

Provincial Treasury

1ST QUARTERLY PERFORMANCE REPORT

For
2011/2012

Free State Province



treasury

Department of
Treasury
FREE STATE PROVINCE

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PART 1: OVERVIEW BY THE ACCOUNTING OFFICER

The first quarter of 2011-2012 was a period for implementation of what we committed Provincial Treasury to achieve as encapsulated in the Annual Performance Plan of 2011-2014 tabled before the Legislature.

There are a series of strides the Department has achieved during the period in question.

The following, are but few of what we have achieved:-

- The position of Chief Executive Officer (CEO) was filled with effect from 01 May 2011.
- The Department was represented at the following meetings; EXCO, FOHOD, National Council of Provinces, Technical Committee of Finance, Cluster meetings and other important forums...
- The department was at 16% vacancy rate at the end of the first quarter, the main contributing factor to the vacancy rate was the fact that an additional Chief Directorate, namely the Municipal Finance Management Chief Directorate was created to assist municipalities with the management of their budgets, revenue and debt, supply chain management, accounting practices and MFMA compliance.

It is also important to highlight that the Annual Financial Statements that are included in the Annual report for the 2010/11 financial year were submitted on the 31st May 2011. Both the performance report on pre-determined objectives as well as the oversight report was submitted at the same timeframes and the due date was met.

I hereby as the Accounting Officer, present the performance of the Provincial Treasury against pre-determined objectives for the first quarter of 2011-2012 fiscal year.

ACTING CHIEF EXECUTIVE OFFICER

MS ANNA FOURIE

FREE STATE PROVINCIAL TREASURY

PART 2: DEPARTMENTAL PERFORMANCE

2.1. SITUATIONAL ANALYSIS *(the environment within which programmes and sub-programmes operated)*

PROGRAMME 1: ADMINISTRATION

Office of the MEC

As the quarter started in April, all Departments were delivering vote speeches, the same applied for the department of Treasury. The MEC had to deliver the Departmental Vote Speech during the same month. Some work from both the office of the MEC and other role players within the Department, including the office of the CFO, economic analysis and communications had to be put into work for the development of the vote speech.

Single meetings of both the Governance and economic Clusters, the latter which is led by the MEC, were held during this quarter. The essence of the clusters were to refine the work of Departments as the new financial year began.

As the designated chairperson of the provincial general council of the African Peer Review Mechanism, the MEC and his office had to put in some work towards finalising the inauguration of the APRM PGC in the province. Whilst the Council is to be inaugurated in July 2011, most of the work including the identification and recruitment of individuals to serve in the Council was completed in June 2011.

The MEC was also tasked by EXCO to work on a conceptual framework on Operation Hlasela for Government. Whilst there has been a lot of implementation of the concept of Operation Hlasela, very little has gone into conceptualising what the concept actually represents. The office of the MEC has been working on the document to be finalised in July 2011.

The MEC has also been asked to work on some aspects of the Government's Centenary programme. In this regard some work in terms of defining this role has already begun.

During this term the MEC also had a lot of interactions with various constituencies.

Office of the CEO

The Chief Executive Officer (CEO), Mr. H.L Kgomongwe was appointed with effect from 01 May 2011.

The CEO has continued to engage in various forums at National and Provincial level to ensure the achievement of the mandate of the Department. The Department was represented at the following meetings; EXCO, FOHOD, National Council of Provinces, Technical Committee of Finance and Cluster meetings.

Two Investment Committee meetings were held and a management (MANCO) meeting was held on the 13 May 2011, to discuss amongst other matters, pertinent issues relating to the functioning and performance of the Department in terms of the Departmental structure, vacancy rate, Risk Management, Internal Audit, Provincial performance audit and Municipal related issues.

The Risk Management and Security & Asset Management Sub-directorates are fully effective and have met set pre-determined objectives in terms of the first quarter. Awareness programmes were conducted on fraud, corruption and security. The Fraud Prevention Strategy was adopted by MANCO on the 13 May 2011.

Corporate Services

The Department had an organizational structure of 427 funded posts at the end of the first quarter. 359 Posts were filled at the end of the quarter, this left the Department with a vacancy rate of 16% at the end of the first quarter. The main contributing factor to the vacancy rate and the increase in the number of posts could be attributed to the fact that an additional Chief Directorate, namely the Municipal Finance Management Chief Directorate was created to assist municipalities with the management of their budgets, revenue and debt, supply chain management, accounting practices and MFMA compliance.

The employment equity profile of the Department improved during the quarter, as only an African male was appointed in the Department in the first quarter. Only 1 termination occurred during the quarter,

Financial Management

The 2010/2011 financial year was closed within the prescribed date of National Treasury. The target of 100% was achieved in respect of the clearance of asset & liability items that must be zero by year-end to avoid forced-closure by National Treasury.

The Annual Financial Statements that are included in the Annual report for the 2010/11 financial year were submitted on the 31st May 2011. Both the performance indicators as well as the oversight report were submitted at the same timeframes and the due date was met. The sub-programme also managed to hold successful budget bi-laterals with other related parties in the department.

Annual tax reconciliation was submitted via easy file and was accepted by SARS. It was submitted on the 26th May 2011 whereas the due date was on the 3rd of June 2011.

The accounting months in respect of the first quarter closed within the prescribed timeframes and was not forced closed by National Treasury. All the assets reconciliations were submitted as prescribed. During the first quarter the annual audit of the department was conducted and all Information requests and communications received have been responded to timeously.

Supply Chain Management

The Departmental Transport Policy has been approved. The Directorate is in the process of filling all the vacancies (advertisement and short listings have been completed).

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Fiscal Policy

There will be one vacant post for Senior Revenue Officer as from July 2011. The SRO requested transfer to Cash Management sub-programme

Public Finance

The Directorate has two vacant posts, one is occupied by acting officials since the beginning of the quarter. The Personal Assistant Post became vacant on 15 June 2011 and one Assistant Manager has accepted a promotional post at the Department of Sport, Arts, Culture & Recreation with the effect of 1 July 2011.

Out of the 5 Assistant Managers posts in the directorate only 3 are familiar with the job responsibilities and the other two of which one is acting and the other official only started in March/April 2011 needs to undergo training and still receiving training on a daily basis. This places a huge pressure on the remaining official who is also acting Manager in the directorate to adhere to due dates and also prepares the necessary information and reports according the PFMA requirements on time.

PROGRAMME 3: ASSET AND LIABILITIES MANAGEMENT

Asset management

CASH MANAGEMENT

- Cash transfers for the first quarter amounted to R5.168billion, which represents 22% of the Provincial Budget.
- Actual interest collection of R16.9million against annual budget of R201million (8%).

Actual interest collection on behalf of the Fleet Management Trading Entity amount to R0.696million on a fixed investment of R43million and call deposits of R42million

SCM COMPLIANCE

- An instruction note was issued by the National Treasury, effective from 31st May 2011, to improve accountability and provide Supply Chain Management, guidance to Accounting Officers of Departments to strategically plan, implement and evaluate specific actions that would enable organizations to achieve their set goals and objectives. This was to assist departments and entities to perform their demand management functions as expected. The Provincial Treasury would have to devise means and ways of implementing and monitoring implementation of this instruction note and address its capacity to perform this additional function.
- A decision to improve on the monitoring approach of the department's SCM KPI's was also taken by the Unit and will have an impact on the first quarter performance. This tool will be used to assess departments accordingly to establish the level of performance and be rated in accordance with level A-D.

Supporting and Interlinked Financial Systems

There are currently two vacant posts within the LOGIS sub directorate of which one has been advertised in the first quarter. The other post is subject to the outcome of a labour related case.

93% of the Free State Provincial Departments closed the 2010/2011 financial year on BAS. 73% of the Free State Provincial Departments closed the month of April 2011 and 87% closed the month of May 2011 for the 2011/2012 Financial Year End during the 1st quarter. (The month of June 2011 only closes on 7 July 2011)

The registration of suppliers and banking details were done within the 10 days timeframe.

BAS training database refresher courses were scheduled for the 1st quarter.

The Information Systems Sub-Directorate still has problems with daily virus attacks on the Health BAS terminal server (Mars01). The Anti -Virus software on the primary virus server was upgraded and rolled out to all other servers connected to the virus server. Although procedures were put in place to notify the IT section of the relevant department to assist to clear the user's personal computers, it was only a temporary solution as the virus still attacks the user's PC's.

On the Logistics side: The first quarter is the least busy as most of the users were on leave in the early part of the quarter and we experienced an escalation of calls, items to codify and supplier registration from the first month to the third.

In summary this quarter had two dominating factors:

One: To ensure that the Financial Year End requirements were fulfilled i.e. from closing of open transactions to printing of relevant reports. LOGIS officials had to drive around the province to assist stores that had challenges in this regard

Two: To assist the Auditor General to understand how LOGIS operate in order to audit the sites accordingly. And the rest of this second half was dedicated to assisting the likes of the department of education to comply with the South African Schools Act.

Logistics are also focusing on Inventory Management from the LOGIS point of view. A circular was issued to guide the province on the Balancing of Inventory and the reporting thereof on a monthly basis the same was done with asset balancing. Logistics continue to experience delays in addressing the IFMS queries with National Treasury. A meeting was held with IFMS representative Mr. Booby Maake to require the outlined documents but unfortunately we have since not been able to receive such. Logistics have now been invited to part-take in the IFMS Training Committee of the Pilot site i.e. Department of Education, and will from here be able to identify what role Logistics will participate in the entire processes going forward.

Logistics has assisted the Department of Social Development to identify within their records the difference that exists between the dummy files that were submitted to the Auditor General and the current records in the Asset Register. Logistics advised the delegate on a plan of action to resolve the difference.

PROGRAMME 4: FINANCIAL GOVERNANCE

Accounting Services

Various challenges are experienced by the Directorate due to capacity constraints in meeting the demands of all deadlines which sometimes overlap and additional tasks which are added to the functions of the unit while the same quantity of officials(same structure) must perform constant unpaid overtime to meet all the demands. The challenges are experienced despite the fact that the current structure of 24 officials is 100% filled.

Municipal budget and monitoring (IYM)

The following vacancies exist within the Directorate:

- 3 x Managers: IYM
- 2 x Assistant Managers: IYM
- 2 x Managers: Municipal Bugdets
- 2 x Assistant Managers: Municipal Budgets

The following municipalities did not submit draft budgets for evaluation purposes:

- Ngwathe Local Municipality
- Tokologo Local Municipality
- Masilonyana Local Municipality
- Nketoana Local Municipality

The following municipalities draft budgets were rejected after a compliance check was done and found that there were no improvements in relation to the previous budget document based on MFMA circular 55:

- Matjhabeng Local Municipalities
- Nala Local Municipality
- Phumelela Local Municipality

The Directorate conducted budget bi-laterals on 3, 4 and 6 May 2011, Dihlabeng, Ngwathe and Thabo Mofutsanyana did not attend. Due to an urgent PCF meeting arranged by the Department of the Premier on the first day of the bi-laterals, Moqhaka, Setsoto and Fezile Dabi were informed to attend the PCF meeting.

Municipal Revenue and Debt Management

The Directorate currently has the following staff compliment:

- 1 x Manager
- 3 x Assistant Managers

The following vacancies exist within the Directorate:

- 1 x Senior Manager
- 1 x PA
- 2 x Managers
- 6 x Assistant Managers
- During the reporting period under review, the Directorate undertook the following key activities:
- Developed criteria for assessment of the following policies:
- Credit control & debt collection
- Tariffs
- Rates
- Property rates
- Developed a questionnaire to determine the status of revenue and debt management related issues
- Engaged Kopanong Local Municipality on the revenue and debt management questionnaire with a view of utilizing the municipality as one of the two focus municipalities where the functionality of this new Directorate will be piloted.
- Interview for the post of Senior Manager were held

Municipal Supply Chain Management and Compliance

According to the new MFM structure the Compliance sub directorate should have 2 managers and 4 assistant managers. The SCM sub directorate should have 2 managers and 6 assistant managers. Currently there are only 2 assistant managers for Compliance, assisted by 1 Senior Admin Clerk and 1 Intern. There are 3 assistant managers for SCM, assisted by 1 Senior Admin Clerk. All positions of manager are vacant. There are 2 vacancies for assistant manager in Compliance and 3 in SCM. The current SCM manager was also responsible for Compliance.

Municipal Risk Management and Internal Audit

This Directorate is supposed to have a staff compliment of ten officials, broken down as follows:

- 1 x Senior Manager
- 1 x PA
- 4 x Managers: Risk Management
- 4 x Managers: Internal Audit

At this point in time it is worth noting that there are no officials in this Directorate. However, the Provincial Risk Management & Internal Audit Directorate has assisted some municipalities with the assessment of Key Performance Indicators (KPIs) relating to risk management and internal audit activities.

Risk Management and Internal Audit – Provincial

The directorate operated with the Acting Senior Manager for the first two Months of the quarter, subsequently, the post of Senior Manager has filled from the 1st June 2011.

Risk management sub-directorate operated with one vacancy of Assistant Manager and Manager was the Acting Senior Manager for two months and this became vacant after the promotion of the said Manager.

Internal Audit sub-directorate with all three Managers.

Financial Arrangement Management operated with one Manager and Assistant Manager. A Manager and Three Assistant Manager post are vacant and currently Corporate Services is busy finalizing the Job Content of the posts.

1.2. SPECIFIC KEY CHALLENGES AND RESPONSES (*per sub programmes*)

PROGRAMME 1: ADMINISTRATION

Office of the MEC

Challenge 1:

The main challenges facing the office of the MEC remains the non static nature of the political and EXCO programmes. This non static nature has often led to lots of changes on the programme itself and how we access other support services within the Department, eg late accommodation calls from MEC.

Response to challenge 1:

Working together with the office of the CEO and supply chain management, there is currently a pilot at work aimed at easing this situation. The essence of the pilot is to utilise the Agencies for situation not initially planned for.

Office of the CEO

Challenge 1:

The challenge is postponement of planned activities because of urgent unplanned internal and external matters, which equally needs the attention of the CEO

Response to challenge 1:

- Rescheduling of meetings/activities to ensure all matters are addressed
- Alignment of the CEO's diary to the Provincial and Legislature calendar

Corporate Services

Challenge 1: Employment Equity

The Department is successful with the implementation of its EE plan, although difficulties are still being experienced with the appointment of black women in senior management positions and the appointment of employees with disabilities in all occupational categories.

Response to challenge 1:

During the interview processes EE targets are taken into account. Eighteen of the 27 Senior Management Services posts are currently filled. Only 25% of the current filled SMS posts are filled by women. The Department will attempt to fill the vacant SMS posts and the SMS posts that may become vacant during the financial year with women, with an emphasis on black women. The employment of people with disabilities remains a challenge, as the Department struggles to attract disabled applicants who meet the qualification requirements

Challenge 2: Vacancy rate

The Department wants to reach a vacancy rate of 5% or less at the end of the financial year. With a vacancy rate of 5% or less, the Department will be in a position to render its services more effectively.

Response to challenge 2:

The Senior Management Services members are requested on a monthly basis to fill funded posts as soon as possible after they become vacant. Chief Directorates are also frequently provided with lists of their current vacancies, and requested to fill them in order to reach a vacancy rate of 5% or less. During December 2010, the Premier imposed a moratorium on the filling of vacancies, which hampered the Department in filling vacancies during the first quarter and to ultimately reach a vacancy rate of 5% or less at the end of the financial year. The creation of the Municipal Finance Management Chief Directorate also led to an increase in the number of funded posts in the Department to 427. The Department will increase its attempts within the 2011/2012 financial year to reach the 5% or less vacancy rate target in the Department at the end of the 2011/2012 financial year

Financial Management

Challenge 1:

Accurate budget planning versus actual expenditure per month.

Response to Challenge 1:

Budget bilaterals were held in June 2011 to assist with the above. Consensus could be reached on possible filling of vacancies and outstanding commitments and the reprioritization of urgent needs.

Challenge 2:

Outstanding claim's impact on the achievement of the financial KPI's.

Response to challenge 3

Currently the payment of claims by National Departments and feedback that is awaited from SARS in respect of new claims that is due to the department.

Supply Chain Management

Challenge 1:

Shortage of staff to carry out asset management activities.

Response to challenge 1

One post among the advertised vacancies will be filled within the asset management unit.

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Economic Analysis

Challenge 1 :

Vacant post of Senior Econometrician

Response to challenge 2:

Post has been advertised

Fiscal Policy

Challenge 1 :

Non adherence of the Department on revenue matters

Response to challenge 2:

Issue non-compliance letters to the Departments

Budget management

Challenge 1 :

Delay in issuing of budget process and related documents by National Treasury

Misalignment, in terms of the delivery date of planned output to actual output

Response to challenge 2:

The delay by National Treasury will be communicated to ensure that such delay do not impact negatively on the directorate deliverables

Misalignment will be corrected in the next financial year, the directorate wil provide clear explanation when reporting affected deliverables

Public Finance

Challenge 1 :

Staff shortage and vacancies within the Directorate.

Response to challenge 1:

The posts of Manager and Personal Assistant were already advertised during the quarter and the interviews would be held early in July 2011. The Assistant Manager post will be advertised during the month of July 2011.

Challenge 2 :

One of the main functions of the Evaluation and Reporting Sub-directorate was re-allocated during the quarter to Budget Management namely the analysis of expenditure trends.

Response to challenge 2:

Amended job descriptions will be compiled and submitted for Job Evaluation.

PROGRAMME 3: ASSET AND LIABILITIES MANAGEMENT

Cash management

Challenge 1:

Late submission of cash requisitions and requests for increase in ACB limits resulting in excesses

Response to challenge 1:

Mandate in place to approve urgent fund requirements and to approve excesses in respect of ACB payments

Challenge 2:

Account classifications as determined by SCOA

Response to challenge 2:

Continuous engagements with National Treasury via the cash management forums

Challenge 3:

Surrender of unspent funds by Provincial departments

Response to challenge 3:

Mandate in place to process direct debits on the departmental PMG accounts

SCM COMPLIANCE UNIT

Challenge 1:

Suppliers database – hosting of the system was moved from Health to SITA beginning of April 2011. Challenges of knowledgeable people in the Oracle software from SITA, backlog of registration forms were experienced during the movement of the system.

Response to challenge 1:

The system was successfully moved from Health to SITA
Training was provided to officials of SCM Compliance as well as SITA officials.
Health officials still on site to assist until system is fully operational and go-live
Officials manage to capture 50% of the back log and registration still in progress

Challenge 2:

None reporting on procurement spent
Tool for capturing of reporting information
New developments on reporting implemented by National Treasury- readiness on the implementation of such processes
Capacity of officials needed in relation to the assistance required by the Provincial Treasury

Response to challenge 2:

A request was submitted through BAS Unit for training of officials, to establish which tool to use for departments to report on New Instruction Note received from National Treasury issued from 31st May 2011, will have an impact on the SCM processes and capacity required from the Unit-Provincial Directives to be issued to monitor such processes as required

Challenge 3:

Lack of report back from Departments. Shortage of vehicle to be able to perform the monitoring function.

Response to challenge 3:

Intervention of high authorities from Provincial Treasury Approval of subsidized vehicles would reduce the burden.

SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS

Challenge 1: Financial Year End Closure of BAS

Assisting Free State Provincial Departments with the Financial year end closure for the 2010/2011 financial year on BAS before or on 30 of April 2011.

Response to Challenge 1

The ongoing monitoring and assistance to Provincial Departments during Financial Year end closure process on BAS.

Challenge 2: Month End Closure on BAS

Assisting Free State Provincial Departments with the month end closure for the 2009/2010 financial year on BAS.

Response to Challenge 2

The ongoing monitoring and assistance to Provincial Departments during the month end closure on BAS.

Challenge 3: Implementation of the Housing Subsidy System Interface

A request was received from the Department of Human Settlements for the Implementation of the Housing Subsidy System Interface

Response to challenge 3:

Assist Departments with the implementation of the Interface.

Challenge 4: PERSAL

Each department appoint its own Controllers therefore Provincial Treasury does not have control over the matter. Officials leaving the departments due to promotions and transfers therefore leaving a skills gap on the utilization of the PERSAL System.

Response to challenge 4:

Continuous training of PERSAL Users to have knowledgeable PERSAL Users.

CHALLENGE 5: COMPLIANCE WITH THE DEPARTMENTAL ICT SECURITY POLICY AND STANDARD

The purpose of the Departmental ICT security policy and standards is to describe the minimum security measures that should be implemented to ensure that an effective and consistent level of security management is applied to all Transversal Financial systems.

RESPONSE TO CHALLENGE 5:

A meeting took place, and it was decided to workshop the ICT Security Policy and Standards document chapter by chapter. A Session took place and half of Chapter 1 was discussed, a follow-up session will take place in 2011 to finalize Chapter 1 and decided on the way forward to reach the objective of Chapter 1. An action required document is in a compilation stage and will be finalized at the end of July 2011. It was decided to prioritize the Information Systems Disaster recovery Plan to comply with Chapter 1. Discussions are still taking place to find the best options to implement the new Disaster recovery procedures.

CHALLENGE 6: Lack of Response by Departments on Monitoring and Interventions

The Department of Education has a challenge of compliance in relation to removing school assets from their asset register and has approached the department for advice.

On a monthly basis a monitoring report is written to Departments with proposed remedial actions on the identified challenges and the departments do not comply with the required action plan as specified in the reports.

RESPONSE TO CHALLENGE 6:

A workshop for the Department of Education was conducted to see how best to assist them in this exercise. Present in this workshop was Provincial Treasury Supporting & Interlinked Financial Systems, Provincial Accountant General, National Treasury (LOGIK) and the Office of the Auditor General. The Departments were presented with alternatives to deal with the challenges and they were advised to consult Provincial Treasury on the opted option. To date, the departments have not responded even after calls and e-mails. Monitoring reports are sent to Departments and follow up letters are done to remind the departments about the outstanding feedback.

CHALLENGE 7: Codification of items & suppliers

The stores are sending incomplete forms and requesting LOGIS to codify items which already exist and this causes a delay in codifying the items that needs to be codified with all the relevant information submitted. This is also true to suppliers requesting to be registered on the LOGIS Database.

RESPONSE TO CHALLENGE 7:

LOGIS has compiled a circular that guides users on a process to follow prior to submitting a request to Treasury. All the necessary forms are attached and a full explanation is given on the expected information. Suppliers are also advised on how to complete the form and which information is needed upon collecting a registration form.

CHALLENGE 8: Slow implementation of IFMS

Slow implementation of IFMS creates a demand from other departments to deviate from the Treasury Practice Note 7 of 2006 Moratorium – which prevents departments from acquiring any IT System without approval from the IFMS Steering Committee. The departments have claimed other limitations on LOGIS and most of which were found as untrue and feedback has been given to them to address these so called limitations. The demand is still high to use other Asset Management Tools due to the delay in the IFMS process.

RESPONSE TO CHALLENGE 8:

This remains a challenge as there has not been a clear indication as to when the IFMS implementation will be completed. LOGIS continues to work with National Treasury in requesting the IFMS Steering Committee to assess the requests to deviate. National Treasury has since indicated the pre-requirements for submitting a request and LOGIS has communicated these requirements to the province.

CHALLENGE 9: Training Attendance

Candidates confirm attendance of forthcoming courses but do not send any notification of non attendance in time. This trend denies other officials a chance to attend training to be equipped with necessary skills on how to use the LOGIS tool.

RESPONSE TO CHALLENGES 9:

Systems Controllers of the respective stores are notified about this trend but the challenge still exist and the LOGIS Training division will escalate this issue to the Departmental principals for their intervention.

Challenge 10:

Slow pace of the IFMS (Integrated Financial Management System) project.
Dependency on third party involvement with Transversal Financial Systems e.g. upgrading of System Software.
Training of all users of the transversal systems.
Lack of capacity and skills within departments and Treasury.
Clarity on the roles expected from role players within Treasury.

Response to challenge 10

Urge the National Treasury to expedite the IFMS project.
Re-arranging of functions and skills transfer to current employees to overcome time frames.
Continuous training of departmental officials as well as co-ordination of training in departments.
The requesting of new BAS Training Manuals from National Treasury that include the Version 3 SCOA updates and enhancement.
Clarification of roles of all role players.
A new network switch is needed in the server room to channel all incoming and outgoing network traffic.

PROGRAMME 4: FINANCIAL GOVERNANCE

ACCOUNTING SERVICES

Challenge 1:

Late receipt of all Departments', Entities and Provincial Revenue Fund's unaudited financial statement to enable the Directorate to finalise the draft consolidated financial information as per the PFMA timeframe by 30 June

Response to challenge

Errors on the template rectified as per individual needs of Departments and entities. A comprehensive guide was issued by National Treasury and three PAG circulars were issued by Accounting Services as further guidance and also specifying the process and timeframes for preparation and submission of unaudited annual financial statements to address the challenge. Reviews were performed by Accounting Services on the comparative figures, appropriation statement and draft AFS before submission on 31 May 2011.

This is part of the process from Accounting services to monitor the status of the preparation of the statements at that stage which will indicate early red flags i.t.o. readiness to submit by 31 May. All Departments, entities and funds submitted their unaudited WORD Annual financial statements as per the PFMA deadline of 31 May.

The challenge is still that the majority of the work to be done on the consolidation for department's AFS can only be done once the template of the Provincial Revenue Fund is received which is in the middle of June and that leaves accounting services with less than two weeks to finalise the consolidation. This furthermore poses challenges to the SEM and CEO with the limited time available to evaluate the Consolidated statements before it is submitted by 30 June. The draft sets of Annual financial statements were submitted to the AGSA as per the PFMA deadline of 30 June.

MUNICIPAL BUDGET AND MONITORING (IYM)

Challenge 1:

Completion of monthly section 71 reports with specific reference to cash flow returns and non submission of supporting documentation to verify and improve quality and credibility of section 71 reports

Response to challenge 1:

Ongoing training on completion of monthly returns and intensifies municipal visits to improve quality and credibility of returns. Will embark on project to assess the cash flow position of the municipality.

Challenge 2:

Full compliance with budget content and format in terms of the MFMA and Municipal Budget and Reporting Regulations and completion of budget schedules and annual budget returns and submission of annual budget returns to the database

Response to challenge 2:

Ongoing training and technical support with regard to budget content and format, completion of budget schedules and annual budget returns.

MUNICIPAL REVENUE & DEBT MANAGEMENT

Challenge 1: (specify)

Overall lack of implementation of approved credit control and debt collection policy by municipalities

Response to Challenge

- Continuous engagements with CFO's at Provincial CFO Forum
- Establishment of District CFO Forums where the matter will be a standing item on the agenda
- Capacity building of relevant officials dealing with revenue
- Robust engagements on the matter in the Premier' Co-ordinating Forum to encourage and obtain political buy-in and support

MUNICIPAL SUPPLY CHAIN MANAGEMENT AND COMPLIANCE

Challenge 1

Vacancies

Response to challenge 1:

Filling of vacancies and training

Municipal Risk Management and Internal Audit

Challenge 1

The immediate, biggest challenge for the Directorate is that there is not a single official appointed in the Directorate

Response to challenge 1:

For the Provincial Treasury to speed up filling of vacancies in the Directorate

RISK MANAGEMENT AND INTERNAL AUDIT – PROVINCIAL

Challenge 1

Vacancies in Financial Management Arrangements.

Response to challenge 1:

Finalisation of the Job Content.

1.1. Programme 1: Actual performance against quarterly planned targets 2011-2012

1.1 Office of the MEC					
Strategic objective 1: To ensure that an adequate support service is rendered to the MEC towards ensuring the effective and efficient functioning of the department					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
1.1.1	Accurate and efficient records management system is implemented	1	N/A	N/A	
1.1.2	Turn-around time for documents received by the Office of the MEC	2 working days	2 working days	2 working days	
1.1.3	Turn around on responses to issues raised by external stakeholders	5 working days	5 working days	5 working days	
1.1.4	Regular interaction with constituency and constituency office	50 interactions	12 interactions	12 interactions	
1.1.5	Regular interaction with internal and external stakeholders <ul style="list-style-type: none"> • Quarterly Infrastructure and expenditure reviews • Auditor General, suppliers etc) 	4 reviews 12 interactions	1 review 3 interactions	1 Review 3 interactions	

1.2 Management services					
Strategic objective 2: To ensure that an adequate support service is rendered to the CEO towards ensuring the effective and efficient functioning of the department					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
1.2.1	Number of meetings planned and chaired by the CEO	100 meetings	25 meetings	34	36% - High demand of issues to be discussed and resolved
1.2.2	Accurate and efficient records management system implemented and maintained	1 accurate and efficient record system	25% information populated on the record system	25% information populated on the record system	
1.2.3	Turn-around time for documents received by the Office of the CEO	2 working days	2 working days	2 working days	
1.2.4	Number of strategic leadership meetings held				
	Meetings with Senior management	12 meetings	3 meetings	1 meeting	67% 03 June 2011 – Postponed to 29 June 2011 29 June 2011 – Postponed to 01 July 2011
	Meetings with the MEC and Senior Executive Management	4 meetings	1 meeting	0	100% - no meeting schedule during the first quarter due to Provincial elections period.
1.2.5	Consolidated report on all finalised Departmental delegations	1 report	N/A	N/A	
1.2.6	Risk management framework reviewed	1 risk framework	1 risk framework	1 risk framework	

1.2 Management services**Strategic objective 2: To ensure that an adequate support service is rendered to the CEO towards ensuring the effective and efficient functioning of the department**

No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
1.2.7	Updated risk register for the department	1 risk register	1 risk register	1 risk register	
1.2.8	Number of risk mitigation reports presented to Management	2 reports	1 report	1 report	
1.2.9	Annual finalisation of risk assessment report	1 report	1 report	1 report	
1.2.10	Number of training /workshop sessions held	4 sessions	1 session	1 Training and 1 awareness article	

1.3 Corporate Services

Strategic objective 3: To create a highly skilled responsive and competent workforce for the department over the planning period, the Provincial Treasury renders oversight role to Provincial departments, Municipalities and Public Entities.

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
1.3.1	Total number of funded posts filled on the approved staff establishment	400 posts filled	392 posts filled	359	8.5% Moratorium was in place until February 2011. Takes about 4 months from date post was advertised until employee commences duty. (A)
1.3.2	Limit the number of staff leaving the department	<40 employees	<10 employees	1	
1.3.3	Total number of employees employed in line with EE plan <ul style="list-style-type: none"> • African: males • African females • Coloured males • Coloured females • Indian males • Indian females • White males • White females 	African males 160 African females 152 Coloured males 7 Coloured females 11 Indian males 0 Indian females 1 White males 21 White females 48	African males 154 African females 148 Coloured males 7 Coloured females 11 Indian males 0 Indian females 1 White males 21 White females 48	African males 129 African females 144 Coloured males 7 Coloured females 10 Indian males 0 Indian females 1 White males 21 White females 47	16% 3% 0% 10% 0% 0% 2% deviation as a result of the fact that only three posts were filled in the first quarter by

1.3 Corporate Services

Strategic objective 3: To create a highly skilled responsive and competent workforce for the department over the planning period, the Provincial Treasury renders oversight role to Provincial departments, Municipalities and Public Entities.

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
					new appointments.
1.3.4	Number of reviewed, approved and implemented departmental HRM policies	8 policies	2 policies	1 policy reviewed, 8 approved and implemented.	
1.3.5	Number of approved Human Resources Plans	1 plan	1 plan	0	100% Plan only in draft format. Will be finalized in second quarter.
1.3.6	Number of HR information sessions conducted	8 sessions	2 sessions	0	100% Sessions scheduled for second quarter, as other priorities such as Oversight report and drafting of HR Plan received preference in first quarter.
1.3.7	Number of leave reconciliations conducted	4 reconciliations	1 reconciliation	1 reconciliation	
1.3.8	Number of staff absenteeism reports	1 report	N/A	N/A	
1.3.9	Number of months to fill vacant funded posts	3 months	3 months	3 months	
1.3.10	Number on Human Resource delegations developed, approved and implemented	1 set of HR delegation reviewed	1 set of HR delegation reviewed	1 set of HR delegation reviewed	
1.3.11	Number of Provincial and National days celebrated	10 days	2 days	6 days	Exceeded target by 4 days =150% due to the fact that other days which were not planned for initially are celebrated as a result of

1.3 Corporate Services

Strategic objective 3: To create a highly skilled responsive and competent workforce for the department over the planning period, the Provincial Treasury renders oversight role to Provincial departments, Municipalities and Public Entities.

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
					<p>instruction from EXCO, Premier's Office, MEC's Office, CEO's Office and when there is a prevailing need to emphasize that day.</p> <ol style="list-style-type: none"> 1. Human Rights Day 2. World Health Day celebration -Survey on Effectiveness of ICAS Services and Needs Analysis-EHWP Survey. 3. Mothers 'Day Prayer Service on 19/05/2011 4. Candlelight Memorial day- Service by DOH on 23/05/2011. 5. Youth Day Treasury Departmental – Remembrance of June 16, 1976 on the 17/06/2011- wearing of school uniform. 6. Visit to Naledi Hospice for situational analysis of needs. <p>World elderly abuse day</p>
1.3.12	Number of wellness workshops/empowerment or information sessions/written articles and other empowerments activities	10 sessions	2 sessions	4 sessions	<p>Exceeded target by 2 activities =100% due to the fact that other activities which were not planned for initially are done as a result of a prevailing wellness need and ICAS reports.</p> <ol style="list-style-type: none"> 1. Circulated Article on Healthy living- Water Article for World Health Day. 2. World No Tobacco Day- campaign on 31/05/2011. 3. Circulated Article on Polio Prevention. 4. HCT Campaign for VCTs.

1.3 Corporate Services

Strategic objective 3: To create a highly skilled responsive and competent workforce for the department over the planning period, the Provincial Treasury renders oversight role to Provincial departments, Municipalities and Public Entities.

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
					Men's Health Month Workshop.
1.3.13	Quarterly compliance reports on relevant aspects of OHS Act	4 reports	1 report	3 reports	Exceeded target by 2 reports = 200% due to 3 OHS activities which are based on risks identified at a particular time and call of a Stakeholder Meeting by Public Works as the custodians of Provincial Government Building. 1.OHS Meeting 2.Stakeholder Meeting 3.Housekeepers' meeting
1.3.14	Reports on implemented EHWP Strategic framework	4 reports	1 report	1 report	
1.3.15	Total number of posts evaluated on the staff establishment	400 posts evaluated	392 posts evaluated	404 post Job Evaluated	The initial number of the post on the structure was 405 and after the review /restructuring of MFMA the number of post on the structure increased to 451. Based on this the number of Job Evaluation posts increased to 404.
1.3.16	Annual review of organizational structure by specified dead-line.	June 2011	June 2011	0	Structure submitted to DPISA, still awaiting DPISA's response.
1.3.17	Performance bonuses to qualifying officials finalised within the	July 2011	N/A	N/A	

1.3 Corporate Services

Strategic objective 3: To create a highly skilled responsive and competent workforce for the department over the planning period, the Provincial Treasury renders oversight role to Provincial departments, Municipalities and Public Entities.

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
	prescribed timeframe				
1.3.18	Submission of Performance Development plans and Agreements	Submission of Performance Development plans and Agreements	31 st May (1 st bi-Annual and agreements)	9 SMS submitted the Performance Agreements Total Number of SMS post = 26	30.76% (8) vacant SMS post 34.62% (9) of SMS did not submit the Performance Agreement
1.3.19	Finalisation of assessed Performance Agreements of SMS members	December 2011	N/A	N/A	
1.3.20	Finalisation of Pay progression for qualifying level 1-12 officials	July 2011	N/A	N/A	
1.3.21	Number of information awareness letters / circulars issued on Legal and Labour Relations matters	8 awareness letters / circulars	2 awareness letters / circulars	2 awareness letters / circulars	
1.3.22	Number of days to finalise disciplinary cases in accordance with legislation	30 days	30 days	3 disciplinary hearings took place in this quarter. 2 were finalized within 30 days and 1 is pending.	These cases overlapped to 2011
1.3.23	Develop guidelines on PAIA and PAJA for officials	2 guidelines	1 guideline	0	100% deviation. We will be in position to proceed once Premiers office conducted training for all legal advisers
1.3.24	Policy compliance reports on MISS produced on quarterly basis	4 reports	1 report	1 report	

1.3 Corporate Services

Strategic objective 3: To create a highly skilled responsive and competent workforce for the department over the planning period, the Provincial Treasury renders oversight role to Provincial departments, Municipalities and Public Entities.

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
1.3.25	Designated officials and employees declaring financial interests	19 officials	19 officials	17 officials	11% 2 vacant SMS post
1.3.26	Number of Vetting reports: <ul style="list-style-type: none"> Individual shortlisted candidates before employment Security clearance (Z204) on all employees Service providers contracted to the department 	4 reports	1 report	1 report	
1.3.27	Number of monthly reports on inspections and findings related to security aspects	12 reports	3 reports	3 reports	
1.3.28	Number of security awareness programmes	8 sessions	2 sessions	2 sessions	
1.3.29	Number of interns appointed	20 interns	20 interns	13 interns	Internship programme extended till March 2012, due to budget constraints, furniture, office space e.t.c. No advert done for 2011/12 financial year.
1.3.30	Number of employees trained in line with needs	350 employees	100 employees	110 employees	Ten (10) more trained. Number of courses counted and not number of people attended.
1.3.31	Number of induction sessions conducted	4 sessions	1 session	1 session	
1.3.32	Number of workplace skills plan formulated and implemented	1 plan	1 plan	1 Plan	

1.3 Corporate Services

Strategic objective 3: To create a highly skilled responsive and competent workforce for the department over the planning period, the Provincial Treasury renders oversight role to Provincial departments, Municipalities and Public Entities.

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
	(programme success rate)				
1.3.33	Number of part-time bursaries awarded	12 bursaries	N/A	N/A	
1.3.34	Number of student interns appointed	10 interns	10 interns	12 Experiential Learners	Two (2) more appointed. Seven (7) appointed Work base Learners course requirements needed was for only 9 weeks hence more appointments
1.3.35	Number of batho pele empowerment sessions	4 sessions	1 session	0	100% deviation. No training planned by Office of the Premier as coordinators.
1.3.36	Number of SMS members subjected to competency assessment	15 SMS members	5 SMS members	0	100% deviation. Identification of service provider
1.3.37	Number of service delivery improvement plan	1 plan	1 plan	1 Plan	
1.3.38	Number of online quarterly newsletters produced	4 newsletters	1 newsletter	1 Newsletter	
1.3.39	Develop and implement a comprehensive Communications strategy	Develop, approve and implement communication strategy	1 strategy developed	0	100% Deviation The communication strategy delayed because the national one was only approved two weeks ago by National Cabinet and we only got it in the province last week. The Provincial Communication Strategy will therefore be realigned with the national one next week on the 5 th July in a workshop. Our treasury Communication Strategy will

1.3 Corporate Services

Strategic objective 3: To create a highly skilled responsive and competent workforce for the department over the planning period, the Provincial Treasury renders oversight role to Provincial departments, Municipalities and Public Entities.

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
					therefore be ready by mid July and serve at the next MANCO.
1.3.40	Develop and implement Corporate identity plan	Identity plan developed	Identity plan developed	0	100% deviation.
1.3.41	Develop, implement and maintain Electronic information resource strategy	1 resource strategy developed	Finalization of the first draft	Approved information Security Policy.	0% deviation. Still in line with annual target
1.3.42	Provide sustainable and accessible ICT infrastructure	Enforce information security measures and implement 1 st phase Business Continuity Plan	Approval of information Security framework and implementation of non-financials and Implementation of phase of BCP/DRP framework	Information security Policy approved Infrastructure upgrades implementation on par.	
1.3.43	Number of IT workshops conducted	8 workshops	2 workshops	2 workshops held	
1.3.44	Developed and implemented master system plan	1 IT plan developed	Implement Master system plan	IT Support procedure manual developed as part of the Master system plan	
1.3.45	Provide quality and reliable ICT Services to End-users	1 reliable ICT service	Final draft and approval and implementation	Approved offsite back up business case.	

1.4 Financial Management					
<i>Strategic objective 4: To ensure that allocated funds are planned, managed and spent efficiently and effectively in order to avoid unqualified audit reports over the planning period</i>					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
1.4.1	Adherence to predetermined financial and banking KPI's <ul style="list-style-type: none"> Accounting Banking 	95% 93%	95% 93%	90% 95%	The evaluation results for Accounting and Banking KPI's for the months of May and June 2011 is not yet available from Programme 4. The department lost points in respect of Annexure "C" and the budget that was not captured correctly. Both these problems have been rectified since.
1.4.2	Adherence to key Budget Deadlines: <ul style="list-style-type: none"> Produce Credible Adjustment Budget (one report submitted November) 	1 report	N/A	N/A	
1.4.3	<ul style="list-style-type: none"> Produce Credible Estimates of Provincial Expenditure Statement II (2 drafts and 1 final report Submitted January) 	3 reports	N/A	N/A	
1.4.4	Adherence to PFMA Reporting requirements: Compile in year monitoring (IYM) reports	13 IYM reports	4 IYM reports	3 IYM reports	The IYM report in respect of June 2011 is not yet available and will only be finalised on the 15 th July 2011.
1.4.5	Accurate Annual Financial Statements finalized before (May)	1 set of AFS	A set of Annual Financial	1 set of Annual Financial Statements on the 31 st	

			Statements	May 2011	
1.4.6	Accurate interim financial statements	2 interim financial statements	N/A	N/A	
1.4.7	Finalization of the Annual Report (August)	1 Annual Report	N/A	N/A	
1.4.8	Finalization of programme performance information that forms part of the Annual report	1 programme performance information finalized	1 programme performance information finalized	programme performance information finalized and submitted on the 31 st May 2011	
1.4.9	Published Annual performance plan	1 APP	N/A	N/A	
1.4.10	Timely production of operational plans for all directorates	March 2011-2012	N/A	N/A	
1.4.11	Quarterly Performance Information Reports produced and submitted	4 quarterly reports	1 report (by April 2011-2012)	2010-2011 4 th quarter was produced and submitted to Public Finance	
1.4.12	Number of workshop conducted on reporting	1 workshop on reporting conducted	1 workshop on reporting conducted	A workshop on reporting was conducted on 28 th June 2011	
1.4.13	Number of reports submitted on Departmental injunctions	4 quarterly reports	1 report	1 report was produced and sent to the Premier's Dept	
1.4.14	Number of Strategic Planner's Fora held Number of Monitoring & Evaluation meetings attended	10 strategic Planners' fora 10 M & E meetings	3 fora 3 meetings	Attended meeting on the 5 May and 2 June respectively Attended Technical Working group on outcome 9. Attended Technical working group on outcome 12.	One meeting was cancelled.. One meeting could not sit.
Strategic objective 5: To procure and maintain quality goods and services in an economical and effective manner over the planning period to ensure sound financial management					

1.4.15	Effective Management of all Departmental Assets to meet minimum LOGIS asset register requirements	1 complete asset management register	1 updated asset management register	1 updated asset register.	
1.4.16	Annual Demand Management Plan aligned with the APP/Budget	1 complete demand plan.	Draft	Draft.	
1.4.17	All bids considered for procurement by bid committee and reports produced	Bid committee reports produced (within 90 days of bid validity)	1 report per bid produced (provided a bid was advertised)	No report.	100 % No bid was advertised.
1.4.18	Payment of creditors within 30 days	payments within 30 days	100% payments within 30 days	97.54% payments within 30 days.	2.46% deviation was due to: <ul style="list-style-type: none"> no funding-previous financial year's commitment Delays in verifying the service provider's details due to CIPRO's re-registration processes.

1.5 Internal Audit

Strategic objective 6:- To ensure compliance with best practices, norms and standards, independent assessment of the adequacy and effectiveness of internal controls and risk management will be implemented during the planning period.

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
1.5.1	Number of audits performed per year	10 audits performed	2 audits performed	2 audits performed	
1.5.2	Number of days after completion of audit within which a report is issued	2 days	2 days	2 days	
1.5.3	Number of unresolved recommendations of Auditor General's management letter at the year end	0 unresolved AG recommendations	0 unresolved AG recommendations	0 unresolved AG recommendations	
1.5.4	Number of workshops conducted at service points for Internal controls	4 workshops	1 workshop	1 workshop	

Programme 2: Actual performance against quarterly planned targets 2011-2012

2.2 Economic Analysis						
Strategic objective 1:- To influence the development and/or implementation of government policies and programmes in support of enhanced economic growth and development within the Free State Province over the planning period						
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation	
2.2.1	Updated Regional Explorer database	4 updated database	1 updated database	1 updated database	None	
2.2.2	Update of Computable General Equilibrium and Social Accounting Matrix	1	N/A	N/A	None	
2.2.3	Social Accounting Matrix Multiplier report	1 report	N/A	N/A	None	
2.2.4	Computable General Equilibrium studies	2 studies	N/A	N/A	None	
2.2.5	Number of research based reports produced	4 reports	N/A	N/A	None	
2.2.6	Workshops conducted with stakeholders: <ul style="list-style-type: none"> • Provincial Economic Review and Outlook • Familiarize the practice of Socio-economic review analysis 	6 workshops	1 workshop	Public Economics Workshop, Stellenbosch Institute of Advanced Studies, 4 May 2011	None	
2.2.7	Publish Quarterly Labour Market Reviews	4 reviews	1 review	1 review	None	
2.2.8	Publish the provincial economic review and outlook (PERO) annually	1 document	N/A	N/A	None	

2.2.9	Contribute Chapter 1 of Medium Term Budget Policy Statement	1 chapter	N/A	N/A	None
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2.3 Fiscal Policy

Strategic objectives 2: To enhance the provincial revenue growth yearly through development and implementation of sound fiscal policy framework in the Free State Province in order to promote Socio-economic growth

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
2.3.1	Credible revenue base for 12 Departments Train Departments on revenue	12 depts 12 depts	0 0	0 0	None
2.3.2	Revenue target analysis reports	12 reports	3 reports	2 reports	33.3% (underperformance)BAS closes on the July 2011 for June reporting. Reporting will be available after the 15 July 2011
2.3.3	Quarterly meetings on revenue	4 meetings	1 meetings	1 meeting	None
2.3.4	Develop & issue guidelines on revenue related matters	6 guidelines	1 guideline	4	300% - guidelines issued must be implemented at the beginning of the year(PRR;s, revenue Budget and Revenue plans)
2.3.5	Conduct revenue inspections	20 inspections	4 inspections	5 inspections	25% inspections were planned for 3RAs & 1 resort but extra 1 (Paul Roux) was conducted on the way to Senekal

2.3.6	Quarterly reports on Provincial Equitable Shares	4 reports	1 report	1 report	None
2.3.7	Report on evaluation of the Annual Performance Plan of revenue 12 generating departments.	1 report	1 report	1 report	None
2.3.8	Develop Provincial Revenue Strategy	Strategy developed	1 st draft inputs	1 st draft developed	None
2.3.9	Produce 1 chapter on provincial fiscal envelope for the MTBPS document	1 chapter	N/A	N/A	None
2.3.10	1 Submission on PES on the FFC's Division of Revenue recommendations	1 submission	N/A	N/A	None
2.3.11	Quarterly reports on all measures taken to optimise conditional grants	4 reports	1 report	1 report	None
2.3.12	Monthly report on donor funding	12 reports	3 reports	2 reports	33.3% (underperformance)BAS closes on the July 2011 for June reporting. Reporting will be available after the 15 July 2011

2.4 Budget Management					
Strategic objective 3:- To ensure that Provincial financial resources are annually allocated in line with government priorities					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
2.4.1	Tabled appropriation and Provincial Budget in line with National prescripts	Credible Provincial budget tabled within 2 weeks after National budget	Issue budget format guidelines and Initial allocation letters	Not yet done	100% deviation. Both guidelines and the allocation letters have not been issued due to delays by National Treasury. The issuing of these documents is informed by Budget processes which is issued by National Treasury
2.4.2	Tabled Adjustment Budget in line with National prescripts	Credible Adjustment budget tabled within 30 days after National Adjustment Budget	Assessment and Evaluation of rollover requests	Evaluation of rollover has been concluded and relevant documents are attached as proof	None
2.4.3	Report on alignment of budget, strategic and annual performance plans	3 evaluation reports per department	Issue guidelines on preparation of APPs.	1 report produced	The guidelines and the allocation letters are not been issued due to delays by National Treasury. The issuing of these documents is informed by Budget processes, which is issued by National Treasury, however the directorate recorded an over performance in that it produced one comprehensive report on alignment(APP.SPP and Vote Speech) which was never part of the plan
2.4.4	Produce 2 chapters on provincial budget allocation for the Medium Term Budget Policy Statement	2 chapters	N/A	N/A	None
2.4.5	Produce quarterly reports on progress made against funded priorities	4 reports	1 report	First report due after the first quarter	100% deviation this performance indicator was only introduced during the current financial year of which the first report will

					be done during the second quarter for the first three months. It was an error of judgement to include a report as target for the first quarter-only 3 reports will be prepared for on a monthly basis to inform the first quarter report. (reports for April and May were finalised)
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2.5 Public Finance					
Strategic objective 4:- To monitor and advise continuously on financial and non-financial performance of provincial departments and public entities to ensure sound management of resources					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
2.5.1	Number of assessment reports prepared in terms of In Year Monitoring Model	19 reports	5 reports	5 reports	None
2.5.2	Number of reports prepared in terms of infrastructure reporting model	4 reports	1 report	2 reports	100% Planning IRM model not part of annual target
2.5.3	Number of reports prepared in terms of the quarterly performance model	4 reports	1 report	2 reports	200% - Final verification report end of May not included in annual target

PROGRAMME 3: ACTUAL PERFORMANCE AGAINST QUARTERLY PLANNED TARGETS 2011-2012

Asset management					
Strategic objective 1:- To continuously promote the prudent management of physical and financial assets and the implementation of supply chain management framework					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
3.2.1.	Number of physical assets management key performance indicators template implemented	1 template	N/A	N/A	
3.2.2	Number of physical assets management forums and training sessions conducted	14 PAM Forums 8 Training Sessions	3 Forum 2 Training sessions	6 Forums 5 Training Sessions	200 % deviation Target Exceeded (Reason: Implementation of PAM District Forums) 250 % deviation Target Exceeded (Reason: Engage Districts on PAM)
3.2.3	Number of FSPT asset management steering committee meetings held	4 meetings	1 meeting	1 meeting	
3.2.4	Number of physical asset management monitoring visits conducted • Monitoring reports	120 reports	30 reports	30 reports	0% (The actual target has been reached. NB some of the reports attached are not signed but are still with the Office of CEO)
3.2.5	Number of supply chain management forums and training sessions conducted	4 SCM Forums 4 Training Sessions	1 forum 1 training session	1 SCM forum 0 training session	100% deviation-the Unit was waiting for the PALAMA training schedule and only received it in late June 2011. (A letter of deviation was also submitted to Strategic Planning Unit for explanation)
3.2.6	Number of supplier management system maintained	1 system	Ongoing	Ongoing	Nil% deviation The hosting of the system was taken over by SITA from 1 st April 2011 they will manage the system together with Provincial Treasury from now on

Asset management					
Strategic objective 1:- To continuously promote the prudent management of physical and financial assets and the implementation of supply chain management framework					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
3.2.7	Arrange and manage Transversal Procurement of goods and services in the FS Province	1 Transversal contracts	N/A	N/A	
3.2.8	Number of monitoring and evaluation reports produced	44 Monitoring Reports	11 Reports	Nil reports	100% deviation A new approach was taken and a checklist will be issued in the 2 nd quarter to departments for compilation and submission to Provincial Treasury. Departments will be scored on the basis of their performance. (A letter was issued to Strategic Planning Unit for explanation)
3.2.9	Number of infrastructure delivery meetings, including IDIP held	40 meetings	10 meetings	3 meetings	We held 3 meetings in the 1 st quarter, two additional meetings was as a result of the resolutions taken in the first meeting.
3.2.10	Number of training sessions conducted / facilitated	1 training session	N/A	1 training session	We had aimed to have a training session later in the year, but due to the needs/demand from departments we held it in the first quarter, I therefore foresee more than one training sessions held in during the year.
3.2.11	Number of infrastructure site visits conducted	60 projects	15 projects	15 projects	
3.2.12	Number of infrastructure monitoring reports produced	8 reports	2 reports	2 reports	
3.2.13	Number of infrastructure Review Reports Produced	4 reports	1 report	1 report	
3.2.14	Number of PPP monitoring reports produced	4 reports	1 report	N/A	The current PPP contract is under review
3.2.15	Timely and reliable Provincial revenue Fund annual financial statements according to prescripts	1 set of AFS	N/A	1 Set of AFS	Draft AFS can only be submitted in the 1 st quarter
3.2.16	Monthly cash transfer reports produced	12 reports	3 reports	3 reports	

Asset management					
Strategic objective 1:- To continuously promote the prudent management of physical and financial assets and the implementation of supply chain management framework					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
3.2.17	Facilitated revenue generation through investment :Investment reports	12 reports	3 reports	3 reports	
3.2.18	Participation in the quarterly cash management/PMG forums/bilateral	4 fora	1 forum	1 forum	

Supporting and Interlinked Financial Systems					
Strategic objective 2- To manage and support the successful functioning of transversal financial management systems on continuous basis					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
3.4.1	Availability and stability of the BAS Terminal Servers	95 per cent of 8 working hours	95 per cent of 8 working hours	95 percent of 8 working hours	
3.4.2	Provide technical and functional support to Provincial Departments within working hours	Within 8 working hours	Within 8 working hours	<u>Technical Support (IS):</u> 13 of 219 calls were not attended to within 8 working hours <u>Functional Support:(BAS)</u> Finalised within 24 working hours	<u>Technical Support (IS):</u> Deviation 5.9% from target due to unforeseen circumstances as indicated in report
3.4.3	Process submissions from departments for online banking and/or hand written cheques	Within 24 working hours	Within 24 working hours	Finalised within 24 working hours	
3.4.4	Interfaces successfully integrated with external systems	100 per cent of 4 Interfaces	100 per cent of 4 Interfaces	75% of 4 interfaces interfaced	Busy with implementation and testing of 4 th Interface namely Housing Subsidy System Interface
3.4.5	Number of clear and user-friendly Transversal System Circulars and Practice Notes	15 Circulars and Practice Notes	4 Circulars and Practice Notes	7 clear and user-friendly Transversal System Circulars and Practice Notes were issued	57% more due to enhancements on the System
3.4.6	Process credible and accurate entities within 10 working days	Within 10 working days	Within 10 working days	BAS: 1040 entities were registered of which 700 with banking details and	

				340 without banking details. Finalized within 10 working days LOGIS: 795 entities were processed within 10 working days	
3.4.7	Items codified and standardized (Process item-codification requests) Within 48 working hours	Within 48 working hours	Within 48 working hours	1309 Items were processed within 48 working hours	
3.4.8	Number of employees trained on Transversal Systems (BAS, PERSAL and LOGIS)	700 employees	200 employees	No BAS Training LOGIS & PERSAL: 222	No BAS Training was conducted in the first quarter due to the refresh of the Training Database An extra course was conducted during the first quarter

Programme 4: Actual performance against quarterly planned targets 2011-2012

4.2 Accounting Services					
Strategic objective 1:- To promote prudent financial management within the Free State Provincial Government					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
4.2.1	Number of monthly assessment reports for Departments and entities monitored to adhere to predetermined % of the following: <u>Accounting KPI's</u>				
	• Departments	120 reports	24 reports	23 reports	4 % Deviation – The date to finalise the evaluation reports on the May compliance certificates of departments is in July therefore the updated performance will be amended in the second quarter report. This will be the situation every quarter but should be correct at year end.
	• Trading Entities	22 reports	6 reports	6 reports	0%
	• Public Entities	33 reports	9 reports	9 reports	0%
	• Banking KPI's	140 reports	28 reports	30 reports	6% Deviation – 6 Reports on the banking KPI's of the two trading accounts were finalised in this quarter instead of 4 as

					planned.
4.2.2	<p>Number of forums for provincial departments and entities</p> <p>Number of formal training sessions conducted/facilitated for Provincial Departments, and Entities on the following:</p> <ul style="list-style-type: none"> • Asset and liability accounts • Basic accounting handbook • Annual financial statements 	<p>10 fora</p> <p>6 sessions</p>	<p>2 fora</p> <p>0 sessions</p>	<p>1 fora</p> <p>N/A</p>	<p>50% Deviation - The CFO forum will be held in the next quarter after the 2010/11 audits has been finalised.</p> <p>None</p>
4.2.3.	Number of interim and annual financial statements assessment reports produced	44 financial statements	18 financial statements	24 AFS assessment reports	33 % Deviation – Trust funds and the delisted Public Entities draft annual financial statements were also submitted for review which was not planned.
4.2.4.	<p>Timely submission of consolidated annual financial statements and Annual Report</p> <ul style="list-style-type: none"> • Draft CFI 	30 June	30 June	Submitted 30 June to AGSA	None

	<ul style="list-style-type: none"> Final CFI Annual Report 	10 September 31 October	0 0	0 0	
4.2.5	Number of Departments and Entities' Key Control Matrix assessment reports produced	132 reports	36 reports	36 KCM assessment reports	None

4.3. Municipal Budget and Monitoring (IYM)					
<i>Strategic objective 2: To monitor and enhance Budget, Planning and Implementation</i>					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
4.3.1	Number of assessment reports produced with regard to MTREF on <ul style="list-style-type: none"> Draft budget Final budget Adjustment (budgets received) 	23 reports	23 reports	15 reports	35% Non submission of budget documents, rejection of budgets and late submissions
4.3.2	Number of assessment reports produced on the alignment of the IDP to budget	12 reports	N/A	N/A	None
4.3.3	Number of assessment reports produced on the alignment of the SDBIP to budget	6 reports	N/A	N/A	None
4.3.4	Number of assessment reports produced on	23 reports	23 reports	0	The performance measure is allocated to the wrong quarter because timelines are due end of

	the budget timeline schedules				August each year according legislation.
4.3.5	Number of assessment reports produced on revenue and expenditure trends of the municipalities	12 Consolidated reports 4 Publications	3 Consolidated reports 1 Publications	3 consolidated reports 1 Publications	None None
4.3.6	Number of municipalities assessed for cash flow management	8 municipalities	2 municipalities	0 municipalities	100% the target could not be achieved owing to lack of human capacity.
4.3.7	Number of training sessions conducted on: • Cash flow management	1 session	1 session	0	100% deviation. The three sessions were not on cash flow management but completion of budget and IYM returns

4.4. Municipal Revenue and Debt Management					
Strategic objective 3: To monitor and provide guidance on Municipal Debt Revenue and Management					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
4.4.1	Monthly assessment reports produced on municipal revenue and debt management	6 reports	N/A	N/A	None
4.4.2	Number of Assessment reports produced for identified municipalities on implementation of free basic services	2 reports	N/A	N/A	None
4.4.3	Number of Assessment reports produced for identified municipalities on management of debtors	2 reports	N/A	N/A	None
4.4.4	Number of assessments reports produced on implementation of policies and procedures	4 reports	1 report	1 report	None

4.5 Municipal Accounting Services					
Strategic objective 4: To promote implementation of Generally Recognised Accounting Practices (GRAP) as well as liability management and reporting					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
4.5.1	Number of assessment reports produced on GRAP compliance	23 reports	23 reports	3 reports	Municipalities are supposed to submit quarterly reports for assessment but only 3 submitted

4.5.2	Compliance reports on tabling of annual and oversight reports produced	23 reports	23	13 Annual Report tabled 06 oversight reports	Outstanding annual and oversight reports have not yet been tabled in Councils
4.5.3	Quarterly reports on asset & liability management produced	4 reports	1 report	0	100% deviation. The planned report was supposed to cover all the 23 delegated municipalities. However, only 6 municipalities submitted their KPIs
4.5.4	Issue guidelines on Annual financial reporting cycle and procedures	1 guideline	N/A	N/A	None
4.5.5	Quarterly assessment reports on implementation rate of legislative resolutions produced	4 reports	1 report	0	No report received from COGTA

4.6 Municipal Supply Chain Management and Compliance					
<i>Strategic objective 5: To promote implementation of Supply Chain Management and Procedures</i>					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
4.6.1	Number of assessments reports produced on implementation of SCM policies and procedures	23 reports	N/A	N/A	None
4.6.2	Number of assessments reports produced on SCM compliance produced <ul style="list-style-type: none"> • Monthly • Bi-annually 	276 reports 46 reports	69 reports N/A	4 reports N/A	94.3% deviation.
4.6.3	Number of assessment reports produced on	3 reports	N/A	N/A	None

	contract management				
4.6.4	Number of assessments reports produced on MFMA compliance	3 Reports	1 report	1 report	None
4.6.5	Number of assessment reports produced on municipal delegations	23 reports	N/A	N/A	None
4.6.6	Number of bi-annual assessment report produced on skills development program of municipal interns	2 reports	N/A	N/A	None
4.6.7	Number of forums conducted to enhance capacity on MFMA compliance	4 fora	1 forum	1 forum	None
4.6.8	Number of Financial Recovery Plans developed	2 plans	N/A	N/A	None

4.7. Municipal Risk Management and Internal audit					
Strategic objective 6: To promote sound risk management and internal Audit practices					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
4.7.1	Number of bi-annual assessment reports produced for delegated municipalities with IA activity against predetermined IA activity KPIs	44 reports	N/A	5	Although nothing was planned for the quarter under review, the SEM requested the Provincial RM & IA directorate to perform this activity on behalf of MFM since the RM & IA directorate does not have any officials at this stage
4.7.2	Development of audit committee key performance indicators	1 set of indicators	1 set of indicators	1 set of indicators	
4.7.3	Number of bi-annual assessment reports produced for delegated municipalities with	30 reports	N/A	N/A	

4.7. Municipal Risk Management and Internal audit					
Strategic objective 6: To promote sound risk management and internal Audit practices					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
	Audit Committee activity against predetermined IA committee activity KPIs				
4.7.4	Number of formal training sessions conducted on: <ul style="list-style-type: none"> Public sector Internal Audit Framework 	2 sessions	N/A	2	Although nothing was planned for the quarter under review, the SEM requested the Provincial RM & IA directorate to perform this activity on behalf of MFM since the RM & IA directorate does not have any officials at this stage
4.7.5	Number of forums conducted to enhance capacity at municipalities <ul style="list-style-type: none"> Internal Audit 	2 fora	N/A	N/A	
4.7.6	Number of bi-annual assessment reports produced for delegated municipalities with Risk management activity against predetermined Risk management activity KPIs	44 reports	N/A	1	Although nothing was planned for the quarter under review, the SEM requested the Provincial RM & IA directorate to perform this activity on behalf of MFM since the RM & IA directorate does not have any officials at this stage
4.7.7	Development of risk committee key performance indicators	1 set of indicators	N/A	1	Although nothing was planned for the quarter under review, the SEM requested the Provincial RM & IA directorate to perform this activity on behalf of MFM since the RM & IA directorate does not have any officials at this stage
4.7.8	Number of bi-annual assessment reports produced for delegated municipalities with Risk Committee activity against predetermined Risk committee activity KPIs	2 reports	N/A	N/A	

4.7. Municipal Risk Management and Internal audit					
<i>Strategic objective 6: To promote sound risk management and internal Audit practices</i>					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
4.7.9	Number of forums conducted to enhance capacity at municipalities <ul style="list-style-type: none"> Risk 	2 fora	N/A	1	Although nothing was planned for the quarter under review, the SEM requested the Provincial RM & IA directorate to perform this activity on behalf of MFM since the RM & IA directorate does not have any officials at this stage

4.8. Risk Management and Internal Audit					
<i>Strategic objective 7: To create and sustain a culture of accountability within the Free State Provincial Administration</i>					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
4.8.1	Number of bi-annual assessment reports produced for Departments and Public Entities against predetermined Risk Management Activity KPIs.	12 reports	N/A	N/A	
4.8.2	Number of bi-annual assessment reports produced for Departments and Entities against predetermined Risk Management Committee KPIs	12 reports	N/A	N/A	

4.8. Risk Management and Internal Audit					
Strategic objective 7: To create and sustain a culture of accountability within the Free State Provincial Administration					
No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
4.8.3	Number of consolidated reports on status of FMCMM questionnaire for the Departments and Public Entities.	2 reports	1 report	1 report	
4.8.4	Number of consolidated assessment Reports produced on FMCMM action plans.	4 reports	1 report	1 report	
4.8.5	Number of forums conducted for Departments and Public Entities on Risk Management	3 fora	1 forum	1 forum held 30 June 2011	
4.8.6	Number of formal training sessions conducted/facilitated on Risk Management	2 sessions	1 report	1 report	Risk management Forum prepared such that it catered part of capacity building
4.8.7	Number of bi-annual assessment reports produced for Departments and Public Entities against predetermined Internal Audit Activity KPI's.	12 reports	6 reports	0 reports	Internal Audit Activity KPI's are performed in the 2 nd quarter
4.8.8	Number of bi-annual assessment reports produced for Departments and Entities against predetermined Internal Audit Committee KPI's.	12 reports	N/A	N/A	None
4.8.9	Number of forums conducted for Departments and Public Entities Internal Audit Capacity Building	3 fora	1 forum	1 forum – Municipal Audit Committee workshop held on 02 June 2011	None

4.8. Risk Management and Internal Audit

Strategic objective 7: To create and sustain a culture of accountability within the Free State Provincial Administration

No.	Programme performance indicators / measures	Annual target	Planned Targets 1 st quarter 2011-2012	Actual outputs 1 st quarter 2011-2012	% deviation from the target and short explanation
4.8.10	Number of formal training sessions conducted/facilitated on Internal Audit on: <ul style="list-style-type: none"> Managing Fraud in the work Place Performance Audit 	2 sessions	1 session	Auditing and Management course was held on the 4&5 April 2011	None
4.8.11	Number of consolidated assessment reports produced on predetermined implementation rate of legislature resolutions for Departments and Public Entities	3 reports	1 report	1 report	None
4.8.12	Number of quarterly assessment reports produced on system of delegations for Departments and Public Entities	45 reports	15 reports	15 reports	None
4.8.13	Number of annual assessment reports produced on Public Entity boards based on the compliance with PFMA and relevant legislature.	3 reports	N/A	N/A	None
4.8.14	Number of reports produced on Maintenance of Entity general information	4 reports	1 report	0 report	100% underperformance due to shortage of staff
4.8.15	Confirmation (Listing) of contingent liability for housing guarantees in respect of financial institutions.	20	5	3	ABSA and FNB did not submit and third quarter information was used. Intervention was successful, information will be provided in the second quarter.

4.8. Risk Management and Internal Audit**Strategic objective 7: To create and sustain a culture of accountability within the Free State Provincial Administration**

No.	Programme performance indicators / measures	Annual target	Planned Targets 1st quarter 2011-2012	Actual outputs 1st quarter 2011-2012	% deviation from the target and short explanation
4.8.16	Number of updated reports produced to National Treasury on required detail of identified positions in departments and public entities	3 reports	1 report	1 report	

