

Provincial Treasury

Annual Performance Plan

2015 / 2016 to 2017 / 2018

Free State Province



FOREWORD



In preparing this Annual Performance Plan, the Provincial Treasury paused to take stock of where we are and what we achieved against our goals and objectives of the 2010-2014 Strategic Plan.

Although we are satisfied with our performance against our goals and mandates we are mindful of the challenges facing the province, particularly in the light of our economy that has still not recovered from the economic down-turn and the high unemployment rate in the province, which requires government to do everything in its power to stimulate the economy. As Provincial Treasury we will use our research capacity to inform and support the development of policies and programmes that will impact positively on the socio-economic well-being of the province.

The need for fiscal consolidation will require us to strengthen monitoring and oversight to improve accountability, but also to provide hands-on support to departments, municipalities and entities to ensure that we enhance our practices, processes and systems towards efficiency gains and deriving value for money. We will intensify our support to municipalities to improve financial management practices and capabilities in support of improved service delivery.

In order to be in a position to provide the much needed support, the Provincial Treasury has to also keep its own house in order. We are committed to maintain our clean audit status and to improve on our management practices. The assessment of the Management Performance Assessment Tool (MPAT) provides a valuable opportunity to not only identify our shortcomings but to also learn from best practices around the country. We intend to make full use of it and improve our performance to achieve a fully compliant assessment against more than 90% of the standards at the end of the MTEF period. We value our personnel, and the performance culture and work ethic in the department, as drivers of our success and are committed to invest in the development and well-being of our employees.

The Provincial Treasury Annual Performance Plan for 2015/16 is aimed at focusing our energies and resources towards the achievement of not only our goals and objectives but the greater priorities of the Free State Provincial Government and ultimately towards improving the lives of the people of the Free State.

A stylized, handwritten signature in black ink, appearing to read 'Me EC Rockman'.

Me EC ROCKMAN

Executive Authority: Free State Provincial Treasury

OFFICIAL SIGN-OFF




As the CEO of Provincial Treasury, I hereby certify that this Annual Performance Plan:

- Was developed by the management of the Provincial Treasury under the guidance of MEC E.C. Rockman.
- Takes into account all the relevant policies, legislation and other mandates for which the Provincial Treasury is responsible.
- Accurately reflects the strategic goals and objectives which the Provincial Treasury will endeavour to achieve over the period 2015/16 to 2017/18 financial year.

Me AMJ HATTINGH

Senior Manager: Strategic Planning

Signature:  _____

Mr ATM MABIJA

Chief Financial Officer

Signature:  _____

Mr MNG MAHLATSI

Accounting Officer

Signature:  _____

Approved by:

Me EC ROCKMAN

Executive Authority: Free State Provincial Treasury

Signature:  _____

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ACRONYMS

AFS	Annual Financial Statement
APP	Annual Performance Plan
CFS	Combined Financial Statements
DERO	District Economic Review and Outlook
EHW	Employee Health and Wellness
FMCM	Financial Management Capability Maturity Model
FSGDS	Free State Growth and Development Strategy
GDP	Gross Domestic Product
IA	Internal Audit
ICT	Information and Communication Technology
IDIP	Infrastructure Delivery Improvement Program
IDMS	Infrastructure Delivery Management System
IDSC	Intergovernmental Debt Steering Committee
IYM	In-Year Monitoring
KCM	Key Control Matrix
KPI	Key Performance Indicators
MFMA	Municipal Finance Management Act
MPAT	Management Performance Assessment Tool
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NGP	New Growth Plan
NSDS	National Skills Development Strategy
PAM	Physical Asset Management
PERO	Provincial Economic Review and Outlook
PFMA	Public Finance Management Act
POR	Provincial Own Revenue
PPI	Programme Performance Indicator
PRF	Provincial Revenue Fund
PPP	Public - private, partnerships
REA	Revenue Enhancement Allocation
QLMR	Quarterly Labour Market Review
RM	Risk Management
SCM	Supply Chain Management
SITA	State Information Technology Agency
SLA	Service Level Agreements
SMME	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SPP	Strategic Performance Plan

PART A

STRATEGIC OVERVIEW





PART A: STRATEGIC OVERVIEW

1. Updated Situational Analysis

1.1 Performance delivery environment

The Provincial Treasury plays a pivotal role in ensuring that the Free State Provincial Government gives effect to government priorities and achieves its goals and objectives. The department has to ensure that the provincial budget gives effect to the Medium Term Strategic Framework (MTSF) initiative and reflects alignment with the National Development Plan (NDP) and the Free State Growth and Development Strategy (FSGDS) in an endeavour to accelerate economic growth, eliminate poverty and reduce inequality.

The Provincial Economic Review and Outlook (PERO), 2014, indicates that the 2009 recession, caused by global factors, has left effects within the national and provincial economies which are still evident today. These effects have been displayed through growth rates that have not returned to pre-recession rates as well as unsustainably high rates of unemployment.

Between 2003 and 2013, the Free State posted an average economic growth rate of 2.9% compared to a national average of 3.7%. Considering its pre-2008 average economic growth rate of 3.8%, the post-2009 average economic growth rate of 2.3% highlights the fact that the provincial economy is far from a full recovery from the impact of the global economic crisis.

The Free State provincial economy was traditionally rooted in the primary sectors, due to an abundance of mineral resources and favourable agricultural conditions. However, recent decades have seen a structural shift in output and value-add. Since the early 1990s, economic growth has been driven mainly by the tertiary sector, which includes *wholesale and retail trade, finance and the general government services*. In 2013, the dominant sectors in the Free State's economy were the general government services, finance and wholesale and retail trade which contributed 15.1%, 13.4% and 13.2% to the provincial GDP respectively.

The growth and size of the government general services sector poses a concern, as it may reflect a province and inhabitants that relies heavily on government investment and job creation as a driver of economic growth. However, it is expected that national policies such as the New Growth Path (NGP) and the National Development Plan (NDP), immediate interventions echoed in the 2014 Medium Term Budget Policy Statement (MTBPS) as well as provincial policies such as the new Free State Growth and Development Strategy (FSGDS) vision towards 2030 and key interventions as part of the overall strategy of Operation Hlasela, will ensure that the growth of the provincial economy remains on a positive and higher growth trajectory over the medium term.

The Free State economy was not immune to the global economic crisis, and thus fell into a technical recession in 2009. This has affected economic growth in the Free State over the last four years, prompting a deceleration in the rate of economic growth. The province is still struggling to fully recover to pre-recession growth rates. Since 2010, the Free State economy has only managed an average growth rate of 2.3%, compared to the 3.5% average growth recorded in the four years preceding the recession (Stats SA, 2014).

As a result of this slow recovery, the Free State labour market still suffers the effects of the 2009 recession, as seen through lower post-recession economic growth and high unemployment rate, the highest in the country at 34.6% in the third quarter of 2014.

Many of the provincial economic sectors that contribute the greatest towards GDP have negative employment growth elasticities and the province's comparative advantage, as indicated in the 2013 Free State PERO, lies in sectors that require major restructuring. What is also evident is that government general services, trade, manufacturing and personal services sectors play a huge role in terms of job creation in the province, an indication that more is needed to encourage economic participation and job creation through SMMEs in the province.

Economic performance is not only important for the redress of the triple challenge of unemployment, poverty and inequality, but is also critical for the fiscus. On the one hand, the model that is used to allocate funds between provinces (i.e. Provincial Equitable Share formula) uses the relative contributions of the province to the national economy as one of the key factors. On the other hand, the economic structure and performance in the province has implications on the ability of the province to raise revenue from its own provincial sources, e.g. motor vehicle licenses, as well as the ability of people to pay for municipal services.

Government's shift in fiscal policy, as outlined in the 2014 Medium Term Budget Policy Statement (MTBPS), which include proposals for a lower spending ceiling, reduced government consumption expenditure and increases in revenue, will require Provincial Treasury to develop measures to improve cost containment, expenditure management and optimal utilisation of available resources. Special attention must be paid to containing personnel expenditure and a careful balance will have to be maintained between personnel spending and other resources required for public service delivery.

The Sustainable Resource Management programme, which is amongst others responsible for preparation and implementation of the provincial budget and enhancement of provincial own revenue, will be particularly challenged to develop a fiscal policy framework that will contribute to inclusive economic growth whilst ensuring delivery on priorities of government despite a perpetual decline in the province's equitable share allocations. Resource constraints would require more services to be delivered with less money, which

require creativity and innovation.

The narrowing fiscal space will make it increasingly challenging to improve efficiencies. Effective supply chain management is key to the achievement of cost effectiveness and value for money. One of the strategies is the use of transversal contracts to capitalise on economies of scale. The Asset and Liability Management programme will play an important role in facilitating this process and ensuring effective contract management. The department is in the process of improving the system for managing the provincial supplier database. The programme is also exploring ways to improve asset management in the province.

Two of the main challenges facing the Free State Provincial Treasury are retaining its own internal efficiencies and clean audit status as well as positioning itself to respond appropriately to the increasing demands of provincial departments and the local government sector. This is evident from the most recent audit findings, which included findings on non-compliance with legislation and regulations and raised concerns on the quality of performance reports of many of the auditees. It further pointed to a need for capacity building in provincial departments, public entities and municipalities as well as inter-departmental collaboration on issues of interventions and general support.

The Financial Governance programme plays a key role in improving the quality and integrity of financial accounting and reporting of provincial departments and public entities. The programme will have to provide support and guidance with regard to the revision of the Modified Cash Standard and the Additional Accounting Standards effective for Public Entities. Particular challenges are the roll-out and monitoring of fraud management and anti-corruption in provincial departments and entities as well as the national capacity framework.

Most municipalities in the province, especially rural municipalities, are unable to collect revenue and are over-reliant on equitable share to fund their total operating budgets. Debtors are increasing on a month-to-month basis and municipalities are unable to pay for bulk services and municipal budgets are not credible, realistic or sustainable. In addition, municipalities are not spending conditional grants and in most cases utilise grants for operations. There is a lack of reporting on budget performance in terms of Section 71 of the MFMA and the quality of uploaded information is very poor.

The Executive Council identified four municipalities for intervention based on their deteriorated financial position and financial distress, inability over consecutive years to perform towards improved and sustainable audit opinions and severe service delivery challenges and or collapse of services.

The general report on the audit outcomes of Free State local government for 2012-13 identified key officials lacking appropriate competencies as one of the most common root causes for the audit outcomes. It is evident that municipalities in the province require hands-on support and assistance to improve financial accounting and management, revenue enhancement and management of infrastructure. The challenge for the Municipal Finance Management programme is to ensure that measures that are implemented promote sustainable good administration.

1.2 Organisational environment

The department provides support and oversight to all departments, public entities and municipalities in terms of the PFMA and MFMA.

The Department consists of the following five programmes:

Programme 1: Administration

The role of this programme is to provide leadership and strategic management in accordance with legislation, regulations and policies as well as to ensure that there are appropriate support services to all other programmes to ensure the effective and efficient functioning of the department.

Programme 2: Sustainable Resource Management

The role of this programme is to provide professional advice and support on provincial economic analysis, fiscal policy, and the management of the annual budget process and the implementation of provincial budgets.

Programme 3: Asset and Liability Management

The role of this programme is to promote effective management of provincial assets and liabilities, manage and maintain transversal systems and ensure effective and efficient implementation of compensation management in the province.

Programme 4: Financial Governance

The role of this programme is to promote financial governance in the provincial government through promoting sound accounting practices and reporting as well as sound risk management and internal audit practices.

Programme 5: Municipal Finance Management

The role of this programme is to promote and improve financial governance and management at local government level through monitoring and supporting delegated municipalities with the management of budgets and budget implementation, revenue, expenditure, supply chain management, accounting and reporting, risk management and internal audit practices.

The diagram below depicts the high level organisational structure of the Provincial Treasury.



The department has a staff establishment of 423 posts of which 360 are filled (December 2014). The vacancy rate for 2014/2015 is at 15%. A number of critical vacancies, amongst which are critical Senior Management Service posts, were filled during 2014/15 to ensure that the department is in a position to fulfil its mandate. The department intends improving the vacancy rate to less than 5% over the 2015-2020 period.

The department is in the process of reviewing the organisational structure to ensure that the structure is aligned to the generic structure for treasuries and respond to the revised strategic goals and objectives. New critical components are being created to improve the department's capability to effectively and efficiently provide oversight, capacity building and support to provincial departments, public entities and municipalities.

Amongst the anticipated changes is the creation of specific units to deal with Municipal Finance Management Intergovernmental Relations, provincial fraud management, forensic auditing, compensation management and supply chain management. The creation of these units aims to address some of the department's weaknesses which include a lack of capacity to effectively roll-out and monitor fraud management and anti-corruption programmes in departments and entities and the challenge of effectively managing compensation in the province.

The need for intensified, hands-on support particularly to municipalities, within the current financial constraints, requires that a more integrated approach has to be followed to ensure that current capacity and resources are optimally utilised.

Provincial Treasury is a specialised department that needs suitably qualified employees to monitor, assist and advise departments, municipalities and entities with regard to sustainable resource management, asset and liability management and financial governance matters. One of the department's strengths is its experienced and knowledgeable personnel, with the majority of officials having qualifications above grade 12. The department will continue to draw on this, as well as the performance culture and work ethic of officials, to achieve its objectives. The department is committed to maintaining a healthy and responsive workforce and will continue to invest in health and wellness initiatives and skills development programmes. The department will also be able to draw from the province's extensive bursary programme to address future skills needs. The development of women employees for leadership positions will be prioritised to address the need for women employees in Senior Management positions.

The department's budget programme structure is as follows:

Budget Programmes	Sub-Programmes
Programme 1 Administration	Office of the MEC Management Services Corporate Services Financial Management Internal Audit
Programme 2 Sustainable Resource Management	Programme Support Economic Analysis Fiscal Policy Budget Management Public Finance
Programme 3 Asset and Liability Management	Programme Support Asset Management Support and Interlinked Financial Systems
Programme 4 Financial Governance	Programme Support Accounting Services Provincial Risk Management and Internal Audit
Programme 5 Municipal Finance Management	Programme Support Municipal Budget and Monitoring (IYM) Municipal Revenue and Debt Management Municipal Accounting Services Municipal Supply Chain Management and Compliance Municipal Risk Management and Internal Audit

2. Revisions to legislative and other mandates

There are no changes to the department's legislative mandates.

3. Overview of the 2015/16 budget and MTEF estimate

3.1 Expenditure estimates

Summary of payments and estimates: Free State Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
1. Administration	81 818	82 771	90 185	87 929	93 644	92 610	91 499	94 298	103 195
2.Sustainable Resource Management	22 779	24 792	26 264	29 061	25 586	25 761	30 355	31 361	33 411
3.Asset and Liability Management	51 452	59 869	61 362	61 402	77 648	81 526	93 936	96 412	67 218
4.Financial Governance	15 174	16 763	17 409	20 659	20 316	19 281	20 304	22 215	22 274
5. Municipal Finance Management	13 749	22 350	21 147	27 689	27 041	26 057	59 373	61 290	62 336
Total payments and estimates	184 972	206 545	216 367	226 740	244 235	245 235	295 467	305 576	288 435

Summary of provincial payments and estimates by economic classification: Free State Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
Current payments	177 937	198 867	209 117	224 392	239 827	241 018	294 373	303 265	285 664
Compensation of employees	123 834	140 513	145 101	167 365	160 467	161 457	177 314	185 127	196 027
Goods and services	53 952	57 826	64 016	57 027	79 360	79 561	117 059	118 138	89 637
Interest and rent on land	151	528							
Transfers and subsidies to:	977	406	3 400	332	559	518	347	360	384
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises	12	7	1						
Non-profit institutions									
Households	965	399	3 399	332	559	518	347	360	384
Payments for capital assets	5 920	6 356	3 702	2 016	3 849	3 671	747	1 951	2 387
Buildings and other fixed structures		303							
Machinery and equipment	5 920	5 991	3 702	2 016	3 849	3 671	747	1 951	2 387
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets		62							
Payments for financial assets	138	916	148			28			
Total economic classification	184 972	206 545	216 367	226 740	244 235	245 235	295 467	305 576	288 435

3.2 Relating expenditure trends to strategic outcome oriented goals

The allocation made to Programme 1 is towards providing appropriate support services to other programmes, and is linked to Strategic Outcome Oriented Goal 1: An efficient, effective and development oriented department.

The allocation for Programme 2 contributes towards the achievement of Strategic Outcome Oriented Goal 2: Support departments, municipalities and entities towards improving financial accountability and sustainability, in terms of provincial departments and entities.

The allocation for Programme 3 supports Strategic Oriented Goal 2: Support departments, municipalities and entities towards improving financial accountability and sustainability and 3: Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money as well as Strategic Oriented Goal 4: Improve the development and management life cycle of infrastructure and assets, in terms of provincial departments and entities.

The budget allocation in Programme 4 supports Strategic Oriented Goal 2: Support departments, municipalities and entities towards improving financial accountability and sustainability, in terms of provincial departments and entities.

The budget allocation in Programme 5 supports the achievement of Strategic Oriented Goal 2: Support departments, municipalities and entities towards improving financial accountability and sustainability and 3: Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money as well as Strategic Oriented Goal 4: Improve the development and management life cycle of infrastructure and assets, in terms of municipalities.



PART B

*PROGRAMME AND
SUB-PROGRAMME PLANS*

PART B: PROGRAMME AND SUB-PROGRAMME PLANS

4. Programme 1: Administration

The role of this programme is to provide leadership and strategic management in accordance with legislation, regulations and policies as well as to ensure that there are appropriate support services to all other programmes. This programme consists of five operational sub-programmes.

4.1 Strategic Objective Annual Targets for 2015/2016

Strategic Objective	5-year strategic plan target	Audited / Actual performance			Estimated performance 2014/15	Medium-Term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
1. Improve the quality of management practices	Fully compliant score against 100% of MPAT standards Unqualified with no findings (clean) audit opinion	-	Fully compliant against 60% of standards (19 of 33) Unqualified with no findings (clean) audit opinion	Fully compliant against 64% of standards (21 of 33) Unqualified with no findings (clean) audit opinion	Fully compliant against 73% of standards (24 of 33) Unqualified with no findings (clean) audit opinion	Fully compliant against 82% of standards (27 of 33) Unqualified with no findings (clean) audit opinion	Fully compliant against 91% of standards (30 of 33) Unqualified with no findings (clean) audit opinion	Fully compliant against 94% of standards (31 of 33) Unqualified with no findings (clean) audit opinion
2. Establish a skilled, competent and responsive workforce	Vacancy rate of 5% or less	16%	15%	20.5%	15%	10%	9%	8%

4.2 Programme performance indicators

Strategic objective	Programme Performance indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Improve the quality of management practices	1.1 Percentage of MPAT standards that are assessed at level 3 and 4 (fully compliant)	-	Fully compliant against 60% of standards (19 of 33)	Fully compliant against 64% of standards (21 of 33)	Fully compliant against 73% of standards (24 of 33)	Fully compliant against 82% of standards (27 of 33)	Fully compliant against 91% of standards (30 of 33)	Fully compliant against 94% of standards (31 of 33)
	1.2 Audit Opinion	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
	1.3 Percentage of invoices paid within 30 days	98.82%	Payment within 30 days	Payment within 30 days	98%	98%	98%	98%
Establish a skilled, competent and responsive workforce for the department	2.1 Implementation of the NSDS III Strategic Framework	New PPI	New PPI	New PPI	New PPI	100% of skills budget spent	100% of skills budget spent	100% of skills budget spent
	2.2 Implementation of EHW Strategic Framework	New PPI	New PPI	New PPI	New PPI	4 Pillars implemented	4 Pillars implemented	4 Pillars implemented
	2.3 Funded vacancy rate	16%	15%	20.5%	15%	10%	9%	8%
	2.4 Implementation of approved ICT Governance Policy Framework	New PPI	New PPI	New PPI	ICT Governance Framework approved	Implementation of Phase 2 of the ICT Governance Framework	Implementation of Phase 2 of the ICT Governance Framework	ICT Governance Improvement Plan
	2.5 Average number of days taken to resolve disciplinary cases	New PPI	New PPI	New PPI	90 Days	90 Days	90 Days	90 Days

4.3 Quarterly Targets for 2015/16

Programme Performance indicators		Reporting period	Annual target 2015/2016	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Percentage of MPAT standards that are assessed at level 3 and 4 (fully compliant)	Annually	Fully compliant against 82% of standards (27 of 33)	-	-	-	Fully compliant against 82% of standards (27 of 33)
1.2	Audit Opinion	Annually	Unqualified with no findings	-	Unqualified with no findings	-	-
1.3	Percentage of invoices paid within 30 days	Quarterly	98%	98%	98%	98%	98%
2.1	Implementation of the NSDS III Strategic Framework	Quarterly	100% of skills budget spent	40%	30%	15%	15%
2.2	Implementation of EHW Strategic Framework	Quarterly	4 Pillars implemented	Implementation report on 4 pillars	Implementation report on 4 pillars	Implementation report on 4 pillars	Implementation report on 4 pillars
2.3	Funded vacancy rate	Annually	10%	-	-	-	10%
2.4	Implementation of approved ICT Governance Policy Framework	Quarterly	Implementation of Phase 2 of the ICT Governance Framework	Business Continuity Strategic Plan and Policy	ICT Risk Management Policy	Information Security Strategy Plan and Policy	ICT Strategy Plan
2.5	Average number of days taken to resolve disciplinary cases	Quarterly	90 Days	90 Days	90 Days	90 Days	90 Days

4.4 Reconciliation: Performance targets with the Budget and MTEF

Expenditure Estimates

Summary of payments and estimates: Programme 1: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
1.Office of the MEC	6 120	5 906	6 509	6 528	6 460	6 272	6 568	6 858	7 256
2.Management Services	3 531	5 876	7 771	7 571	10 106	11 630	8 047	6 156	6 157
3.Corporate Services	33 223	33 256	31 131	33 698	34 438	32 575	35 691	37 243	42 572
4.Financial Management	34 815	33 366	40 481	35 080	38 073	37 574	35 966	38 957	42 066
5.Internal Audit - departmental	4 129	4 367	4 293	5 052	4 567	4 559	5 227	5 084	5 143
Total payments and estimates	81 818	82 771	90 185	87 929	93 644	92 610	91 499	94 298	103 195

Summary of payments and estimates by economic classification: Programme 1: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
Current payments	77 865	77 677	83 887	85 605	90 341	89 471	90 452	92 372	100482
Compensation of employees	49 051	54 196	54 707	60 363	58 797	59 418	64 062	66 325	72 060
Goods and services	28 760	23 481	29 180	25 242	31 544	30 053	26 390	26 048	28 422
Interest and rent on land	54								
Transfers and subsidies to:	942	103	3 262	332	291	250	347	360	384
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises	12	7	1						
Non-profit institutions									
Households	930	96	3 261	332	291	250	347	360	384
Payments for capital assets	2 887	4 312	2 911	1 992	3 012	2 861	700	1 566	2 330
Buildings and other fixed structures		6							
Machinery and equipment	2 887	4 244	2 911	1 992	3 012	2 861	700	1 566	2 330
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets		62							
Payments for financial assets	124	679	125			28			
Total economic classification	81 818	82 771	90 185	87 929	93 644	92 610	91 499	94 298	103 195

The main cost drivers in programme 1 are compensation of employees, Auditor-General fees, printing of annual publications and other centralized services (photocopy machine leases, maintenance of plants and flowers, IT support). The MTEF allocations are sufficient to allow the programme to achieve its objectives.

5. Programme 2: Sustainable Resource Management

The role of this programme is to provide professional advice and support on provincial economic analysis, fiscal policy, and the management of the annual budget process and the implementation of provincial budgets. The programme consists of four sub-programmes.

5.1 Strategic Objective Annual Targets for 2015/2016

Strategic Objective	5-year strategic plan target	Audited / Actual performance				Estimated performance 2014/15	Medium-Term targets		
		2011/12	2012/13	2013/14	2015/16		2016/17	2017/18	
3. Conduct research and provide economic information in pursuit of inclusive growth and development	3 Research papers, 3 Publications and 4 Labour Market Reviews produced annually	4 Research papers, 2 Publications and 4 Labour Market Reviews produced	5 Research papers, 2 Publications and 4 Labour Market Reviews produced	2 Research papers, 2 Publications and 4 Labour Market Reviews produced	6 Research papers, 2 Publications and 4 Labour Market Reviews produced	3 Research papers, 3 Publications and 4 Labour Market Reviews produced	3 Research papers, 3 Publications and 4 Labour Market Reviews produced	3 Research papers, 3 Publications and 4 Labour Market Reviews produced	
4. Optimize provincial own revenue in order to fund key priorities	Revenue collection target in excess of R1.1 Billion	R865 214 000	R858 279 000	R889 120 000	R965 834 000	R1 008 183 000	R1 059 706 000	R1 117 032 000	
5. Monitor and assess the implementation of the fiscal policy framework	Monthly reports on Conditional Grants and Quarterly reports on financial performance of entities	New PPI	12 Reports on Conditional Grants	12 Reports on Conditional Grants	12 Reports on Conditional Grants	12 Reports on Conditional Grants	12 Reports on Conditional Grants	12 Reports on Conditional Grants	
6. Allocate financial resources in line with government priorities	Appropriation Bill and Adjustment Appropriation Bill produced annually. Quarterly reports on funded priorities	Appropriation Bill Adjustment Appropriation Bill New PPI	Appropriation Bill Adjustment Appropriation Bill 4 Reports	Appropriation Bill Adjustment Appropriation Bill 4 Reports	Appropriation Bill Adjustment Appropriation Bill 4 Reports	Appropriation Bill Adjustment Appropriation Bill 4 Reports	Appropriation Bill Adjustment Appropriation Bill 4 Reports	Appropriation Bill Adjustment Appropriation Bill 4 Reports	

Strategic Objective	5-year strategic plan target	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
7. Monitor the implementation of provincial budget for efficient service delivery	Monthly assessment reports in terms of IYM	19 IYM reports	14 IYM reports	14 IYM reports	15 IYM reports	15 IYM reports	15 IYM reports	15 IYM reports
	Quarterly reports in terms of Infrastructure Model	4 Infrastructure Model Reports	4 Infrastructure Model Reports	5 Infrastructure Model Reports	5 Infrastructure Model Reports	5 Infrastructure Model Reports	5 Infrastructure Model Reports	5 Infrastructure Model Reports

5.2 Programme Performance Indicators

Strategic objective	Programme Performance indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Conduct research and provide economic information in pursuit of inclusive growth and development	3.1 Research papers	4	5	2	6	3	3	3
	3.2 Publications	2	2	2	2	3	3	3
	3.3 Quarterly Labour Market Review	4	4	4	4	4	4	4
Optimize provincial own revenue in order to fund key priorities	4.1 Revenue base for revenue generating departments developed	12 Departments	12 Departments	12 Departments	12 Departments	12 Departments	12 Departments	12 Departments
	4.2 Research papers relating to revenue	New PPI	New PPI	2	1	1	1	1
	4.3 Monthly performance reports on Provincial Own Revenue (POR) and Revenue Enhancement Allocation (REA)	12 POR	12 POR	12 POR 12 REA	12 POR 12 REA	12 POR 12 REA	12 POR 12 REA	12 POR 12 REA

Strategic objective	Programme Performance indicator	Audited/Actual performance				Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14	2015/16		2016/17	2017/18	
Monitor and assess the implementation of the fiscal policy framework	5.1 Monthly performance reports on Conditional Grants	New PPI	12	12	12	12	12	12	
	5.2 Quarterly reports on Financial Performance of Public Entities	New PPI	4	4	4	4	4	4	
Allocate financial resources in line with government priorities	6.1 Appropriation Bill	Appropriation Bill in line with national prescripts	Appropriation Bill in line with national prescripts	Appropriation Bill in line with national prescripts	Appropriation Bill in line with national prescripts	Appropriation Bill in line with national prescripts	Appropriation Bill in line with national prescripts	Appropriation Bill in line with national prescripts	
	6.2 Adjustment Appropriation Bill	Adjustment Appropriation Bill in line with national prescripts	Adjustment Appropriation Bill in line with national prescripts	Adjustment Appropriation Bill in line with national prescripts	Adjustment Appropriation Bill in line with national prescripts	Adjustment Appropriation Bill in line with national prescripts	Adjustment Appropriation Bill in line with national prescripts	Adjustment Appropriation Bill in line with national prescripts	
Monitoring of the implementation of provincial budget for efficient service delivery	6.3 Quarterly reports on funded priorities	New PPI	4	4	4	4	4	4	
	7.1 Monthly assessment reports produced in terms of In-Year Monitoring Model	19	14	14	15	15	15	15	
	7.2 Quarterly assessment reports prepared in terms of Infrastructure Model	4	4	5	5	5	5	5	

5.3 Quarterly Targets for 2015/16

Programme Performance indicators		Reporting period	Annual target 2015/2016	Quarterly targets			
				1 st	2 nd	3 rd	4 th
3.1	Research papers	Annually	3	-	-	-	3 Final Drafts
3.2	Publications	Annually	3	-	-	MTBPS	PERO DERO
3.3	Quarterly Labour Market Review	Quarterly	4	1	1	1	1
4.1	Revenue base for revenue generating departments developed	Annually	12 Departments	-	-	-	12 Departments
4.2	Research papers relating to revenue	Annually	1	-	-	1	-
4.3	Monthly performance reports on Provincial Own Revenue (POR) and Revenue Enhancement Allocation (REA)	Monthly	12 POR 12 REA	6	6	6	6
5.1	Monthly performance reports on Conditional Grants	Monthly	12	3	3	3	3
5.2	Quarterly reports on Financial Performance of Public Entities	Quarterly	4	1	1	1	1
6.1	Appropriation Bill	Annually	Appropriation Bill in line with national prescripts	-	-	-	Appropriation Bill (2016/17) in line with national prescripts
6.2	Adjustment Appropriation Bill	Annually	Adjustment Appropriation Bill in line with national prescripts	-	-	-	Adjustment Appropriation Bill (2015/16) in line with national prescripts
6.3	Reports on funded priorities	Quarterly	4	1	1	1	1
7.1	Monthly assessment reports produced in terms of In-Year Monitoring Model	Monthly	15	4	4	3	4
7.2	Quarterly assessment reports prepared in terms of Infrastructure Model	Quarterly	5	2	1	1	1

5.4 Reconciliation: Performance targets with the Budget and MTEF

Expenditure Estimates

Summary of payments and estimates: Programme 2: Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
1. Programme Support	1 404	2 414	2 684	1 492	799	784	1 506	1 622	1 724
2. Economic Analysis	5 429	5 665	5 778	6 780	6 172	6 093	6 701	7 087	7 965
3. Fiscal Policy	5 381	4 024	4 578	6 424	5 001	5 225	6 896	7 128	7 530
4. Budget Management	7 404	8 637	9 226	9 682	9 413	9 413	9 799	10 268	10 949
5. Public Finance	3 161	4 052	3 998	4 683	4 201	4 246	5 453	5 256	5 243
Total payments and estimates	22 779	24 792	26 264	29 061	25 586	25 761	30 355	31 361	33 411

Summary of payments and estimates by economic classification: Programme 2: Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
Current payments	22 104	24 475	26 093	29 061	25 416	25 650	30 355	31 361	33 411
Compensation of employees	19 366	20 862	22 900	26 075	22 937	23 663	27 341	28 334	29 474
Goods and services	2 713	3 613	3 193	2 986	2 479	1 987	3 014	3 027	3 937
Interest and rent on land	25								
Transfers and subsidies to:					53	54			
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households					53	54			
Payments for capital assets	672	151	167		117	57			
Buildings and other fixed structures									
Machinery and equipment	672	151	167		117	57			
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets	3	166	4						
Total economic classification	22 779	24 792	26 264	29 061	25 586	25 761	30 355	31 361	33 411

Main cost drivers are compensation of employees, travel and subsistence and printing of annual publications. The MTEF allocations are sufficient to allow the programme to achieve its objectives. Provision has been made for the filling of critical vacancies that will allow the programme to achieve its objectives.

6. Programme 3: Asset and Liability Management

The role of this programme is to promote effective management of provincial assets and liabilities, manage and maintain transversal systems and ensure effective and efficient implementation of compensation management in the province. The programme consists of two sub-programmes.

6.1 Strategic Objective Annual Targets for 2015/2016

Strategic Objective	5-year strategic plan target	Audited / Actual performance			Estimated performance 2014/15	Medium-Term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
8. Strengthen supply chain management in the province through capacity building and oversight	Monthly monitoring reports Quarterly SCM Forums and training sessions	44 Reports 4 Forums 4 Training sessions	70 Reports 4 Forums 4 Training sessions	47 Reports 4 Forums 4 Training sessions	52 Reports 4 Forums 4 Training sessions	52 Reports 4 Forums 4 Training sessions	52 Reports 4 Forums 4 Training sessions	52 Reports 4 Forums 4 Training sessions
9. Strengthen asset management in the province through capacity building and oversight	100 Monitoring reports per annum 16 PAM Forums and 1 Training session per annum	179 23 Forums 24 Training sessions	191 18 Forums 24 Training sessions	134 14 Forums 8 Training sessions	120 16 Forums 16 Training sessions	* 100 16 Forums ** 1 Training session	* 100 16 Forums ** 1 Training session	* 100 16 Forums ** 1 Training session
10. Promote effective and efficient infrastructure delivery	Quarterly Reports on monitoring visits Quarterly consolidated reports on management of PPP projects	72 Projects 2	68 Projects 4	69 Projects 4	60 Projects 4	4 Reports 4	4 reports 4	4 Reports 4

* Target is less than baseline as the monitoring and reporting modality changed

** Target is less than baseline as the monitoring and reporting modality changed

Strategic Objective	5-year strategic plan target	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
11. Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund	Monthly reports on cash allocations. Unqualified with no findings audit opinion on PRF	12 Unqualified with no findings audit opinion on PRF	12 Unqualified with no findings audit opinion on PRF	12 Unqualified with no findings audit opinion on PRF	12 Unqualified with no findings audit opinion on PRF	12 Unqualified with no findings audit opinion on PRF	12 Unqualified with no findings audit opinion on PRF	12 Unqualified with no findings audit opinion on PRF
12. Support and capacitate transversal financial management systems users	100% of calls responded to within 8 working hours 2350 Users trained	Respond within 8 working hours 1372 Users trained	Respond within 8 working hours 1297 Users trained	Respond within 8 working hours 1204 Users trained	Respond within 8 working hours 600 Users trained	Respond within 8 working hours 750 Users trained	Respond within 8 working hours 800 users trained	Respond within 8 working hours 800 Users trained

6.2 Programme Performance Indicator

Strategic objective	Programme Performance indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Strengthen supply chain management in the province through capacity building and oversight	8.1 Monthly SCM Monitoring reports	44	70 Monitoring reports	47	52	52	52	52
	8.2 Reports on assessment of transversal contracts	New PPI	New PPI	New PPI	4	4	4	4
	8.3 Reports on payment of invoices within 30 days	New PPI	New PPI	New PPI	4	12	12	12
	8.4 Report on administration of Supplier Management System	1 Supplier database	1 Supplier database (4 reports on maintenance)	4 Reports on supplier database maintenance	1	4	4	4
Strengthen asset management in the province through capacity building and oversight	8.5 SCM Forums	4	16	3	4	4	4	4
	8.6 SCM Training sessions	9	6	9	4	4	4	4
	9.1 Physical Asset monitoring reports	170	191	134	120	100	100	100
	9.2 Assessment reports on Interim Financial Statements on assets	New PPI	New PPI	New PPI	New PPI	4	4	4
	9.3 Review of Audit Action Implementation plan on assets	New PPI	New PPI	New PPI	New PPI	4	4	4
Promote effective and efficient infrastructure delivery	9.4 PAM Forums	23	18	14	16	16	16	16
	9.5 PAM training sessions	24	24	8	16	1	1	1
	10.1 Reports on infrastructure monitoring visits conducted	72	68	69	60	4	4	4
	10.2 Quarterly infrastructure review meetings	18	13	18	12	4	4	4
	10.3 Reviews of the IDMS framework	New PPI	New PPI	New PPI	New PPI	1	1	1

Strategic objective	Programme Performance indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
		10.4	Consolidated reports on effective management of PPP projects	New PPI		4	4	4
10.5	PPP Forums	New PPI	New PPI	4	4	4	4	
11.1	Monthly reports on cash allocations to departments	12	12	12	12	12	12	
11.2	Monthly monitoring reports on investments	12	12	12	12	12	12	
11.3	Annual review of settlement limit and bridging finance	New PPI	Review of bridging finance 12 Settlement limits	Review of bridging finance 12 Settlement limits	1 Review	1 Review	1 Review	
11.4	Monthly reconciliation between PRF and PMGs	New PPI	New PPI	New PPI	12 Recons per department	12 Recons	12 Recons	
11.5	Monitoring of SLA with provincial banker through monthly meetings	New PPI	10	11	11	12	12	
11.6	Timely submission of accurate Annual Financial Statements on PRF	1 Set of AFS	1 Set of AFS	1 Set of AFS	1 Set of AFS	1 Set of AFS	1 Set of AFS	

Strategic objective	Programme Performance indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Support and capacitate transversal financial management systems users	12.1	Percentage of working hours that BAS Terminal Servers are available	95% of 8 working hours	98% of 8 working hours	99% of 8 working hours	95% of 8 working hours	95% of 8 working hours	95% of 8 working hours
	12.2	Percentage of requests for technical and functional support responded to within 8 working hours	100% of calls responded to within 8 working hours	100% of calls responded to within 8 working hours	100% of calls responded to within 8 working hours	Respond within 8 working hours	100% of calls responded to within 8 working hours	100% of calls responded to within 8 working hours
	12.3	Turnaround time for processing credible and accurate entities	Within 10 working days	Within 10 working days	Within 10 working days	Within 10 working days	Within 10 working days	Within 10 working days
	12.4	Turnaround time for processing item-codification requests and items to be codified and standardised	Within 48 working hours	Within 48 working hours	Within 48 working hours	Within 48 working hours	Within 48 working hours	Within 48 working hours
	12.5	Number of users trained on Transversal Systems (BAS, PERSAL and LOGIS)	1372	1297	1204	600	750	800

6.3 Quarterly Targets for 2015/16

Programme Performance indicators		Reporting period	Annual target 2015/2016	Quarterly targets			
				1 st	2 nd	3 rd	4 th
8.1	Monthly SCM monitoring reports	Quarterly	52	13	13	13	13
8.2	Reports on assessment of transversal contracts	Quarterly	4	1	1	1	1
8.3	Reports on payment of invoices within 30 days	Monthly	12	3	3	3	3
8.4	Report on administration of Supplier Management System	Quarterly	4	1	1	1	1
8.5	SCM Forums	Quarterly	4	1	1	1	1
8.6	SCM Training sessions	Quarterly	4	1	1	1	1
9.1	Physical Asset monitoring reports	Quarterly	100	25	25	25	25
9.2	Assessment reports on Interim Financial Statements on assets	Quarterly	4	1	1	1	1
9.3	Review of Audit Action Implementation plan on assets	Quarterly	4	1	1	1	1
9.4	PAM Forums	Quarterly	16	4	4	4	4
9.5	PAM training sessions	Annually	1	-	-	1	-
10.1	Reports on infrastructure monitoring visits conducted	Quarterly	4	1	1	1	1
10.2	Quarterly infrastructure review meetings	Quarterly	4	1	1	1	1
10.3	Reviews of the IDMS framework	Annually	1	-	1	-	-
10.4	Consolidated reports on effective management of PPP projects	Quarterly	4	1	1	1	1
10.5	PPP Forums	Quarterly	4	1	1	1	1
11.1	Monthly reports on cash allocations to departments	Monthly	12	3	3	3	3
11.2	Monthly monitoring reports on investments	Monthly	12	3	3	3	3
11.3	Annual review of settlement limit and bridging finance	Annually	1 Review	1	-	-	-
11.4	Monthly reconciliation between PRF and PMGs	Monthly	12 Recons	3	3	2	4
11.5	Monitoring of SLA with provincial banker through monthly meetings	Monthly	12	3	3	3	3
11.6	Timely submission of accurate Annual Financial Statements on PRF	Annually	1 Set of AFS	1	-	-	-

Programme Performance indicators		Reporting period	Annual target 2015/2016	Quarterly targets			
				1 st	2 nd	3 rd	4 th
12.1	Percentage of working hours that BAS Terminal Servers are available	Quarterly	95% of 8 working hours	95% of 8 working hours	95% of 8 working hours	95% of 8 working hours	
12.2	Percentage of requests for technical and functional support responded to within 8 working hours	Quarterly	100% of calls responded to within 8 working hours	100% of calls responded to within 8 working hours	100% of calls responded to within 8 working hours	100% of calls responded to within 8 working hours	
12.3	Turnaround time for processing credible and accurate entities	Quarterly	Within 10 working days	Within 10 working days	Within 10 working days	Within 10 working days	
12.4	Turnaround time for processing item-codification requests and items to be codified and standardised	Quarterly	Within 48 working hours	Within 48 working hours	Within 48 working hours	Within 48 working hours	
12.5	Number of users trained on Transversal Systems (BAS, PERSAL and LOGIS)	Quarterly	750	200	200	150	

6.4 Reconciliation: Performance targets with the Budget and MTEF

Expenditure Estimates

Summary of payments and estimates: Programme 3: Asset and Liability Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
1. Programme Support	1 194	3 238	2 241	1 517	2 368	2 382	1 602	1 745	1 836
2. Asset Management	12 083	15 082	19 324	20 633	36 664	37 991	47 166	47 726	19 108
3. Supporting and Interlinked Financial Systems	38 175	41 549	39 797	39 252	38 616	41 153	45 168	46 941	46 274
Total payments and estimates	51 452	59 869	61 362	61 402	77 648	81 526	93 936	96 412	67 218

Summary of payments and estimates by economic classification: Programme 3: Asset and Liability Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
Current payments	49 565	58 282	61 013	61 402	77 233	81 114	93 936	96 052	67 218
Compensation of employees	29 752	32 061	32 346	37 226	36 881	37 389	40 517	41 801	44 343
Goods and services	19 776	25 693	28 667	24 176	40 352	43 725	53 419	54 251	22 875
Interest and rent on land	37	528							
Transfers and subsidies to:	35	303	101		19	18			
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households	35	303	101		19	18			
Payments for capital assets	1 841	1 213	234		396	394		360	
Buildings and other fixed structures		297							
Machinery and equipment	1 841	916	234		396	394		360	
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets	11	71	14						
Total economic classification	51 452	59 869	61 362	61 402	77 648	81 526	93 936	96 412	67 218

Main cost drivers are compensation of employees, SITA fees for transversal systems and travel and subsistence cost. The increase in the allocation is for the procurement of a new supplier management system as well as for transversal contracts that will be placed under the control of Provincial Treasury. The MTEF allocations are sufficient to allow the programme to achieve its objectives.

7. Programme 4: Financial Governance

The role of this programme is to promote and enforce financial governance in the provincial government. There have been changes to programme 4. The programme now consists of two sub-programmes, i.e. Accounting Services and Provincial Risk Management and Internal Audit

7.1 Strategic Objective Annual Targets for 2015/2016

Strategic Objective	5-year strategic plan target	Audited / Actual performance				Estimated performance 2014/15	Medium-Term targets		
		2011/12	2012/13	2013/14	2015/16		2016/17	2017/18	
13. Promote and enforce sound accounting practices and reporting through capacity building and monitoring	90% or more of AFS findings resolved	New PPI	New PPI	65%	70%	80%	85%	90%	
	Compliance % with minimum requirements of AFS work file	New PPI	New PPI	1 Dept. > 90%	1 Depts. = 100% 4 Depts. >90% 1 Entities > 80%	2 Depts. = 100% 5 Depts. >90% 1 Entities > 90%	4 Depts. = 100% 5 Depts. >90% 2 Entities > 90%	5 Depts. = 100% 7 Depts. >90% 3 Entities > 90%	
14. Promote and enforce risk management and internal audit practises through capacity building and monitoring	0 Depts. and 0 entities at KCM assessment score (1)	New PPI	12 Depts. New PPI	12 Depts. New PPI	11 Depts. 3 Entities	7 Depts. 2 Entities	3 Depts. 1 Entities	0 Depts. 0 Entities	
	KPI compliance: Risk Man – 90%: 9 or more Depts. 3 Entities IA – 90% 11 or more Depts. 3 Entities	New PPI	New PPI	Risk Man – 85%: 7 Depts.	Risk Man – 85%: 7 Depts.	Risk Man – 85%: 9 Depts.	Risk Man – 85%: 9 Depts.	Risk Man – 90%: 8 Depts.	Risk Man – 90%: 9 Depts.

7.2 Programme Performance Indicators

Strategic objective	Programme Performance indicator	Audited/Actual performance				Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14	2015/16		2016/17	2017/18	
Promote and enforce sound accounting practices and reporting through capacity building and monitoring	13.1	6	7	7	6	6	6	6	
	13.2	New PPI	New PPI	4	4	4	4	4	
	13.3	30 June 31 August 31 October	30 June 31 August 31 October	30 June 31 August 31 October	30 June 31 August 31 October	30 June 31 August 31 October	30 June 31 August 31 October	30 June 31 August 31 October	
Promote and enforce risk management and internal audit practises through capacity building and monitoring	13.4	New PPI	New PPI	11	11	14	14	14	
	14.1	-	-	2	2	2	2	2	
	14.2	-	-	-	2	2	2	2	

Strategic objective	Programme Performance indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
14.3	Bi-annual consolidated assessment reports produced for departments and public entities to promote compliance with Internal Audit Framework.	-	-	1	2	2	2	2
		3	2	6	7	7	7	
14.4	Formal training and fraud awareness sessions to be conducted/facilitated to build capacity and promote Risk Management, Internal Audit and fraud alertness for provincial departments and entities							



7.3 Quarterly Targets for 2015/16

Programme Performance indicators		Reporting period	Annual target 2015/2016	Quarterly targets			
				1 st	2 nd	3 rd	4 th
13.1	Formal training sessions conducted/facilitated to build capacity in provincial departments and entities on accounting practices	Quarterly	6	1	2	1	2
13.2	Consolidated reports on interim and annual financial statements and work files assessments produced to promote the quality financial statements	Quarterly	4	1	1	1	1
13.3	Timely submission of quality consolidated annual financial statements and Annual Report <ul style="list-style-type: none"> • Draft CFS • Final CFS • Annual Report 	Quarterly	30 June 31 August 31 October	30 June	31 August	31 October	-
13.4	Consolidated Key Control Matrix assessment reports produced for departments and entities to promote compliance with legislative requirements	Quarterly	14	3	4	4	3
14.1	Bi-annual consolidated assessment report produced for departments and entities to promote compliance with Risk Management Framework	Bi-Annually	2	-	1	-	1
14.2	Bi-annual consolidated assessment report produced for departments and entities to promote compliance with Fraud Risk Assessment in line with Risk Management Framework	Bi-Annually	2	-	1	-	1
14.3	Bi-annual consolidated assessment reports produced for departments and public entities to promote compliance with Internal Audit Framework	Bi-Annually	2	1	-	1	-
14.4	Formal training and fraud awareness sessions to be conducted/facilitated to build capacity and promote Risk Management, Internal Audit and fraud alertness for provincial departments and entities	Quarterly	7	2	2	1	2

7.4 Reconciliation: Performance targets with the Budget and MTEF

Expenditure Estimates

Summary of payments and estimates: Programme 4: Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
1. Programme Support	1 576	1 731	1 720	1 993	3 065	2 261	2 053	2 214	2 314
2. Accounting Services	8 129	7 769	7 641	9 896	9 552	10 321	12 190	13 042	13 901
3. Risk Management and Internal Audit Provincial	5 469	7 263	8 048	8 770	7 699	6 699	6 061	6 958	6 059
Total payments and estimates	15 174	16 763	17 409	20 659	20 316	19 281	20 304	22 215	22 274

Summary of payments and estimates by economic classification: Programme 4: Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
Current payments	14 837	16 628	17 208	20 635	20 227	19 193	20 257	22 189	22 217
Compensation of employees	13 776	15 482	16 436	19 423	18 284	18 146	19 010	20 910	20 974
Goods and services	1 046	1 146	772	1 212	1 943	1 047	1 247	1 279	1 243
Interest and rent on land	15								
Transfers and subsidies to:									
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households									
Payments for capital assets	337	135	201	24	89	88	47	26	57
Buildings and other fixed structures									
Machinery and equipment	337	135	201	24	89	88	47	26	57
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets				-					
Total economic classification	15 174	16 763	17 409	20 659	20 316	19 281	20 304	22 215	22 274

The main cost driver is compensation of employees. Additional resources are required to improve capacity to effectively deal with fraud management and forensic auditing.

8. Programme 5: Municipal Finance Management

The role of this programme is to promote and improve financial governance and management at local government level. The programme consists of 5 sub-programmes.

8.1 Strategic Objective Annual Targets for 2015/2016

Strategic Objective	5-year strategic plan target	Audited / Actual performance			Estimated performance 2014/15	Medium-Term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
15. Monitor and support delegated municipalities in implementing sound financial management and good governance	23 Municipalities supported	23 Municipalities supported	23 Municipalities supported	23 Municipalities supported	23 Municipalities supported	23 Municipalities supported	23 Municipalities supported	23 Municipalities supported

8.2 Programme Performance Indicator

Strategic objective	Programme Performance indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
15.1 Monitor and support delegated municipalities in implementing sound financial management and good governance	Assessment of Draft and Final Budgets received on credibility and compliance with MFMA regulations	15 Draft 21 Final 9 Adjustment	23 Reports on received budgets	1 Consolidated report for 23 municipalities	3 Consolidated reports for 23 municipalities	2 Consolidated reports	2 Consolidated reports	2 Consolidated reports
15.2 Monitor and support delegated municipalities in implementing sound financial management and good governance	Percentage of municipalities complying with S71 reporting requirements	12 Consolidated reports 4 Publications	12 Consolidated reports 4 Publications	Quarterly publication of section 71	50% of 23 municipalities	75% of 23 municipalities	90% of 23 municipalities	100% of 23 municipalities

Strategic objective	Programme Performance indicator	Audited/Actual performance				Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14	2015/16		2016/17	2017/18	
		2011/12	2012/13	2013/14	2015/16		2016/17	2017/18	
15.3	Support to municipalities to reduce the outstanding debt owed to municipalities by government departments	2 Reports	10 Work sessions	10 Work sessions at municipalities	2 Plenary sessions	10 Work sessions at municipalities	2 Plenary sessions	15 Work sessions at municipalities	
15.4	Reviews of mid-year and Annual Financial Statements (AFS) submitted to Provincial Treasury	-	-	-	1 Report on review of AFS	1 Report on review of AFS	1 Report on review of AFS	1 Report on review of AFS	
15.5	Asset management forums	-	-	-	2	2	2	2	
15.6	Number of identified focus municipalities supported to improve SCM compliance to 100% of FMCM SCMI's	-	-	-	12	11	23		
15.7	Annual assessment of municipalities' compliance against MFMA 30 Monitoring Indicators	-	-	4 Consolidated reports on 23 municipalities	1 Assessment report	1 Assessment report	1 Assessment report		
15.8	Assessment of delegation of powers	2 Reports	1 Consolidated report	1 Consolidated report 3 Progress reports	1 Consolidated report 3 Progress reports	1 Consolidated report	1 Consolidated report	1 Consolidated report	

Strategic objective	Programme Performance indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets				
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18		
		15.9	Assessment of compliance with Minimum Competency Level Requirements	-		1 Report	2 Reports	2 Reports	2 Reports	2 Reports
15.10	Capacity Building: <ul style="list-style-type: none"> District SCM Forums SCM formal training Interns' Forums 	-	-	1 Training session	23 Municipalities	8	8	1 Report	1 Report	2
15.11	Assessment of functionality and efficiency of Internal Audit, Risk Management, Audit Committee and Risk Committee.	2 Reports	2	5 Consolidated reports	13 Muns (60%) on 60% score 6 Muns (26%) on 60% score 12 Muns (50%) on 50% score 6 Muns (26%) on 50% score 6 Muns (26%) on 50% score	2	2	4 Consolidated reports	4 Consolidated reports	4 Consolidated reports
15.12	Development of concept risk registers and annual audit plans.	-	-	-	-	-	-	8 Concept documents	8 Concept documents	8 Concept documents
15.13	Capacity building: <ul style="list-style-type: none"> Formal training (IA & RM practices) Annual Audit Committee Chairpersons' Forums 	-	2	2	2	2	2	2	2	2

Strategic objective	Programme Performance indicator	Audited/Actual performance				Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14	2015/16		2016/17	2017/18	
	<ul style="list-style-type: none"> Host forum – fraud awareness week 	-	1	1	1	1	1	1	

8.3 Quarterly Targets for 2015/16

Programme Performance indicators	Reporting period	Annual target 2015/2016	Quarterly targets			
			1 st	2 nd	3 rd	4 th
15.1 Assessment of Draft and Final Budgets received on credibility and compliance with MFMA regulations	Quarterly	2 consolidated reports	1 Report on draft budget	1 Report on draft budget	-	-
15.2 Percentage of municipalities complying with S71 reporting requirements	Annually	75% of 23 municipalities	-	75% of 23 municipalities (17 municipalities)	-	-
15.3 Support to municipalities to reduce the outstanding debt owed to municipalities by government departments	Bi-Annually	2 Plenary sessions	-	1	-	1
	Quarterly	12 Work sessions at municipalities	3	3	3	3
15.4 Reviews of mid-year and Annual Financial Statements (AFS) submitted to Provincial Treasury	Bi-Annually	1 Report on review of AFS 1 Report on review of mid-year	1 Report	1 Report	-	-
15.5 Asset management forums	Bi-Annually	2	-	1 Forum	-	1 Forum
15.6 Number of identified focus municipalities supported to improve SCM compliance to 100% of FMCMM SCM KPI's	Annually	12	-	-	-	12
15.7 Annual assessment of municipalities' compliance against MFMA 30 Monitoring Indicators	Annually	1 Assessment report	-	-	-	1
15.8 Assessment of delegation of powers	Annually	1 Consolidated report	-	-	1	-

Programme Performance indicators		Reporting period	Annual target 2015/2016	Quarterly targets			
				1 st	2 nd	3 rd	4 th
15.9	Assessment of compliance with Minimum Competency Level Requirements	Bi-Annually	2 Reports	-	1	-	1
15.10	Capacity Building: <ul style="list-style-type: none"> District SCM Forums SCM formal training Interns' Forums 	Bi-Annually	8	4	-	4	-
		Annually	1 Report	-	-	1	-
		Bi-Annually	2	1	-	1	-
15.11	Assessment of functionality and efficiency of Internal Audit, Risk Management, Audit Committee and Risk Committee	Bi-Annually	4 Consolidated reports	-	2	-	2
15.12	Development of concept risk registers and annual audit plans	Annually	8 Concept documents	8	-	-	-
15.13	Capacity building: <ul style="list-style-type: none"> Formal training (IA & RM practices) Annual Audit Committee chairperson's Forums Host forum – fraud awareness week 	Bi-Annually	2	-	Internal Audit training	Risk Management training	-
		Bi-Annually	2	1	-	1	-
		Annually	1	-	-	1	-

8.4 Reconciliation: Performance targets with the Budget and MTEF

Expenditure Estimates

Summary of payments and estimates: Programme 5: Municipal Finance Management

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
1. Programme Support	719	1 795	999	1 590	2 847	2 784	31 710	31 767	31 799
2. Municipal Budgets and IYM	3 755	5 605	5 597	7 855	7 635	6 662	8 136	8 785	8 999
3. Municipal SCM & Compliance	3 115	4 115	4 730	6 129	5 476	5 477	6 259	6 696	6 901
4. Municipal Revenue & Debt Management	1 974	3 277	3 447	4 069	3 889	3 983	4 038	4 221	4 432
5. Municipal Accounting Services	2 623	3 724	3 241	4 092	3 871	3 825	5 031	5 327	5 573
6. Municipal Risk Management & Internal Audit	1 563	3 834	3 133	3 954	3 323	3 326	4 199	4 494	4 633
Total payments and estimates	13 749	22 350	21 147	27 689	27 041	26 057	59 373	61 290	62 336

Summary of payments and estimates by economic classification: Programme 5: Municipal Finance Management

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
Current payments	13 566	21 805	20 916	27 689	26 610	25 590	59 373	61 290	62 336
Compensation of employees	11 889	17 912	18 712	24 278	23 568	22 841	26 384	27 756	29 176
Goods and services	1 657	3 893	2 204	3 411	3 042	2 749	32 989	33 534	33 159
Interest and rent on land	20								
Transfers and subsidies to:			37		196	196			
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households			37		196	196			
Payments for capital assets	183	545	189		235	271			
Buildings and other fixed structures									
Machinery and equipment	183	545	189		235	271			
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets			5						
Total economic classification	13 749	22 350	21 147	27 689	27 041	26 057	59 373	61 290	62 336

Main cost drivers are compensation of employees and travel and subsistence costs. The increase in the allocation provides for the strengthening of the Municipal Support project.



PART C

LINKS TO OTHER PLANS



PART C: LINKS TO OTHER PLANS

9. Links to the long-term infrastructure and other capital plans

None.

10. Conditional grants

None.

11. Public entities

None.

12. Public-private partnerships

None.

ANNEXURES



Annexure A

Vision, Mission, Values and Strategic Goals

Vision

Your partner in financial management and service excellence in the public sector, for a better life for all in the Free State

Mission

To instil prudent financial management and good governance

Values

The actions of every Provincial Treasury employee will be guided by the following values and principles:

- **Collaborative**

We will be considerate in working with our stakeholders to realize shared goals. We will be devoted, dedicated and involved

- **Integrity**

We will conduct ourselves with uncompromising standards and principles as individuals, as teams and as a department

- **Accountability**

We will honour our commitments; we will take responsibility and we will act in a transparent manner

- **Assertive**

We will be honest, firm and decisive in our interaction with stakeholders

- **Proactive**

We will stay ahead by anticipating rather than reacting. We will be innovative and diligently seek new ways to address challenges

Strategic Goals

Strategic Outcome Oriented Goal 1	An efficient, effective and development oriented department
Goal statement	A well managed department that is professional, accountable and development oriented, that promotes the values and principles of public administration as contained in the Constitution and has skilled public servants who are committed to delivering high quality services.
Strategic Outcome Oriented Goal 2	Support departments, municipalities and entities towards improving financial accountability and sustainability
Goal statement	Support and assist departments, municipalities and their entities through oversight, capacity building and other interventions to improve transparent, economic, efficient and effective management of revenue, expenditure, assets and liabilities and have high quality, timely and accurate reporting.
Strategic Outcome Oriented Goal 3	Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money
Goal statement	Support and assist departments, municipalities and their entities to develop and implement policies, practices and systems that will improve efficiency and effectiveness and eliminate waste in order to redirect the derived efficiency gains to higher priority areas of government and improve value for money.
Strategic Outcome Oriented Goal 4	Improve the development and management life cycle of infrastructure and assets
Goal statement	Support and assist departments and entities through oversight and capacity building to improve the development and management life cycle of infrastructure and assets in order to improve the delivery of infrastructure, including the use and management of PPP, and the management of movable and immovable assets.

Annexure E

Technical Indicators

The Technical Indicator Descriptions for the strategic objectives and programme performance indicators are published on the Department's website: www.treasury.fs.gov.za

