

FOREWORD

This Strategic Plan represents the end-result of an intense exercise to plan the execution of departmental functions and operations in a manner that meaningfully support the attainment of the goals and objectives of the Free State Growth and Development Strategy.

It also align functions and activities, to focus more sharply on areas of operation that would contribute towards delivering on injunctions emanating from the 2006 January 8th Statement, the State of the Nation Address, the State of the Province Address, the National Budget Speech and the Provincial Budget Speech

To give effect to the aforementioned, the period covered by this Plan, will see this Department continuing to devise and implement strategies and process that will foster collaborate ways of operation that will contribute towards a heightened focus on utilizing Government priorities as the mandating framework for departmental service delivery.

In order to meet the development objectives of the Government, work will continue to:

- Advice and support Municipalities to realize the objectives of the Municipal Finance Management Act (MFMA) of improved service delivery at the local level.
- Improve the delivery of infrastructure in this Province, through the implementation of the Infrastructure Delivery Improvement Programme (IDIP)
- Promote effective and efficient supply chain management practices as an important element in achieving effective and efficient management of provincial resources so as to contribute towards provincial growth and development
- Attract and build the necessary analytical capacity within the Provincial Treasury, that will assist in lengthening the resource planning horizon of the Province, as well as the credibility of forward projections, so as to enhance better co-ordination in collaborative service delivery between the different spheres of Government over the medium to long-term.

May I use this avenue to re-commit my Department to live up to the challenge of utilizing prudent provincial financial management as an instrument to enable the systematic reduction in social and economic disparities in this Province.



MR. PHI MAKGOE
MEC: FINANCE

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PART A

STRATEGIC OVERVIEW

1. OVERVIEW BY THE ACCOUNTING OFFICER

This Strategic Plan endeavors to consolidate the gains of the various budget and accounting reforms of recent years. It furthermore, set an operational framework to further support the heightened focus on the measurement of performance through financial and non-financial information.

Over the period of this Strategic Plan, particular attention will also be paid to monitoring the progressive implementation of the Municipal Finance Management Act (MFMA) in Municipalities, the implementation of best practice with regard to Supply Chain Management and the creation of a Treasury environment that would make it possible for all role-players to contribute towards the long-term objectives of the Free State Provincial Growth and Development Strategy.

2. VISION

A leading change agent for improved economic growth and social equity through prudent financial management

3. MISSION

Render timeous and responsive service delivery to clients through:

- enforcing the implementation of the Public Finance Management Act;
- preparation of sound and sustainable provincial budgets;
- promotion and monitoring of the sustainability of local government budgets;
- sound management of departmental and provincial government's financial assets and liabilities;
- promotion of sound supply chain management practices;
- optimisation of provincially collected revenue;

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- enhancement of sound cash management, accounting practices, policies and systems;
- promotion and implementation of restructuring and transformation process;
- sound management of departmental resources.

4. VALUES

The core values that the Department espouses are:

- Performance
- Consistency
- Transparency
- Integrity
- Sensitivity
- Accountability
- Diligence
- Prudence
- Professionalism
- Fairness
- Consultation
- Responsiveness

5. SECTORAL SITUATION ANALYSIS

The Free State Provincial Treasury as the only provincial Department established in terms of the PFMA, is charged with the specific responsibility to oversee financial management in this Province, need to ensure that it is well-positioned to use the prescripts of the PFMA, current accounting and budgeting reforms, the prevailing intergovernmental fiscal arrangements and the overall financial regulatory environment, to give effect to its all-important overarching monitoring and evaluation role, so as to ensure that public resources at the disposal of this Province are in the final analysis, used to advance the government's socio-economic transformation agenda, within an accountable and transparent financial governance framework.

5.1 SUMMARY OF SERVICE DELIVERY ENVIRONMENT AND CHALLENGES

The core functions and responsibilities of the Department that emanate from the PFMA, Treasury Regulations and the MFMA, and largely deal with matters such as:

- Preparation of provincial budget statements
- Banking and Cash Management
- Management of revenue, expenditure, assets and liabilities
- Consolidation of financial statements of provincial Departments and Public Entities
- Oversight to ensure adherence to the MFMA
- Oversight over provincial Public-private partnerships (PPP's)

will remain important over the period of this Strategic Plan.

This Strategic Plan will also see the Provincial Treasury focusing more particularly on the need to:

- ensure effective collection of all sources of provincial own revenue, to achieve meaningful growth, without increasing the burden on the provincial taxpayer;
- continue to generate an even more enriched supply of credible information, including non-financial information, that:
 - will not only enable the Provincial Treasury to enforce effective aggregate fiscal discipline,
 - but, that will also serve as objective indicators of the success of provincial expenditure programmes in moving this Province towards the realisation of the goals and objectives of the 2005-2014 Provincial Growth and Development Strategy and, as such, better service the informational needs of the Provincial Executive Council and Legislature, by enabling them to measure the outcome and impact of provincial expenditure programmes.

- focus on ways and means to imbed value-for-money assessment in all operational decisions, including the introduction of more effective methods to cost service norms and standards, so as to ensure effective delivery of mandated services within the available provincial fiscal envelope over the medium to long-term;
- ensure that Departments, Municipalities and Public Entities comply with financial norms and standards, effectively implement resolutions of the Provincial Public Accounts Committee (PROPAC) of the Free State Legislature, and ensure that accounting reforms and procedural implementation timeframes that from part of the preparations for the ultimate switchover to an accrual accounting system, are adhered to.

Services to be rendered by this Department over the period covered by this Strategic Plan, will thus seek to support achievement of the aforementioned imperatives.

Whilst some of these measures will impact on the effectiveness and efficiency of internal operations of the Treasury, it goes without saying that the successful implementation of this Strategic Plan, calls for ongoing engagement with the National Treasury, Provincial Departments, Municipalities, Public Entities and the Provincial Auditor General, to ensure that spending agencies continuously examine the real and opportunity cost of funds spend on transfer payments, grants and subsidies, against the performance, outputs and impact of outcomes, it secures.

The development objectives of the Free State Growth and Development Strategy, puts a premium on improved equity in provincial public service delivery.

As such, it creates an added opportunity for the Provincial Treasury, to effectively move away from a resource allocation approach largely informed by historical baselines, in favour of one that seek to align resource allocations more closely to service delivery imperatives emanating from the objectives of the Development Strategy. To this end, it holds the advantages of:

- more integrated service delivery between collaborating departments
- more effective spatial planning and more effective co-operation in infrastructure delivery between infrastructure delivery provincial departments and municipalities
- effectively eliminating duplication in service programmes between departments as well as between departments and municipalities
- fostering a stronger focus on service delivery performance and the achievement of desired outcomes

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- supporting lengthening of the Provincial planning horizon to attain end-objectives of the Development Plan
- However, it also bring new challenges to the service delivery environment in which the Provincial Treasury operate, particularly with regard to:
- The absolute need for enhanced synergy in needs assessment and resource planning, at a provincial level, in respect of both the economic as well as social sector departments, and how this is aligned to accommodate conditional grants that are, essentially, sector based.
 - Institutional processes to more effectively align local economic development strategies of municipalities to the Development Strategy and Provincial Spatial development framework, without eroding absolute and comparative economic advantages of particular towns as preferred direct investment destinations.
 - The availability of adequate funding to address prevailing shortages in expert technical skills in provincial departments
 - Issues emanating from under-expenditure on provincial votes, especially in respect of conditional grants and infrastructure projects, and its knock-on effect on multi-year budget allocations.
 - Necessary trade-offs between funding for different areas of provincial operations and the down-scaling of department specific objectives in favour of broader provincial development objectives
 - The harmonisation of funding fro provincial-specific expenditure programmes informed by unique provincial circumstances under circumstances where conditional grants to provinces grows more sharply than the provincial equitable share and how to deal with apparent under-funding of nationally-funded priorities in favour of the funding of mission critical unique provincial expenditure programmes in support of redressing huge historical provincial backlogs in particular areas of service delivery.

All of the aforementioned implies that whilst the Provincial Treasury executes functions largely emanating from mandating legislation, it must be flexible enough in its operations and interaction with its stakeholder client base, to adjust to the challenges of changing provincial circumstances and evolving inter-governmental arrangements.

5.2 SUMMARY OF ORGANISATIONAL ENVIRONMENT AND CHALLENGES

The successful implementation of this Strategic Plan, calls for active participation in processes aimed at ensuring that provincial resource planning processes and actual service delivery programmes, take place in a manner that allows for the strengthening of ties with National Departments, Parastatals, State-owned Enterprises, Public Entities and Local Municipalities.

The above calls for continuous introspection to ensure the continued improvement of the Treasury's internal capacity to deliver, especially with regard to:

- monitoring the progressive implementation of the MFMA in municipalities;
- ensuring the availability of appropriate technical in-house skills, to support the development and operationalisation of technically effective and cost-efficient Public-Private Partnerships in the Province;
- the rendering of assistance with regard to the planning and implementation of infrastructure development improvement programmes;
- the necessity of ensuring a movement away from budgeting, based largely on an evaluation and assessment of historical departmental baselines, to inform new allocations, in favor of an approach that seek to utilize policy priorities of the Free State Growth and Development Strategy, as the mandating framework informing resource allocation towards particular areas of mission-critical operations across provincial Departments;
- the development of analytical instruments, such as the methodology of Social Accounting Matrix, to assess the qualitative impact of expenditure on key provincial economic variables and its implication for the drawing of a medium to long-term provincial fiscal plan;
- enhanced effectiveness of the Internal Audit Unit, through the implementation a 3- year rolling internal audit plan
- the creation of an appropriate and dynamic financial management framework and effective consultative fora that, not only support adherence to norms and standards, but also support outcomes-based financial performance evaluation and assessment;

- the implementation of a Provincial Supplier's Management Information System that will assist Provincial Departments and Public Entities in the implementation of effective and efficient Supply Chain Management practices;
- ongoing accounting reforms in preparation for the ultimate switchover to an accrual accounting system.

In order to realize such improvements in internal capacity to delivery, the Provincial Treasury will need to engage with all appropriate role players and stakeholders, to ensure that appropriate instruments of choice can be devised and utilized to use available performance information to influence organizational behavior, through making like managers the prime users of financial performance information.

The important challenges emanating from the reality of the aforementioned, is that the Provincial Treasury must not only be geared up to execute traditional finance functions such as the promotion of accounting standards and practices, effective asset and liability management, and budget management.

Indeed, without neglecting these and other important traditional Treasury functions, the Provincial Treasury must increasingly assume the role of a leading change agent to address the gap between provincial socio-economic needs and key services delivery indicators. Whilst the current organizational structure provides for this broadening of the operations of the Treasury to afford a sharper focus on performance and outcomes, this is largely uncharted territory and much of the needed skills in this regard remain absent in the department and need to be recruited over the term of this Plan.

The major overriding challenge facing the Department is thus to continuously redesign departmental operations, so as to direct the focus and effort of officials towards performance, outputs and outcomes.

Some of the more specific challenges that need to be addressed in this regard, inter alia, relate to:

- the ability to scientifically assess the gap between actual current provincial service delivery and desired socio-economic outcomes, so as to accurately inform the determination of the provincial areas of greatest need and forthcoming services delivery targets.
- The absolute growing need to be better equipped to design appropriate analytical tools that will enable the Provincial Treasury to measure and accurately track the real qualitative impact of provincial expenditure programmes on the achievement of desired outcomes as set out in the Free State Growth and Development Strategy.

Clearly, the challenge remain as to how such needed skills can adequately be factored into job evaluation processes, to ensure that needed posts are firstly pitched at the right level and secondly, not viewed as mere nice-to-have add-ons to traditional finance functions.

From a narrower functional perspective, it remains important that the necessary skills are attracted harnessed and retained to:

- Support provincial infrastructure delivery
- Be geared up to for a seamless takeover of public private partnership (PPP) related responsibilities from the National Treasury
- Play a meaningful and active role in fostering integrated development planning within and between departments and, through oversight functions related to the Municipal Finance Management Act, between the spheres of provincial and local government.
- Utilize Supply Chain Management practices as a strategic vehicle to:
 - ensure value-for- money in government operations
 - engineer a reduction in procurement costs over time
 - develop strategic sourcing methodologies to assist with the progressive realization of preferential procurement targets and provincial small business development objectives
- Engage in much more detailed expenditure planning exercises in respect of outer MTEF budget years
- support institutional efforts to lengthen the provincial resource planning horizon, to co-incide with the time frame of the Provincial Growth and Development Strategy.

All of these much needed areas of sharper focus, calls for an increasingly more collaborative and interactive approach to the execution of Treasury functions without eroding the central oversight role of Treasury.

However, it must be appreciated that:

- the Department's current organizational structure does provide for staffing of all key operations,
- interactive consultation with line departments and, more recently with local Government through the implementation of the MFMA, is already well entrenched
- the practice of clustering provincial departments to enable a more integrated approach to service delivery, has matured to the extent that it can be used as an avenue to focus more sharply on performance and outcomes, resource trade-offs and the lengthening of the provincial planning horizon in support of the Provincial Growth and Development Strategy

6. LEGISLATIVE AND OTHER MANDATES

- Constitution Act No.200 of 1993
- Public Finance Management Act No 1 of 1999 (as amended)
- Treasury Regulations, May 2005
- Employment Equity Act of 1998
- Public Service Act 1994
- Public Service Regulations, 2001
- Public Service Coordinating Bargaining Council Collective Agreements
- SITA Act 1999
- SITA Regulations 1999
- Archives Act of 1962
- Protection of Information Act, Act 84 of 1982
- Access to Information Act of 1998 (as amended)
- Minimum Information Security Standards (Miss)
- Division of Revenue Act
- Municipal Finance Management Act number 56 of 2003
- Municipal Supply Chain Regulations 2005

- Municipal Investment Regulations 2005
- Municipal PPP Regulations 2005
- Performance Procurement Policy Act 5 of 2000
- SCM regulations 2004

The overriding legislation that establishes and gives powers and functions to the Provincial Treasury is the Public Finance Management Act No 1 of 1999(as amended). This legislation establishes the Provincial Treasury, spells out functions and powers and other related matters regarding Provincial revenue funds.

7. BROAD POLICIES, PRIORITIES AND STRATEGIC GOALS

The legislative and other mandates, as set out in section 6, broadly spells out the functions, powers and responsibilities of the Provincial Treasury, and also defines the macro framework within which it operates.

In addition to general strategic goals, such as:

- ensuring uniformity in accounting for financial transactions in line with best practice norms and standards, to ensure public accountability for voted funds;
- ensuring meaningful alignment between expenditure of all spheres of Government, particularly in respect of the delivery of public infrastructure;
- fostering performance reporting in provincial Departments and Public Entities; and
- ensuring that transversal systems operate effectively and efficiently, to enable structured uniform reporting throughout Departments.;

Particular effort will go into the period of this Strategic Plan, to:

- train relevant Treasury officials in the techniques and methodology of socio-economic assessment of the qualitative impact of public expenditure, fiscal policy analyses and formulation, taxation analyses and revenue forecasting;
- implement effective security management in the Provincial Treasury, so as to give effect to the prescripts of the:
 - Public Finance Management Act, chapter 5, part 2, item 31 (c)(ii);
 - Archives Act of 1962;
 - Protection of Information Act (Act 84 of 1982);
 - Access to information Act of 1998 (as amended);
 - Minimum Information Security Standards (Miss).

Strategic Goals

- Maintain fiscal discipline through policies and control expenditure and revenue
- Allocating resources in line with Government priorities
- Contributing to the economic, efficient and effective service delivery

8. INFORMATION SYSTEMS TO MONITOR PROGRESS

Previously departments were requested to indicate the 'monitoring mechanism' they would be using to collect information on each performance measure. This resulted in cryptic and unsatisfactory information being given. It is hoped that by including this narrative discussion of monitoring and reporting systems more useful information will come to the fore. In this section departments should give a brief description of the different information systems it is going to be relying on to monitor and report on the implementation of the strategic plan. The department should not only list the relevant systems, but also give an evaluation of their functionality and reliability, as well as indicate the extent to which the information in these systems is structured consistently. Obviously if information is not structured similarly it will make reporting more difficult. For this reason departments should seek to ensure that all the information they collect is organized along the same lines.

Where problems are being experienced with information systems, these should be noted and an indication given as to by when they will be resolved.

Departments should give information on the following systems:

- Financial Information Systems
 - Transaction processing system
 - Accounting information system
 - Internal audit system
- Operational Information Systems
- Information Reporting Systems

Example:

The informational needs to monitor progress are catered for through the implementation of the following systems:

- BAS
- LOGIS
- PERSAL
- Vulindlela

As these constitute the official systems from which departments cannot deviate it enables structured uniform reporting. To this end the issue of functionality and reliability of the systems is not compromised if reports are drawn at the same reporting times.

9. DESCRIPTION OF STRATEGIC PLANNING PROCESS

During January 2005 a workshop was attended by all officials from level 9 upwards in order to finalize the strategic plan for the mentioned financial year. During the workshop a consultant presented the new budget structure according to which the department needs to function and introduced the new format of the strategic plan for the new structure. After the workshop finished all the programme and sub-programme managers were again contacted via letters to submit inputs.

On 16 and 17 August 2005, 20 October 2005 and 16 November 2005 workshops were attended by all Senior Executive Managers and Senior Managers in order to finalize the strategic plan for the mentioned financial year. After the workshops all the programme and sub-programme managers were again contacted via letters to submit the inputs. During January 2006 the draft document was send to all Programme and Sub-Programme Managers for final inputs. Changes were made and implemented on the document.

PART B

BUDGET PROGRAMME AND SUB-PROGRAMME PLANS

10. PROGRAMME 1: ADMINISTRATION

Brief Description of the Programme

This programme will provide leadership, strategic management in accordance with legislation, regulations and policies as well as to ensure there is appropriate support service to all other programmes. The programme is structured as followed table.

The programme consists of 5 sub-programmes and the main services are as follows:

1.1	Office of the MEC	Provide for the efficient operation of the Office of the MEC.
1.2	Management Services	Provide strategic leadership to the department.
1.3	Corporate Services	Provide an effective corporate support service to the Department.
1.4	Financial Management	Provide an effective financial management support service to the Department.
1.5	Internal Audit	Provide an effective internal audit service to the Department.

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10.1 SUB PROGRAMME 1.1: OFFICE OF THE MEC

10.1.1 SITUATION ANALYSIS

This sub-programme provides support to the member of the executive council. The support staff of the MEC consists of six posts, namely:

- Senior Manager
- Appointment Secretary
- Media and liaison officer
- Registration clerk
- Receptionist
- Messenger/driver

All these posts are filled.

10.2 SUB PROGRAMME 1.2: MANAGEMENT SERVICES

10.2.1 SITUATION ANALYSIS

This sub-programme consists of the office of the CEO and the CFO.

The office of the CEO comprises of the following posts:

- The CEO
- Office Manager
- Secretary
- Messenger
- Registration clerk

Only two of these posts are filled, the office manager posts were vacated in May 2005.

10.3 SUB PROGRAMME 1.3: CORPORATE SERVICES

10.3.1 SITUATION ANALYSIS

This sub-programme provides the corporate services for the achievement of the organizational strategic plans. The focus areas include:

- Human Resource Management
- Human Resource Development and Training
- Communications
- Organizational Efficiency and Auxiliary Services
- Legal Services and Labour Relations
- Special Programmes - HIV and Aids, Disabilities, Equity, etc.
- Security Management Services
- Management of Information Technology Support Services

An appraisal of the existing services and performance covering the 2004/05 financial year highlighted the following key areas:

- 100 % Implementation of the Performance and development Management System within the department.
- 75% Achievement of employment equity implementation in the department, especially in lower and middle management.
- Development and implementation of Service Delivery and Customer Care Plan.
- Development and implementation of Statement of Standards document for setting norms and standards in the department.
- Approval and implementation of Access to Information Manual.
- Approval and implementation of Communication and Directives policy.
- Filing of posts to the level of 76%.
- Approval and implementation of Employment of Disability People policy.
- Allocation of nine full-time bursary holders and 15 part time.
- Publication of the first Provincial Treasury newsletter.
- Two hundred twenty nine officials were trained on different courses.
- Development and submission of workplace skills plan to Public Service Sector Education and Training Authority.

10.3.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- Filling of posts to an acceptable level;
- Development of learnership and internship policies
- Building of capacity through training initiatives (current personnel);
- Introduction of learnership and internship programmes;
- Improve communication strategy and promote corporate culture.
- Review and distribution of Employment Equity targets on quarterly basis.
- To provide training in accordance to Skills Development Plan.

Measures planned to overcome constraints:

- Recruitment of skilled personnel;
- Building of capacity through training initiatives (current personnel);
- Introduction of learnership and internship programmes;;
- Improve communication strategy and promote corporate culture.

10.4 SUB PROGRAMME 1.4: FINANCIAL MANAGEMENT

10.4.1 SITUATION ANALYSIS

The programme provides the core support for the achievement of the organizational strategic plans, strategic objectives and goals.

The focus areas include:

- Financial Administration
- Finance and Budget Control
- Supply Chain Management

An appraisal of the existing services and performance covering the 2004/05 financial year highlighted the following key areas:

- Transfer of balances from FMS to BAS.
- Clear conversion account (First department to accomplish).
- Fully implementation of the BAS system in the department.

- Successful final closure for the 2004/05 financial year.
- Unqualified annual financial statements for 2004/05 financial year.
- Departmental strategic plan workshops were held during the 2004/05 financial year attended by all Senior Executive Managers, Senior Managers, Assistant Managers and Managers within the department, where after a strategic plan was compiled and submitted.
- As a result of the restructuring of the department, Budget statement II was successfully amended to be in line with National recommendations.

10.4.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- The promotion of effective spending trends
- To pay creditors within 30 days;
- To promote effective asset management;
- Implementation of the Preferential Procurement Policy Framework Act.
- To fully implement supply chain management

Measures planned to overcome constraints:

- Capacity building remains an ongoing challenge.
- Another ongoing challenge is the smooth and successfully implementation of Supply Chain Management.
- The payment of creditors within 30 days and to ensure that all invoices in respect of goods and services are paid.
- The finalization of all financial transactions in respect of PERSAL related transaction due to the closing of the 2005/2006 tax year on the 28th February 2006.
- The closing of the accounting months on Bas and the clearance of accounts requires constant attention and monitoring.

10.5 SUB PROGRAMME 1.5: INTERNAL AUDIT

10.5.1 SITUATION ANALYSIS

Internal Audit is provides assurance and consulting services that seeks to add value and improve operations within the department. It also helps the department to achieve its goals and objectives through audits by evaluating and improving risk management, control and governance processes.

We also assist the department with implementation of the integrity promotion strategy (including Fraud Prevention Plan).

An appraisal of the existing services and performance covering the 2004/05 financial year highlighted the following key areas:

- Successfully inaugurated the Free State Provincial Treasury Audit Committee.
- A three year rolling plan and a 12 month operational plans were prepared by the Internal Audit unit and approved by the Audit Committee.
- The Internal Audit Chief Directorate successfully assisted the Chief Executive Officer in establishing the Risk Management Committee.
- Successfully facilitated the risk assessment within the Department

10.5.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- Staff turnover due to inconsistent post levels;
- Communication line with other stake holders namely Office of the Auditor General;
- Reliance by external auditors namely Office of the Auditor General;
- Lack of IT audit skill / knowledge;

- Desired accreditation namely GIA or CIA;
- Compliance with internal auditing standards; and
Measures planned to overcome constraints
- Staff retention plan / Job evaluations;
- Strengthen relationships with other stakeholders using the audit committee meetings;
- Continuous professional development;
- Internal / External Quality assurance reviews.
- Outsource IT audit

10.6 POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES

The functions of this programme is directed mainly by the Public Finance Management Act, Treasury Regulations, Supply Chain Management Act, Public Service Act, Public Service Regulations and other guidelines and practice notes issued by the National Treasury. The priorities on which the programme will focus are mainly those mentioned in the key challenges above Policies, priorities & strategic objectives

Strategic Objectives Linked to Programme 1

1. To provide administrative support to the member of the executive council.
2. Ensure good strategic support to the management team.
3. To render personnel management services
4. To manage human resource development
5. To manage policy and transformation matters
6. To manage labour relations provide legal advisory service
7. To ensure effective communication
8. To render effective security services
9. To render effective IT support service
10. To manage organizational efficiency services
11. Support the department through sound financial administration.
12. Promote sound financial and budget control in the department.
13. Ensure sound supply chain management
14. Provide high quality and professional internal audit services.
15. Facilitate risk management within the department.
16. Provide professional advisory and consulting services.

10.7 PLANNED QUALITY IMPROVEMENT MEASURES

- Training and development;
- Information sessions and workshops;
- Communication facilitation;
- Continuous evaluation and motivation of personnel.

10.8 SPECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS PER SUB PROGRAMME

10.8.1 SUB PROGRAMME 1.1: OFFICE OF THE MEC

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objective

To provide administrative support to the member of the executive council.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Smooth and effective functioning of the MEC's office.	Efficient Governance and Administration: Improve integrated development planning and implementation	Percentage satisfaction by the MEC Days turnaround time on documents submitted to the MEC.	N/A N/A	85% compliance 5 days	90% 5 days	95% 5 days	100% 5 days

Strengthen linkage with Treasury, and Provincial Legislature.	Efficient Governance and Administration: Ensure effective communication with stakeholders and clients	Establish a sound relationship and communication link.	N/A	85% compliance	90%	90%	90%
Ensure good public profile for the MEC.	Efficient Governance and Administration: Ensure effective communication with stakeholders and clients	Improve public image	N/A	80% compliance	80%	85%	90%
Fulfillment of Minister's legislative and political functions.	Efficient Governance and Administration: Improve integrated development planning and implementation	Good integration with departmental function.	N/A	80% compliance	85%	90%	95%
		Provincial affairs in good shape.	N/A	70% compliance	75%	80%	85%

10.8.2 SUB PROGRAMME 1.2 MANAGEMENT SERVICES

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objective

Ensure good strategic support to the management team.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Ensure good strategic support to the management team.	Efficient Governance and Administration: Improve integrated development planning and implementation	Percentage satisfaction	N/A	55%	60%	70%	80%

Conduct overall planning to ensure that remaining management functions are conducted on such level that Provincial Treasury delivers on its responsibilities .	Efficient Governance and Administration: Improve integrated development planning and implementation	Percentage of planning mechanisms resulting in the right deliverables.	N/A	55%	60%	70%	80%
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10.8.3 SUB PROGRAMME 1.3: CORPORATE SERVICES

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objectives

1. To render personnel management services
2. To manage human resource development
3. To manage policy and transformation matters
4. To manage labour relations and provide legal advisory service
5. To ensure effective communication
6. To render effective security services
7. To render effective IT support service
8. To manage organisational efficiency services

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Promotion of sound human resources practices	Efficient Governance and Administration: Ensure effective Human Resource development and Management	Developed employment equity plan to increase the number of designated employees. Appointment, promotion and transfers of employees according to legislation.	1 plan developed as per employment equity target 49 appointments and promotions 29 transfers	1 plan reviewed and updated	1 Plan reviewed and updated.	1 Plan reviewed and updated.	1 Plan reviewed and updated.
				Appointments and promotions approved within three months after request.	Appointments and promotions approved within three months after request.	Appointments and promotions approved within three months after request.	Appointments and promotions approved within three months after request.
				Transfers approved within two months after request.	Transfers approved within two months after request.	Transfers approved within two months after request.	Transfers approved within two months after request.

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Render Legal advisory services and Labour Relations	Efficient Governance and Administration : Ensure effective Human Resource development and Management	Handling of grievances and disciplinary cases in line with applicable legislation	14 cases finalized Misconduct hearing: 7 cases	Grievances: 30 working days. Misconduct hearing: 10 working days after notice has been served	Grievances: 30 working days. Misconduct Hearing: 10 working days after notice has been served.	Grievances: 30 working days. Misconduct Hearing: 10 working days after notice has been served.	Grievances 30 working days. Misconduct Hearing: 10 working days after notice has been served.
Develop and implement approved special programmes policies	Social and Human Development : Provide special programmes for the survival, development, care and protection of the vulnerable	Developed and implemented special programmes policies.	1 policy on the employment of people with disabilities	1 employee assistance programme policy	1 Gender equality policy.	1 Sexual harassment policy.	Review policies.

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Render effective Human Resource training and development.	Efficient Governance and Administration: Ensure effective Human Resource development and Management	Developed and implemented HRD policy. Developed and implemented an annual Workplace Skills Plan.	1 HRD policy developed. 1 Workplace skills plan.	1 HRD policy implemented. 1 Workplace skills plan.	Review policy 1 Workplace Skills Plan.	Review policy 1 Workplace Skills Plan.	Review policy 1 Workplace Skills Plan.
		Developed and implemented induction manual.	N/A	1 Induction manual	Review Induction Manual	Review Induction Manual	Review Induction Manual
		Developed and implemented internship and learnership policies	N/A	1 Internship policy developed/ 1 learnership policy developed	Policy implemented (10 interns to be appointed).	Review policy.	Review policy.

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Promotion of effective and efficient communication with internal & external clients.	Efficient Governance and Administration: Ensure effective communication with stakeholders and clients	Communication policy developed and implemented. Number of newsletters published. Number of media briefings conducted.	1 communication policy developed 4 Internal news letters N/A 1 Media briefing	Communication policy reviewed 4 Internal news letters 2 External newsletters 2 Media briefings	Review communication policy. 4 Internal Newsletters. 2 External Newsletters. 2 Media briefings.	Review communication policy. 4 Internal Newsletters. 2 External Newsletters. 2 Media briefings.	Review communication policy. 4 Internal Newsletters. 2 External Newsletters. 2 Media briefings.

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Render effective and efficient support services.	Efficient Governance and Administration: Establish proper management information and records management systems	Number of IT Policies and Plans developed and implemented. Respond to logged calls within 24 hours. Number of web sites and systems developed	1 IT Security policy 1 IT plan	1 Disaster recovery plan developed 1 Email policy	Review policies. Request attended within specific timeframe.	Review policies. Request attended within specific timeframe.	Review policies. Request attended within specific timeframe. Review Systems
			Intranet developed	Upgraded intranet	1 Automated PDMS System.	1 Document Tracking system	

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Render effective organizational efficiency services.	Efficient Governance and Administration : Ensure effective Human Resource development and Management	Developed organizational structure. Implemented Performance Management System.	1 Organizational structure 100% implemented	1 Organizational structure 100% implemented	1 Organizational Structure. 100 % implemented.	1 Organizational Structure. 100 % implemented.	1 Organizational Structure. 100 % implemented.
Render effective security services.	Efficient Governance and Administration : Elimination of corruption in government	Informed employees on security awareness. Conduct research, inspections and investigations pertaining to all aspects of security.	N/A N/A	All Employees informed. N/A	All Employees informed. Number of reports Number of inspections Number of investigations	All Employees informed. Number of reports Number of inspections Number of investigations	All Employees informed. Number of reports Number of inspections Number of investigations

10.8.4 SUB PROGRAMMES 1.4 FINANCIAL MANAGEMENT

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objectives

1. Support the department through sound financial administration.
2. Promote sound financial and budget control in the department.
3. Ensure sound supply chain management.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Effective and efficient Supply Chain Management Service.	Efficient Governance and Administration: Promote Black Economic Empowerment	Comply and Implement legislation, policies and procedures	100 % compliance to requirements set	100 % compliance to requirements set	65 % to compliance	100 % compliance	100 % compliance

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Facilitate Strategic planning and Annual Performance Plan process.	Efficient Governance and Administration: Improve integrated development planning and implementation	Published and tabled annual performance plan	N/A	March 2006	1 Annual Performance Plan March 2007	1 Annual Performance Plan March 2008	1 Annual Performance Plan March 2009
Effective application of resources in realising strategic goals.	Efficient Governance and Administration: Improve integrated development planning and implementation	Percentage expenditure in line with detailed budget sub-programme.	82%	97%	80%	85%	90%

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Accurate annual report	Efficient Governance and Administration: Ensure effective communication with stakeholders and clients	Timeous submission of the annual report	31 st August 2005	31 st August 2006	31 st August 2007 1 report	31 st August 2008 1 report	31 st August 2009 1 report
To comply with Financial Management key performance indicators for Departments.	Efficient Governance and Administration: Ensure improvement in Financial Management	Percentage adherence to predetermined KPI's.	78%	80%	85%	90%	95%

10.8.5 SUB PROGRAMME 1.5 INTERNAL AUDIT

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objectives

1. Provide high quality and professional internal audit services.
2. Provide professional advisory and consulting services.
3. Facilitate risk management process within the department.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
To provide effective and professional internal audit services	Efficient Governance and Administration: Ensure improvement in Financial Management	Execution of the three (3) year rolling plan and Risk based Internal Audit Operational Plan Provide advisory and consulting services through reports to Audit Committee, Auditor General & Stake Holder	60%	80%	100 %	100 %	100 %

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Facilitation of risk management process	Efficient Governance and Administration: Ensure improvement in Financial Management	Risk assessment report	40%	60%	80 %	100 %	100 %
Assist with compilation and implementation of Integrity Promotion Strategy (including Fraud Prevention Plan)	Efficient Governance and Administration: Promote integrity in government	Implementation of a fraud hotline Implementation of detection reviews (Including completion of ad hoc or investigative assignments)	60%	80%	100 %	100 %	100 %

10.9 RECONCILIATION OF BUDGET WITH PLAN

Programme 1: Programme budget by sub-programme (R million)¹

Sub-programme	Year -1 2004/05 (actual)	Base 2005/06 (Revised estimate)	year	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09
Office of the MEC	753	4 975		3 117	3 218	3 381
Management support	2 152	3 492		3 576	3 805	4 010
Corporate Services	10 711	13 204		14 584	15 291	14 760
Financial Management	12 441	14 348		15 451	16 089	16 894
Internal Audit	1 649	4 593		3 484	3 228	3 372
Total programme	27 706	40 612		40 212	41 631	42 417

11. PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Brief Description of the Programme

Provide professional advice and support to the MEC on provincial economic analysis, fiscal policy, public finance development and the management of the annual budget process.

This programme consists of five operational sub programmes:

2.1 Programme support	Provide for the cost related to efficient running of the programme
2.2 Economic Analysis	Provide for provincial economic and social research and analysis that informs fiscal policy development and the annual budget process thereby contributing to the provincial growth and development strategy.
2.3 Fiscal Policy	Provide fiscal policy advice, determine the Medium Term Fiscal framework, develop and optimise the provincial revenue base and develop the provincial borrowing framework.
2.4 Budget Management	Prepare the provincial budget in line with provincial growth and development strategy.
2.5 Public Finance	Provide policy advice and ensure budget implementation.

11.1 SUB-PROGRAMME2. 2: ECONOMIC ANALYSIS

11.1.1 SITUATION ANALYSIS

- This sub-programme has to provide the Provincial Government with socio-economic research and analysis.
- This analysis is intended to inform fiscal policy development and the annual budget process thereby contributing to the provincial growth and development strategy.

11.1.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- The sub-programme has to build capacity around this functions in terms of employing skilled personnel
- Put systems in place for the effective functioning of this unit
- Publication such as Provincial Socio-economic outlook and the construction of the Social Accounting Matrix (SAM) poses further challenge since the unit will be performing this function for the first time

Measures planned to overcome the constraints

Some of the measures to overcome this, and other challenges listed above is to have proper systems in place to ensure the following:

- Suitable candidates with appropriate skills, knowledge and experience will be recruited in order to perform these functions.
- Build capacity through the provisioning of training to the newly recruited personnel.

11.2 SUB-PROGRAMME2. 3: FISCAL POLICY

11.2.1 SITUATION ANALYSIS

The Fiscal Policy sub-programme will provide fiscal policy advice, determine the Medium Term Fiscal Framework, develop and optimize the provincial borrowing framework.

An appraisal of the existing services and performance covering the 2004/05 financial year, highlighted the following key areas

The performance during the past year for own revenue can be summarized as follows:

- The revenue budget target was exceeded by 15% in 2003/04 and for 04/05 financial year by 11%.
- All Revenue collection and tariff policies of departments had been reviewed.
- Compliance inspections were conducted at revenue collection institutions to oversee the implementation of new tariffs and the adherence to revenue collection policies at institutional levels.

11.2.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- The sub-programme has to build capacity around this functions in terms of employing skilled personnel
- Borrowing and taxation has never been the competency of Provincial Treasuries since this was only dealt with at National Treasury level. A borrowing and a research framework on new revenue sources needs to be developed
- The establishment of a revenue base for each department to address the credibility of the provincial own revenue budget figures
- Development of a forecasting model for own revenue estimates.

Measures planned to overcome the constraints

Some of the measures to overcome this, and other challenges listed above is to have proper systems in place to ensure the following:

- Suitable candidates with appropriate skills, knowledge and experience will be recruited in order to perform these functions.
- Build capacity through the provisioning of training to the newly recruited and existing personnel
- Begin the process of developing the borrowing and new sources framework
- The finalization of the revenue base for each department
- Implementation of the revenue forecasting model for tax receipts items.

11.3 SUB-PROGRAMME 2.4: BUDGET MANAGEMENT

11.3.1 SITUATION ANALYSIS

Budget Management sub-programme will ensure the preparation of the provincial budget in line with the provincial growth and development strategy. This entails ensuring that the provincial budgeting processes are aligned to the national planning processes.

An appraisal of the existing services and performance covering the 2004/05 financial year highlighted the following key areas:

- The sub-programme managed to prepare a credible and developmental budget for the period under review in pursuit of improved public expenditure management.
- Significant progress had been made with regard to preparation and tabling of strategic and performance plans, with measurable objectives, which remain a necessary condition for accountability
- Adjustment budget was tabled 30 days after the tabling of the National Adjustment Budget
- Intergovernmental Fiscal Review (IGFR) inputs were consolidated and thoroughly evaluated to ensure the quality of data provided by departments

11.3.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- Ensure the alignment of Strategic and Performance Plans as well as Infrastructure plans with budgets and Free State Growth and Development Strategy
- Timeous tabling of the budget and strategic plans
- Improve the credibility and quality of the departmental budget inputs

Measures planned to overcome the constraints

Some of the measures to overcome this, and other challenges listed above is to have proper systems in place to ensure the following:

- Provide continuous training to the budget division unit around strategic planning
- Enforce compliance by all departments to the budget process schedule in order to ensure tabling of the budget and strategic plans on time
- Ensure the completion of the departmental budget inputs in terms of the annual budget circular

11.4 SUB-PROGRAMME 2.5: PUBLIC FINANCE

11.4.1 SITUATION ANALYSIS

- Public Finance sub-programme has to provide departmental policy advice and ensure budget implementation in order to enhance service delivery.
 - Monitor and report on infrastructure spending in the province
 - Monitor and report on the financial performance of the province through the In Year Monitoring System
- An appraisal of the existing services and performance covering the 2004/05 financial year highlighted the following key areas:
- The directorate continuously monitored departmental expenditure trends and introduced cost containment measures that were endorsed by the Executive Council to avoid over-expenditure by the departments
 - The directorate managed to ensure that the departments continuously adhered to the submission dates of the IYM on the 15th of each month and submit to National Treasury on the 22nd
 - The sub-programme presented quarterly to the Executive Council on the state of the provincial budget to keep Exco abreast about the expenditure trends of all provincial departments.

11.4.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- Monitor and report on the Non-financial data and the unit's capacity to effectively evaluate the non-financial information
- Ensure effective spending on infrastructure budgets
- Monitor the implementation of public entities budgets

Measures planned to overcome the constraints

Some of the measures to overcome this, and other challenges listed above is to have proper systems in place to ensure the following:

- Provide training to the new and existing personnel around analysis of non-financial data and public entities
- Ensure the submission monthly or quarterly from public entities on the spending of their budgets
- Effective monitor of the implementation of infrastructure budget by embarking on site visits and reporting on the progress made

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11.5 POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES

The functions of this programme is directed mainly by the Public Finance Management Act, Treasury Regulations, Division of Revenue Act and other guidelines and practice notes issued by the National Treasury. The priorities on which the programme will focus are mainly those mentioned in the key challenges.

Strategic Objectives Linked to Programme 2

1. Determine and analyze key economic variables for the free state province and where possible, at district levels.
2. Determine the potential sources and constraints for enhanced growth and development in the free state province as framed in the Provincial Growth and Development Strategy.
3. Assess the impact of various fiscal policy objectives on selected economic variables
4. Provide technical assistance and training in the application of economic analysis for both provincial and local governments
5. To strengthen and provide technical and strategic support for institutional capacity of provincial government
6. Alignment of budgets to Free State Growth and Development strategy, strategic and performance plans.
7. Monitor compliance with the Public Finance management act, regulations and guidelines.
8. Set credible expenditure and revenue budgets.
9. Provide policy advice and ensure budget implementation in provincial departments
10. Effective monitoring and implementation of budgets for provincial departments and public entities
11. Oversee the implementation of policies for effective control of revenue
12. Set credible revenue budgets
13. Oversee compliance with revenue policies, financial directives, PFMA& treasury regulations

11.6 PLANNED QUALITY IMPROVEMENT MEASURES

- Training and development;
- Information sessions and workshops;
- Continuous evaluation and motivation of personnel.

11.7 SPECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS PER SUB PROGRAMME

11.7.1 SUB PROGRAMMES 2.2 ECONOMIC ANALYSIS

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objectives

1. Determine and analyse key economic variables for the Free State province and where possible, at district levels.
2. Determine the potential sources and constraints for enhanced growth and development in the Free State province as framed in the Provincial Growth and Development Strategy.
3. Assess the impact of various fiscal policy objectives on selected economic variables
4. Assess and advise on the socio-economic part of the municipalities and the relevance for municipal budget
5. Provide technical assistance and training in the application of economic analysis for both provincial and local governments
6. To strengthen and provide technical and strategic support for institutional capacity of provincial government

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
To assess and analyze key economic variables for the Free State province.	Economic Development and Employment Creation: Strengthen the competitive advantage of the province	- Socio economic review/outlook publication Social Accounting Matrix table and analysis report Provincial labour market review per sector Functional provincial socio-economic database Socio-economic outlook input in Budget Statement One	N/A	N/A	4 reports/publication annually Updated SAM table and analysis report Bi-annual publications Developed database Inputs Budget Statement One for	4 reports/publication annually Updated SAM table and analysis report One publication Updated quarterly Inputs Budget Statement One for	4 reports/publication annually Updated SAM table and analysis report One publication Updated quarterly Inputs Budget Statement One for

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Develop and maintain a provincial economic model	Economic Development and Employment Creation: Strengthen the competitive advantage of the province	1 Accounting Matrix (SAM) table and 1 analysis report	N/A	N/A	1 updated SAM table and analysis report	Reviewed SAM table and analysis report	Reviewed SAM table and analysis report
Collection and analysis of socio economic statistics at Provincial and Municipal levels	Economic Development and Employment Creation: Strengthen the competitive advantage of the province	Two qualitative research reports for 9 sectors	N/A	25%	Provincial economic review publication (2006)	Provincial economic review publication (2007)	Provincial economic review publication (2008)

11.7.2 SUB PROGRAMMES 2.3 FISCAL POLICY

Strategic Goal

Maintain fiscal discipline through policies and control expenditure and revenue.

Strategic Objectives

1. Oversee the implementation of policies for effective control of revenue
2. Set credible revenue budgets
3. Oversee compliance with revenue policies, financial directives, PFMA, and treasury regulations.
4. Strengthen and provide technical and strategic support for institutional capacity of provincial government

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Indicator	Performance
Developed Borrowing framework	Efficient Governance and Administration: Ensure improvement in Financial Management	Appropriate framework developed and adjusted annually	N/A	N/A	1 st Draft	1 Framework	1 revised Framework	

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Provincial revenue sources optimized and expanded	Economic Development and Employment Creation: Strengthen the competitive advantage of the province	Develop a revenue base per department Develop framework of research into new revenue resources Options for provincial taxation investigated Involvement in capacity building	1 Department N/A N/A	9 Departments N/A N/A	9 departments Annually reviewed N/A Research report	Annually reviewed 1 Framework Annual proposals tabled	Annually reviewed Annually reviewed Annual proposals tabled 1 workshop & quarterly meetings and training during 60 inspections

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Indicator	Performance
Compliance with Norms and standards of own revenue	Efficient Governance and Administration: Ensure improvement in Financial Management	Number of annual inspections executed Reports issued on findings Monthly revenue report Quarterly EXCO report	57 inspections 57 reports issued N/A	60 inspections 4 reports per department per year N/A	60 inspections 60 reports 12 reports	60 inspections 60 reports 12 reports	60 inspections 60 reports 12 reports	60 inspections 60 reports 12 reports 4 reports per department per year

Effective management of revenue collection	Efficient Governance and Administration: Ensure improvement in Financial Management	Reviewed revenue policies in line with fiscal framework	10 policies	Annually	22 policies and Tariff submissions reviewed annually	22 policies and Tariff submissions reviewed annually	22 policies and Tariff submissions reviewed annually
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11.7.3 SUB PROGRAMME 2.4 BUDGET MANAGEMENT

Strategic Goal

Allocating resources in line with government priorities.

Strategic Objectives

1. Alignment of budgets to FSGDS, strategic and annual performance plans
2. Set credible expenditure and revenue budgets
3. Monitor compliance with the Public Finance Management Act, regulations and guidelines.
4. To strengthen and provide technical and strategic support for institutional capacity of provincial government

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Prepare developmental budgets	Efficient Governance and Administration: Improve integrated development planning and implementation	Tabled appropriation and provincial budget in line with National and Provincial Priorities Accurate and credible budget statement Analysis report on the alignment of strategic plan	Tabled one week after National Budget	Tabled one week after National Budget	Table not later than two weeks after the National Budget Accurate Budget Statement be tabled with the bill Analysis report 30 day after submission of strategic plan	Table not later than two weeks after the National Budget Accurate Budget Statement be tabled with the bill Analysis report 30 day after submission of strategic plan	Table not later than two weeks after the National Budget Accurate Budget Statement be tabled with the bill Analysis report 30 day after submission of strategic plan

Prepare credible adjustments budget	Efficient Governance and Administration: Improve integrated development planning and implementation	Tabled adjustment budget and appropriation bill in line with National and Provincial Priorities	Tabled three weeks after the National Adjustment budget	Tabled three weeks after the National Adjustment budget	Tabled three weeks after the National Adjustment budget	Table adjustment budget 30 days after National Adjustment Budget	Table adjustment budget 30 days after National Adjustment Budget	Table provincial budget 30 days after National Adjustment Budget	Table adjustment budget 30 days after National Adjustment Budget
		Accurate and credible adjustment budget book	Tabled adjustment budget book with the bill	Tabled adjustment budget book with the bill	Table adjustment budget book with the bill	Table adjustment budget book with the bill	Table adjustment budget book with the bill	Table adjustment budget book with the bill	Table adjustment budget book with the bill

11.7.4 SUB PROGRAMME 2.5 PUBLIC FINANCE

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objectives

1. Provide policy advice and ensure budget implementation in provincial departments
2. Effective monitoring and implementation of budgets for provincial departments and public entities.
3. To strengthen and provide technical and strategic support for institutional capacity of provincial governments

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Monitoring of expenditure trends against budget figures	Efficient Governance and Administration: Ensure improvement in Financial Management	Monthly analyzed report per department Quarterly review on expenditure trends	N/A	N/A	12 reports per department 4 Reviews	12 reports per department 4 Reviews	12 reports per department 4 Reviews
		Quarterly reporting on Infrastructure spending	N/A	4 reports	4 reports	4 reports	4 reports
		Quarterly analyzed report on public entities	N/A	N/A	4 reports	4 reports	4 reports

Maintain the Provincial budget database (Financial and Non-financial Information)	Efficient Governance and Administration: Improve integrated development planning and implementation	Monthly updated provincial database on financial information	N/A	N/A	Developed database	Maintained database	Maintained database
Involvement in capacity building with line departments.	Efficient Governance and Administration: Ensure improvement in financial management.	Quarterly updated provincial database on non-financial information	N/A	N/A	Developed database	Maintained database	Maintained database
		Quarterly Forums with line departments	4 Forums	4 Forums	4 Forums	4 Forums	4 Forums

11.8 RECONCILIATION OF BUDGET WITH PLAN

Programme 2: Programme budget by sub-programme (R million)¹

Sub-programme	Year -1 2004/05 (actual)	Base 2005/06 (Revised estimate)	Year year 2006/07	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09
Programme Support	1 101	1 127	1 174	1 233	1 295	
Economic Analysis		383	755	820	850	
Fiscal Policy	3 446	3 442	4 467	4 750	4 439	
Budget Management	5 509	3 836	3 914	4 118	4 347	
Public Finance		4 324	1 864	1 994	2 001	
Total programme	10 056	13 112	11 636	12 328	12 932	

12. PROGRAMME 3: ASSETS AND LIABILITY MANAGEMENT

Brief Description of the Programme

To provide policy direction, facilitate the effective and efficient management of assets, liabilities and financial management systems.

This programme consists of four sub programmes:

3.1	Programme support	Provide for the cost related to efficient running of the programme
3.2	Asset Management	To facilitate the effective, efficient, economical and transparent management of physical and financial assets and the implementation of the PPP and SCM frameworks.
3.3	Liabilities Management	To facilitate the effective and efficient management of liabilities.
3.4	Support and Interlinked Financial Systems	To provides for the management and implementation of existing financial management systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with PFMA and other relevant legislation.

12.1 SUB-PROGRAMME 3.2: ASSET MANAGEMENT

12.1.1 SITUATION ANALYSIS

- The demand for the services being produced by the specific sub-programme, The Asset Management sub programme performs activities related to the monitoring of the effective, efficient, economical and transparent utilization of the departmental assets, the implementation of the effective and efficient management of the provincial revenue fund, and the provision of support and the monitoring of the application of the Public-Private Partnerships and the Supply Chain Management frameworks.

The sub programme is organized in four (4) divisions:

- Physical Asset Management,
- Cash Management,
- Infrastructure; and
- Procurement Policy

An appraisal of existing services and performance during the past year.

The performance during the past year for Asset Management can be summarized as follows:

- Liquidity was maintained throughout the year for the entire Province.
- There was a marked improvement with regard to cash flow forecasting capabilities of line departments.
- The first phase of the Infrastructure Delivery Improvement Programme was successfully rolled out to the Departments of Education and Health.
- The Asset Management Reform Programme was successfully initiated in all Departments.
- Supply Chain Management was implemented in all departments and monitoring was sustained.
- Enhancement of Asset Management practices.

12.1.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- The implementation of Asset Management Reform Practices.
- To consolidate the capacity building efforts regarding the improvement of cash flow management practices in departments to be within the 10% variance.
- To promote full compliance with the Supply Chain Management policy.
- To foster effective roll-out of the Infrastructure Delivery Improvement Project in the Province.
- To promote and support departments with the successful implementation of PPP projects.
- Roll-out of the supplier database to all Provincial Departments.

Measures planned to overcome them:

- Develop, promote and monitor the implementation of policies for effective management of assets
- Provide strategic leadership, support and monitoring of Supply Chain Management, Infrastructure Delivery Models and Public-Private Partnership projects.
- Ensure proper and effective management of the Provincial Revenue Fund.

12.2 SUB-PROGRAMME 3.3: LIABILITY MANAGEMENT

12.2.1 SITUATION ANALYSIS

The Liability Management sub-programme is a new function that is not yet staffed. This sub-programme will perform functions related to Liability Management, i.e. debt management, creditors, budget pressures, contingencies and *force majeure*.

12.3 SUB-PROGRAMME 3.4: SUPPORT AND INTERLINKED FINANCIAL SYSTEMS

12.3.1 SITUATION ANALYSIS

The need to have the Support and Interlinked Financial Systems arises from the fact that Government depends on specific systems for the management of its resources geared towards service delivery. This sub-programme will therefore oversee the implementation, management and support of transversal financial systems in order to comply with the PFMA and other relevant legislation.

An appraisal of existing services and performance during the past year.

The performance during the past year for Asset Management can be summarized as follows:

- The Province was able to successfully close 13 of the 15 “BAS Departments” at the end of the 2004/2005 financial year.
- The reconciliation between the LOGIS Asset Register and BAS was successfully done for six departments.
- Targets were exceeded in the training of transversal system users.

12.3.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- Purification of functions within the programme.
- Training of all users of the transversal systems.
- Lack of capacity and skills within the programme and departments.
- Clarity on the roles expected from role players within Treasury.
- Lack of capacity in infrastructure delivery departments.
- Slow pace of the IFMS (Integrated Financial Management System) project.

Measures planned to overcome them

- Improve capacity level.
- Clarification of roles for all role-players.
- Urge the National Treasury to expedite the IFMS project.

12.4 SPECIFIED POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES

The functions of this programme is directed mainly by the Public Finance Management Act, Treasury Regulations, Supply Chain Management Act, Division of Revenue Act and other guidelines and practice notes issued by the National Treasury. The priorities on which the programme will focus are mainly those mentioned in the key challenges

Strategic Objectives Linked to programme 3

1. Develop, promote and monitor the implementation of policies for effective management of assets.
2. Provide strategic leadership, support and monitoring of Supply Chain Management, Infrastructure Delivery Models and Public-Private Partnership projects.
3. Ensure proper and effective management of the Provincial Revenue Fund.
4. To strengthen and provide technical and strategic support for the institutional capacity of provincial government.
5. To provide for the implementation, management and support of existing financial management systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with PFMA and other relevant legislation.
6. Monitor compliance with the Public Finance Management Act, accounting policy, regulations and guidelines.

12.5 DESCRIPTION OF PLANNED QUALITY IMPROVEMENT MEASURES

- Continuous training of departmental officials as well as co-ordination of training in departments.
- Continuous evaluation of the performance of officials in the programme and departments.
- Enhance ability in the directorate to enforce compliance by departments, including increasing capacity level if necessary.
- Consolidate available capacity and resources in the programme to enhance the implementation of the IDIP.

12.6 SPECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS

12.6.1 SUB PROGRAMME 3.2: ASSET MANAGEMENT

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objectives

1. Develop, promote and monitor the implementation of policies for effective management of assets.
2. Provide strategic leadership, support and monitoring of Supply Chain Management, Infrastructure Delivery Models and Public-Private Partnership projects.
3. Ensure proper and effective management of the Provincial Revenue Fund.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Promote and facilitate capacity building of officials responsible for asset management in provincial departments.	Efficient Governance and Administration Building government's capacity in critical areas	Asset and Supply Chain Management forum meetings, workshops and training sessions.	N/A	3 training programmes coordinated (118 officials attended)	17 Forums, Workshops and Training sessions	17 Forums, Workshops and Training sessions	17 Forums, Workshops and Training sessions
Promote effective and efficient utilization of movable and immovable asset in the province.	Efficient Governance and Administration: Improve asset management	Evaluation reports.	N/A	Reports	120 Reports	120 Reports	120 Reports
Promote and monitor the implementation of asset management reform project.	Efficient Governance and Administration: Improve asset management	Progress and monitoring reports to Provincial Steering Committee	N/A	N/A	12 Reports	12 Reports	12 Reports

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Promote and monitor the implementation of Supply Chain Management framework.	Economic Development and Employment Creation: Support the creation and expansion of SMME	Monitoring and evaluation reports	N/A	Bilaterals held	24 Reports	24 Reports	24 Reports
Develop and implement provincial supplier management system.	Efficient Governance and Administration: Establish proper management information and records management systems	Functional supplier management system.	N/A	Appointed service provider which will develop software programme	1 system developed and thereafter continuously maintained	Develop and implement provincial supplier management system.	Functional supplier management system.
Promote effective cash flow management within provincial departments.	Efficient Governance and Administration: Ensure improvement in Financial Management	% variance (favorable or unfavorable) between funds requested and actual funds withdrawn/used.	N/A	N/A	Within 10 %	Within 8 %	Within 5 %

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Maximize return on surplus funds.	Efficient Governance and Administration: Ensure improvement in Financial Management	Collection of budgeted interest income.	As set in the budget book	As set in the budget book	As set in the budget book	As set in the budget book	As set in the budget book
Maintain accurate financial accounting records for the Provincial Revenue Fund	Efficient Governance and Administration: Ensure improvement in Financial Management	Compiled Provincial Revenue Fund annual financial statements and monthly cash flow reports.	N/A	Annually, monthly reports	12 reports together with AFS	12 reports together with AFS	12 reports together with AFS
Facilitate roll-out of Infrastructure Development Programme and monitor its implementation in the departments.	Economic Development and Employment : Ensure an advanced enabling infrastructure network	Steering Committee meetings	N/A	N/A	12 Meetings	12 Meetings	12 Meetings

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Promote and monitor Public Private Partnerships in the Province.	Economic Development and Employment : Strengthen the competitive advantage of the province	Quarterly reports	N/A	N/A	4 Quarterly Reports	4 Quarterly Reports	4 Quarterly Reports
Develop capacity to deal with Public Private Partnership projects.	Efficient Governance and Administration Building government's capacity in critical areas	Public Private Partnership delegations	N/A	N/A	1 st set of PPP delegations	Dependent on the developments at National Treasury	Dependent on the developments at National Treasury

12.6.2 SUB PROGRAMMES 3.4 SUPPORT AND INTERLINKED FINANCIAL SYSTEMS

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objectives

1. To strengthen and provide technical and strategic support for the institutional capacity of provincial government.
2. To provide for the implementation, management and support of existing financial management systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with PFMA and other relevant legislation.
3. Monitor compliance with the Public Finance Management Act, accounting policy, regulations and guidelines.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Manage and maintain the Transversal Systems.	Efficient Governance and Administration: Improve asset management Ensure improvement in Financial Management	Availability and stability of the Transversal systems Provide technical and functional support to Provincial Departments	95 % availability achieved	97 % availability achieved	95% of working hours Respond to calls within 8 working hours	95% of working hours Respond to calls within 8 working hours	95% of working hours Respond to calls within 8 working hours
		Ensure a maintained Supplier Register and item master for Provincial Departments	Suppliers register and items codified according to norms and standards	Suppliers register and items codified according to norms and standards	Suppliers registered and items codified according to norms and standards	Suppliers registered and items codified according to norms and standards	Suppliers registered and items codified according to norms and standards

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Building capacity in respect of Transversal Systems.	Efficient Governance and Administration Building government's capacity in critical areas	Number of officials trained	BAS 600 Parsal 300 Logis 543	BAS 450 Parsal 300 Logis 500	BAS 300 PERSAL 300 LOGIS 500	BAS 250 PERSAL 250 LOGIS 400	BAS 250 PERSAL 250 LOGIS 350

12.7 RECONCILIATION OF BUDGET WITH PLAN

Programme 3: Programme budget by sub-programme (R million) ¹

Sub-programme	Year -1 2004/05 (actual)	Base year 2005/06 (Revised estimate)	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09
Programme Support	841	1 109	968	1 018	1 067
Asset Management	5 555	10 958	10 555	10 956	11 625
Liability Management					
Support and Interlinked Financial Systems	27 325	37 829	41 188	44 074	50 343
Total programme	33 721	49 896	52 711	56 048	63 035

13. PROGRAMME 4: FINANCIAL GOVERNANCE

Brief Description of the Programme

Promote accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standards.

This programme consists of the following sub programmes:

4.1	Programme support	Provide for the cost related to efficient running of the programme.
4.2	Accounting Services	Ensure the effective implementation of accounting practices in line with Generally Recognised Accounting Practice; prepare consolidated financial statements that reflect the financial position of the province.
4.3	Norms and Standards: PFMA	Ensure the development and implementation of norms and standards in the Provincial Departments and Public Entities.
4.4	Norms and Standards: MFMA	Promote, support, monitor and report on the implementation of the MFMA at delegated municipalities and Municipal Entities in the Province and ensure quality reports translate in service delivery performance.
4.5	Risk Management and Provincial Internal Audit	Promote effective optimal financial resource utilisation and Internal audit.

13.1 SUB-PROGRAMME 4.2: ACCOUNTING SERVICES

13.1.1 SITUATION ANALYSIS

The Accounting component is a key link between the Financial Accounting teams of provincial departments and the Provincial Treasury to encourage the implementation of sound accounting practices and ensure that financial reporting is a full reflection of the financial position of the Provincial Government.

This component is also responsible for the smooth transition from cash base to accrual accounting base.

An appraisal of the existing services and performance covering the 2004/05 financial year, highlighted the following key areas:

- Compiled separate Consolidated Financial Statements for Free State Departments, Provincial Revenue Fund & FS Legislature and FS Public Entities that are in line with the National guideline.
- The Directorate implemented new processes and procedures to promote adherence to the PFMA submission date of Annual Financial Statements by 31 May 2005.
- All Departments' balances were successfully converted from FMS to BAS within 4 months since the finalization of the 2003/04 Audit reports.
- All the previous FMS Department 77 balances were cleared during the financial year.
- The Financial Management Systems (FMS) closed down completely in November 2004, which was 3½ months after the 2003/04 financial year.
- The only Directorate to introduce Key Financial Performance Indicators to measure the financial performance of all departments and trading accounts.
- Monthly compliance certificates based on the outcomes of the 2003/04 audit reports were compiled to improve overall financial management in the Province.
- Introduced the first Provincial Paymaster General Forum in the Province.
- Implementation of SCOA with effect from 1 April 2004.
- Roll-out of the prescribed Annual Financial Statement formats.
- Enhanced analysis and interpretation of Annual Financial Statements.
- Facilitation of relevant training interventions and various meetings.
- Four training sessions with regard to Annual Financial Statements: ± 200 officials.
- Training: Asset Management & GRAP Standards: ± 140 officials.
- Training: Development of Debt Policy: 38 officials.

13.1.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

The key challenges over the strategic plan period can be summarized as follows:

- Monitoring financial management of Public Entities.
- Promote sound financial management within Provincial Departments and Public Entities.
- Timely receipt of all departmental and Public Entities' audited financial statements by 31 July.
- Promote quality of annual financial statements submitted by 31 May.
- Promote unqualified audit opinions on annual financial statements.
- Successful transformation to accrual accounting.
- Lack of skill and expertise within Provincial CFO's components.
- Contradictions of the time frame in the Act.

Measures planned to overcome the constraints

- Inputs in respect of practical implementation on Accounting Standards Board exposure drafts.
- Monitoring reports on Key Performance Indicators (KPI's) and issues raised by Auditor General's Office on 2004/05 annual financial statements and facilitate corrective actions.
- National Treasury, Provincial Treasury, National Auditor General, and Provincial Auditor General to agree on way forward to eliminate problems experienced during 2004/05.
- Inputs on National guide and templates for preparation of annual financial statements.
- Provide inputs for the amendment of the PFMA.
- Capacity building

13.2 SUB-PROGRAMME 4.3: NORMS AND STANDARDS PFMA

13.2.1 SITUATION ANALYSIS

The programme provides support to Provincial departments and Public Entities, renders advisory support to PROPAC and reports progress to the Executive Council on the implementation of the Act. The focus areas are mainly:

- Monitor compliance with the PFMA Act in the province;
- Monitor the implementation of PROPAC resolutions;
- Issue guidelines, norms and standards to the province;
- Provides PFMA related training in the province;
- Risk Management and Internal Audit

Appraisal of existing services and performance during the past year (2004/5)

- Issued 4 compliance reports to the Executive Council regarding progress in the implementation of, and compliance with the Act.
- Issued 2 evaluation reports to PROPAC during the August 2004 and March 2005 sittings.
- Co-ordinated PFMA foundation course in collaboration with Free State Training Institute whereby IPFA offered training to 222 officials.
- Issued 4 progress reports in respect of the Public Private Partnership projects in the Province. (Function currently under Asset & Liability Directorate).
- Finance Bill enacted on the 2nd of August 2004 dealing with unauthorised expenditure as far as 95/96 financial year.

13.2.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

Key challenges/ Constraints over the strategic plan period :

- Lack of training skills within the Norms and Standards directorate to offer PFMA related training in the province.
- Late submission of quarterly inputs by departments with regard to PFMA compliance.
- None implementation of Public Accounts Committee resolutions.
- Full Compliance with the PFMA by Provincial departments and Public entities.

Measures planned to overcome the constraints:

- All the officials within this directorate will be capacitated / skilled with Train the Trainer course in order to provide this service.
- Clear timelines and Follow- up procedure will be established.
- Capacitation of officials will take place to enable them to meet with the new challenges.
- Monitoring of progress and evaluation on the implementation of PROPAC resolutions is established.
- Integration of function within Treasury established to drive compliance by departments.

13.3 SUB-PROGRAMME 4.4: NORMS AND STANDARDS: MFMA

13.3.1 SITUATION ANALYSIS

To promote, support, monitor and report on the implementation of the MFMA Act at municipalities and Municipal Entities in the Province and ensure quality reports translates in service delivery performance.

- The smooth transition from cash base to accrual accounting base.
- 21 Municipalities of which 2 high capacity Municipalities in the Free State were delegated to the Provincial Treasury.

13.3.2 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

Key challenges/ Constraints over the strategic plan period :

- Skills and capacity building
- Bilaterals – assessment at municipalities
- Integration of Annual Financial Statements and Annual Reports
- Submission of quality budget evaluation to National Treasury
- Submission of Credible IYM to National Treasury
- Monitoring of compliance and submission of quality reports
- Assessment of budget related policies
- Assessment of SDBIP and performance management systems
- Alignment of IDP's with PGDS and national priorities linked to municipal budgets.
- Municipal environment

- Designing data base and avail assess to municipalities
- Report and budget dynamics at local sphere
- Integrated Development Plans and Budget alignment
- Need for closer relationship between Provincial Department of Local Government and Housing and Provincial Treasury and other sectoral departments

Measures to overcome challenges:

- Skills and capacity building
- Bilaterals – assessment at municipalities

13.4 SUB-PROGRAMME 4.5: RISK MANAGEMENT AND PROVINCIAL INTERNAL AUDIT

13.4.1 SITUATION ANALYSIS

This is a newly established sub-programme who will become operational from the 2006/7 financial year. The aim will be to promote effective optimal financial resource utilisation and to improve internal audit in the province. Being a new initiative and scarce resources in these fields, the main constraints is to get buy-in and to build capacity.

13.5 POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES

The functions of this programme is directed mainly by the Public Finance Management Act, Treasury Regulations, Municipal Finance Management Act, and other guidelines and practice notes issued by the National Treasury. The priorities on which the programme will focus are mainly those mentioned in the key challenges

STRATEGIC OBJECTIVES LINKED TO PROGRAMME 4

1. Development and implementation of accounting policies and practices to ensure compliance with GRAP standards.
2. Consolidate AFS for the provincial departments and public entities.
3. To strengthen and provide strategic support to provincial departments and public entities with regard to Accounting Policies, Practices and Annual Financial Statements.
4. To monitor compliance with regard to Accounting Standards, Policies and relevant sections of PFMA.
5. To strengthen and provide strategic support to provincial departments and public entities with regard to PFMA.
6. To promote compliance with Provincial Norms and Standards.
7. To promote effective implementation of Legislative resolutions.
8. To monitor, implement, evaluate and report on the compliance with PFMA and Treasury Regulations.
9. To strengthen and provide strategic support to provincial departments and public entities with regard to MFMA.
10. To monitor, evaluate and report on compliance of the Municipal Finance Management Act.
11. Facilitation of residual risk assessments and the availability of a risk profile per department.
12. The provision of a consolidated risk profile for the provincial government as a whole and the ensuring of risk response strategies to mitigate transversal risks.
13. Assessment of Internal Audit Units.
14. Capacity building Internal Audit.

13.6 PLANNED QUALITY IMPROVEMENT MEASURES

- Inputs in respect of practical implementation on Accounting Standards Board exposure drafts.
- Monitoring reports on Key Performance Indicators (KPI's) and issues raised by Auditor General's Office on 2004/05 annual financial statements and facilitate corrective actions.
- National Treasury, Provincial Treasury, National Auditor General, and Provincial Auditor General to agree on way forward to eliminate problems experienced during 2004/05.
- Inputs on National guide and templates for preparation of annual financial statements.
- Provide inputs for the amendment of the PFMA.
- Capacity building

13.7 SPECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS

13.7.1 SUB PROGRAMME 4.2: ACCOUNTING SERVICES

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic objectives

- Development and implementation of accounting policies and practices to ensure compliance with GRAP standards.
- Consolidate AFS for the provincial departments and public entities.
- To strengthen and provide strategic support to provincial departments and public entities with regard to Accounting Policies, Practices and Annual Financial Statements.
- To monitor compliance with regard to Accounting Standards, Policies and relevant sections of PFMA.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Accounting policy, guidelines and practices Implemented in line with National Framework	Efficient Governance and Administration: Improve integrated development planning and implementation	Reports in line with formats and guidelines of GRAP Completed set of Accounting policies implemented accord to set timeframes	As per GRAP standards As per approved accounting policy within set timeframe	As per GRAP standards As per approved accounting policy within set timeframe	As per GRAP standards As per approved Accounting policy within set timeframe	As per GRAP standards As per approved Accounting policy within set timeframe	As per GRAP standards As per approved Accounting policy within set timeframe

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Promote accurate compilation of Annual Financial statements	Efficient Governance and Administration: Improve integrated development planning and implementation	Percentage Correctness according to guide Evaluated Audit reports	90% Analyse reports of Auditor General and take corrective steps	100% Analyse reports of Auditor General and take corrective steps	100% Analyse reports of Auditor General and take corrective steps	100% Analyse reports of Auditor General and take corrective steps	100% Analyse reports of Auditor General and take corrective steps.

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
To facilitate the timely submission of Annual Financial statements to Auditor General and National Treasury	Efficient Governance and Administration: Improve integrated development planning and implementation	Compliance with all statutory due dates. Unaudited Annual Financial Statements Audited Annual Financial Statements Submit Annual Report Table Annual Report	100 % compliance All departments submitted 31 May 2 departments finalized 31 July No departments submitted August All departments tabled after 30 September	100 % compliance All departments submitted 31 May 5 departments finalized 31 July 2 departments submitted August All departments tabled after 30 September	100% Compliance 31 May 31 July 31 August 30 Sept	100% Compliance 31 May 31 July 31 August 30 Sept	100% Compliance 31 May 31 July 31 August 30 Sept

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
To prepare and submit annual consolidated financial statements	Efficient Governance and Administration Improve integrated development planning and implementation	Percentage compliance with approved National Guidelines and timeframes	Submitted on 11 April 2005 to Auditor General	100% compliance 30 June Annual report 31 October	100% compliance 30 June Annual Report 31 October.	100% compliance 30 June Annual Report 31 October.	100% compliance 30 June Annual Report 31 October.
Capacity Building	Efficient Governance and Administration Building government's capacity in critical areas	Number of officials trained	238	100	300	350	400
To promote Financial Management in the province.	Efficient Governance and Administration: Ensure improvement in Financial Management	Percentage Adherence to predetermined KPI's	75%	78%	81% compliance 12 Reports	83% compliance 12 Reports	85% compliance 12 Reports

13.7.2 SUB PROGRAMME 4.3: NORMS AND STANDARDS – PFMA

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objective

- To strengthen and provide strategic support to provincial departments and public entities with regard to PFMA.
- To promote compliance with Provincial Norms and Standards.
- To promote effective implementation of Legislative resolutions.
- To monitor, implement, evaluate and report on the compliance with PFMA and Treasury Regulations.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
To promote compliance with PFMA in the Province	Efficient Governance and Administration : Ensure improvement in Financial Management	Issue guideline, norms and standards in the province Delegations updated annually Compliance reports to the Executive Council Compliance reports to departments and public entities Number of officials trained with regard to PFMA		Guidelines & delegations must be 100% in line with the prescripts April 2005 4 Reports 60 Reports 300 Officials trained	Guidelines & delegations must be 100% in line with the prescripts April 2006 4 Reports 60 Reports 200 Officials trained	Guidelines & delegations must be 100% in line with the prescripts April 2007 4 Reports 60 Reports 250 Officials trained	Guidelines & delegations must be 100% in line with the prescripts April 2008 4 Reports 60 Reports 300 Officials trained

Promote effective implementation of Legislative resolution.	Efficient Governance and Administration : Ensure improvement in Financial Management	Quarterly status report. Evaluation report.	Quarterly status report. 8 working days before PROPAC sitting	Quarterly status report. 8 working days before PROPAC sitting	Quarterly status report. 8 working days before PROPAC sitting
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13.7.3 SUB PROGRAMME 4.4: NORMS AND STANDARDS – MFMA

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objective

- To strengthen and provide strategic support to provincial departments and public entities with regard to MFMA.
- To monitor, evaluate and report on compliance of the Municipal Finance Management Act.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Monitor budget Preparation process for the local government sphere	Efficient Governance and Administration: Ensure improvement in Financial Management	Compliance with set due dates	N/A	Budget Timeliness	Budget Timeliness	Budget Timeliness	Budget Timeliness
Promote credible Municipal budget	Efficient Governance and Administration: Ensure improvement in Financial Management	Evaluation Reports	N/A	21 reports	21 reports	21 reports	21 reports
Monitor, consolidate and analyse IYM of Municipalities	Efficient Governance and Administration: Ensure improvement in Financial Management	Analyse, reports according to prescribed timeframes	N/A	22nd of each Month from Sept 05	22nd of each Month, 21 reports	22nd of each Month, 21 reports	22nd of each Month, 21 reports

Promote, monitor and evaluate effective implementation of municipal legislative resolutions	Efficient Governance and Administration: Ensure improvement in Financial Management	Status Report Evaluation Report	N/A	1 Reports 8 working days before PROPAC sitting	4 Reports 8 working days before PROPAC sitting	4 Reports 8 working days before PROPAC sitting
Facilitate publication of 71 financial reports	Efficient Governance and Administration: Ensure effective communication with stakeholders and clients	Analyse, consolidate reports according to prescribed timeframes	N/A	2 Publications 22 Oct 22 Jan	4 Publications 25 April 25 July 25 Oct 25 Jan	4 Publications 25 April 25 July 25 Oct 25 Jan
Monitor compliance of MFMA by municipalities	Efficient Governance and Administration: Ensure improvement in Financial Management	Submission of compliance reports	N/A	1 Compliance reports	4 Compliance reports	4 Compliance reports

Coordinate training and build capacity at municipalities	Efficient Governance and Administration Building government's capacity in critical areas	Number of officials trained	100 Officials trained	300 Officials trained	400 Officials trained	500 Officials trained
Review the annual financial statements and audit report for compliance and appropriateness	Governance and Administration: Ensure improvement in Financial Management	Status Reports	N/A	21 Reports	21 Reports	21 Reports

13.7.4 SUB PROGRAMME 4.5: RISK MANAGEMENT AND PROVINCIAL INTERNAL AUDIT

Strategic Goal

Contributing to the economic, efficient and effective service delivery.

Strategic Objectives

- Facilitation of residual risk assessments and the availability of a risk profile per department.
- The provision of a consolidated risk profile for the provincial government as a whole and the ensuring of risk response strategies to mitigate transversal risks.
- Assessment of Internal Audit Units.
- Capacity building Internal Audit.

Outputs and Measurable Objectives

Measurable Objective	FSGDS linkage	Performance Measure	Actual 2004/05	Estimate 2005/06	2006/07 Key Performance Indicator	2007/08 Key Performance Indicator	2008/09 Key Performance Indicator
Facilitation of residual risk assessments and the availability of a risk profile per department	Efficient Governance and Administration: Improve integrated development and planning and implementation	Percentage risk assessments reviewed within departments	N/A	N/A	N/A	80%	100%
		Percentage progress and control maps completed per department	N/A	N/A	N/A	80% of processes mapped	100% of processes mapped
		Percentage accounting officers are supplied with updated risk profiles	N/A	N/A	N/A	100% of departments	100% of departments

The provision of a consolidated risk profile for the provincial government as a whole and the ensuring of risk response strategies to mitigate transversal risks	Efficient Governance and Administration : Improve integrated development planning and implementation	Existence of a consolidated risk profile for the Province	N/A	N/A	N/A	N/A	100% of departments included in consolidation	100% of departments included in consolidation
Assessment of Internal Audit Units	Efficient Governance and Administration Building government's capacity in critical areas	Compliance with National Framework and evaluation report	N/A	N/A	N/A	70 % Departments & Public entities	100 % Departments & Public entities	70% transversal risks allocated 100% transversal risks allocated
Capacity building Internal Audit	Efficient Governance and Administration Building government's capacity in critical areas	Number of officials trained Quarterly Forums	N/A	N/A	N/A	35 Officials trained 4 Quarterly forums	45 Officials trained 4 Quarterly forums	

13.8 RECONCILIATION OF BUDGET WITH PLAN

Programme 4: Programme budget by sub-programme (R million) ¹

Sub-programme	Year -1 2004/05 (actual)	Base year 2005/06 (Revised estimate)	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09
Programme Support	1 128	1 302	1 443	1 501	1 576
Accounting Services	13 324	4 731	5 455	5 674	5 958
Norms and Standards – PFMA	2 109	2 419	2 982	3 152	3 262
Norms and Standards – MFMA	2 922	0	5 240	5 280	5 591
Risk Management and Provincial Internal Audit	0	0	0	0	0
Total programme	19 483	8 452	15 120	15 607	16 387

14. Implementation of the capital investment, maintenance and asset management plan

This department does not have any capital investments.

15. Co-ordination, co-operation and outsourcing plans

15.1 Interdepartmental linkages

As Provincial Treasury, there is an involvement with all departmental and public entity activities and resource use..

15.2 Local government linkages

National Treasury delegated 21 of 25 municipalities to the Free State Provincial treasury in July 2005. the role of FSPT is to monitor and coordinate activities of delegated municipalities. The Constitution require all spheres of government to cooperate with one another because of the interdependence and interrelated nature.

15.3 Public entities

This department does not have any public entities.

15.4 Public, private partnerships, outsourcing etc.

None.