



PROVINCIAL TREASURY CIRCULAR NO. 50 OF 2024

TO:

**ACTING DIRECTOR-GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA
SECRETARY OF THE MPUMALANGA LEGISLATURE
HEADS OF DEPARTMENTS
CHIEF EXECUTIVE OFFICERS OF PUBLIC ENTITIES**

**CHIEF FINANCIAL OFFICERS OF DEPARTMENTS
CHIEF FINANCIAL OFFICERS OF PUBLIC ENTITIES**

2024 MEDIUM TERM EXPENDITURE COMMITTEE HEARINGS (MTECHs)

The 2024/25 financial year is a period of transitioning from the 6th Administration to the 7th Administration, thus there is a greater need to assess the extent to which the province's budget gives effect to the provincial priorities over the MTEF. In view of the current economic and fiscal constraints affecting the country, the provincial departments and entities are expected to indicate how they seek to fuse this reality in the current and MTEF budgets without compromising the core of social spending and job creation priorities.

The Medium-Term Expenditure Committee (MTEC) conduct hearings that seek to evaluate the MTEF submission by provincial departments and public entities, examining the departmental priorities within their baseline allocations. The main issues of focus for MTEC hearings include:

- ✓ The proposed revisions to a department's medium-term plans and how they link to government's policy priorities and the key challenges identified for each sector.
- ✓ The creditability of the costing and affordability of the new proposals.
- ✓ The department's ability to implement new proposals over the MTEF period, based on past performance and expenditure trends.
- ✓ The outputs to be achieved in support of measurable objectives.

The MTEC will discuss each of the above areas with the relevant department/entity, and present recommendations to the Premier's Budget and Finance Committee and Cabinet. The meetings will be held on 22, 24 and 25 October 2024 as per attached schedule, the venue to be confirmed at a later stage. The delegation to be led by the Executive Authority supported by the Accounting Officer, Chief Financial Officer, Infrastructure Manager, Planner and other senior officials deemed relevant. In preparation for the discussions, the departments and entities are requested to compile

PROVINCIAL TREASURY CIRCULAR NO. 50 OF 2024

a presentation and submit it to the Provincial Treasury by **no later than 15 October 2024**, covering the following:

FISCAL SUSTAINABILITY AND MID-YEAR PERFORMANCE

- Reflect on the mid-year performance (September IYM) and indicate mitigating strategies to address under and over-spending.
- Review of spending on earmarked funding for all key departmental policy priorities. The review should focus on financial performance (i.e. year-to-date spending, commitments, etc.) and non-financial performance (i.e., performance indicators, targets and achievements) of the programme and/ or projects funded with earmarked allocation.

ALLOCATIVE EFFICIENCY IN THE CONTEXT OF DEEPENING FISCAL CONSTRAINTS

- What are the key priorities considered over the 2025 MTEF and what approach or methodology has the department/entity used to redirect resources towards these priorities? How Medium-Term Development Plan (MTDP) key actions and interventions are funded within the budget. Departments and entities should have already aligned their strategic plans and annual performance plans with the MTDP.
- Given the funding pressures on CoE, what strategy is being deployed by the department/entity to ensure that the 2023 wage agreement is managed in the current financial year and over the MTEF? How does the department/entity manage the filling of vacant posts?
- Current fiscal constraints require leveraging different sources of funding. How does the department/entity leverage on other sources of funding i.e., partnering with the private sector (PPP), BFI etc. Which projects and programmes are being prioritised through these alternative funding arrangements?
- Progress on the payment of previous year accruals, impact of the carried through accruals on the current financial year and strategy to reduce accruals and payables to a manageable level?

FINANCIAL GOVERNANCE

- Brief on the audit issues raised and plans to address them.
- What strategies has the department/entity put in place to curb unwanted expenditure i.e. UIFW (unauthorized, irregular, fruitless & wasteful expenditure)?

REVENUE ENHANCEMENT

- Progress on the current revenue enhancement strategies and revenue received from implemented strategies. If there is no progress, what are the challenges and plans to mitigate those challenges?
- Is the department/entity reviewing the strategies or developing new strategies to optimise revenue collection?
- Outline resources required to support these revenue enhancement initiatives and envisaged return on investment over the MTEF.

PROCUREMENT ISSUES

PROVINCIAL TREASURY CIRCULAR NO. 50 OF 2024

- Reflection on the alternative procurement/delivery models being considered for implementation by the department/entity in the delivery of goods, services and infrastructure – with the aim of improving value for money? What are the implementation timelines and expected savings?
- How are inefficiencies/ fiscal leakages – being addressed by the department/entity?

INFRASTRUCTURE

- Infrastructure expenditure and performance per project status and nature of investment as at end of September 2024 including projections for the remainder of the financial year as well as challenges and mitigation plans explored by the department.
- Outline projects pipeline for the 2025 MTEF, per current stage and indicate the alignment of these projects to the infrastructure Programme / Project Management Plan (IPMP).
- In the context of deepening budget constraints, the department/entity may be compelled to reprioritise the infrastructure programmes and/or projects to be implemented over the MTEF. Outline the criteria and/or process for prioritisation of projects that are currently in the table B5.
- Does the department/entity have any infrastructure maintenance backlogs? If yes, indicate plans to deal with the backlogs.
- Outline strategies of the department/entity to manage infrastructure projects performance in terms of quality, timeliness and cost efficiency (within budget).
- Outline infrastructure projects that are due for completion in the current financial year and plans to operationalise them.

Your co-operation in this regard is highly appreciated.

Kind regards,

MS GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 16 / 09 / 2024