



Reference number: RCS/C.6 (2023/24)

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## TREASURY CIRCULAR NO. 18 OF 2023

THE PREMIER

THE MINISTER OF AGRICULTURE

THE MINISTER OF CULTURAL AFFAIRS AND SPORT

THE MINISTER OF EDUCATION

THE MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES

THE MINISTER OF HEALTH

THE MINISTER OF INFRASTRUCTURE

THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING

THE MINISTER OF MOBILITY

THE MINISTER OF POLICE OVERSIGHT AND COMMUNITY SAFETY

THE MINISTER OF SOCIAL DEVELOPMENT

THE SPEAKER: PROVINCIAL PARLIAMENT

THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

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THE EXECUTIVE AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (MINISTER A BREDELL)

THE EXECUTIVE AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MINISTER M WENGER)

THE EXECUTIVE AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (MINISTER M WENGER)

THE EXECUTIVE AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: WESTERN CAPE HERITAGE (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: CASIDRA (MINISTER IH MEYER)

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THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R ADAMS)

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THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (DR M SEBOPETSA)

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THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR G REDMAN)

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THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MS A SMIT)

THE CHIEF FINANCIAL OFFICER: VOTE 4: POLICE OVERSIGHT AND COMMUNITY SAFETY (MR M FRIZLAR)

THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)

THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH AND WELLNESS (MR S KAYE)

THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)

THE CHIEF FINANCIAL OFFICER: VOTE 8: MOBILITY (MR F DE WET)

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THE CHIEF FINANCIAL OFFICER: VOTE 10: INFRASTRUCTURE (ADV. C SMITH)

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)

For information

THE ACCOUNTING AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MR C BASSUDAY)  
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 THE DIRECTOR: INFRASTRUCTURE (MS S VAN BREDA) (ACTING)  
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 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MS N RINQUEST)  
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR T NTSHINGILA)  
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR I TSIE)  
 THE DIRECTOR: LOCAL GOVERNMENT MFMA COORDINATION (MR D CRONJE)  
 THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS L SALLIES) (ACTING)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MS A ABOO)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS T VAN DE RHEEDE)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS M NICHOLAS)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)  
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS N ISMAIL)  
 THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A MAZOMBA)  
 THE PROVINCIAL AUDITOR  
 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT  
 THE DEPUTY DIRECTOR-GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

## **2023/24 EARMARKED ALLOCATIONS REPORTING REQUIREMENTS**

### **1. PURPOSE**

This Treasury Circular No. 18 of 2023, outlines the 2023/24 Earmarked Reporting process, the related actions required from departments and entities, and the associated reporting timelines.

## 2. **BACKGROUND**

Section 3(b) of the Western Cape Appropriation Act (No. 2 of 2023) stipulates that earmarked allocations may be used only for the purpose stipulated in the Schedule and in accordance with the directives issued in terms of Section 4(2) of the Act.

Section 4(3) of the Act further indicates that the Provincial Treasury may issue directives outlining the reporting requirements to be complied with by provincial departments. This should be based on a function funded or partially funded by each allocation, except where such comprehensive reporting is already required in terms of other legislation. The directive may further set out measures in respect of an allocation to ensure transparency, accountability and expenditure control.

Earmarked allocations will continue to require reporting to the Provincial Treasury. This reporting mechanism will be required in cases where allocations are not already reported via the In-Year Monitoring (IYM), Quarterly Performance Reports (QPR), and the Infrastructure Reporting Model (IRM).

Treasury Regulations 5.3.1 requires that all Accounting Officers must establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action. In addition, Treasury Regulation 8.1.1 requires that all Accounting Officers of an institution must ensure that internal procedures and internal control measures are in place for payment approval and processing. These internal controls should provide reasonable assurance that all expenditure is necessary, appropriate, paid promptly and is adequately recorded and reported. To give effect to Treasury Regulations 5.3.1 and 8.1.1, quarterly reporting on the performance of earmarked allocations can therefore be viewed as an enabling mechanism that allows Accounting Officers to track financial and non-financial progress against what has been planned and what is achieved.

These reports provide essential information on in-year departmental performance and will be used as evidenced-based mechanisms to inform decision-making in the 2024 Budget Process. The performance on earmarked outputs and expenditure incurred by departments will be provided to the Provincial Cabinet and the Provincial Parliament as part of the quarterly departmental budget performance reporting.

To enhance integration between policy, planning, budgeting and implementation, it is important to align the in-year reporting on earmarked allocations to the purpose of the allocation as specified in the 2023 MTEF Final allocation letters. It is further required that credible and relevant output indicators and targets align to the intended outcome and impact of the respective intervention/s and used to effectively measure progress on programmes and projects.

## 3. **REPORTING REQUIREMENTS**

Monitoring the execution of programmes and projects that are supported by earmarked funding is necessary to measure progress towards the achievement of planned targets. This includes detailing how funding allocated has been spent and outlining the steps that need to be taken to keep programmes and projects from falling behind schedule.

Although financial data is vital for determining the costs and efficiency of programmes and projects, non-financial performance is just as significant for assessing progress toward service delivery outcomes and its associated targets.

To assist with the earmarked reporting process, departments are requested to:

1. Ensure that targets in the earmarked reporting templates are aligned to the purpose of the earmarked allocation;
2. Ensure that the performance on earmarked allocations is tracked and monitored through applying the SMART principle – Specific, Measurable, Achievable, Relevant and Time-bound;
3. Ensure that all earmarked allocations required for reporting are identifiable on the Basic Accounting System (BAS) for verification and transparency purposes. This must be done through the utilisation of the Fund and/or Project segment available on BAS.
4. Submit a cover letter signed by the Accounting Officer together with the earmarked reporting templates; and
5. Note and submit the earmarked reporting templates on the dates specified in Sections 4 and 5 below.

#### 4. **REPORTING TEMPLATES AND TIMELINES**

Prior to commencing the reporting process, departments will be required to indicate, to the Provincial Treasury, how financial and non-financial performance will be measured and reported on. Feedback from the Provincial Treasury must be incorporated into the reporting template.

The Provincial Treasury will issue departments with the earmarked reporting templates by Monday, 26 June 2023. To attain a more comprehensive overview of the performance on earmarked allocations, departments are required to submit an explanatory narrative report together with the Excel reporting template to the Provincial Treasury. The explanatory narrative report should indicate the overview of performance and challenges experienced as well as mitigating measures. The information to be reported should be done in conjunction with the budget allocated and the overall purpose for which the funds were allocated. Departments would have to certify that this report is correct and can be verified by means of supporting documentation that provides a true reflection of the performance of the allocation.

The final earmarked reporting templates, including the signed-off cover letter by the Accounting Officer, must be submitted to [BudgetOffice.ProvincialTreasury@westerncape.gov.za](mailto:BudgetOffice.ProvincialTreasury@westerncape.gov.za). To promote effective governance, in accordance with Section 38 (1) (j) of the Public Finance Management Act (No. 1 of 1999), reports prepared by entities should be signed off by both the relevant Accounting Authority and Accounting Officer.

The due dates for the submission of quarterly earmarked reports are as follows:

Deliverable	Date
Provincial Treasury issues reporting templates to departments to populate	Monday, 26 June 2023
Departments submit populated models to PT for verification/quality assurance	Wednesday, 12 July 2023
Provincial Treasury provides feedback to Departments based on the verification/quality assurance exercise.	Friday, 14 July 2023
<b>Quarterly Earmarked Reporting:</b>	
1 <sup>st</sup> Quarter: April - June 2023	Thursday, 20 July 2023
2 <sup>nd</sup> Quarter: July - September 2023	Friday, 20 October 2023
3 <sup>rd</sup> Quarter: October - December 2023	Friday, 19 January 2024
4 <sup>th</sup> Quarter: January - March 2024	Friday, 19 April 2024
Note: The actual 2023/24 pre-audited information must be submitted to the Provincial Treasury together with the submission of the 2023/24 Draft Annual Report.	

The Provincial Treasury will actively provide departments with feedback on the implementation of programmes and projects taken up in the quarterly earmarked reports.

## 5. ENERGY REPORTING REQUIREMENTS

An alternative approach will be taken to the energy earmarked allocations. The Provincial Treasury has therefore introduced an energy earmarked reporting template to track progress against energy projects. It should be noted that the energy reporting template is separate from the quarterly earmarked reporting template and reporting on energy projects will be required on a monthly basis. The monthly energy earmarked reporting against these allocations will feed into the Growth for Jobs and Energy governance structures, which includes the Provincial Cabinet and Provincial Parliament.

The energy projects are required to progress between various stages. These stages include Initiation, Concept, Design, Implementation, and Close-out.

At each stage of project delivery, the Provincial Treasury will review and provide feedback to the Accounting Officer, before the report can be considered for final approval. The energy reporting requirements differ from the quarterly reporting requirements in the following ways:

- Project leads will be required to report on project stages by providing supporting documentation as outlined in the reporting guidance document;
- Reports will be reviewed by the Provincial Treasury and the Growth for Jobs Project Team to assess the quality of reporting; and
- Accounting Officers and Chief Financial Officers will sign-off on reports following the review process.

The energy earmarked reporting requirements differ from the Growth for Jobs Reporting tool in the following ways:

- Project leads will be required to develop credible and relevant output indicators/targets that must be aligned to the purpose for which the funds were allocated;
- Clear strategic linkages are facilitated through the energy earmarked reporting tool, which applies a Theory of Change approach; and

- Accounting Officers and Chief Financial Officers will sign-off on reports following the review process. Reports prepared by entities should be signed off by both the relevant Accounting Authority and Accounting Officer.

A transition period is currently being explored between the Provincial Treasury and the Growth for Jobs reporting team. Notwithstanding the afore mentioned, the Provincial Treasury will continue to apply the existing approach to energy earmarked allocations, to adhere to requirements as stipulated in the Western Cape Appropriation Act (No. 2 of 2023).

The dates for submission of the 2023/24 Energy Earmarked reports are as follows:

Deliverable	Date
Provincial Treasury issues reporting templates to departments to populate	Monday, 26 June 2023
Departments submit populated models to PT for verification/quality assurance	Wednesday, 12 July 2023
Provincial Treasury provides feedback to Departments based on the verification/quality assurance exercise.	Friday, 14 July 2023
<b>Monthly Energy Reporting:</b>	
June 2023	Thursday, 20 July 2023
July 2023	Monday, 21 August 2023
August 2023	Wednesday, 20 September 2023
September 2023	Friday, 20 October 2023
October 2023	Monday, 20 November 2023
November 2023	Thursday, 14 December 2023
December 2023	Friday, 19 January 2024
January 2024	Tuesday, 20 February 2024
February 2024	Wednesday, 20 March 2024
March 2024	Friday, 19 April 2024

Kindly note that all reports should be coordinated by the Energy leads in the respective departments who should also submit the final reports to the Provincial Treasury.

The earmarked reporting templates were presented and discussed with departments during the Management Accounting Forum, which took place on 22 June 2023.

## 6. INFRASTRUCTURE REPORTING REQUIREMENTS

Section 13 of the Division of Revenue Act (No. 5 of 2023) requires infrastructure departments to provide reports on the aggregate infrastructure spending, based on a format prescribed by the National Treasury. The Infrastructure Reporting Model (IRM) is the prescribed format for infrastructure reporting on a monthly, quarterly, and annual basis. National Treasury expanded the IRM to cater for various Nature of Investments, e.g., maintenance, which can be broken up into various sub-projects where projects are indicated as Packaged Programmes. Expenditure performance against earmarked maintenance allocations requires comprehensive reporting on a project-by-project basis in respect of all Maintenance projects. This should be incorporated in the monthly IRM reports or be reported on an Excel spreadsheet on a quarterly basis. The Excel-based template previously provided should be used for reporting purposes. Expenditure on Day-to-Day, Routine, and Emergency Maintenance, needs to be reported on an aggregate level per district.

All projects funded by the Western Cape Government Project Preparation Facility (WCG PPF) must be recorded in the B5 schedules (published approved project list) of the budget documentation and on the IRM for provincial departments and entities. Institutions are further required to submit quarterly progress on PPF funded projects to the Provincial Treasury, for submission to the WCG Cabinet.

7. **ENQUIRIES**

Should you have any queries on the earmarked reporting requirements, please contact Jonathan Hendricks at [Jonathan.Hendricks@westerncape.gov.za](mailto:Jonathan.Hendricks@westerncape.gov.za).

Thank you for your continued support and cooperation.

**JULINDA GANTANA**  
**ACTING HEAD OFFICIAL: PROVINCIAL TREASURY**