



## PROVINCIAL TREASURY

**2015-2020 STRATEGIC OBJECTIVES (as revised in 2016/17 APP)**

## TECHNICAL INDICATOR DESCRIPTIONS

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## PROGRAMME 1: ADMINISTRATION

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility
1. MPAT Score  Audit Opinion	This is the moderated results of the annual assessment of management practices done through the Management of Performance Assessment Tool (MPAT)  The audit opinion is the opinion expressed by the Auditor General of South Africa as a result of his findings during the annual audit	This indicator measures the extent to which the department complies with legislative and regulatory requirements and has implemented good management practices as assessed by the Management Performance Assessment Tool.  The audit opinion is an assessment of the extent to which the financial statements present fairly the financial position of the department and its financial performance and cash flows as well as the usefulness and reliability of the reported performance information. It further assesses compliance with legislation and internal control.	The MPAT moderated scores released by The Presidency  Report of the Auditor General to the Legislature following the annual audit	MPAT: Total number of standards with a level 3 or 4 score as a percentage of the total number of standards	Dependent on the accuracy and quality of secondary data and the moderation process	Outcome	Non-cumulative	Annually	Yes	Clean audit Higher MPAT scores	CFO SEM: Corporate Services
2. Vacancy rate	The percentage of vacant funded posts	The vacancy rate serves as an indication of whether the department has the necessary capacity to deliver on its mandate	PERSAL information as well as the employment report as at end of the financial year	Number of funded vacant posts as a % of the total number of funded posts on the staff establishment	Accuracy of PERSAL information	Outcome	Non-cumulative	Annually	Yes	A lower vacancy rate	SEM: Corporate Services

## PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility	
3.	Socio-economic information provided	Economic intelligence provided in the form of research papers and publications to enhance policy development to address economic growth and development of the Free State and its people	The research papers, publications (PERO, DERO and MTBPS) and Labour Market Reviews provide valuable information to support policy formulation in order to stimulate job creation and poverty alleviation.	Research papers, publications and Labour Market Reviews produced	Simple count of number of research papers, publications and Labour Market Reviews	Secondary data from various databases (e.g. StatsSA, IHS-Global Insight, World Bank, IMF, African Development Bank, South African Reserve Bank, National treasury, etc.) and research papers. Primary data collected from surveys, interviews, etc.	Output	Cumulative	Annually	No	On-target	SEM: Sustainable Resource Management
4.	Revenue collected	The revenue collected is the amount of provincial own revenue that has been collected in a particular financial year	The revenue collected is an indicator of the province's ability to generate own revenue as additional funding for provincial priorities and service delivery needs	Provincial Own Revenue monitoring reports based on BAS, Vulindlela and IYM reports as well as departments' Annual Reports for audited figures.	Total amount projected as income classified as provincial own revenue based on financial performance	Accuracy of information in reports.	Outcome	Cumulative	Annually	Yes	A higher amount of Provincial Own Revenue	SEM: Sustainable Resource Management
5.1	Timeous preparation of the provincial budget	The provincial budget, as outlined in the Estimates of Provincial Revenue and Expenditure, which allocates funds to provincial departments	The Estimates of Provincial Revenue and Expenditure provides and overview of the policy and priorities of the provincial government and the allocation of funds	Estimates of Provincial Revenue and Expenditure publication	Date of publication	None	Output	Non-cumulative	Annually	No	On-target	SEM: Sustainable Resource Management
5.2	Variance between provincial budget and expenditure	The variance between the appropriation and the actual expenditure as a measure of the extent to which the budget has been implemented	The indicator measures the extent to which the province utilised appropriated funds and as such provide an indication of how well the Provincial Treasury executed its monitoring and oversight role	In-year monitoring reports and financial statements	Total actual expenditure for the province as a percentage of the budget	None	Outcome	Non-cumulative	Annually	Yes	Lower variance	SEM: Sustainable Resource Management

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility
5.3 Level of compliance with Revenue and Expenditure KCM Indicators (assessment score)	The level of compliance of departments with indicators on the Key Control Matrix (KCM) at the last assessment of the financial year	The Key Control Matrix (KCM) was designed to assist departments and entities with compliance to the PFMA, improve service delivery, enhance the quality of financial management and improve on future audit outcomes. The KCM score is indicative of the status of financial management practices in departments.	KCM assessment reports	Scores range between 4 (100% compliance) and 1 (less than 70% compliance – management intervention required).  The lowest score that a department receives on any of the indicators applicable to Revenue and Expenditure is used for purposes of calculating the number of departments on a particular level.	The accuracy of the score depends on the accuracy of the reports submitted by departments	Outcome	Non-cumulative	Annually	Yes	Higher	SEM: Sustainable Resource Management
6. Infrastructure projects not completed in time and on budgets	Percentage of infrastructure projects not completed in time and on budget	The indicator measures whether the funds allocated to projects are spent according to the budget and if the projects are completed on time. Provincial Treasury monitors infrastructure expenditure on a monthly basis and also monitors projects through visits. The measure will assist the department to assess the impact of interventions to improve infrastructure spending and delivery	Infrastructure Model reports Reports on site visits	Number of projects not completed in time and on budget as a percentage of the number of projects that were planned to be completed within the financial year	The accuracy of reports depends on the accuracy of reported information	Outcome	Non-cumulative	Annually	Yes	A lower percentage of projects that are not completed in time and on budget is desired	SEM: Sustainable Resource Management
7. Appropriated funds transferred to provincial departments  Audit opinion for Provincial Revenue Fund	Percentage of appropriated funds transferred to provincial departments  Opinion expressed by the Auditor General based on his findings during the annual audit of the PRF	Transfer of appropriated funds will enable departments to meet their payment obligations  The audit opinion provides assurance about whether the Annual Financial Statements for the PRF are free from material misstatement	Cash reports – monthly schedules of Actual Transfers to PMG  Auditor General's Report	Funds transferred to provincial departments as a percentage of funds appropriated  Simple count	None  None	Outcome  Outcome	Non-cumulative  Non-cumulative	Annually  Annually	Yes  No	On-target for reports  Clean audit	SEM: Sustainable Resource Management



## PROGRAMME 3: ASSET AND LIABILITY MANAGEMENT

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility	
8	Compliance with Supply Chain Management (SCM) indicators	The level of compliance of departments, public and trading entities with SCM indicators on the Key Control Matrix (KCM) at the last assessment of the financial year	The Key Control Matrix (KCM) was designed to assist departments and entities with compliance to the PFMA, improve service delivery, enhance the quality of financial management and improve on future audit outcomes. The KCM score is indicative of the status of Supply Chain Management practices in departments.	KCM assessment reports	Scores range between 4 (100% compliance) and 1 (less than 70% compliance – management intervention required). The lowest score that a department receives on any of the indicators applicable to SCM is used for purposes of calculating the number of departments on a particular level.	The accuracy of the score depends on the accuracy of the reports submitted by departments	Outcome	Non-cumulative	Annually	Yes	Higher	SEM: Asset and Liability Management
9.1	Audit findings on asset management	The number of departments with audit findings on asset management	The number of audit findings is an indication of the status of asset management practices in the province. It furthermore assists Provincial Treasury to assess the impact of its monitoring and intervention processes	Audit reports (Annual Reports)	Count of number of departments with findings on asset management	None	Outcome	Non-cumulative	Annually	Yes	Lower	SEM: Asset and Liability Management

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility	
9.2	Compliance with Physical Asset Management (PAM) indicators	The level of compliance of departments, public and trading entities with PAM indicators on the Key Control Matrix (KCM) at the last assessment of the financial year	The Key Control Matrix (KCM) was designed to assist departments and entities with compliance to the PFMA, improve service delivery, enhance the quality of financial management and improve on future audit outcomes. The KCM score is indicative of the status of asset management practices in departments.	KCM assessment reports	Scores range between 4 (100% compliance) and 1 (less than 70% compliance – management intervention required).  The lowest score that a department receives on any of the indicators applicable to PAM is used for purposes of calculating the number of departments on a particular level.	The accuracy of the score depends on the accuracy of the reports submitted by departments	Outcome	Non-cumulative	Annually	Yes	Higher	SEM: Asset and Liability Management
10.1	Support on transversal systems	The percentage of support provided according to agreed upon standards  Support is provided with regard to the BAS, LOGIS and PERSAL systems. This could include, but is not limited to, User Creation, User Deletion, User Amendments, Printer Creation, Printer Deletion, Printer Amendments, Terminal Server Password Resets; LU (mainframe) Registration for PERSAL Users.  The exact nature of the support provided depends on the request that the user registers.	The indicator measures the extent to which the department is able to ensure that requests are responded to within acceptable timeframes and that the systems are up and running	i-Request reports (Statistics report/register)	The number of requests responded to within agreed standards is calculated as a percentage of the total number of requests ogged to determine the overall percentage	Accuracy depends on availability of the network and accuracy of logging calls	Output	Cumulative	Quarterly	No	Higher	SM: SIFS

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility
10.2 Compliance with Transversal System KCM indicators	The level of compliance of departments and public entities with Transversal System indicators on the Key Control Matrix (KCM) at the last assessment of the financial year	The Key Control Matrix (KCM) was designed to assist departments and entities with compliance to the PFMA, improve service delivery, enhance the quality of financial management and improve on future audit outcomes. The KCM score is indicative of the status of asset management practices in departments.	KCM assessment reports	Scores range between 4 (100% compliance) and 1 (less than 70% compliance – management intervention required).  The lowest score that a department receives on any of the indicators applicable to Transversal Systems is used for purposes of calculating the number of departments on a particular level.	The accuracy of the score depends on the accuracy of the reports submitted by departments	Outcome	Non-cumulative	Annually	Yes	Higher	SEM: Asset and Liability Management

## PROGRAMME 4: FINANCIAL GOVERNANCE

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility	
11.1	Annual Financial Statement (AFS) findings resolved	The percentage of findings from Provincial Treasury on AFS of all departments and entities that were resolved prior to the annual audit	Findings that are resolved before the external audit improve the quality of financial statements and therefore result in better audit outcomes  Improving compliance with the PFMA and relevant accounting frameworks.	Reports to departments and entities on the assessment of their AFS, Annual Reports and Auditor General reports	The total number of findings by the Auditor General for all departments and entities that correspond with findings from Provincial Treasury as a percentage of the total number of findings from Provincial Treasury	None	Outcome	Non-cumulative	Annually	Yes	Higher percentage of findings resolved	CEM: Financial Governance
11.2	Compliance with minimum requirements of AFS work file	The number of departments and/or entities (trading entities) with 90% compliance to the minimum requirements of the AFS work files  The percentage compliance refers to the outcome of an assessment of the AFS work file submitted by departments and entities to Provincial Treasury prior to the external audit against a checklist of requirements	The work file is supporting documents to the AFS. The checklist assists departments to provide the correct supporting documents. Compliance with these requirements assists in improving the quality of financial statements	Feedback to departments and entities on the assessment of their work files	Compliance is expressed as the number of requirements met in terms of the checklist as a percentage of the total number of requirements	Completeness of work files	Outcome	Non-cumulative	Annually	Yes	Higher number of departments and entities with higher percentage compliance	CEM: Financial Governance

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility	
11.3	Compliance with Accounting KCM indicators	The level of compliance of departments and trading entities with Accounting indicators on the Key Control Matrix (KCM) at the last assessment of the financial year	The Key Control Matrix (KCM) was designed to assist departments and entities with compliance to the PFMA, improve service delivery, enhance the quality of financial management and improve on future audit outcomes. The KCM score is indicative of the status of financial management practices in departments.	Assessment reports to departments and entities on monthly and quarterly assessments of the KCM reports submitted as well as the management report to the MEC: Finance	Scores range between 4 (100% compliance) and 1 (less than 70% compliance – management intervention required).  The lowest score that a department receives on any of the indicators applicable to Accounting indicators is used for purposes of calculating the number of departments on a particular level.	The accuracy of the score depends on the accuracy of the reports submitted by departments	Outcome	Non-cumulative	Annually	Yes	Higher	CEM: Financial Governance
12.	Compliance and effectiveness assessment score	The percentage that departments and entities score, in terms of compliance and effectiveness of Risk Management and Internal Audit, on an assessment against a set of Key Performance Indicators	The score reflect the extent to which departments comply with the Risk Management and Internal Audit frameworks	Assessment reports to departments and entities	Number of KPIs with which a department/entity complies as a percentage of the total number of KPIs	The accuracy of the assessment depends on the accuracy of the reports submitted by departments and entities	Outcome	Non-cumulative	Annually	Yes	Higher number of entities and departments with a higher score	CEM: Financial Governance

## PROGRAMME 5: MUNICIPAL FINANCE MANAGEMENT

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility
13. Municipalities with fully funded budgets	The number of municipalities that have fully funded budgets (budget with no deficit) approved	Fully funded budgets are critical to the sustainability of municipalities. Provincial Treasury assesses and advise on the budgets of municipalities. The indicator will assist in assessing the impact of Provincial Treasury's interventions	Approved municipal budgets	Simple count	None	Outcome	Non-cumulative	Annually	Yes	Higher	SEM: Municipal Finance Management
14. Audit opinions (municipalities)	The number of departments with a particular audit opinion. The audit opinion is the opinion expressed by the Auditor General of South Africa as a result of his findings during the annual audit	The audit opinion is an assessment of the extent to which the financial statements present fairly the financial position of the municipality and its financial performance and cash flows as well as the usefulness and reliability of the reported performance information. It further assesses compliance with legislation and internal control.	Auditor General reports on Municipalities	Simple count	None	Outcome	Non-cumulative	Annually	Yes	Lower no of disclaimer and qualified and higher number of unqualified and unqualified with no findings opinions	SEM: Municipal Finance Management
15. Municipalities with established bid committees	The number of municipalities with established bid committees	This indicator is a measure of municipalities' compliance with supply chain management regulations and requirements. The indicator furthermore assists in assessing the impact of Provincial Treasury's interventions	Municipal reports	Simple count	Accuracy of information depends on the accuracy of municipal reports	Outcome	Non-cumulative	Annually	Yes	Higher	SEM: Municipal Finance Management

Indicator Title	Short Definition	Purpose/ Importance	Source/ evidence	Method of Calculation	Data Limitations	Type of Indicator	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator Responsibility
16. Internal Audit and Risk Management compliance	Level of compliance of municipalities with Internal Audit and Risk Management KPIs	The indicator measures the extent to which municipalities comply with a set of identified Key Performance Indicators in terms of the Internal Audit and Risk Management functions.	Evaluation templates together with supporting evidence collected from the Internal Auditors at the municipalities.	Simple Count	Limitation: None submission of the evidence by the municipalities	Output	Non-Cumulative	Annually	Yes	Higher	SEM: Municipal Finance Management