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PROVINCIAL TREASURY CIRCULAR NO. 51 OF 2023

TO:

**DIRECTOR-GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA
SECRETARY OF THE MPUMALANGA LEGISLATURE
HEADS OF DEPARTMENTS
CHIEF FINANCIAL OFFICERS OF DEPARTMENTS**

2023 MEDIUM TERM EXPENDITURE COMMITTEE HEARING (MTEC)

Each year Provincial Treasury holds MTEC hearings in which all votes present their previous year's performance, current year's performance planned reprioritization in case of pressures as well as the following 2024 MTEF years' budget.

The invitation is extended to the Executive Authority, Accounting officer and Chief Financial Officer. The other relevant management officials dealing with infrastructure are requested to attend the engagements.

Your Vote is requested to provide the following information for the MTEC sessions that will be held on **17 and 18 October 2023**


1. Governance issues
 - i. Audit outcome for 2022/23
 - ii. Support required from the Provincial Treasury
2. 2023/24 Financial and Non-financial performance, including:
 - i. Performance (progress with achievement of targets)
 - ii. 2023 wage agreement financial implication management
 - a. What will be the impact on the implementation of personnel headcount and personnel expenditure control measures? Indicating the efficiency gains or reprioritization measures that will be implemented to absorb the cost implication.
 - b. What measures will be put in place regarding the current ongoing recruitment processes to ensure spending with the baseline.
 - iii. Progress on the payment of previous year accruals, impact of the carried through accruals on the current financial year and the measures in place to reduce accruals and payables for the current financial year.

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- iv. Progress report on the earmarked funding as per allocation letter and outlining reasons for under/over performance.
 - v. Current year budget risks identified and their financial impact (excluding wage agreement, including budget pressures by priority and the MTEF carry through effects) – also outlining the portion that is funded in the current baselines (if any) and propose measures to manage these risks.
3. Baseline reductions over the 2024 MTEF period, proposed reprioritization, and composition of spending per economic classification, including:
- i. Rationale for choosing the items to be reduced,
 - ii. Impact of reductions and policy choices.
 - iii. Mitigating strategies to deliver what's possible within the revised baseline.
 - iv. Plans to close the identified low priority programmes / functions to provide fiscal space for more productive priorities.
4. Managing Compensation of employees (CoE) over the 2024 MTEF period in line with the CoE ceiling in 2024/25, 2025/26 and 2026/27, including:
- i. Progress on the PERSAL clean up to deal with all the inefficiencies in the system.
 - ii. Human resource plan: explaining the Departments' plans and intentions in respect of establishment headcount management, recruitment, and human resource development with a view to operating within its compensation of employees' expenditure ceiling.
5. Infrastructure
- i. Summary of how the proposed expenditure changes impact on infrastructure projects.
 - ii. Projects or programmes funded within the budget that can be delayed allowing departments to shift funds towards other projects and/or to fund the CoE gap.
6. Revenue management
- i. Revenue improvement plans to be implemented to increase own revenue collection and MTEF projections. Indicate cost implications, if any, that will be required to implement those strategies as well as cost vs benefit analysis.
 - ii. What are the cash management strategies in place to ensure cash backed expenditure and well-maintained PMG balances?

Departments are requested to submit responses in a detailed PowerPoint presentation form on or before **13 October 2023**. The session schedule and venue will be confirmed at a later stage.

Regards,


MS GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 4/09/2023