

Reference: T8/2/31

TREASURY CIRCULAR MUN NO. 41/2013

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WESTERN CAPE PROVINCIAL TREASURY'S BUDGET AND TREASURY OFFICE (BTO) STRUCTURES GUIDELINE

1. PURPOSE

The purpose of this circular is to introduce the Western Cape Provincial Treasury BTO Structures Guideline that has been specifically designed to provide guidance in the design of optimal BTO structures within municipalities of the Western Cape.

2. BACKGROUND AND OVERVIEW

Provincial Treasury (PT) as required in the Municipal Finance Management Act (MFMA), Act 56 of 2003, must monitor, assist and support municipalities in complying with the MFMA and its related regulations.

The core function of the BTO is to ensure sound financial management and to assist the Municipal Manager and other Senior Managers to control their budgets and ensure the efficient application of financial resources in the rendering of services to the community. Provincial Treasury's assessments has identified that there is a correlation between the functioning of municipal Budget and Treasury Offices (BTO) and the status of financial management within a municipality. Many municipalities experience a lack of capacity within their BTO's. In response to this, Provincial Treasury in partnership with the University of Stellenbosch Business School (USB-ED) has developed the BTO Structures guidance document to serve as a catalyst towards the improvement of practices in organisational structuring towards improving the effectiveness and efficiency of BTOs at municipalities.

The guideline provides a methodical approach to the design of an optimal BTO structure within municipalities. It comprises of the following chapters that cover the principles of sound financial management, organisational design and promotes the standards of good corporate governance.

Table 1: Overview of BTO Structures Guideline

Chapter	Short Description
1 Introduction to the Guidance Document	This chapter provides an overview of the purpose and context of the guideline
2 Structures and Organisational Effectiveness	This chapter deals with contextual perspectives on structures and organisational effectiveness.
3 Legislative and other Official Guidance	Understanding the legislative imperatives for organisation structures in local government and the legislative imperatives for organisation structures of specifically the BTO in municipalities are dealt with in this chapter.
4 Determinants and design principles of structures	This chapter offers an understanding of organisational structures, the design principles of organisational structures and the alignment of structures with strategy and performance in a municipal context.
5 BTO Functional Activities	Understanding the functional activities associated with a BTO, including purposes, main activities and legislative prescripts.
6 Application to Variable Size Municipalities	Putting in all together to enable structuring of a BTO
Annexures A1 – A4	Guidance Organisational structures for local and district municipalities' BTOs.

3. BTO STRUCTURES GUIDELINE TRAINING

Provincial Treasury plans to conduct training on the guideline in early December 2013 and late January 2014 to municipal officials. It is envisaged that training will be rolled out on a district level. Information in this regard will be communicated at a later stage.

4. CONCLUSION

Provincial Treasury is proud to roll out this initiative to municipalities as it provides professional guidance in the design of optimal BTO structures at municipalities. Although generic BTO structures are offered in this project, it can only serve to guide the development of appropriate structures.

For more information on the above mentioned guideline, please do not hesitate to contact the following officials:

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A handwritten signature in black ink, appearing to be 'B Vink', enclosed within a large, hand-drawn oval.

B VINK
SENIOR MANAGER: FINANCIAL GOVERNANCE
DATE: 03/10/2013