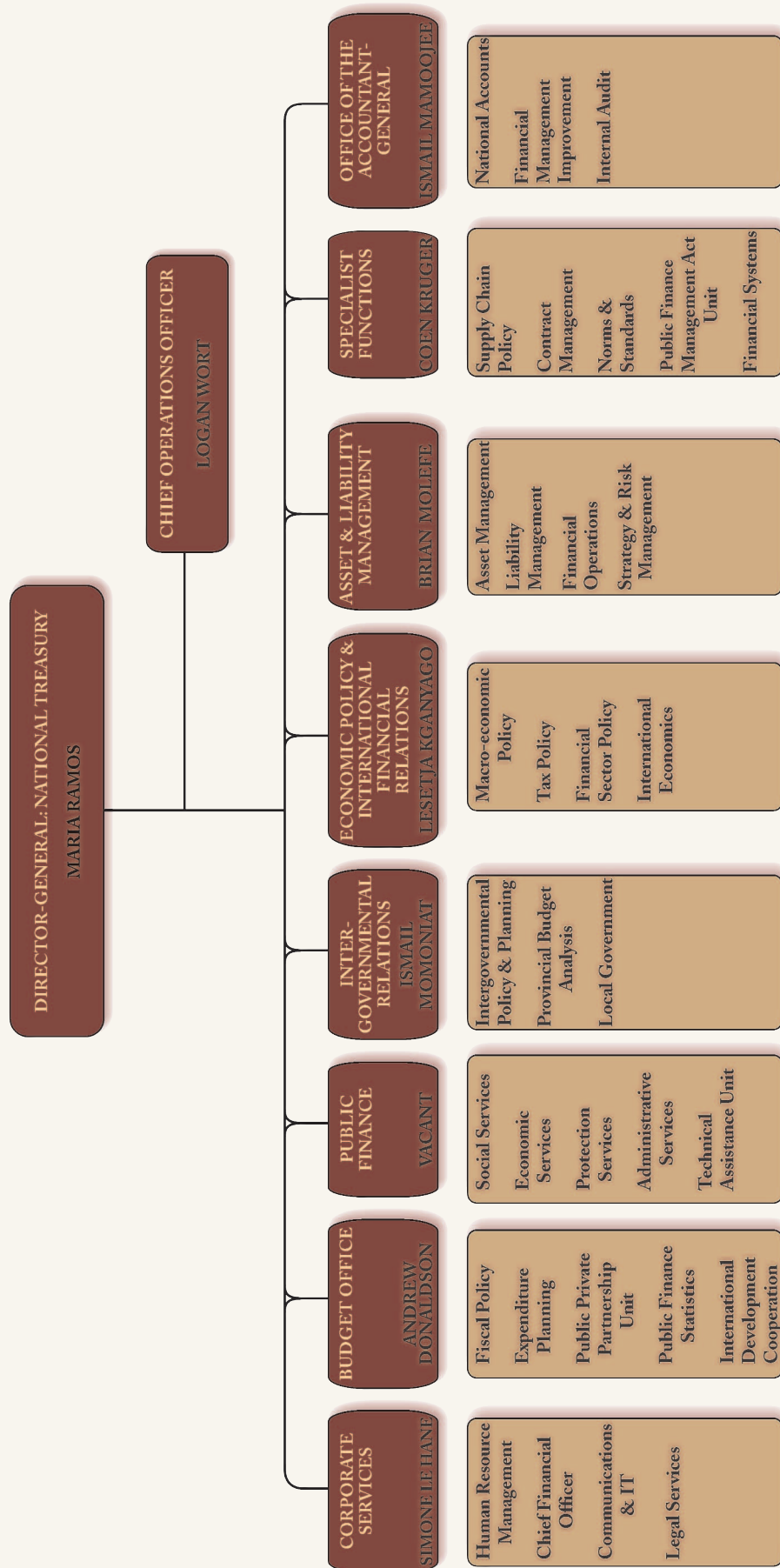


Extensive team-building exercises are planned throughout the National Treasury to create a common culture and purpose, underpinned by a less hierarchical and more egalitarian structure and ethic. Special attention will be given to the education, training and development of human resources to comply with the requirements of the Skills Development Act.

Specific challenges over the MTEF include introducing performance management systems and procedures, making better use of information technology, and establishing a comprehensive capacity-building programme.





DELEGATIONS

Human Resources Management

Certain original powers vested in both the Minister and the Director General have been devolved to divisional heads and other senior managers in order to expedite decision-making processes. Critically important in this regard is the competency of divisional heads to appoint employees below senior management staff without referral to the Director General.

The *Corporate Services* division is continuously involved in the appointment processes of line managers, ensuring compliance with best Human Resource Practices as required by the various legislative frameworks.

Financial Management

Delegations in terms of Section 10 (delegations by the National Treasury) and Section 44 (powers and duties of accounting officers) of the Public Finance Management Act (1 of 1999) (PFMA) have been approved and implemented by the Executive Authority and Accounting Officer respectively. In order to ensure compliance with the above-mentioned legislation, such delegations are reviewed continuously and the relevant managers informed of their responsibilities.

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The National Treasury is in essence a financial and administrative services department, and therefore owns no fixed assets, such as buildings. Lease payments for its premises – 240 Vermeulen Street and 40 Church Square – are administered and paid for by the Department of Public Works.

Further expansion of the eight divisions necessitates additional accommodation requirements over the MTEF period. The *Corporate Services* division is considering undertaking infrastructure renovations to the adjacent 38 Church Square building, dependent on positive engineering reports. The next three years will also see the completion of the refurbishment of the 240 Vermeulen Street building, the revision of the internal arrangements in 40 Church Square to optimise divisional accommodation and the refurbishment of the Cape Town office at 120 Plein Street.

INFORMATION TECHNOLOGY SYSTEMS

The merger of the Finance and State Expenditure departments into a new department, the National Treasury, has had a significant impact on the organisation's information technology requirements. At the hub of Government business, the National Treasury requires additional, technologically advanced systems that allow faster and more efficient internal processes.



The National Treasury's new business requirements demand the re-evaluation of its information technology requirements and call for the reshaping of its information technology focus over the MTEF period. The Treasury is therefore busy restructuring the *Information Technology* unit, which will be completed in 18 months, and intends finalising a revised information technology strategic and service delivery plan that meets the Treasury's business requirements as set out in its strategic plan for the 2003 MTEF period.

Restructuring plans include the acquisition of the services required, in conjunction with the State Information Technology Agency (Sita) Information Technology Acquisition Centre. During the transition period, the information technology team will maintain the current information technology operational functions, ensuring quality service delivery to its clients – the National Treasury staff.

Treasury personnel manage the *Information Technology* team and outsource the operational component, namely support and Local Area Network (LAN) services, to Comparex Africa and Kitso solutions. Sita provides Wide Area Network (WAN) services, transversal system and Internet access to the National Treasury. Sita also provides centralised processing services (mainframe services) to the *Financial Systems* team under Programme Four: *Financial Management and Systems* and to the *Assets and Liability* team under Programme Three.

PERFORMANCE MANAGEMENT SYSTEM

The *Performance Management* unit facilitates the translation of the mission, vision and strategic objectives of the National Treasury into tangible outputs by maintaining a culture based on high performance.

The unit is currently refining and customising the Performance Management System to conform to the needs of the National Treasury. The Performance Management System would be utilised to quantify the performance of employees. Meritorious performance will be recognised and rewarded through performance bonuses and remuneration pay progressions.

OUTSOURCING OF SERVICES

As part of its strategy to raise internal efficiencies and maximise the use of resources, the National Treasury continually assess whether operations and service delivery may be improved by outsourcing non-core functions to those that have the appropriate expertise.

At present, the National Treasury outsources information technology operations and help-desk services, development and maintenance of financial systems, cleaning services and perimeter security services. The Department has decided to outsource its internal audit function to the consortium PricewaterhouseCoopers Inc. and MSGM Masuku Jeena Inc., in line with provisions set out in the Treasury Regulation 3.2.4.





IMPLEMENTATION OF THE PFMA

The Public Finance Management Act requires that the National Treasury:

- Establish an audit committee and complete an annual internal audit;
- Undertake a risk-assessment process and develop an appropriate fraud-prevention plan;
- Implement internal controls and asset-management procedures;
- Follow robust procurement processes and implement the required procurement reforms; and
- Implement the necessary financial delegations.

The National Treasury has ensured a good implementation track record so far. The internal audit committee, established in 2002, has met a number of times and recently approved the internal audit plan. The internal audit function has been outsourced to the consortium PricewaterhouseCoopers Inc. and MSGM Masuku Jeena Inc. The latter is busy with the 2002/03 internal audit.

A risk-management assessment exercise has been completed and a fraud-prevention plan developed in line with PFMA and Treasury Regulation requirements. Internal controls and asset-management procedures have been implemented.

The National Treasury is one of the pilot departments for the new decentralised procurement system, aimed at improving procedures, transparency and meeting empowerment targets. An established Accredited Procurement unit is now in operation and further streamlining of procedures will continue with annual targets set regarding procurement from black economic empowerment and small-, micro- and medium-sized businesses. Key vacant positions need to be filled to drive this process forward over the next three years.

Key priorities this year include the finalisation of the Department's financial manual and further progress on National Treasury delegations.

Over the 2003 MTEF period, the National Treasury intends to review and enhance its implementation plan and interventions to ensure continual compliance with the PMFA. Such enhancements include:

- Reviewing the Audit Committee's Terms of Reference and Internal Audit Charter;
- Assessing and implementing the Treasury Risk Management Framework;
- Implementing the Fraud Prevention Plan;
- Reviewing and implementing internal controls;
- Enhancing asset management policies;
- Examining procurement processes and related matters; and
- Reviewing financial delegations in terms of Section 10 of the Public Finance Management Act.



