the CFO function) | |
| CFO Capacity | 5 | Is there an approved recruitment and selection strategy in place for financial skills required? | |
| CFO Capacity | 6 | Are the supervisory/ management post filled in the four main components, namely the Internal Control, Management Accounting, Financial Accounting and Supply Chain Management? | |
| CFO Capacity | 7 | Are all vacant posts filled within a stipulated timeframe that is to be agreed by the EXCO? | |
| CFO Capacity | 8 | Are you using contract employees to perform recurring functions in the CFO's office? If yes, indicate in the comments column, how many vacant posts are filled on a contract basis? | |

| Category | No. | Questions | Response | Comments |
|---------------------------------|-----|--|----------|----------|
| CFO Capacity | 9 | Is the training identified in the IDP aligned to the individual's function? | | |
| CFO Capacity | 10 | Are regular information sessions held with the rest of the management team to explain the principles of financial management and to emphasise their responsibility for financial management? [sec 44 & 45 of PFMA] | | |
| Assurance Services Facilitation | 11 | Has the recommendations in terms of the resolutions contained in the 2009 SCOPA report been implemented/ addressed? | | |
| Assurance Services Facilitation | 12 | Has the Internal Audit recommendations been implemented/ addressed? | | |
| Assurance Services Facilitation | 13 | Does adequate segregation of duties exist in the processes for the CFO function? | | |
| Assurance Services Facilitation | 14 | Are control measures in place to ensure that all transactions are supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation? [TR. 17.1.1] | | |
| Fraud and Losses Management | 15 | Is the department's fraud prevention plan updated within the 2 year risk management cycle? | | |
| Fraud and Losses Management | 16 | Does the loss control register contain all the particulars of losses as stipulated in the PTI 12.2.3? | | |
| Risk Management | 17 | Does the Department have a Risk Management policy aligned to Provincial and National Risk Management Framework, approved by the Accounting Officer? | | |
| Risk Management | 18 | Does the Department have a Risk Management Implementation Strategy/ Plan, approved by the Accounting Officer? | | |

| Category | No. | Questions | Response | Comments |
|-----------------|-----|--|----------|----------|
| Risk Management | 19 | Does the Risk Management Implementation Strategy address the capacity and infrastructure required and supported by an agreed SLA to implement risk management? | | |
| Risk Management | 20 | Has the responsibility for co-ordinating and managing the SLA been assigned to a specific individual within the department? | | |
| Risk Management | 21 | Is the Risk Management Support delivered to the department appropriate to give effect to Risk Management Implementation Strategy/ Plan? | | |
| Risk Management | 22 | If the answer to the previous question is "No" : Indicate in the Comments column what remedial steps have been taken by the department to ensure compliance with the SLA or amend the SLA to ensure appropriate support? | | |
| Risk Management | 23 | Does the Chief Risk Officer (CRO) or equivalent person have unfettered access to management, management platforms (such as meetings, planning sessions and committees), and documents as per the agreed SLA? | | |
| Risk Management | 24 | Has a process been undertaken to assess the risks in each of the strategic objectives (strategic risk)? | | |
| Risk Management | 25 | Has ownership for each strategic risk been allocated to the respective manager to address the risk? | | |
| Risk Management | 26 | Has a process been undertaken to assess the risks in each of the business functions (operational risks)? | | |
| Risk Management | 27 | Has ownership for each operational risk been allocated to the respective manager to address the risk? | | |
| Risk Management | 28 | Has the Department established a Risk Management Committee? | | |

| Category | No. | Questions | Response | Comments |
|-----------------|-----|---|----------|----------|
| Risk Management | 29 | Is the functioning of the Risk Management Committee regulated by a terms of reference approved by the Accounting Officer? | | |
| Internal Audit | 30 | Does the Internal Audit (IA) unit operate in terms of an Internal Audit mandate/ charter? | | |
| Internal Audit | 31 | Has the IA mandate been approved by the Audit Committee? | | |
| Internal Audit | 32 | Does the IA mandate include all responsibilities as per IIA standards, PFMA and King III? | | |
| Internal Audit | 33 | Does IA unit report to an audit committee functionally and to Accounting Officer operationally? | | |
| Internal Audit | 34 | Is there a documented audit approach for the department? | | |
| Internal Audit | 35 | Does the IA unit have a rolling 3 year strategic plan to ensure complete coverage? | | |
| Internal Audit | 36 | Does the IA unit have an annual operational plan detailing scope and objectives of each audit? | | |
| Internal Audit | 37 | Was the annual plan pre-approved by the audit committee? | | |
| Internal Audit | 38 | Are audits conducted in terms of the SPP/IIA? | | |
| Internal Audit | 39 | Is non-compliance with SPP/IIA declared in audit reports? | | |
| Internal Audit | 40 | Are regular reports submitted to the Audit Committee regarding the functioning of the unit? | | |
| Internal Audit | 41 | Has the IA unit been subjected to independent review? | | |
| Internal Audit | 42 | Has the IA unit been subjected to quality assurance by the IIA? | | |

| Category | No. | Questions | Response | Comments |
|----------------------|-----|---|----------|----------|
| Audit Committee | 43 | Does the Audit Committee operate in terms of an Audit Committee charter? | | |
| Audit Committee | 44 | Has the Audit Committee charter been approved by AO? | | |
| Audit Committee | 45 | Does the Audit Committee charter include all responsibilities as per IIA standards, PFMA and King III? | | |
| Audit Committee | 46 | Is the Audit Committee comprised of independent persons? | | |
| Audit Committee | 47 | Does the Audit Committee have the combined skills to fulfill their mandate i.t.o. the charter? | | |
| Audit Committee | 48 | Does the Audit Committee meet regularly? | | |
| Audit Committee | 49 | Do the Audit Committee minutes indicate that all matters as per the Audit Committee charter are adequately addressed? | | |
| Audit Committee | 50 | Is the performance of the Audit Committee evaluated on an annual basis? | | |
| Audit Committee | 51 | Does the Audit Committee report regularly to the AO regarding risk, control and audit issues? | | |
| Audit Committee | 52 | Does the Audit Committee express an assurance opinion on risk, control and governance in the annual report? | | |
| Regulatory Framework | 53 | Does TOP management obtain buy-in to governance and compliance standards set per the PFMA, treasury regulations and departmental policies and procedures? (If "Yes", indicate How Buy-in is obtained in the Comments column?) | | |

| Category | No. | Questions | Response | Comments |
|----------------------|-----|---|----------|----------|
| Regulatory Framework | 54 | Please confirm by indicating "Yes/ No", whether you have the following policies: (If "Yes", indicate the approval date in the Comments column?) | | |
| | | Strategic planning | | |
| | | Departmental Entertainment | | |
| | | Telecommunications and related matters | | |
| | | Personnel remuneration and related matters | | |
| | | Subsistence and travel | | |
| | | Fraudulent transactions | | |
| | | Financial misconduct | | |
| | | Commissions and committees of inquiry | | |
| | | Gifts, donations and sponsorships | | |
| | | Unauthorised, irregular and fruitless and wasteful expenditure | | |
| Regulatory Framework | 55 | Please confirm by indicating "Yes/No", whether you have the following SOPs: | | |
| | | Telecommunications and related matters | | |
| | | Personnel remuneration and related matters | | |
| | | Subsistence and travel | | |
| | | Financial misconduct | | |
| | | Commissions and committees of inquiry | | |
| | | Gifts, donations and sponsorships | | |
| | | Unauthorised, irregular and fruitless and wasteful expenditure | | |
| Regulatory Framework | 56 | Has the Accounting Officer in terms of the PFMA, NTR's and PTI's (not SCM delegations) responsibility been delegated in writing to an official or post? | | |

| Category | No. | Questions | Response | Comments |
|----------------------|-----|---|----------|----------|
| Regulatory Framework | 57 | Has the department informed Treasury regarding any Fruitless and Wasteful Expenditure? If "Yes", indicate in the Comments column what were the total amount found to be fruitless and wasteful expenditure? | | |
| Regulatory Framework | 58 | Were any disciplinary actions instituted against officials in relation to the previous question? | | |
| Regulatory Framework | 59 | Were any funds recovered in relation to fruitless and wasteful expenditure? | | |
| Regulatory Framework | 60 | Has the department put processes in place to prevent similar fruitless and wasteful expenditure from re-occurring? | | |
| Regulatory Framework | 61 | Has the department informed Treasury regarding any Unauthorised Expenditure? If "Yes", indicate in the Comments column what were the total amount found to be Unauthorised Expenditure? | | |
| Regulatory Framework | 62 | Were any disciplinary actions instituted against officials in relation to the previous question? | | |
| Regulatory Framework | 63 | Were any funds recovered in relation to Unauthorised Expenditure? | | |
| Regulatory Framework | 64 | Has the department put processes in place to prevent similar Unauthorised Expenditure from re-occurring? | | |
| Regulatory Framework | 65 | Has the department informed Treasury regarding any Irregular Expenditure? If "Yes", indicate in the Comments column what were the total amount found to be Irregular Expenditure? | | |
| Regulatory Framework | 66 | Were any disciplinary actions instituted against officials in relation to the previous question? | | |
| Regulatory Framework | 67 | Were any funds recovered in relation to Irregular Expenditure? | | |
| Regulatory Framework | 68 | Has the department put processes in place to prevent similar Irregular Expenditure from re-occurring? | | |