



**agriculture &
rural development**

Department:
Agriculture and Rural Development
North West Provincial Government
REPUBLIC OF SOUTH AFRICA



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1. Introduction

- 1.1 The objective of this policy is to secure sound and sustainable management of the budgeting and reporting practices of the Department of Agriculture and Rural Development (DARD) by establishing requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes.

2. Purpose

- 2.1 The purpose of this Policy is to foster a culture of responsibility and accountability for budgeting and the management thereof in the Department of Agriculture and Rural Development.
- 2.2 It serves to outline the responsibility of each employee in the policy aims to ensure uniformity in its application.
- 2.3 It further seeks to give guidance to the management of the budget of DARD from the preparation to the use of that budget to achieving all objectives in the APP.

3. Objectives of the Policy

- 3.1. To prescribe procedures for budget management in line with the provisions of the Public Finance Management Act no 1 of 1999, Division of Revenue Act (DoRA) as well as Treasury Regulations.
- 3.2. To provide reporting guidelines on budget processes in line with all applicable prescripts with focus on monthly, quarterly and annual reporting.
- 3.3. To set out the budgeting processes and procedures which the department will follow in preparing each annual budget as well as responsibilities of various officials in compiling such budget.



4. Abbreviations and definitions

The abbreviations and definitions that are pertinent to policy are described below

4.1. Abbreviations

- BAS - Basic Accounting SYSTEM
- CFO - Chief Financial Officer
- DOA - Delegation of authority
- DORA - Division of Revenue Act
- HOD - Head of department
- MTEF - Medium Term Expenditure Framework
- MTSF - Medium Term Strategic Framework
- NT - National Treasury
- PFMA - Public Finance Management Act of 1999 (Act 1 of 1999, as amended)
- PT - Provincial Treasury
- PTI - Provincial Treasury Instructions

4.2. Definitions

'Annual performance planning' means the process of identifying the performance indicators and targets that the institution will seek to achieve in the upcoming budget year

'Appropriation' means an authorisation by legislature to expend or commit funds.

'Budget' means a quantitative expression of a plan for a defined period of time. It may include planned revenues, resource quantities, costs and expenses, assets, liabilities and cash flows. It expresses the strategic plans of a specific Project/Programme

'Budget control' is a control technique whereby actual results are compared with budgets

'Budget cycle' means the chronological sequence of budget related events taking place over a period of twelve months.

'Control' means any action, procedure or operation undertaken to increase the likelihood that activities and procedures achieve their objectives. Control is a response to risk and is intended to contain uncertainty of outcome



'Compliance' means the meeting of obligations under laws, regulations, codes or departmental standards

'Division of revenue grants' means allocations from the national government to provinces and local government as listed in the schedules to the annual Division of Revenue Act, including transfers in terms of that Act

'Expenditure' means money spend on operating and capital expenditure.

'Financial year' means the government financial period which start from 01st April to 31st March

'Financial management' means all decisions and activities, including supply chain activities, of management that impact on the control and utilisation of limited financial resources entrusted to achieve specified and agreed objectives

'Financial system' means for departments, the transversal Basic Accounting System (BAS) or such other system as approved by the National Treasury or, in the case of constitutional institutions or public entities listed in Schedules 3A and 3C to the Act, the financial systems used by constitutional institutions or by the relevant public entities.

'In year monitoring' means the report intended to act as an "early warning system" for budget spending and to guide corrective action or control measures necessary to ensure that budget spending is effectively managed

'Main division within a vote' means one of the main segments into which a vote is divided and which – (a) specifies the total amount which is appropriated for the items under that segment; and (b) is approved by Parliament or a provincial legislature, as may be appropriate, as part of the vote

'Medium term expenditure framework' (MTEF) is the annual, rolling three-year expenditure planning. It sets out the medium-term expenditure priorities and hard budget constraints against which sector plans can be developed and refined. MTEF also contains outcome criteria for the purpose of performance monitoring. MTEF together with the annual Budget Framework Paper provides the basis for annual budget planning

'Medium term strategic framework' (MTSF) is a broad programme of government for the 5-year period. It sets out the overall strategy of government derived from the Constitution and the electoral mandate



'Operational planning' means the process of linking strategic goals and objectives to tactical goals and objectives. It describes the milestones, conditions for success and explains how, or what portion of, a strategic plan will be put into operation during a given budgetary term

'Programme' is defined as a group of related projects. Grouping related projects into a program enables consolidated reporting to be performed for all projects within the programme, as well as enables the sharing of communication among project teams

'Quarter' 1 April to 30 June, 1 July to 30 September, 1 October to 31 December, or 1 January to 31 March.

'Roll overs' is when funds not spent in a particular financial year is made available for spending in a subsequent financial year

'Strategic planning' means a long-term, future oriented process of assessment, goal setting, and strategy building that maps an explicit path between the present and a vision of the future, that relies on careful consideration of an organisation's capabilities and environment, and leads to priority-based resource allocation and other decisions.

'Unauthorised expenditure' means overspending of a vote or a main division within a vote expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division

'Virements' means that when a saving from amount appropriated under a main division within a vote is utilised to defray overspending in another main division of the same vote.

'Vote' means one of the main segment into which an Appropriation Act is divided and which specifies the total amount which is usually appropriated per Department in an Appropriation Act, and is separately approved by Parliament or a Provincial Legislature, as may be appropriate, before it approves the relevant draft Appropriation Act as such.



5. Financial management governance and regulatory framework

- 5.1 Public Finance Management Act, 1999 (Act No.1 of 1999).
- 5.2 Annual Appropriation bill – passed each year.
- 5.3 Division of Revenue Act
- 5.4 Treasury Regulations
- 5.5 The Public Service Amendment Act (Act No. 13 of 1996) and its Regulations
- 5.6 Provincial Treasury Instructions
- 5.7 General Recognised Accounting Practice (GRAP)
- 5.8 The Modified Cash Standard (MCS)
- 5.9 Budget Formats Guide for the Preparation of the Estimates of Provincial Revenue and Expenditure
- 5.10 Cost of Employment Guidelines
- 5.11 MTEF - Cost of employment costing and budgeting tool

6 Scope of Application

- 6.1 This policy is applicable to all permanent and contracted employees including staff of MEC in the Department of Agriculture and Rural Development where an employer-user relationship exist as defined in the Labour Relations Act and other applicable legislation as amended whose service delivery requirements necessitate the use of a mobile communications devices.

7. Budget Management

7.1. Budget Committee

7.1.1. The head of Department must establish a departmental budget committee.

7.1.2. The Budget Committee shall consist of at least Programme Managers/Head of Component, CFO and Director Financial Administration with each of the departmental business entities fully represented.



7.2. Responsibilities of budget committee

- 7.2.1. The budget committee shall ensure that the budget of DARD is aligned to Departmental, Provincial and National priorities.
- 7.2.2. Ensure equitable allocation of the budget amongst all programmes of DARD.
- 7.2.3. Identify additional sources of funding and make recommendations to the Accounting Officer.
- 7.2.4. Issue all departmental circulars relating to budget management and preparation processes.
- 7.2.5. Ensure compliance to all budget correspondence and circulars issued by Treasury.
- 7.2.6. Hold regular meetings during the year for MTEF bids consolidations, Adjustment Budget approvals as well as regular budget performance management meetings.
- 7.2.7. Present budget performance reports to all strategic meetings of the department.

7.3. MTEF Inputs Consolidation

- 7.3.1. The budget committee shall send a budget circular to all departmental programme managers in line with Treasury budget circular.
- 7.3.2. The Programme Managers shall prepare their budget bids in line with departmental circular following all guidelines in the circular.
- 7.3.3. Inputs from programmes must comply with the Department's three-year Medium-Term Expenditure Framework (MTEF) baseline allocations.
- 7.3.4. Director Financial Administration shall consolidate all budget inputs from Programme managers for presentation and consideration by Budget Committee.

7.4. Approval of the Budget

- 7.4.1. The Budget Committee must review the consolidated budget documents to ensure conformity with the priorities and objectives of the Department.
- 7.4.2. The reviewed budget document must be submitted to the Provincial Treasury in line with the budget circular and in the format prescribed and included in the Treasury budget circular.



- 7.4.3. In the event Provincial Treasury allocates additional funds to the department other than DoRA funds, the following shall be performed by the budget committee;
- 7.4.4. In the case of adjustment budget, the Budget Committee will convene meetings with programmes to review mid-year budget performance.
- 7.4.5. The budget committee will make determination on distribution of any additional funding provided by Treasury.
- 7.4.6. Budget Committee shall make determination on how projected surplus/unused budgets are to be re-allocated to other priorities within the provisions of the virement shift rules i.e. 8% of savings to be used from a programme
- 7.4.7. The budget Committee shall also make decisions on:
- a. Re-prioritizing objectives of the Programmes to ease the allocation of the additional funding.
 - b. Reallocating the funds to the various Programmes in accordance with the priorities of the Department.
 - c. During the adjustment budget, compliance to the Budget Committee's adjusted allocations will be enforced.
 - d. The Accounting Officer must approve the final budget allocations to programmes in writing.

7.5. **Capturing of the budget on the Financial System**

- 7.5.1. The final approved budget must be captured on the BAS financial system before the beginning of the financial year.
- 7.5.2. The final Adjustment Budget shall be captured in the financial system once confirmation has been granted by Provincial Treasury.
- 7.5.3. The Director Financial Administration shall ensure that the budget is captured into the financial system to enable spending.
- 7.5.4. The CFO is provided with a sign-off confirmation of the correct loading of the budget in the BAS system and inform Provincial Treasury accordingly.



8. In Year Monitoring and Reporting of the Budget

- 8.1. The Director Financial Administration must prepare a monthly expenditure and revenue per programme for departmental management committee.
- 8.2. All material deviations that may lead into over/under spending should be presented to the budget committee for corrective action.
- 8.3. The Programme Managers must on monthly basis, identify projected expenditure that is not going to be incurred during the financial year and inform finance office.
- 8.4. The Director Financial Administration must ensure that a monthly expenditure report as prescribed by the PFMA is prepared and submitted to Treasury by the 15th of every month.

9. Budget Surplus / Deficit

- 9.1. Prior to closure of period twelve of the financial year, Director Financial Administration shall prepare a schedule of budget and expenditure for the Chief Financial Officer with details of: -
 - 9.1.1. All surplus funds per programme per economic classification
 - 9.1.2. All surplus funds of DoRA funds allocated to the department per grant type
 - 9.1.3. All budget deficits appearing in the books of the department.
- 9.2. The CFO shall upon receipt of this information:-
 - 9.2.1. Inform Provincial Treasury of any unauthorized expenditure on account of exceeding the allocated budget.
 - 9.2.2. Request for rollover of all DoRA funds received for implementation of projects and other earmarked activities.

10. Virements

- 10.1. The Accounting Officer may utilize the saving in the amount appropriated under the main division within a vote towards the defrayment of excess expenditure under another main division within the same vote.
- 10.2. Compensation of Employee and transfer and Subsidies to other institutions may not be increased without approval of the Provincial Treasury.
- 10.3. Allocation ear marked by the relevant treasury for a specific purpose (excluding compensation of employees) may not be used for other purpose, except with its approval.



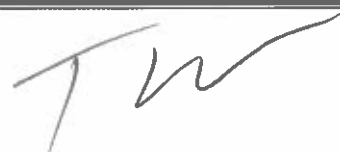
11. Roll over

- 11.1. Funds appropriated but not spend in a particular year may be rolled-over to the subsequent year, subject to the approval of the Provincial Treasury.
- 11.2. Such approval will be guided by the following limitations:
 - 11.2.1. Capital Funds: may be rolled over to finalise projects or assets acquisition still in project.
 - 11.2.2. Currents funds: A maximum saving of five per cent (5%) of the Departments budget for the current expenditure, compensation of employee, may be rolled over to the following financial year; and
 - 11.2.3. Transfer payments: May not be rolled over for the purpose other than originally voted for.
- 11.3. Request for roll-over must be submitted to provincial Treasury on or before the last day of April in a format determined by the Provincial Treasury and must include:
 - 11.3.1. Purpose for which the funds were appropriated.
 - 11.3.2. The reasons why the funds were not spent.
 - 11.3.3. The proposed changes of the use funds if any; and
 - 11.3.4. Disbursement schedule indicating the months in which the expenditure is expected to be incurred.
- 11.4. Funds for specific purpose may not be rolled over for more than one financial year unless approved in approved in advanced by the National Treasury.

12. Responsibilities

12.1. Accounting officer

- 12.1.1. The Accounting Officer must ensure that internal procedure and control measures are in place for payment approval and processing.
- 12.1.2. The Accounting Officer must take effective and appropriate steps to prevent the overspending of the vote of the Department or a main division within a vote.
- 12.1.3. The Accounting Officer must report to the Executive authority and the relevant treasury any impending.
 - 12.1.3.1. under collection of revenue due



- 12.1.3.2. Shortfalls in budget revenue; and
- 12.1.3.3. Overspending of the Department's vote or main division within the vote;
- 12.1.4. Comply with any remedial measure imposed by the relevant treasury in terms of this Act to prevent overspending of the vote or a main division within the vote.

12.2. Chief Financial Officer

- 12.2.1. The Chief Financial Officer is required to formulate the budget within the context of the MTEF which details three-year rolling expenditure and revenue plan for the Department Annual Budget preparation is informed by government's development priorities and these are subject to annual review.
- 12.2.2. The Chief Financial officer must ensure that:
 - Line manager understand the budget process and know what is required of them; including submission due dates
 - Templates, formats and directives are made available to all line managers who are involved in the budget process.
 - Budget trade-offs are discussed with managers, they must involve in deciding department and priorities.
 - Progress and decision making is communicated to relevant line managers.
- 12.2.3. The Chief Financial Officer provides relevant information to the accounting officer who will brief the executive authority on matters pertaining to budget discussions that they will be required to participate in at the national and provincial budget forums.
- 12.2.4. The Chief Financial Officer must ensure that a credible budget is presented for approval.
- 12.2.5. The Chief Financial Officer must ensure that necessary internal controls are in place to provide reasonable assurance that department expenditure is necessary, appropriate, paid promptly and is adequately recorded and reported.



12.3. Programme Managers and District Managers

- 12.3.1. Each Programme manager and District manager will be responsible and accountable to budgeting and expenditure management in their programmes and districts.
- 12.3.2. All officials will be responsible for ensuring that effective and appropriate steps are taken to prevent unauthorised expenditure.
- 12.3.3. All managers must ensure that the allocated resources are managed effectively, efficiently, economically and transparently.

13. Implementation

- 13.1. The policy is effective from the date of signing by the HOD. The provision of this policy remains and takes precedent over all other regulations governing the Budget Management in the Department.

14. Non-compliance

- 14.1. Departure from the provisions of this Policy, without prior written authorisation by the Head of Department will be subjected to appropriate legislative checks and may result in investigations that result into disciplinary action.

15. Monitoring, oversight and maintenance

- 15.1. The policy will be reviewed on a four-year basis or as and when the need arise and monitoring implementation will be the responsibility of the Office of the CFO/Director-Financial Administration.

16. Conclusion

- 16.1. The content of this policy and associate SOPs must be brought to the attention of all officials within the Department of Agriculture and Rural Development.
- 16.2. This policy is effective from the date of approval by the Head of Department as indicated on the policy cover of this document.

17. Contact person

17.1. For any queries related to policy, contact the Director Financial Administration of DARD.

18. Approval

18.1 This policy will be applicable upon approval by the Accounting Officer

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Annexure 1: Budget Cycle - processes (High level)

Action	Template Ref/ Input	Responsibility
Organisational framework, policies, priorities, instructions, plans, guidelines and template		
<p>1. The purpose of this process is to ensure that the Institution has a suitable organisational framework in place to produce credible budgets to meet the prescribed timeframes for the MTEF, the annual budgets and the annual adjustment estimates and the reporting thereon.</p> <p>It is a fundamental premise that the Institution has to be organised and structured so that it can budget for its activities; measure them and report coherently as required.</p> <p>The AA/AO (CEO) has the responsibility of ensuring that the Institution can achieve these key objectives. (See point 3 below)</p>	Approved Organogram; (Key posts filled)	AO CFO / HR
Relevant documentation received		
<p>2. The purpose of this process is to ensure that the Institution has received; inter alia; policies; priority statements; instructions; plans; international & domestic economic reviews & outlooks; guidelines and templates (schedules) required to produce the MTEF, the annual budgets and the annual adjustments of revenue & expenditure.</p> <p>The principles of budgeting should be well understood and are not discussed here.</p> <p>National Treasury issues posts all the relevant documentation on its web site. It is the responsibility of the CFO that the Institution has gathered/ collected all the relevant documentation pertinent to the current budget process.</p>	Relevant documentation	CFO / Budget manager(s)
Suitably qualified, experienced, competent managers & employees		
<p>3. The purpose of this process is to ensure that the Institution has suitably qualified experienced and competent budget & management accounting managers and employees in place in the budget & management accounting departments / sections so that all the relevant budgetary controls are applied and associated reporting.</p>	Key posts filled	CFO / HR

Action	Template Ref/ Input	Responsibility
<p>The CFO, as the responsible HOD for the entire budget cycle, shall employ suitably skilled, experienced, competent officials so that the processes can be successful.</p>		
Comprehensive budget production plan.		
<p>4. The purpose of this process is to ensure that the Institution has a comprehensive budget production plan detailing all the instructions (steps) required to produce credible budgets, within the time frames and deadlines stated in National Treasury's budget circulars. This production plan is the key document driving the entire budget process.</p> <p>The Instructions shall include the fund allocations provided by National Treasury or the relevant treasury which are critical to the cap the level of expenditure to be budgeted.</p> <p>The instructions shall include the information required to compile the Department's overall cash flow projections (drawings) on a monthly, annual and medium term basis.</p> <p>The Instructions shall include Institutional review procedures onto which the submitted templates and schedules are aggregated (consolidated); interrogated; reviewed and revised, if necessary. Adherence to it is critical and the AO must back the CFO in its execution. (See Annexure 3 below)</p>	Final budget plan	CFO AO
Executive officers; HODs etc understand their roles		
<p>5. The purpose of this process is to ensure that the executive officer(s); HODs and programme managers are briefed so that they understand their roles in the complete cycle of the MTEF & budget preparation, review and approval processes.</p> <p>This is a key step as these executive(s) and senior managers are responsible for the content, correctness and reasonableness of the final budgets.</p> <p>The AA / AO should delegate the responsibility of the briefing processes to the CFO. The form, manner and</p>	Briefing document(s) Signed submitted final budget	AO CFO Executive(s); HOD(s); programme manager(s)

Action	Template Ref/ Input	Responsibility
<p>style of how this briefing is conducted cannot be prescribed.</p> <p>The executive(s) and senior managers are to formally acknowledge that they fully understand their roles and responsibility for the final budget. Practically this acknowledgement could form part of the final budget declaration of the respective executive(s), HOD(s) and programme manager(s).</p>		
Executive officers; HODs etc conversant with content of budget documents & impacts on final budget		
<p>6. The purpose of this process is to ensure that the executive officer(s); HODs and programme managers preparing the MTEF and budgets are conversant with and understand the contents of these documents and their impacts on the budgets to be produced.</p> <p>This is a key step as these executive(s) and senior managers are responsible for the content, correctness and reasonableness of the final budgets.</p> <p>The CFO is responsible for ensuring that the contents of the current budget documents are discussed / explained particularly with respect to their impacts on the budgets. The form, manner and style of how this is conducted cannot be prescribed</p> <p>The executive(s), HOD(s) and programme manager(s) should, as a result, have a keen appreciation of how the final budgets are impacted.</p> <p>The executive(s) and senior managers are to formally acknowledge that they fully understand their roles and responsibility for the final budget. Practically this acknowledgement could form part of the final budget declaration of the respective executive(s), HOD(s) and programme manager(s).</p>	<p>Briefing documents</p> <p>Signed submitted final budget</p>	<p>CFO</p> <p>Executive(s); HOD(s); programme manager(s)</p>

Annexure 2: Budget production – MTEF & annual budgets & cash flow projections; reviews, approvals and capturing on systems - processes (High level)

Action	Template Ref/ Input	Responsibility
Detailed budget production plan		
<p>1. The purpose of this process is to ensure that the detailed budget production plan to be issued to those managers responsible for the producing the budgets, incorporates, inter alia:- instructions & budgetary documentation; inclusive of guidelines; funding source(s) and quantum(s); measurable objectives; key performance indicators (KPIs); schedules and templates.</p> <p>This production plan is the key document driving the entire budget process. Adherence to it is critical and the AO) must back the CFO in its execution. (See annexure 2 above)</p>	Final budget plan	AO CFO
Budget instructions		
<p>2. The purpose of this process is to ensure that the budget instructions shall include the fund allocations provided by National Treasury or the relevant provincial treasury which are critical to cap the level of expenditure to be budgeted.</p> <p>The instructions shall also include the information required to compile the Department’s overall cash flow projections (drawings) on a monthly, annual and medium term basis.</p> <p>In addition the instructions shall include Institutional review procedures wherein the submitted templates and schedules are aggregated (consolidated); interrogated; reviewed and revised, if necessary.</p>	Budget plan & instructions Budget plan & instructions	CFO
Computation, internal / department discussions, reviews & approval		
<p>3. The purpose of this process is to ensure the budget is computed using the issued templates and schedules in the budget pack.</p> <p>The managers responsible for the MTEF, annual budgets shall complete the prescribed issued templates and schedules for all the relevant revenue & expenditure items and associated cash flow projections and expected cash drawdowns.</p> <p>The completed budgets shall be discussed, reviewed and</p>	Completed budget. Signed off budget submitted to CFO	Budget managers Executive(s); HODs

Action	Template Ref/ Input	Responsibility
<p>approved by respective division's / section's / department's executive(s) and HODs for correctness & reasonableness BEFORE being submitted to the Department's CFO.</p>		
Aggregation (consolidation); interrogation & reviews, queries & adjustments		
<p>4. The purpose of this process is to ensure that the submitted approved budgets are aggregated (consolidated), interrogated, reviewed and queried and adjusted / corrected, if necessary, BEFORE being submitted to the Department's "Budget Review Committee" (however labeled) for discussion, review and ultimately final approval.</p> <p>The submitted budgets are aggregated by the CFO's office and subjected to a rigorous interrogation & reviews from which queries will / may arise which shall be resolved by the respective division's / section's / department's budget manager(s).</p> <p>Any subsequent corrections / adjustments, if applicable, are to be made to the submitted budgets.</p> <p>The final aggregated budget is finalised by the CFO for submission to the Department's "Budget Review Committee" (however labeled) for discussion, review and ultimately final approval.</p>	<p>Aggregated budget. Resolved queries Adjusted budget(s) Final budget for submission</p>	<p>CFO Budget managers</p>
Formal review processes		
<p>5. The purpose of this process is to ensure that the submitted MTEF, final budget(s) (as described above in 4) are discussed, reviewed for correctness & reasonableness by the Department's "Budget Review Committee" (however labeled).</p> <p>The committee's responsibility is to subject the submitted budget(s) to a rigorous discussion and review processes for correctness and reasonableness. This will / may result in queries arising and / or adjustments requested.</p> <p>The queries and / or adjustments requested may be such that the submitted budgets require significant amendments and accordingly cannot be approved before they are affected.</p>	<p>Committee minutes, queries noted Re-submitted amended budget Committee minutes</p>	<p>Committee secretary / CFO</p>

Action	Template Ref/ Input	Responsibility
<p>The CFO will / may instructed to resolve the queries / affect the adjustments before the budget(s) can be approved. In this instance the relevant processes described in 4 above will take place.</p> <p>The amended budget(s) are then re-submitted to the above "Budget Review Committee" for the discussion, review process to be repeated.</p>		
Institutional approval processes		
<p>6. The purpose of this process is to ensure that the submitted (re-submitted) MTEF, budget(s) (as discussed above in 5), are formally approved by the Department's "Budget Review Committee" (however labeled) BEFORE submission to the relevant treasury.</p> <p>The committee shall formally approve the final budget for submission to the relevant treasury.</p>	Formal approved budget	Committee chairman; AO
Treasury's approval processes		
<p>7. The purpose of this process is to ensure that the approved MTEF, budget(s) (as discussed above in 6), are formally approved by the relevant treasury. (This step is inserted for completeness and is outside the remit of the Institution)</p> <p>The relevant treasury may request clarity and even adjustment(s) prior to its approval. The Institution may have to go through steps 5 & 6 to address these queries & adjustments.</p>	Treasury queries / adjustments	North West treasury
Budget captured onto Department's financial systems		
<p>8. The purpose of this process is to ensure that the approved MTEF, budget(s) are captured onto the Department's financial system(s). The CFO is responsible for this process.</p> <p>The approved MTEF, annual budget shall be captured onto the Department's financial system(s) and checked by different official(s) for correctness.</p>	Captured budget on system. Checked for correctness.	Budget section

Annexure 3: Annual adjustments estimates of revenue & expenditure & cash flow projection impacts - processes (High level)

Action	Template Ref/ Input	Responsibility
Written requests for adjustments to approved budgets		
<p>1. The purpose of this process is to ensure that executive officers, HODs and managers should submit written requests, with supporting documentation using the required templates, to the CFO for adjustments to the approved budgets (Annual estimates of revenue & expenditure).</p> <p>The circumstances which could give rise to such a request are, inter alia; shortfalls and savings in revenue and / or expenditure; additional funding to cover unforeseen events or unavoidable expenditure; virement; transfer of functions; roll over of funds and surrender of funds.</p> <p>As a precursor to formulating such a request the respective managers will have analysed the performance of their departments to date and expected remaining revenue & expenditure until the financial year-end against the approved budgets.</p> <p>This exercise will incorporate an assessment of any savings and shortfalls in revenue and / or expenditure; the effects of unforeseen events or unavoidable expenditure; transfer of functions roll over of funds and surrender of funds.</p> <p>The written requests submitted to the CFO shall include supporting documentation and shall be approved by respective executive and HOD.</p>	<p>Actual performance vs budget vs forecasts</p> <p>Signed request with documentation.</p>	<p>Budget manager(s)</p> <p>Executive; HOD</p>
Assessment & review of requests		
<p>2. The purpose of this process is to ensure that the requests are assessed & reviewed in terms of the approved budgets and the PFMA and the AO) is advised accordingly.</p> <p>The CFO shall assess and review the requests in terms of the approved budgets and advise the AO).</p> <p>The magnitude (materiality) of the requests may be such that the CFO should / is obliged to convene the same review processes as described in Annexure 3 above.</p>	<p>Review papers</p>	<p>CFO</p>

Action	Template Ref/ Input	Responsibility
Approval of requests		
<p>3. The purpose of this process is to ensure that the requests are approved by the Institution prior to submission to the relevant treasury.</p> <p>All requests for adjustments to the current budget shall be approved by the Department's AA / AO prior to submission to National Treasury or the relevant treasury for approval. The submission shall include detailed reasons for the adjustments together with any relevant documentation, inter alia; changes to the cash flow drawings schedules etc.</p>	Signed request; supporting documentation.	AO
Treasury's approval processes		
<p>4. The purpose of this process is to ensure that the approved requests for adjustments to budget(s) (as discussed above in 3), are formally approved by the relevant treasury. (This step is inserted for completeness and is outside the remit of the Institution)</p> <p>The relevant treasury may request clarity and even adjustment(s) prior to its approval. The Institution may have to go through steps 5 & 6 (Annexure 3) to address these queries & adjustments.</p>	Treasury queries / adjustments	Relevant treasury
Adjustment estimates captured onto Department's financial systems		
<p>5. The purpose of this process is to ensure that the approved Adjustment estimates are captured onto the Department's financial system(s). The CFO is responsible for this process.</p> <p>The approved Adjustment estimates shall be captured onto the Department's financial system(s) and checked by different official(s) for correctness.</p>	Captured Adjustment estimates on system. Checked for correctness.	Delegated official(s) Delegated official(s)

Annexure 4: Virement - processes (High level)

Action	Template Ref/ Input	Responsibility
Identification of possible virement opportunities.		
<p>1. The purpose of this process is to ensure that the Department's budget manager(s), as part of their month-end reporting procedures, review all revenue & expenditure against budgets and identify opportunities for virement transfer(s).</p> <p>Conditions applicable to virement are detailed in section 43 of the PFMA.</p> <p>The budget managers shall identify virement transfer opportunities and report accordingly to the CFO for consideration.</p>	Virement report; documents	Budget manager(s)
Consideration and approval by Institution		
<p>2. The purpose of this process is to ensure that the CFO gives due consideration to the "virement transfer request report" and reports to the AA / AO for approval.</p> <p>The CFO shall consider "virement transfer request report" in the light of the budget(s) and, if in agreement, submit a recommendation to the AO for approval.</p>	Report. AO signed approval	CFO AO
Report to executive authority and relevant treasury		
<p>3. The purpose of this process is to ensure that the AO reports to the executive authority and relevant treasury in terms of the PFMA.</p> <p>A report is to be submitted to the executive authority and relevant treasury within seven (7) days.</p>	Report	AO
Virement captured onto Department's financial systems		
<p>4. The purpose of this process is to ensure that the approved virement is captured onto the Department's financial system(s). The CFO is responsible for this process.</p> <p>The approved virement shall be captured onto the Department's financial system(s) and checked by different official(s) for correctness.</p>	System Reports of Captured Adjustment estimates	Delegated official(s) Delegated official(s)

Annexure 5: Transfer of functions – processes (high level)

Action	Template Ref/ Input	Responsibility
Transfer of functions” document prepared		
<p>1. The purpose of this process is to ensure that the decision of cabinet to transfer functions to another department or ministry is reflected in a document which identifies the relevant budget(s) and balance sheet items to be transferred.</p> <p>The CFO of the transferor Institution is responsible for the preparation of the “Transfer of Functions” report which shall include the identification of the relevant (approved) budget(s) / budget items, the listing (inventory) of the relevant assets & liabilities to be transferred.</p>	<p>DG Approval</p> <p>Transfer of functions report</p>	<p>AO)</p> <p>CFO</p>
Document reviewed & approved		
<p>2. The purpose of this process is to ensure that the “Transfer of Functions” report is scrutinized and reviewed for reasonableness and relevance and is terms of the cabinet decision.</p> <p>A comprehensive review of the report shall be performed for correctness and reasonableness.</p> <p>The reviewed report shall be approved by the AO) and submitted to the relevant treasury for its approval</p>	<p>Signed off report</p> <p>Approved report</p>	<p>CFO</p> <p>AO)</p>
Treasury’s & Minister of PSA’s approval processes		
<p>3. The purpose of this process is to ensure that the submitted “Transfer of functions” report formally approved by the relevant treasury. (This step is inserted for completeness and is outside the remit of the Institution)</p> <p>The relevant treasury shall approve the submitted report after any queries are resolved. The treasury shall submit the report to the Minister of Public Service & Administration who has the final responsibility for the transfer.</p>	<p>Report approved Report</p>	<p>Relevant treasury</p> <p>Minister of Public Service & Administration.</p>
Implementation prepared & coordinated with transferee CFO		
<p>4. The purpose of this process is to ensure that the CFO of the transferor Institution prepares an implementation plan to transfer the operations (functions), budgets, funds,</p>	<p>Implementation plan</p>	<p>CFO</p>

Action	Template Ref/ Input	Responsibility
<p>assets & liabilities and co-ordinate it with the CFO of the transferee Institution.</p> <p>The CFO shall prepare a detailed implementation plan to drive the transfer of the function(s) to the other department or ministry. The plan should address all the issues associated with the transfer, inter alia; identified staff and related HR issues; operations; funds; assets & liabilities; office accommodation; systems requirements etc</p> <p>The CFO of the transferrer Institution shall coordinate the transfer with the CFO of the transferee Institution.</p>	<p>Implementation meeting minutes</p>	<p>Delegated officials; both CFOs</p>
<p>On completion, amend both institutions' HR & financial systems to reflect transfer</p>		
<p>5. The purpose of this process is to ensure that the transferred staff, operations, budgets, funds, assets and liabilities are correctly reflected in both Institutions' relevant systems.</p> <p>On completion of the transfers of all the agreed components of the transfers the CFOs of both Institutions shall sign the Implementation Plan as evidence of the finalised exercise.</p> <p>The CFOs of both Institutions shall amend their respective relevant systems, HR and financial, to reflect the completed transfer of all the functions.</p>	<p>Completed implementation plan - signed</p> <p>Amendments captured & signed off</p>	<p>Both CFOs</p>