

Annual Performance Plan

2016/2017 - to - 2018/2019



treasury

Department of
Treasury
FREE STATE PROVINCE

FOREWORD



Provincial Treasury's mission is to instill prudent financial management and good governance in the province. Our strategic goals to this end are:

- An efficient, effective and development oriented department
- Support departments, municipalities and entities towards improving financial accountability and sustainability
- Enhance processes, practices and systems towards efficiency gains, maximize cost-efficiencies and value for money
- Improve the development and management life cycle of infrastructure and assets

This Annual Performance Plan sets out our plans to achieve these goals and responds to national and provincial government plans and priorities, including the National Development Plan, Medium Strategic Framework and the Free State Growth and Development Strategy.

Provincial Treasury will continue to closely monitor the implementation of cost containment measures to ensure that we limit growth of spending on non-core items in order to reprioritize funds towards frontline services. We will furthermore continue with our efforts to contain growth of the provincial wage bill through the central management of the PERSAL system and regular reporting on personnel cost.

We are firmly set on improving sound financial management, accountability and compliance with the relevant legislative frameworks. Sustainability of our improved financial management practices will continue to form the foundation of our support programmes whilst we will continue to monitor and support departments, public entities and municipalities. We are particularly encouraged by the significant improvement in the audit outcomes of the provincial government and municipalities for the 2014/15 financial year.

We are confident that our measures to ensure fiscal discipline will enable the Free State Provincial Government to meet its targets and deliver on government priorities despite the challenges brought about by the shrinking provincial revenue envelope, current economic conditions and the severe drought in the province.

The Annual Performance Plan is aimed at focusing our energies and resources towards achieving our vision of being; *Your partner in financial management and service excellence in the public sector, for a better life for all in the Free State.*

A handwritten signature in black ink, appearing to read 'EC Rockman', written over a white background.

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 2016/17 to 2018/19 financial year.

Me AMJ HATTINGH
Senior Manager: Strategic Planning

Signature: 

Mr DJ VAN VUUREN
Acting Chief Financial Officer

Signature: 

Mr MNG MAHLATSI
Accounting Officer

Signature: 

Approved by:

Me EC ROCKMAN
Executive Authority: Free State Provincial Treasury

Signature: 

CONTENTS

| ITEM NO. | HEADING(S) | PAGE NUMBER (S) |
|---|---|-----------------|
| | Acronyms | 5 |
| PART A: Strategic Overview | | |
| 1 | Updated Situational Analysis | 8 |
| 1.1 | Performance Delivery Environment | 8 |
| 1.2 | Organisational Environment | 12 |
| 2 | Revisions to legislative and other mandates | 14 |
| 3 | Overview of the 2016/17 budget and MTEF estimates | 15 |
| 3.1 | Expenditure estimates | 15 |
| 3.2 | Relating expenditure trends to strategic outcome oriented goals | 16 |
| PART B: Programme and sub-programme plans, budget & MTEF estimates | | |
| 4 | Programme 1: Administration | 18 |
| 4.1 | Strategic objective annual targets for 2016/17 | 18 |
| 4.2 | Programme performance indicators | 19 |
| 4.3 | Quarterly targets for 2016/17 | 20 |
| 4.4 | Reconciliation: performance targets with the Budget and MTEF | 21 |
| 5 | Programme 2: Sustainable Resource Management | 22 |
| 5.1 | Strategic objective annual targets for 2016/17 | 22 |
| 5.2 | Programme performance indicators | 24 |
| 5.3 | Quarterly targets for 2016/17 | 26 |
| 5.4 | Reconciliation: performance targets with the Budget and MTEF | 28 |
| 6 | Programme 3: Asset and Liability Management | 29 |
| 6.1 | Strategic objective annual targets for 2016/17 | 29 |
| 6.2 | Programme performance indicators | 30 |
| 6.3 | Quarterly targets for 2016/17 | 32 |
| 6.4 | Reconciliation: performance targets with the Budget and MTEF | 33 |

| | | |
|--|---|----|
| 7 | Programme 4: Financial Governance | 34 |
| 7.1 | Strategic objective annual targets for 2016/17 | 34 |
| 7.2 | Programme performance indicators | 35 |
| 7.3 | Quarterly targets for 2016/17 | 37 |
| 7.4 | Reconciliation: performance targets with the Budget and MTEF | 38 |
| 8 | Programme 5: Municipal Finance Management | 39 |
| 8.1 | Strategic objective annual targets for 2016/17 | 39 |
| 8.2 | Programme performance indicators | 40 |
| 8.3 | Quarterly targets for 2016/17 | 42 |
| 8.4 | Reconciliation: performance targets with the Budget and MTEF | 44 |
| PART C: Links to other plans | | |
| 9 | Links to the long-term infrastructure and other capital plans | 46 |
| 10 | Conditional grants | 46 |
| 11 | Public Entities | 46 |
| 12 | Public-Private Partnerships | 46 |
| ANNEXURES | | |
| Annexure A Vision Mission Values Strategic Goals | | 48 |
| Annexure B Amendments to Strategic Objectives included in the 2015-2020 Strategic Plan | | 50 |
| Annexure C Technical Indicator Descriptions | | 62 |

ACRONYMS

| | |
|--------|---|
| AFS | Annual Financial Statement |
| BAS | Basic Accounting System |
| CASP | Comprehensive Agricultural Support Programme |
| CFO | Chief Financial Officer |
| CFS | Combined Financial Statements |
| CoE | Compensation of Employees |
| DERO | District Economic Review and Outlook |
| EHW | Employee Health and Wellness |
| EPRE | Estimates of Provincial Revenue and Expenditure |
| FASSET | Finance and Accounting Services Sector Education and Training Authority |
| FSGDS | Free State Growth and Development Strategy |
| GDP | Gross Domestic Product |
| HCT | Hematocrit |
| IFS | Interim Financial Statement |
| IMF | International Monetary Fund |
| IYM | In Year Monitoring |
| IT | Information Technology |
| KCM | Key Control Matrix |
| LOGIS | Logistical Information System |
| KPI | Key Performance Indicators |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MPAT | Management Performance Assessment Tool |
| mSCOA | Municipal Standard Chart of Accounts |
| MTBPS | Medium Term Budget Policy Statement |
| MTEF | Medium Term Expenditure Framework |
| MTSF | Medium Term Strategic Framework |
| MSP | Municipal Support Programme |

| | |
|--------|--|
| NDP | National Development Plan |
| NERSA | National Energy Regulator of South Africa |
| NGP | New Growth Plan |
| NSDS | National Skills Development Strategy |
| OHS | Occupational Health and Safety |
| PAM | Physical Asset Management |
| PERO | Provincial Economic Review and Outlook |
| PERSAL | Personnel and Salary Administration System |
| PES | Provincial Equitable Share |
| PFMA | Public Finance Management Act |
| PI | Performance Indicator |
| PPI | Programme Performance Indicator |
| POR | Provincial Own Revenue |
| PPP | Public, Private Partnerships |
| PRF | Provincial Revenue Fund |
| PSETA | Public Service Sector Education and Training Authority |
| REA | Revenue Enhancement Allocation |
| SCM | Supply Chain Management |
| SITA | State Information Technology Agency |
| SLA | Service Level Agreements |

PART A

STRATEGIC OVERVIEW

PART A: STRATEGIC OVERVIEW

1. Updated Situational Analysis

1.1 Performance delivery environment

The Provincial Treasury plays a critical 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 global economic recovery has been weaker than anticipated and world economic growth has slowed. During 2015 the International Monetary Fund (IMF) revised its in-year growth forecasts downward three times, most recently to 3.1 per cent. The forecast for 2016 is 3.6 per cent. The growth rate in sub-Saharan Africa is expected to decline from 5 per cent in 2014 to 3.8 per cent in 2015. In October 2015 the National Treasury revised the expected economic growth downward to 1.5 per cent for 2015, 1.7 per cent in 2016 and 2.6 per cent in 2017 (2015 MTBPS).

After one of the driest rainy seasons on record, South Africa is reportedly in the grip of a severe drought. The current El Nino episode, which is responsible for the current drought in South Africa and other countries such as India, Thailand and Indonesia, has undermined agricultural production, is bound to increase local and global food prices and threatens food security as well as job creation. This has placed a strain on water supplies across the country, affecting 2.7 million households. The lack of rain has had a dramatic impact on crops. Already, farmers are selling their livestock as they can barely afford to keep it alive. The hardest hit are those living in rural areas, where residents have to collect water in buckets once a day. To this effect, national government has granted permission that 20 per cent of the Comprehensive Agricultural Support Programme (CASP) conditional grants be converted and made available to implement interventions that will assist farmers with some forms of relief (e.g. drilling of bore holes).

Combined with other factors such as the energy constraints, depreciating exchange rate, water shortages, reduced business and consumer confidence, the drought has had a significant impact on the economy. Consequently, South Africa is expected to grow by 1.5 per cent in 2015 – a downward revision from the 2 per cent forecasted during the tabling of the national budget in March 2015. Although the province still remains the food basket of the country, together with North West, KwaZulu-Natal and Limpopo, it has been declared an agricultural disaster area and will have to withstand the effects of this drought. The loss in production in the agricultural sector in the province is estimated at R20 billion. As a result, the growth forecast for the provincial economy for 2015 has been revised downward from 0.9 per cent to 0.3 per cent. This paltry growth has adverse implications on the war against the triple challenge of unemployment, poverty and inequality in the province.

The biggest sector in the Free State economy is the tertiary sector (trade, transport, finance and community services) with a 65.3 per cent share of 2014 provincial GDP. This is followed by the primary sector (agriculture and mining) with a 17.7 per cent share and the secondary sector (manufacturing, electricity and construction) with a share of 17.2 per cent. The tertiary sector's share is expected to increase marginally to 66.2 per cent in 2015 and 67.3 per cent in 2016 with the primary and secondary sectors' share decreasing to 16.8 per cent and 16.9 per cent respectively in 2015.

Community services (which include government) is expected to contribute 26.4 per cent to the 2016 provincial GDP, an increase of 1.1 percentage points from 2014. The share of transport is expected to increase with 0.5 percentage points to 10.7 per cent with finance increasing its share with 1.0 percentage points to 16.3 per cent. The share of mining on the other hand is expected to decrease with 2.0 percentage points to 10.7 per cent and that of trade to decrease with 0.5 percentage points to 14 per cent. Agriculture is expected to remain at 4.9 per cent with manufacturing decreasing slightly by 0.1 percentage points to 10.7 per cent. Electricity and construction are the smallest contributors with an expected share of 3.6 per cent and 2.8 per cent respectively (Free State 2015 MTBPS).

Government is the biggest contributor to the growth of the tertiary sector. The growth and size of the government sector poses a concern, as it may reflect a province and inhabitants that rely heavily on government investment and job creation as a driver of economic growth. The community and social services sector is the largest employer in the Free State, accounting for 27 per cent of employment in the province (Free State 2015 MTBPS).

In the second quarter of 2015, the Free State's unemployment rate increased with 1.0 percentage point to 31.4 per cent from 30.4 per cent in the first quarter (Stats SA Quarterly Labour Force Survey, Quarter 2: 2015). The noticeable increase is indicative of, amongst other, a fall in labour absorption, a fast growing population of active working age groups that outstrip available jobs and weak economic activities (Free State Provincial Quarterly Labour Market Review, Quarter 2:2015). Of particular concern is the relatively high youth unemployment rate of 42.1 per cent.

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. 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 factors. Furthermore, 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.

Over the 2016 MTEF the Provincial Equitable Share (PES) is expected to grow in nominal terms by 5 per cent per annum with conditional grants and own revenue estimated to grow by 3.3 per cent and 3.5 per cent respectively (Free State 2015 MTBPS). Fiscal consolidation, which requires acting within fiscal limits that can be sustained over the long term, resulted in the province losing R372 million over the 2015/16 and 2016/17 financial years (2015/16 EPRE).

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 compensation of employees (CoE), which accounts for about 60 per cent of the provincial budget. A careful balance will have to be maintained between personnel spending and other resources required for public service delivery. The 2015 public-sector wage agreement, which resulted in a 10.1 per cent increase in the wages and benefits of government employees, is well beyond the inflation related adjustment that had been budgeted for (2015 MTBPS). In the Free State with its approximately 61 000 employees, this has an additional financial implication of approximately R700 million in the current financial year with further implications for the following two years. The province was allocated only R238 million in the adjustment budget for this purpose and the shortfall will have to be funded through savings and reprioritisation.

The Sustainable Resource Management programme, which is amongst other responsible for preparation and implementation of the provincial budget and enhancement of provincial own revenue, will be 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 requires creativity and innovation. It is imperative that the limited resources at the province's disposal are utilised effectively, efficiently and economically for the benefit of the people.

Provincial socio-economic developments form the backdrop against which the provincial government medium term budget is developed. The key socio-economic and development indicators that have to be taken into consideration are population indicators, education, health, poverty and welfare. The Free State is a centrally located province with an estimated population of 2.8 million, which is 5.1 per cent of the country's population (2015 Mid-year population estimates). The province is sparsely populated at 22 people per km² and approximately 20 per cent of individuals living in rural farming areas. (2015/16 EPRE) The population increased from 2.633 million in 1996 to 2.817 million in 2015, which represents a growth of 6.9 per cent. Since the equitable share is highly population driven (in terms of both the education and basic components) and captures changes or shifts of population among provinces and their resultant demand on public services, the low portion of Free State population in relation to other provinces dictates a smaller portion of nationally raised revenue.

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 Assets 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. One of the challenges that the programme has to address is that from 2016/17 provinces will only be eligible to receive allocations for health and education infrastructure grants if they have complied with qualification criteria that require them to meet certain planning.

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 2013-14 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.

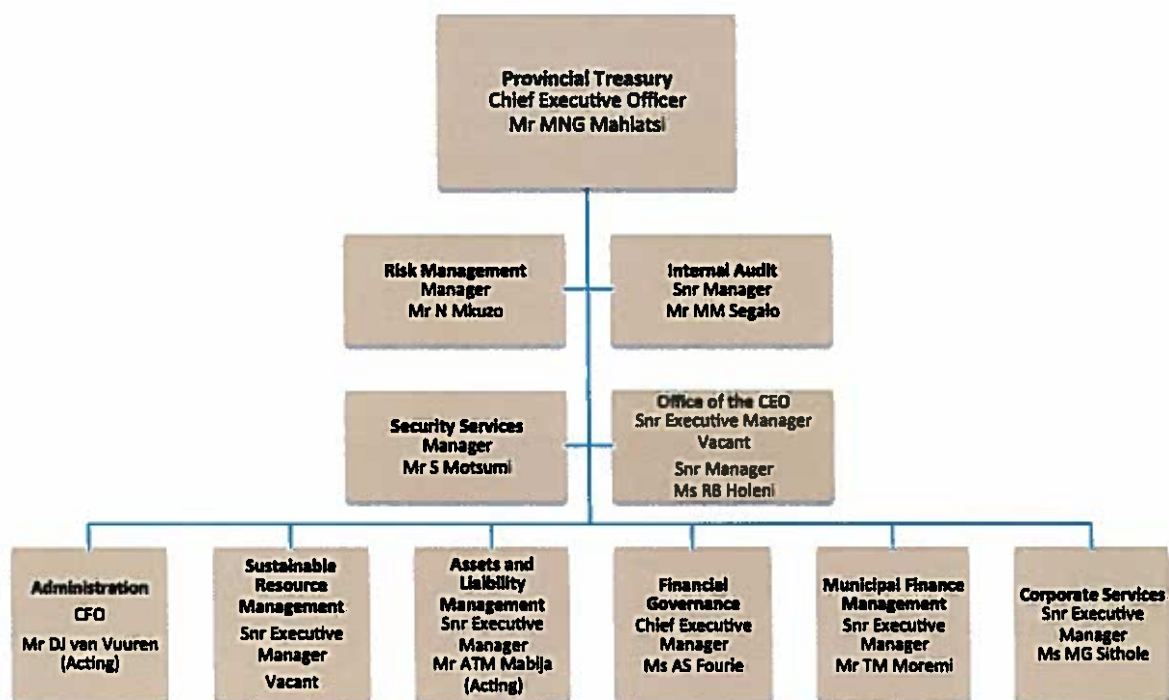
Programme 4: Financial Governance

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 415 funded posts of which 349 are filled (December 2015 Employment Report). The vacancy rate at the end of December 2015 is 16 per cent. A number of critical vacancies have been identified for filling during 2015/16 to ensure that the department is in a position to fulfil its mandate. The department intended to improve the vacancy rate to less than 5 per cent over the 2015-2020 period. This target however had to be revised, as filling of posts will be constrained by the funding shortfall created by the 2015 public-sector wage settlement for the 2015/16 financial year and the two subsequent years.

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 objective. 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 to particularly 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 as well as 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 ethics of officials, to achieve its objectives. The department is committed to maintaining a health 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 & 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 2016/17 budget and MTEF estimate

3.1 Expenditure estimates

Summary of payments and estimates by programme: Provincial Treasury

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|-------------------------------------|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| 1. Administration | 82 771 | 90 185 | 92 464 | 91 499 | 92 859 | 89 937 | 94 476 | 101 780 | 107 639 |
| 2. Sustainable Resource Management | 31 353 | 32 764 | 31 785 | 37 649 | 39 412 | 37 984 | 38 724 | 41 336 | 43 206 |
| 3. Asset And Liabilities Management | 53 308 | 54 862 | 70 778 | 86 642 | 97 907 | 102 090 | 104 345 | 75 754 | 78 645 |
| 4. Financial Governance | 16 763 | 17 409 | 19 452 | 20 304 | 21 035 | 20 132 | 24 747 | 23 274 | 24 564 |
| 5. Municipal Finance Management | 22 350 | 21 147 | 24 584 | 59 373 | 57 892 | 56 962 | 64 474 | 60 912 | 62 414 |
| Total payments and estimates | 206 545 | 216 367 | 239 063 | 295 467 | 309 105 | 307 105 | 326 766 | 303 057 | 316 468 |

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

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| Current payments | 198 867 | 209 117 | 235 101 | 294 373 | 286 782 | 284 888 | 310 873 | 301 298 | 314 607 |
| Compensation of employees | 140 513 | 145 101 | 155 792 | 177 314 | 177 329 | 175 593 | 187 040 | 200 432 | 212 226 |
| Goods and services | 57 826 | 64 016 | 79 309 | 117 059 | 108 453 | 109 012 | 123 633 | 100 866 | 102 381 |
| Interest and rent on land | 528 | | | | 1 000 | 283 | | | |
| Transfers and subsidies to: | 406 | 3 400 | 499 | 347 | 19 649 | 19 590 | 13 719 | 391 | 414 |
| Provinces and municipalities | | | | | 18 850 | 18 840 | 13 350 | | |
| Departmental agencies and accounts | | | | | | | | | |
| Higher education institutions | | | | | | | | | |
| Foreign governments and international organisations | | | | | | | | | |
| Public corporations and private enterprises | 9 | | | | | | | | |
| Non-profit institutions | | | | | | | | | |
| Households | 397 | 3 400 | 499 | 347 | 799 | 750 | 369 | 391 | 414 |
| Payments for capital assets | 8 356 | 3 702 | 3 423 | 747 | 2 674 | 2 621 | 2 374 | 1 368 | 1 448 |
| Buildings and other fixed structures | 303 | | | | 30 | 29 | | | |
| Machinery and equipment | 5 991 | 3 702 | 3 423 | 747 | 2 644 | 2 592 | 2 374 | 1 368 | 1 448 |
| Heritage Assets | | | | | | | | | |
| Specialised military assets | | | | | | | | | |
| Biological assets | | | | | | | | | |
| Land and sub-soil assets | | | | | | | | | |
| Software and other intangible assets | 62 | | | | | | | | |
| Payments for financial assets | 916 | 148 | 40 | | | 8 | | | |
| Total economic classification | 206 545 | 216 367 | 239 063 | 295 467 | 309 105 | 307 105 | 326 766 | 303 057 | 316 468 |

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 toward 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

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 2016/2017

| Strategic Objective | Performance Indicator | 5-Year Target (2020) | Audited / Actual performance | | | Estimated performance 2015/16 | Medium-Term targets | | |
|--|-----------------------|---|---|---|---|--|---|---|---|
| | | | 2012/13 | 2013/14 | 2014/15 | | 2016/17 | 2017/18 | 2018/19 |
| 1. Improve the quality of management practices | MPAT Scores | Fully compliant against 94% of standards (34 of 36) | 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 76% of standards (29 of 38) | Fully compliant against 83% of standards (30 of 36) | Fully compliant against 86% of standards (31 of 36) | Fully compliant against 89% of standards (32 of 36) |
| | Audit Opinion | Unqualified with no findings (clean) audit opinion | Unqualified with no findings (clean) audit opinion | Unqualified with no findings (clean) audit opinion | Unqualified with no findings (clean) audit opinion | Unqualified with no findings (clean) audit opinion | Unqualified with no findings (clean) audit opinion | Unqualified with no findings (clean) audit opinion | Unqualified with no findings (clean) audit opinion |
| 2. Establish a skilled, competent and responsive workforce | Vacancy Rate | Vacancy rate of 7% or less | 15% | 20.5% | 16% | **16% | 12% | 11% | 10% |
| | | | | | | | | | |

* MPAT 1.5 preliminary moderated results

** Estimated performance as at 31 Dec 2015

4.2 Programme Performance Indicators

| Strategic objective | Programme Performance indicator | Audited/Actual performance | | | Estimated performance 2015/16 | Medium-term targets | | |
|---|---------------------------------|----------------------------|---------|---|---|---|---|---|
| | | 2012/13 | 2013/14 | 2014/15 | | 2016/17 | 2017/18 | 2018/19 |
| | | | | | | | | |
| Improve the quality of management of practices | 1.1 | New PPI | New PPI | New PPI | 23 | 18 | 14 | 10 |
| | 1.2 | New PPI | New PPI | New PPI | 96% | 97% | 98% | 99% |
| | 1.3 | New PPI | New PPI | New PPI | | | | |
| | 1.4 | Payment within 30 days | 97.8% | 99.9% | 99% | 99% | 99% | 99% |
| Establish a skilled, competent and responsive workforce | 2.1 | New PPI | New PPI | New PPI | 100% Compliance to the NSDS III Framework | 100% Compliance to the NSDS III Framework | 100% Compliance to the NSDS III Framework | 100% Compliance to the NSDS III Framework |
| | 2.2 | New PPI | New PPI | New PPI | 80% Compliance with the EHW Strategic Framework | 80% Compliance with the EHW Strategic Framework | 80% Compliance with the EHW Strategic Framework | 80% Compliance with the EHW Strategic Framework |
| | 2.3 | New PPI | New PPI | No disciplinary cases reported for the 2014/15 financial year | 90 Days | 90 Days | 90 Days | 90 Days |

* December 2015 assessment

** 2nd Quarter 2015/16 assessment

3 Quarterly Performance Targets for 2016/17

| Programme Performance indicators | | Reporting period | Annual target 2016/17 | Quarterly targets | | | |
|----------------------------------|--|------------------|---|--|--|---|---|
| | | | | 1 st | 2 nd | 3 rd | 4 th |
| 1.1 | Number of Provincial Treasury findings on Interim Financial Statements | Quarterly | 18 | - | 18 | 18 | 18 |
| 1.2 | Provincial Treasury assessment score on accuracy and completeness of IFS work-file | Quarterly | 97% | - | 97% | 97% | 97% |
| 1.3 | Percentage of Key Control Indicators at level 4 score on Provincial Treasury KCM assessment: Monthly assessment Quarterly assessment | Quarterly | 82% 78% | - - | 82% 78% | 82% 78% | 82% 78% |
| 1.4 | Percentage of invoices paid within 30 days | Quarterly | 99% | 99% | 99% | 99% | 99% |
| 2.1 | Compliance with the NSDS III Framework | Quarterly | 100% Compliance to the NSDS III Framework | Development and submission of FASSET and PSETA Workplace Skills Plan | Report on 5% of Total Staff Establishment appointed as Interns and Experiential Learners | Report on allocated Part-Time Bursaries | Consolidated Report on allocated 1% of personnel cost spent on training |
| 2.2 | Compliance with the EHW Strategic Framework | Quarterly | 80% Compliance with the EHW Strategic Framework | HIV and AIDS Pillar 1 – HCT Consolidated Report | Health and Productivity Management Pillar 2 – Health Assessment Report | Safety and Health and Environmental Risk Quality Pillar 2 – Consolidated OHS Report | Wellness Pillar 4 – Consolidated Wellness Report |
| 2.3 | 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 by sub-programme: Administration

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| 1. Office Of The Mec | 5 906 | 6 509 | 5 864 | 6 568 | 6 453 | 6 079 | 6 911 | 7 256 | 7 677 |
| 2. Management Services | 5 876 | 7 771 | 11 296 | 8 047 | 15 841 | 15 921 | 15 911 | 14 622 | 15 470 |
| 3. Corporate Services | 33 256 | 31 131 | 32 161 | 35 691 | 25 919 | 25 894 | 27 913 | 31 992 | 33 803 |
| 4. Financial Management (Office Of The Cio) | 33 366 | 40 481 | 38 985 | 35 966 | 39 413 | 37 313 | 38 657 | 42 766 | 45 246 |
| 5. Internal Audit (Departmental) | 4 367 | 4 293 | 4 158 | 5 227 | 5 233 | 4 730 | 5 084 | 5 144 | 5 442 |
| Total payments and estimates | 82 771 | 90 185 | 92 464 | 91 499 | 92 859 | 89 937 | 94 476 | 101 780 | 107 639 |

Summary of payments and estimates by economic classification: Administration

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| Current payments | 77 877 | 83 887 | 89 429 | 90 452 | 89 968 | 87 052 | 92 094 | 100 040 | 105 798 |
| Compensation of employees | 54 196 | 54 707 | 57 708 | 64 062 | 63 422 | 63 196 | 65 726 | 72 573 | 76 778 |
| Goods and services | 23 481 | 29 180 | 31 721 | 26 391 | 26 544 | 23 856 | 26 366 | 27 467 | 29 020 |
| Interest and rent on land | | | | | | | | | |
| Transfers and subsidies to: | 103 | 3 262 | 253 | 347 | 610 | 551 | 369 | 391 | 414 |
| Provinces and municipalities | | | | | | | | | |
| Departmental agencies and accounts | | | | | | | | | |
| Higher education institutions | | | | | | | | | |
| Foreign governments and international organisations | | | | | | | | | |
| Public corporations and private enterprises | 9 | | | | | | | | |
| Non-profit institutions | | | | | | | | | |
| Households | 94 | 3 262 | 253 | 347 | 610 | 551 | 369 | 391 | 414 |
| Payments for capital assets | 4 312 | 2 911 | 2 742 | 700 | 2 283 | 2 334 | 2 013 | 1 349 | 1 427 |
| Buildings and other fixed structures | 6 | | | | 30 | 29 | | | |
| Machinery and equipment | 4 244 | 2 911 | 2 742 | 700 | 2 253 | 2 305 | 2 014 | 1 349 | 1 427 |
| Heritage Assets | | | | | | | | | |
| Specialised military assets | | | | | | | | | |
| Biological assets | | | | | | | | | |
| Land and sub-soil assets | | | | | | | | | |
| Software and other intangible assets | 62 | | | | | | | | |
| Payments for financial assets | 679 | 125 | 40 | | | | | | |
| Total economic classification | 82 771 | 90 185 | 92 464 | 91 499 | 92 859 | 89 937 | 94 476 | 101 780 | 107 639 |

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 2016/2017

| Strategic Objective | Performance Indicator | 5-Year Target (2020) | Audited / Actual performance | | | | Estimated performance 2015/16 | Medium-Term targets | | |
|---|--|--|------------------------------|---------|---------|--------------------------|--|--|--|--|
| | | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| 3. Conduct research and provide economic information in pursuit of inclusive growth and development | Socio-economic information provided | 10 Socio-economic reports produced annually | 11 | 8 | 12 | 10 | 10 | 10 | 10 | |
| 4. Optimize provincial own revenue in order to fund key priorities | Revenue collected | Revenue collected in excess of R1.1 billion | New PI | New PI | New PI | R1.008 billion | R1.029 billion | R1.062 billion | R1.093 billion | |
| 5. Monitor and assess the implementation of the fiscal policy framework | Timeous preparation of the provincial budget | EPRE published within two weeks of National Budget | New PI | New PI | New PI | New PI | EPRE published within two weeks of national budget | EPRE published within two weeks of national budget | EPRE published within two weeks of national budget | |
| | Variance between provincial budget and expenditure | Variance 2% or less | New PI | New PI | New PI | New PI | 2% or less of appropriated budget | 2% or less of appropriated budget | 2% or less of appropriated budget | |
| | Level of compliance with Revenue and Expenditure KCM Indicators – assessment score | 12 (100%) Departments with all scores 4 (100%) | New PI | New PI | New PI | 8 (70%) Depts on score 4 | 9 (75%) Depts on score 4 | 10 (83%) Depts on score 4 | 11 (92%) Depts on score 4 | |

| Strategic Objective | Performance Indicator | 5-Year Target (2020) | Audited / Actual performance | | | | Estimated performance 2015/16 | Medium-Term targets | | | |
|---------------------|--|--|------------------------------|---------|---------|---------|-------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|
| | | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | | |
| | | | | | | | | | | | |
| 6 | Promote effective and efficient infrastructure delivery | 35% or less | New PI | New PI | New PI | 85% | 75% | 65% | 55% | | |
| 7. | Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund | 100% appropriated funds transferred to provincial departments annually Unqualified with no findings | New PI | New PI | New PI | New PI | 100% of appropriated funds | 100% of appropriated funds | 100% of appropriated funds | Unqualified with no findings | Unqualified with no findings |

5.2 Programme Performance Indicators

| Strategic objective | Programme Performance indicator | Audited/Actual performance | | | | Estimated performance 2015/16 | Medium-term targets | | |
|---------------------|---|---|---|--|---------|-------------------------------|---------------------|---------|---|
| | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| | | 3.1 | 5 | 2 | 6 | | 3 | 3 | 3 |
| 3.2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | | |
| 3.3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | | |
| 4.1 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | | |
| 4.2 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | | |
| 4.3 | New PPI | 12 REA | 12 REA | 12 REA | 12 REA | 12 REA | 12 REA | | |
| 5.1 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | | |
| 5.2 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | | |
| 5.3 | Credible Provincial Budget tabled within 2 weeks after National Budget | Credible Provincial Budget tabled within 2 weeks after National Budget | Credible Provincial Budget tabled within 2 weeks after National Budget | Credible Provincial Budget tabled within 2 weeks after National Budget (11 March 2015) | 1 | 1 | 1 | | |
| 5.4 | Credible Adjustment Budget tabled within 30 days after National Budget (Nov 2014) | Credible Adjustment Budget tabled within 30 days after National Budget (Nov 2014) | Credible Adjustment Budget tabled within 30 days after National Budget (Nov 2014) | Credible Adjustment Budget tabled within 30 days after National Budget (Nov 2014) | 1 | 1 | 1 | | |

| Strategic objective | Programme Performance indicator | Audited/Actual performance | | | Estimated performance 2015/16 | Medium-term targets | | |
|--|---|--|--|--|-------------------------------|---------------------|---------------|---------------|
| | | 2012/13 | 2013/14 | 2014/15 | | 2016/17 | 2017/18 | 2018/19 |
| | | | | Special Adjustment Budget tabled in March 2015 | | | | |
| | 5.5 Reports on funded priorities | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| | 5.6 Analysis reports on spending on Personnel by provincial departments | New PPI | New PPI | New PPI | New PPI | 4 | 4 | 4 |
| | 5.7 Assessment reports in terms of IYM | 14 | 14 | 15 | 15 | 15 | 15 | 15 |
| | 5.8 Assessment reports in terms of Infrastructure Model | 4 | 4 | 5 | 5 | 12 | 12 | 12 |
| Promote effective and efficient infrastructure delivery | 6.1 Reports on infrastructure monitoring visits conducted | 68 | 69 | 60 | 4 | 4 | 4 | 4 |
| | 6.2 Infrastructure review meetings | 13 | 18 | 12 | 4 | 4 | 4 | 4 |
| | 6.3 Evaluation of planning documents for departments | New PPI | New PPI | New PPI | New PPI | 8 Departments | 8 Departments | 8 Departments |
| Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund | 7.1 Annual review of settlement limit and bridging finance | Review of bridging finance 12 Settlement limits | Review of bridging finance 12 Settlement limits | Review of bridging finance 12 Settlement limits | 1 Review | 1 Review | 1 Review | 1 Review |
| | 7.2 Monitoring of SLA with provincial banker through monthly meetings | 11 | 11 | 9 | 11 | 11 | 11 | 11 |
| | 7.3 Timely submission of Annual Financial Statements on PRF | 1 Set of AFS | 1 Set of AFS | 1 Set of AFS | 1 Set of AFS | 15 June | 15 June | 15 June |

5.3 Quarterly Targets for 2016/17

| Programme Performance Indicators | | Reporting period | Annual target 2016/2017 | Quarterly targets | | | |
|----------------------------------|---|------------------|-------------------------------|-------------------|-----------------|-------------------|-----------------|
| | | | | 1 st | 2 nd | 3 rd | 4 th |
| 3.1 | Research papers | Annually | 3 | - | - | - | 3 |
| 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 | Performance reports on Provincial Own Revenue (POR) | Monthly | 12 POR | 3 | 3 | 3 | 3 |
| 4.3 | Performance reports on Revenue Enhancement Allocation (REA) | Monthly | 12 | 3 | 3 | 3 | 3 |
| 5.1 | Performance reports on Conditional Grants | Monthly | 12 | 3 | 3 | 3 | 3 |
| 5.2 | Reports on Financial Performance of Public Entities | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 5.3 | Appropriation Bill in line with national prescripts | Annually | Appropriation Bill | - | - | - | 1 |
| 5.4 | Adjustment Appropriation Bill in line with national prescripts | Annually | Adjustment Appropriation Bill | - | - | 1 | - |
| 5.5 | Reports on funded priorities | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 5.6 | Analysis Reports of spending on Personnel by provincial departments | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 5.7 | Assessment reports in terms of IYM | Monthly | 15 | 4 | 4 | 3 | 4 |
| 5.8 | Assessment reports in terms of Infrastructure Model | Quarterly | 12 | 3 | 3 | 3 | 3 |
| 6.1 | Reports on infrastructure monitoring visits conducted | Quarterly | 4 | 1 | 1 | 1 | 1 |

| Programme Performance indicators | | Reporting period | Annual target 2016/2017 | Quarterly targets | | | |
|----------------------------------|---|------------------|-------------------------|-------------------|-----------------|-----------------|-----------------|
| | | | | 1 st | 2 nd | 3 rd | 4 th |
| 6.2 | Quarterly Infrastructure review meetings | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 6.3 | Evaluation of planning documents for departments | Annually | 8 departments | - | - | 8 Departments | - |
| 7.1 | Annual review of settlement limit and bridging finance | Annually | 1 Review | 1 | - | - | - |
| 7.2 | Monitoring of SLA with provincial banker through monthly meetings | Monthly | 11 | 3 | 3 | 3 | 2 |
| 7.3 | Timely submission of Annual Financial Statements on PRF | Annually | 15 June | 15 June | - | - | - |

5.4 Reconciliation: Performance targets with the Budget and MTEF

Expenditure Estimates

Summary of payments and estimates by sub-programme: Sustainable Resource Management

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|-------------------------------------|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|---------------|---------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| 1. Programme Support | 2 414 | 2 684 | 1 672 | 1 506 | 1 518 | 1 447 | 1 622 | 1 277 | 1 351 |
| 2. Economic Analysis | 5 665 | 5 778 | 5 658 | 6 701 | 7 963 | 7 668 | 6 987 | 7 865 | 8 005 |
| 3. Fiscal Policy | 4 024 | 4 578 | 4 823 | 6 896 | 6 443 | 6 360 | 7 310 | 7 530 | 7 967 |
| 4. Budget Management | 8 637 | 9 226 | 9 082 | 9 799 | 9 660 | 9 339 | 10 268 | 10 949 | 11 584 |
| 5. Public Finance | 10 613 | 10 498 | 10 550 | 12 747 | 13 828 | 13 170 | 11 992 | 13 102 | 13 650 |
| 6. Compensation Directorate | | | | | | | 545 | 613 | 649 |
| Total payments and estimates | 31 353 | 32 764 | 31 785 | 37 649 | 39 412 | 37 984 | 38 724 | 41 336 | 43 206 |

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

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|---------------|---------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| Current payments | 31 036 | 32 542 | 31 652 | 37 649 | 39 189 | 37 831 | 38 724 | 41 336 | 43 206 |
| Compensation of employees | 26 692 | 29 068 | 29 036 | 34 284 | 33 920 | 33 988 | 35 468 | 37 688 | 39 345 |
| Goods and services | 3 816 | 3 454 | 2 616 | 3 365 | 4 269 | 3 560 | 3 256 | 3 648 | 3 861 |
| Interest and rent on land | 528 | | | | 1 000 | 283 | | | |
| Transfers and subsidies to: | | | 50 | | 17 | 17 | | | |
| Provinces and municipalities | | | | | | | | | |
| Departmental agencies and accounts | | | | | | | | | |
| Higher education institutions | | | | | | | | | |
| Foreign governments and international organisations | | | | | | | | | |
| Public corporations and private enterprises | | | | | | | | | |
| Non-profit institutions | | | | | | | | | |
| Households | | | 50 | | 17 | 17 | | | |
| Payments for capital assets | 151 | 218 | 83 | | 206 | 130 | | | |
| Buildings and other fixed structures | | | | | | | | | |
| Machinery and equipment | 151 | 218 | 83 | | 206 | 130 | | | |
| Heritage Assets | | | | | | | | | |
| Specialised military assets | | | | | | | | | |
| Biological assets | | | | | | | | | |
| Land and sub-soil assets | | | | | | | | | |
| Software and other intangible assets | | | | | | | | | |
| Payments for financial assets | 166 | 4 | | | | 6 | | | |
| Total economic classification | 31 353 | 32 764 | 31 785 | 37 649 | 39 412 | 37 984 | 38 724 | 41 336 | 43 206 |

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: Assets 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 2016/2017

| Strategic Objective | Performance Indicator | 5-Year Target (2020) | Audited / Actual performance | | | Estimated performance 2015/16 | Medium-Term targets | | |
|---|--|---|------------------------------|---------|---------|------------------------------------|--|--|--|
| | | | 2012/13 | 2013/14 | 2014/15 | | 2016/17 | 2017/18 | 2018/19 |
| 8. Strengthen supply chain management in the province through capacity building and oversight | Level of compliance with SCM KCM Indicators – assessment score | 12 Departments and 2 entities with all scores >1 | New PI | New PI | New PI | 6 Depts and 0 entities on score >1 | 7 Depts and 1 entity with score >1 on all indicators | 8 Depts and 1 entity with score >1 on all indicators | 9 Depts and 2 entities with score >1 on all indicators |
| 9. Strengthen asset management in the province through capacity building and oversight | Number of Departments and Public Entities with audit findings on assets management | No Department with findings on assets | New PI | New PI | New PI | 8 | 7 | 6 | 5 |
| | Level of compliance with PAM KCM Indicators – assessment score | 12 Departments and 2 entities with all scores >1 | New PI | New PI | New PI | 2 Depts and 2 entities on score >1 | 4 Depts and 2 entities with score >1 on all indicators | 6 Depts and 2 entities with score >1 on all indicators | 8 Depts and 2 entities with score >1 on all indicators |
| 10. Support and capacitate transversal financial management systems users | Support provided on transversal systems | 100% of support provided according to agreed upon standards | New PI | New PI | New PI | 100% | 100% | 100% | 100% |
| | Level of compliance with Transversal Systems KCM Indicators – assessment score | 12 Departments and 2 entities with all scores >1 | New PI | New PI | New PI | 2 Depts and 0 entities on score >1 | 4 Depts and 1 entity with score >1 on all indicators | 6 Depts and 2 entities with score >1 on all indicators | 8 Depts and 2 entities with score >1 on all indicators |

6.2 Programme Performance Indicators

| Strategic objective | Programme Performance indicator | Audited/Actual performance | | | | Estimated performance 2015/16 | Medium-term targets | | |
|--|---------------------------------|----------------------------|------------------------|------------------------|------------------------|-------------------------------|------------------------|------------------------|----|
| | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| | | 8.1 | 70 Monitoring reports | 47 | 56 | | 56 | 56 | 56 |
| Strengthen supply chain management in the province through capacity building and oversight | 8.2 | New PPI | New PPI | New PPI | New PPI | 4 | 4 | 4 | |
| | 8.3 | New PPI | New PPI | 4 | 4 | 4 | 4 | 4 | |
| | 8.4 | New PPI | New PPI | 6 | 12 | 12 | 12 | 12 | |
| | 8.5 | 16 | 3 | 4 | 4 | 4 | 4 | 4 | |
| | 8.6 | 6 | 9 | 7 | 4 | 4 | 4 | 4 | |
| | 8.7 | New PPI | New PPI | New PPI | New PPI | 1 | 1 | 1 | |
| | 9.1 | 191 | 134 | 107 | 117 | 117 | 117 | 117 | |
| Strengthen asset management in the province through capacity building and oversight | 9.2 | New PPI | New PPI | New PPI | 4 | 4 | 4 | 4 | |
| | 9.3 | New PPI | New PPI | New PPI | 4 | 4 | 4 | 4 | |
| | 9.4 | 18 | 14 | 14 | 16 | 10 | 10 | 10 | |
| | 9.5 | 24 | 8 | 13 | 1 | 1 | 1 | 1 | |
| | 9.6 | New PPI | New PPI | New PPI | New PPI | 76 | 76 | 76 | |
| | 9.7 | New PPI | New PPI | New PPI | New PPI | 76 | 76 | 76 | |
| | 10.1 | 98% of 8 Working hours | 99% of 8 Working hours | 99% of 8 Working hours | 95% of 8 Working hours | 95% of 8 Working hours | 95% of 8 Working hours | 95% of 8 Working hours | |
| Support and capacitate transversal financial management systems users | | | | | | | | | |

| Strategic objective | Programme Performance indicator | Audited/Actual performance | | | | Estimated performance 2015/16 | Medium-term targets | | |
|---------------------|---|--|----------------------------------|---------|---|---|---|---|-----|
| | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| 10.2 | Percentage of requests for technical and functional support responded to within 8 working hours | Responded within 8 working hours | Responded within 8 working hours | 100% | 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 | |
| | 10.3 | Number of users trained on Transversal Systems (BAS, PERSAL and LOGIS) | 1297 | 1204 | 898 | 750 | 800 | 850 | 950 |

6.3 Quarterly Targets for 2016/17

| Programme Performance indicators | | Reporting period | Annual target 2016/2017 | Quarterly targets | | | |
|----------------------------------|---|------------------|---|---|---|---|---|
| | | | | 1 st | 2 nd | 3 rd | 4 th |
| 8.1 | SCM monitoring reports | Quarterly | 56 | 14 | 14 | 14 | 14 |
| 8.2 | PPP monitoring reports | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 8.3 | Reports on assessment of transversal contracts | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 8.4 | Reports on payment of invoices within 30 days | Monthly | 12 | 3 | 3 | 3 | 3 |
| 8.5 | SCM Forums | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 8.6 | SCM Training sessions | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 8.7 | Report on assessment of Annual Procurement Plans | Annually | 1 | 1 | - | - | - |
| 9.1 | Physical Asset monitoring reports | Quarterly | 100 | 25 | 25 | 25 | 25 |
| 9.2 | Reports for assessment of Interim and draft Financial Statements on assets | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 9.3 | Report on follow up of Prior Year asset audit issues | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 9.4 | PAM Forums | Quarterly | 10 | 1 | 4 | 1 | 4 |
| 9.5 | PAM training sessions | Annually | 1 | - | - | 1 | - |
| 9.6 | PAM -Inventory monitoring reports | Quarterly | 76 | 19 | 19 | 19 | 19 |
| 9.7 | PAM Quarterly LOGIS Asset Compliance Report | Quarterly | 76 | 19 | 19 | 19 | 19 |
| 10.1 | 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 | 95% of 8 Working hours |
| 10.2 | 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 | 100% of calls responded to within 8 working hours |
| 10.3 | Number of users trained on Transversal Systems (BAS, PERSAL and LOGIS) | Quarterly | 800 | 150 | 300 | 200 | 150 |

6.4 Reconciliation: Performance targets with the Budget and MTEF

Expenditure Estimates

Summary of payments and estimates by sub-programme: Asset And Liabilities Management

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|---------------|---------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| 1. Programme Support | 3 238 | 2 241 | 2 251 | 1 602 | 1 301 | 1 211 | 1 735 | 1 836 | 1 943 |
| 2. Asset Management | 8 521 | 12 824 | 26 793 | 39 872 | 51 277 | 54 464 | 56 061 | 27 844 | 27 956 |
| 3. Supporting And Interlinked Financial Systems | 41 549 | 39 797 | 41 734 | 45 168 | 45 329 | 46 415 | 46 549 | 46 074 | 48 746 |
| Total payments and estimates | 53 308 | 54 862 | 70 778 | 86 642 | 97 907 | 102 090 | 104 345 | 75 754 | 78 645 |

Summary of payments and estimates by economic classification: Asset And Liabilities Management

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|---------------|---------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| Current payments | 51 721 | 54 564 | 70 461 | 86 642 | 97 655 | 101 837 | 103 985 | 75 754 | 78 645 |
| Compensation of employees | 26 231 | 26 158 | 30 310 | 33 574 | 33 362 | 32 685 | 33 758 | 36 758 | 38 664 |
| Goods and services | 25 490 | 28 406 | 40 151 | 53 068 | 64 293 | 69 152 | 70 227 | 38 996 | 39 981 |
| Interest and rent on land | | | | | | | | | |
| Transfers and subsidies to: | 303 | 101 | | | 131 | 131 | | | |
| Provinces and municipalities | | | | | | | | | |
| Departmental agencies and accounts | | | | | | | | | |
| Higher education institutions | | | | | | | | | |
| Foreign governments and | | | | | | | | | |
| Public corporations and private enterprises | | | | | | | | | |
| Non-profit institutions | | | | | | | | | |
| Households | 303 | 101 | | | 131 | 131 | | | |
| Payments for capital assets | 1 213 | 183 | 317 | | 121 | 122 | 360 | | |
| Buildings and other fixed structures | 297 | | | | | | | | |
| Machinery and equipment | 916 | 183 | 317 | | 121 | 122 | 360 | | |
| Heritage Assets | | | | | | | | | |
| Specialised military assets | | | | | | | | | |
| Biological assets | | | | | | | | | |
| Land and sub-soil assets | | | | | | | | | |
| Software and other intangible assets | | | | | | | | | |
| Payments for financial assets | 71 | 14 | | | | | | | |
| Total economic classification | 53 308 | 54 862 | 70 778 | 86 642 | 97 907 | 102 090 | 104 345 | 75 754 | 78 645 |

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 2016/2017

| Strategic Objective | Performance Indicator | 5-Year Target (2020) | Audited / Actual performance | | | Estimated performance 2015/16 | Medium-Term targets | | |
|---|---|---|------------------------------|----------------------|--|---|--|--|--|
| | | | 2012/13 | 2013/14 | 2014/15 | | 2016/17 | 2017/18 | 2018/19 |
| 11. Promote and enforce sound accounting practices and reporting through capacity building and monitoring | % AFS findings resolved Number of departments / entities with 90% compliance to the minimum requirements of AFS work file | 90% 5 Depts = 100% 7 Depts and 3 entities = 90% | New PI New PI | New PI New PI | 70% 1 Dept = 100% 4 Depts >90% 1 Entity > 80% | 80% 2 Depts = 100% 5 Depts >90% 1 Entities > 90% | 82% 3 Depts = 100% 6 Depts and 1 entity ≥90% | 85% 3 Depts = 100% 6 Depts and 2 entities ≥90% | 87% 4 Depts = 100% 7 Depts and 2 entities ≥90% |
| 12. Promote and enforce risk management and internal audit practices through capacity building and monitoring | Level of compliance with Accounting KCM Indicators – assessment score Percentage compliance and effectiveness by departments and public entities on Risk Management and Internal Audit Activities. | 12 Departments and 3 entities with all scores >1 Risk Management: 12 Depts and 3 entities ≥ 90% Internal Audit: 12 Depts and 3 entities ≥ 90% | New PI New PI | New PI New PI | New PI New PI | 7 Depts and 2 entities with score >1 | 9 Depts and 2 entities with score >1 on all indicators | 10 Depts and 3 entities with score >1 on all indicators | 11 Depts and 3 entities with score >1 on all indicators |

7.2 Programme Performance Indicators

| Strategic objective | Programme Performance Indicator | Audited/Actual performance | | | | Estimated performance 2015/16 | Medium-term targets | | |
|---|---------------------------------|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|--|
| | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| Promote and enforce sound accounting practices and reporting through capacity building and monitoring | 11.1 | 7 | 10 | 6 | 6 | 6 | 6 | 6 | |
| | 11.2 | New PPI | 4 | 4 | 4 | 4 | 4 | 4 | |
| | 11.3 | Timely submission of quality consolidated annual financial statements and Annual Report <ul style="list-style-type: none"> • Draft CFS • Final CFS • Annual Report | 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 | 11.4 | New PPI | 11 | 13 | 14 | 19 | 19 | 19 | |
| | 12.1 | Consolidated Key Control Matrix assessment reports produced for departments and entities to promote compliance with legislative requirements | New PPI | 2 | 2 | 2 | 2 Reports | 2 Reports | |
| | 12.2 | Bi-annual consolidated assessment reports produced for departments and public entities to promote compliance with Internal Audit Framework | - | 1 | 2 | 2 | 2 Reports | 2 Reports | |

| Strategic objective | Programme Performance indicator | Audited/Actual performance | | | | Estimated performance 2015/16 | Medium-term targets | | |
|---------------------|---|----------------------------|--|---------|---------|-------------------------------|---------------------|---------|---|
| | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| | | 12.3 | Formal training sessions to build capacity and promote Risk Management, Internal Audit and Fraud alertness for provincial departments and entities | New PPI | 6 | | 3 | 2 | 2 |
| 12.4 | Fraud Awareness Seminars to promote alertness to provincial departments and entities. | New PPI | New PPI | 4 | 7 | 3 | 3 | | |

7.3 Quarterly Targets for 2016/17

| Programme Performance Indicators | | Reporting period | Annual target 2016/2017 | Quarterly targets | | | |
|----------------------------------|---|------------------|------------------------------------|-------------------|-----------------|-----------------|-----------------|
| | | | | 1 st | 2 nd | 3 rd | 4 th |
| 11.1 | Formal training sessions to build capacity in provincial departments and entities on accounting practices | Quarterly | 6 | 1 | 2 | 1 | 2 |
| 11.2 | 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 |
| 11.3 | 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 | |
| 11.4 | Consolidated Key Control Matrix assessment reports produced for departments and entities to promote compliance with legislative requirements | Quarterly | 19 | 4 | 5 | 5 | 5 |
| 12.1 | Bi-annual consolidated assessment reports produced for departments and entities to promote compliance with line with Risk Management Framework and Fraud Risk Assessments. | Bi-Annually | 2 Reports | - | 1 Report | - | 1 Report |
| 12.2 | Bi-annual consolidated assessment reports produced for departments and public entities to promote compliance with Internal Audit Framework | Bi-Annually | 2 Reports | 1 Report | - | 1 Report | - |
| 12.3 | Formal training sessions to build capacity and promote Risk Management, Internal Audit and Fraud alertness for provincial departments and entities | Bi-Annually | 2 | - | 1 | - | 1 |
| 12.4 | Fraud Awareness Seminars to promote alertness to provincial departments and entities. | Annually | 3 | - | - | 3 | - |

7.4 Reconciliation: Performance targets with the Budget and MTEF

Expenditure Estimates

Summary of payments and estimates by sub-programme: Financial Governance

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|---------------|---------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| Program Support | 1 731 | 1 720 | 3 761 | 2 053 | 2 152 | 2 068 | 2 269 | 2 314 | 2 388 |
| Accounting Services | 7 769 | 7 641 | 9 355 | 12 190 | 11 663 | 11 081 | 13 019 | 13 901 | 14 707 |
| Risk Management And Internal Audit Provincial | 7 263 | 8 048 | 6 336 | 6 061 | 7 220 | 6 983 | 9 459 | 7 059 | 7 469 |
| Total payments and estimates | 16 763 | 17 409 | 19 452 | 20 304 | 21 035 | 20 132 | 24 747 | 23 274 | 24 564 |

Summary of payments and estimates by economic classification: Financial Governance

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|---------------|---------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| Current payments | 16 628 | 17 208 | 19 361 | 20 257 | 20 952 | 20 078 | 24 747 | 23 255 | 24 544 |
| Compensation of employees | 15 482 | 16 436 | 16 866 | 19 009 | 18 589 | 17 794 | 20 983 | 21 059 | 22 280 |
| Goods and services | 1 146 | 772 | 2 495 | 1 248 | 2 363 | 2 284 | 3 764 | 2 196 | 2 264 |
| Interest and rent on land | | | | | | | | | |
| Transfers and subsidies to: | | | | | 19 | 19 | | | |
| Provinces and municipalities | | | | | | | | | |
| Departmental agencies and higher education institutions | | | | | | | | | |
| Foreign governments and public corporations and non-profit institutions | | | | | | | | | |
| Households | | | | | 19 | 19 | | | |
| Payments for capital assets | 135 | 201 | 91 | 47 | 64 | 35 | | 19 | 21 |
| Buildings and other fixed structures | | | | | | | | | |
| Machinery and equipment | 135 | 201 | 91 | 47 | 64 | 35 | | 19 | 21 |
| Heritage Assets | | | | | | | | | |
| Specialised military assets | | | | | | | | | |
| Biological assets | | | | | | | | | |
| Land and sub-soil assets | | | | | | | | | |
| Software and other intangible assets | | | | | | | | | |
| Payments for financial assets | | | | | | | | | |
| Total economic classification | 16 763 | 17 409 | 19 452 | 20 304 | 21 035 | 20 132 | 24 747 | 23 274 | 24 564 |

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 2016/2017

| Strategic Objective | Performance Indicator | 5-Year Target (2020) | Audited / Actual performance | | | | Estimated performance 2015/16 | Medium-Term targets | | |
|---|---|---|------------------------------|---------|---------|--|--|---|---|--|
| | | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| 13. Monitor and support municipalities towards improved budget management | Number of municipalities with fully funded budgets | 16 | New PI | New PI | New PI | 6 | 10 | 12 | 14 | |
| 14. Monitor and support municipalities towards improved audit outcomes | Audit opinions: | * Disclaimer: 0 Qualified: 6 Unqualified: 11 Unqualified, no findings: 5 | New PI | New PI | New PI | Disclaimer: 4 Qualified: 9 Unqualified: 7 Unqualified, no findings: 1 Outstanding: 2 | * Disclaimer: 3 Qualified: 8 Unqualified: 9 Unqualified, no findings: 2 | * Disclaimer: 2 Qualified: 7 Unqualified: 10 Unqualified, no findings: 3 | * Disclaimer: 1 Qualified: 3 Unqualified: 14 Unqualified, no findings: 4 | |
| 15. Monitor and support municipalities to strengthen compliance with SCM prescripts | Number of municipalities with established Bid Committees | 16 | New PI | New PI | New PI | 6 | 8 | 12 | 14 | |
| 16. Monitor and support municipalities to strengthen Internal Audit and Risk Management | Compliance with Internal Audit KPIs Compliance with Risk Management KPIs | 22 Municipalities at 90% compliance 22 Municipalities at 85% compliance | New PI | New PI | New PI | 6 Municipalities at 50% 5 Municipalities at 50% | 10 municipalities at 65% 8 municipalities at 60% | 15 municipalities at 75% 13 municipalities at 70% | 20 municipalities at 85% 18 municipalities at 80% | |

* The number of delegated municipalities will reduce from 23 to 22 in 2016/17 due to the disestablishment of Naledi Local Municipality (Provincial Gazette 94, 18 Sept 2015)

8.2 Programme Performance Indicators

| Strategic objective | Programme Performance Indicator | Audited/Actual performance | | | | Estimated performance 2015/16 | Medium-term targets | | |
|---|---------------------------------|--|--|---|--|--|--|--|--|
| | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| Monitor and support municipalities towards improved budget management | 13.1 | Assessment reports on Draft and Final Budgets received on credibility and compliance with MFMA regulations | 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 | |
| | 13.2 | Quarterly publication of Section (71) reports for local government and legislature | 12 Consolidated reports 4 Publication | Quarterly publication of section 71 | 75% of 23 municipalities | 75% of 23 municipalities | 4 Publications | 4 Publications | |
| | 13.3 | Municipalities supported on NERSA application | New PPI | New PPI | New PPI | New PPI | 1 Provincial NERSA work session | 1 Provincial NERSA work session | |
| | 13.4 | Municipalities supported on debtors and creditors | New PPI | New PPI | New PPI | New PPI | 1 Intergovernmental debt plenary session | 1 Intergovernmental debt plenary session | |
| | 13.5 | mSCOA capacity building | New PPI | New PPI | New PPI | New PPI | 2 sessions | 1 session N/A | |
| | 13.6 | mSCOA readiness assessment | New PPI | New PPI | New PPI | New PPI | 4 Assessment Reports | 4 Assessment Reports | |
| | 13.7 | Implementation of mSCOA Support Plan | New PPI | New PPI | New PPI | New PPI | 4 Progress Reports | 4 Progress Reports | |
| Monitor and support municipalities towards improved audit outcomes | 14.1 | Municipalities monitored on audit action plans and 5 key controls | New PPI | New PPI | New PPI | New PPI | 4 Consolidated progress reports | 4 Consolidated progress reports | |
| | 14.2 | Mid-year financial statements reviewed | New PPI | New PPI | 1 Report on review of mid-year | 1 Report on review of submitted mid-year | 1 Consolidated report on review of submitted mid-year financial statements | 1 Consolidated report on review of submitted mid-year financial statements | |

| Strategic objective | Programme Performance indicator | | Audited/Actual performance | | | | Estimated performance 2015/16 | Medium-term targets | | |
|---------------------|--|------------------------|----------------------------|--|------------------------|-----------------------|-------------------------------|-----------------------|-----------------------|---------|
| | | | 2012/13 | 2013/14 | 2014/15 | 2016/17 | | 2017/18 | 2018/19 | |
| | | | 14.3 | Reports on Municipal Support Programme (MSP) | New PPI | New PPI | | New PPI | New PPI | New PPI |
| 14.4 | Training of SCM practitioners, bid committee members, Section 32 committee members and internal auditors on irregular, unauthorised and wasteful expenditure | New PPI | New PPI | New PPI | New PPI | New PPI | 8 Municipalities | 8 Municipalities | 6 Municipalities | |
| 15.1 | SCM toolkit training sessions | New PPI | New PPI | New PPI | New PPI | New PPI | 4 | 4 | 4 | |
| 15.2 | CFO Forums | New PPI | New PPI | New PPI | New PPI | New PPI | 2 | 2 | 2 | |
| 16.1 | Municipalities assessed and supported on Internal Audit and Risk Management | 5 Consolidated reports | 5 Consolidated Reports | 18 Muns (78%) on 60% score 9 Muns (39%) on 60% score 15 Muns (65%) on 50% Score 3 Muns (35%) on 50% score 17 Muns (74%) on 50% score | 4 Consolidated reports | 1 Consolidated report | 1 Consolidated report | 1 Consolidated report | 1 Consolidated report | |
| 16.2 | Internal Audit and Risk Management training sessions held | 4 | 2 | 4 | 2 | 2 | 2 | 2 | 2 | |
| 16.3 | Fraud awareness seminars held to promote fraud alertness in municipalities | 1 | 1 | 5 | 1 Fraud awareness week | 3 | 3 | 3 | 3 | |

8.3 Quarterly Targets for 2016/17

| Programme Performance indicators | Reporting | Annual target | Quarterly targets |
|----------------------------------|-----------|---------------|-------------------|
|----------------------------------|-----------|---------------|-------------------|

| | period | 2016/2017 | 1 st | 2 nd | 3 rd | 4 th |
|------|--|--|------------------------------------|------------------------------------|-----------------|-----------------|
| 13.1 | Assessment reports on Draft and Final Budgets received on credibility and compliance with MFMA regulations | 2 Consolidated reports | 1 Consolidated draft budget report | 1 Consolidated final budget report | - | - |
| 13.2 | Quarterly publication of Section (71) reports for local government and legislature | 4 Publications | 1 | 1 | 1 | 1 |
| 13.3 | Municipalities supported on NERSA application | 1 Provincial NERSA work session | - | - | 1 | - |
| 13.4 | Municipalities supported on debtors and creditors | 1 Intergovernmental debt plenary session | - | - | 1 | - |
| 13.5 | mSCOA capacity building | 2 sessions | - | 1 | - | 1 |
| 13.6 | mSCOA readiness assessment | 4 Assessment reports | 1 | 1 | 1 | 1 |
| 13.7 | Implementation of mSCOA Support Plan | 4 Progress reports | 1 | 1 | 1 | 1 |
| 14.1 | Municipalities monitored on audit action plans and 5 key controls | 4 Consolidated progress reports | 1 | 1 | 1 | 1 |
| 14.2 | Mid-year financial statements reviewed | 1 Consolidated report on review of submitted mid-year financial statements | 1 | - | - | - |
| 14.3 | Reports on Municipal Support Programme (MSP) | 2 Consolidated reports on MSP | - | 1 | - | 1 |
| 14.4 | Training of SCM practitioners, bid committee members, Section 32 committee members and internal auditors on irregular, unauthorised and wasteful expenditure | 8 Municipalities | 2 | 2 | 2 | 2 |
| 15.1 | SCM toolkit training sessions | 4 | 1 | 1 | 1 | 1 |
| 15.2 | CFO Forums | 2 | 1 | - | 1 | - |
| 16.1 | Municipalities assessed and supported on Internal Audit and Risk Management | 1 Consolidated report | - | - | - | 1 |
| 16.2 | Internal Audit and Risk Management training sessions held | 2 | - | 1 | - | 1 |

| Programme Performance indicators | | Reporting period | Annual target 2016/2017 | Quarterly targets | | | |
|----------------------------------|--|------------------|-------------------------|-------------------|-----------------|-----------------|-----------------|
| | | | | 1 st | 2 nd | 3 rd | 4 th |
| 16.3 | Fraud awareness seminars held to promote fraud alertness in municipalities | Annually | 3 | - | - | 3 | - |

8.4 Reconciliation: Performance targets with the Budget and MTEF

Expenditure Estimates

Summary of payments and estimates by sub-programme: Municipal Finance Management

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|---------------|---------------|---------------|--------------------|--------------------------------|------------------|-----------------------|---------------|---------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| 1. Programme Support | 1 795 | 999 | 2 638 | 31 710 | 30 271 | 29 898 | 2 339 | 1 911 | 2 021 |
| 2. Thabo Mafunyana District | 5 605 | 5 597 | 6 016 | 8 136 | 6 484 | 6 996 | 7 154 | 7 628 | 8 070 |
| 3. Fezile Dabi District | 4 115 | 4 730 | 5 184 | 6 259 | 6 228 | 6 121 | 5 795 | 6 448 | 6 822 |
| 4. Lejwelephutswa District | 3 277 | 3 447 | 3 766 | 4 038 | 4 762 | 4 550 | 6 832 | 6 583 | 6 965 |
| 5. Xhariep District | 3 724 | 3 241 | 3 705 | 5 031 | 4 958 | 4 760 | 5 508 | 6 187 | 6 546 |
| 6. Municipal Risk Management & Internal Audit | 3 834 | 3 133 | 3 275 | 4 199 | 4 177 | 4 084 | 4 490 | 4 633 | 4 902 |
| 7. Municipal Support Program & Igr | | | | | 1 012 | 553 | 32 356 | 27 523 | 27 089 |
| Total payments and estimates | 22 350 | 21 147 | 24 584 | 59 373 | 57 892 | 56 962 | 64 474 | 60 912 | 62 414 |

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

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2015/16 | Revised estimate | Medium-term estimates | | |
|---|---------------|---------------|---------------|--------------------|--------------------------------|------------------|-----------------------|---------------|---------------|
| | 2012/13 | 2013/14 | 2014/15 | | | | 2016/17 | 2017/18 | 2018/19 |
| Current payments | 21 895 | 20 916 | 24 198 | 59 373 | 39 020 | 38 090 | 51 124 | 60 912 | 62 414 |
| Compensation of employees | 17 912 | 18 712 | 21 872 | 26 384 | 28 035 | 27 930 | 31 103 | 32 354 | 35 158 |
| Goods and services | 3 893 | 2 204 | 2 326 | 32 989 | 10 985 | 10 160 | 20 021 | 28 558 | 27 256 |
| Interest and rent on land | | | | | | | | | |
| Transfers and subsidies to: | | 37 | 196 | | 18 872 | 18 872 | 13 350 | | |
| Provinces and municipalities | | | | | 18 850 | 18 840 | 13 350 | | |
| Departmental agencies and accounts | | | | | | | | | |
| Higher education institutions | | | | | | | | | |
| Foreign governments and international organisations | | | | | | | | | |
| Public corporations and private enterprises | | | | | | | | | |
| Non-profit institutions | | | | | | | | | |
| Households | | 37 | 196 | | 22 | 32 | | | |
| Payments for capital assets | 545 | 189 | 190 | | | | | | |
| Buildings and other fixed structures | | | | | | | | | |
| Machinery and equipment | 545 | 189 | 190 | | | | | | |
| 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 | 22 350 | 21 147 | 24 584 | 59 373 | 57 892 | 56 962 | 64 474 | 60 912 | 62 414 |

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

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

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. |

Amendments to Strategic Objectives included in the Strategic Plan

The Department reviewed the strategic objectives as contained in the 2015-2020 Strategic Plan in order to include indicators and targets for strategic objectives.

1. PROGRAMME 1: ADMINISTRATION

| Programme purpose | Sub-programmes |
|--|--|
| To provide leadership and strategic management in accordance with legislation, regulations and policies as well as to ensure there is appropriate support service to all other programmes. | <ul style="list-style-type: none"> • Office of the MEC • Management Services • Corporate Services • Financial Management • Internal Audit |

Strategic objectives

| | |
|------------------------------|--|
| Strategic Objective 1 | Improve the quality of management practices |
| Objective statement | To improve the quality of management and management practices, including strategic, financial and human resource management, to ensure compliance with government's administrative policy and legislative frameworks, as per MPAT assessment and audit findings, in order to create a conducive environment for achieving the goals and objectives of the department |
| Indicators | MPAT scores Audit opinion |
| Baseline | Fully compliant score against 64% of the 33 MPAT standards for 2013, Unqualified opinion with no findings (clean audit) |
| 5-Year target | Fully compliant score against 94% of the 36 MPAT standards Unqualified with no findings (clean audit) audit opinion |
| Justification | Effective and efficient management and management practices are necessary to build a public service that is professional, accountable and development oriented as envisaged by the Constitution of the Republic of South Africa and further espoused in the National Development Plan and Medium Term Strategic Framework. |
| Links | <p>Strategic Goal No 1: An efficient, effective and development oriented department</p> <p>MTSF: Outcome number 12: An efficient, effective and development-oriented public service, Impact Indicator 1: % of national and provincial departments that achieve at least level 3 within 50% of the Management Performance Assessment Tool (MPAT) standards for each cycle, Impact Indicator 4: Number of qualified, adverse and disclaimer annual audit reports on national and provincial government departments</p> <p>FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development</p> |

| | |
|------------------------------|---|
| Strategic Objective 2 | Establish a skilled, competent and responsive workforce |
| Objective statement | To provide strategic support to the department by establishing a skilled, competent and responsive workforce by improving staffing levels through recruitment processes and staff retention by creating a conducive work environment through skills development and wellness initiatives. |
| Indicators | Vacancy rate |
| Baseline | Current vacancy rate: 16% |
| 5-Year target | Vacancy rate of 7% or less |
| Justification | Provincial Treasury renders oversight and support to provincial departments, municipalities and their entities and requires an adequate and skilled workforce that will be able to execute the department's mandate and provide expert advice. |
| Links | <p>Strategic Goal No 1: An efficient, effective and development oriented department</p> <p>MTSF: Outcome number 12: An efficient, effective and development-oriented public service, Impact Indicator 2: Funded vacancy rate (average 5 of posts on PERSAL which are vacant over a quarter, for all national and provincial departments)</p> <p>FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development</p> |

2. PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

| Programme purpose | Sub-programmes |
|--|---|
| 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. | <ul style="list-style-type: none"> • Economic Analysis • Fiscal Policy • Budget Management • Public Finance |

Strategic objectives

| | |
|------------------------------|--|
| Strategic Objective 3 | Conduct research and provide economic information in pursuit of inclusive growth and development |
| Objective statement | To provide a platform to enhance inclusive regional economic growth and development of the Free State and its people through quality research and up to date socio-economic information |
| Indicators | Socio-economic information provided |
| Baseline | 6 Research Papers, 2 Publications and 4 Labour Market Bulletins per annum |
| 5-Year target | 10 Socio-economic reports produced annually |
| Justification | Research and economic information could influence policy decisions in order to stimulate job creation and poverty alleviation |
| Links | <p>Strategic Goal No 2: Support departments, municipalities and entities towards improving financial accountability and sustainability</p> <p>MTSF: Outcome number 4: Decent employment through inclusive economic growth</p> <p>FSGDS: Pillar 1: Inclusive growth and sustainable job creation</p> |

| | |
|------------------------------|--|
| Strategic Objective 4 | Optimize provincial own revenue in order to fund key priorities |
| Objective statement | To enhance revenue collection for the province through effective and efficient revenue management, provision of revenue enhancement allocation, research work and oversight of revenue generating departments and entities |
| Indicators | Revenue collected |
| Baseline | The 2014/15 revenue estimate amounts to R965 million |
| 5-Year target | Revenue collected target in excess of R 1.1 Billion |
| Justification | Optimization of revenue provides for additional funding for provincial priorities and service delivery needs |
| Links | <p>Strategic Goal No 2: Support departments, municipalities and entities towards improving financial accountability and sustainability</p> <p>MTSF: Outcome number 12: An efficient, effective and development-oriented public service</p> <p>FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development</p> |

| | |
|------------------------------|--|
| Strategic Objective 5 | Monitor and assess the implementation of the fiscal policy and budget framework |
| Objective statement | To monitor and assess the extent to which departments and public entities are spending allocated funds, including conditional grants, in line with the Estimates of Provincial Revenue and Expenditure and complying with the given conditions/regulations of the grants as per the Division of Revenue Act in order to promote and ensure effective and efficient implementation of the fiscal policy framework |
| Indicators | Timeous publication of the EPRE Variance between provincial budget and expenditure Level of compliance with Revenue and Expenditure Key Control Matrix (KCM) indicators (assessment score) |
| Baseline | EPRE published within two weeks of the National Budget Variance of less than 2% between provincial budget and expenditure 8 (70%) Departments on 4 |
| 5-Year target | EPRE published within two weeks of the National Budget Variance of less than 2% between provincial budget and expenditure 12 (100%) Departments with scores 4 (100%) |
| Justification | The provincial budget allocations and effective management thereof is key to ensuring delivery on government priorities and the optimal utilisation of financial resources. |
| Links | Strategic Goal No 2: Support departments, municipalities and entities towards improving financial accountability and sustainability MTSF: Outcome number 12: An efficient, effective and development-oriented public service FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development |

| | |
|------------------------------|---|
| Strategic Objective 6 | Promote effective and efficient infrastructure delivery |
| Objective statement | Support departments and public entities to reduce the number of infrastructure projects that are not completed in time and on budget in order to improve infrastructure delivery through monitoring infrastructure projects and evaluating and advising on planning documents |
| Indicators | Percentage of infrastructure projects not completed in time and on budget |
| Baseline | 84,5% of infrastructure projects are not completed on time and on budget |
| 5-Year target | 35% or less of infrastructure projects are not completed on time and on budget |
| Justification | This objective also aims to address under-spending on budget allocations for infrastructure, delays and cost overruns on projects. |
| Links | Strategic Goal No 3: Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money MTSF: Outcome number 12: An efficient, effective and development-oriented public service FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development |

| | |
|------------------------------|---|
| Strategic Objective 7 | Ensure sustainable and effective cash management practices, and efficient management of the Provincial Revenue Fund |
| Objective statement | To effectively manage the Provincial Revenue Fund, as well as monitoring of cash flow processes and investments in the province to ensure that 100% of appropriated funds are transferred to departments |
| Indicators | Percentage of appropriated funds transferred to provincial departments Audit opinion on PRF |
| Baseline | 100% of appropriated funds transferred Unqualified with no findings audit opinion |
| 5-Year target | 100% of appropriated funds transferred annually Unqualified with no findings (clean) audit opinion on PRF |
| Justification | Effective and efficient management of the Provincial Revenue Fund will ensure that the province's cash flows are adequately managed to enable provincial departments to meet their payment obligations, and also to earn maximum returns on investments in order to contribute to the financial health and sustainability of the province. |
| Links | Strategic Goal No 3: Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money MTSF: Outcome number 12: An efficient, effective and development-oriented public service FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development |

3. PROGRAMME 3: ASSETS AND LIABILITY MANAGEMENT

| Programme purpose | Sub-programmes |
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| 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. | <ul style="list-style-type: none"> • Asset management • Supporting and Interlinked Financial Systems |

Strategic objectives

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| Strategic Objective 8 | Strengthen supply chain management in the province through capacity building and oversight |
| Objective statement | Support departments and public entities through monitoring and capacity building initiatives to develop and implement effective and efficient supply chain management practices and systems that ensure transparency and accountability and deliver value for money and to improve compliance of departments and entities with identified Key Performance Indicators. |
| Indicators | Level of compliance with SCM KCM indicators (assessment score) |
| Baseline | 7 departments and entities on KCM score 1 |
| 5-Year target | 14 departments and entities on KCM score > 1 |
| Justification | The state's ability to procure what it needs on time, at the right quality, right quantity, right price, delivery at the right place is central to its ability to deliver on its priorities. This objective also aims to address non-compliance with supply chain management legislation. |
| Links | <p>Strategic Goal No 3: Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money</p> <p>MTSF: Outcome number 12: An efficient, effective and development-oriented public service, Sub-outcome 5: Procurement systems that deliver value for money</p> <p>FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development</p> |

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| Strategic Objective 9 | Strengthen asset management in the province through capacity building and oversight |
| Objective statement | Support departments and public entities through monitoring and capacity building initiatives to develop and implement effective and efficient asset management practices and systems that ensure transparency and accountability as reflected in the audit outcomes of departments and entities |
| Indicators | Level of compliance with PAM KCM indicators (assessment score) Number of departments and entities with audit qualification on assets management |
| Baseline | 10 Departments are on KCM score 1 8 departments have audit findings on assets, 2 with unqualified with findings opinions and 6 with qualified opinions |
| 5-Year target | 12 Departments and 2 trading entities with all scores > 1 No department with findings on assets management |
| Justification | The objective aims to enable departments to implement controls to improve the safeguarding and maintenance of assets. |
| Links | Strategic Goal No 3: Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money MTSF: Outcome number 12: An efficient, effective and development-oriented public service, Sub-outcome 5: Procurement systems that deliver value for money FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development |

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| Strategic Objective 10 | Support and capacitate transversal financial management systems users |
| Objective statement | To support transversal financial management system users with registration of supplier and banking details, codification and standardisation of items registration, submissions for hand written cheques as well as training these users in order to have competent transversal systems users and effective utilization of these systems. |
| Indicators | Extent to which support is provided according to agreed upon standards Level of compliance with Transversal Systems KCM indicators (assessment score) |
| Baseline | The department currently responds within agreed timeframes 12 Departments and 1 entity on KCM score 1 |
| 5-Year target | 100% of support provided according to agreed upon standards 12 Departments and 2 entities with all scores > 1 |
| Justification | Supporting and training of transversal financial management system users are necessary to have competent users, minimise of risks and improve the utilization of the system. |
| Links | Strategic Goal No 3: Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money MTSF: Outcome number 12: An efficient, effective and development-oriented public service FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development |

4. PROGRAMME 4: FINANCIAL GOVERNANCE

| Programme purpose | Sub-programmes |
|---|---|
| The role of this programme is to promote and enforce financial governance in the provincial government. | <ul style="list-style-type: none"> Accounting Services Provincial Risk and Internal Audit |

Strategic objectives

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| Strategic Objective 11 | Promote and enforce sound accounting practices and reporting through capacity building and monitoring |
| Objective statement | To promote and enforce sound accounting practices and reporting through capacity building and monitoring in order to improve the quality of financial practices and reporting to ensure compliance with PFMA and relevant accounting frameworks. |
| Indicators | Percentage of AFS findings resolved Percentage compliance with minimum requirements of AFS work file Level of compliance with Accounting KCM indicators (assessment score) |
| Baseline | 65% of financial statement assessment findings resolved 1 Department with 90% compliance to minimum requirements of work file for 2013/14 12 Departments on KCM score 1 (2013/14) |
| 5-Year target | 90% or more of AFS findings resolved 5 Departments at 100% compliance and 7 departments and 3 entities at 90% compliance 12 Departments and 3 entities KCM score \geq 1 |
| Justification | Effective and efficient accounting practices and reporting are necessary to ensure sound financial management that will result in improved service delivery for a better life for all in the Free State Province. |
| Links | Strategic Goal No 2: Support departments, municipalities and entities towards improving financial accountability and sustainability MTSF: Outcome number 12: An efficient, effective and development-oriented public service, Impact Indicator 4: Number of qualified, adverse and disclaimer annual audit reports on national and provincial government departments FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development |

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| Strategic Objective 12 | Promote and enforce risk management and internal audit practices through capacity building and monitoring |
| Objective statement | To improve the effectiveness and efficiency of Risk Management and Internal Audit to ensure compliance with relevant frameworks and the PFMA. |
| Indicators | Assessment score on compliance and effectiveness of departments and entities on: Risk Management Internal Audit |
| Baseline | Risk Management: 7 Departments and 0 entities achieved $\geq 90\%$ Internal Audit: 8 Departments and 0 entities achieved $\geq 90\%$ |
| 5-Year target | Risk Management: 12 Departments and 3 entities achieved $\geq 90\%$ Internal Audit: 12 Departments and 3 entities achieved $\geq 90\%$ |
| Justification | Effective and efficient governance practices are necessary to ensure sound financial management which will further improve service delivery to contribute to a better life for all in Free State Province. |
| Links | Strategic Goal No 2: Support departments, municipalities and entities towards improving financial accountability and sustainability MTSF: Outcome number 12: An efficient, effective and development-oriented public service, Impact Indicator 4: Number of qualified, adverse and disclaimer annual audit reports on national and provincial government departments FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development |

5. PROGRAMME 5: MUNICIPAL FINANCE MANAGEMENT

| Programme purpose | Sub-programmes |
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| The role of this programme is to improve the state of financial governance and management at local government level | <ul style="list-style-type: none"> • 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 |

Strategic objectives

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| Strategic Objective 13 | Monitor and support municipalities towards improved budget management |
| Objective statement | To monitor and support municipalities in order to strengthen their budget management practices and ensure that budgets that are approved are funded |
| Indicators | Number of municipalities with funded budgets |
| Baseline | 6 of 22 delegated municipalities have funded budgets |
| 5-Year target | 16 of 22 municipalities have funded budgets |
| Justification | Effective and efficient budget management is required to ensure credible and sustainable budgets that will allow municipalities to improve service delivery |
| Links | <p>Strategic Goal No 2: Support departments, municipalities and entities towards improving financial accountability and sustainability</p> <p>MTSF: Outcome number 9: Responsive, accountable, effective and efficient developmental local government system, Sub-Outcome 3: Sound financial and administrative management</p> <p>FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development</p> |

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| Strategic Objective 14 | Support municipalities towards improved audit outcomes |
| Objective statement | To monitor and support municipalities in order to implement sound financial management practices, including sound accounting and reporting |
| Indicators | Audit opinions |
| Baseline | 2014/15 Financial year Disclaimer: 4 municipalities Qualified: 9 municipalities Unqualified: 7 municipalities Unqualified with no findings: 1 municipality Outstanding: 2 municipalities |
| 5-Year target | Disclaimer: 0 municipalities Qualified: 6 municipalities Unqualified: 11 municipalities Unqualified with no findings: 5 municipality (The number of municipalities reduces to 22 in 2016/17 due to the disestablishment of Naledi Local Municipality – Provincial Gazette No. 94, 18 Sept 2015) |
| Justification | Audit opinions offer a reliable measure of a municipality's financial management practices and may impact on accountability |
| Links | Strategic Goal No 2: Support departments, municipalities and entities towards improving financial accountability and sustainability MTSF: Outcome number 9: Responsive, accountable, effective and efficient developmental local government system, Sub-Outcome 3: Sound financial and administrative management FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development |

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| Strategic Objective 15 | Monitor and support municipalities to strengthen compliance with SCM prescripts |
| Objective statement | To support municipalities through monitoring and capacity building to improve compliance with the supply chain management prescripts and thereby improving supply chain management practices to ensure transparency, accountability and value for money |
| Indicators | Number of municipalities with functional bid committees |
| Baseline | 6 of 22 delegated municipalities have functional bid committees |
| 5-Year target | 16 of 22 municipalities have functional bid committees |
| Justification | A municipality's ability to procure what it needs on time, at the right quality, right quantity and right place is central to its ability to deliver on its priorities. This objective aims to address compliance with SCM prescripts, through the use of bid committees, to improve SCM practices. |
| Links | <p>Strategic Goal No 2: Support departments, municipalities and entities towards improving financial accountability and sustainability</p> <p>MTSF: Outcome number 9: Responsive, accountable, effective and efficient developmental local government system, Sub-Outcome 3: Sound financial and administrative management</p> <p>FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development</p> |

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| Strategic Objective 16 | Support municipalities to strengthen Internal Audit and Risk Management |
| Objective statement | To support municipalities through monitoring and capacity building to improve the functionality and effectiveness of Internal Audit and Risk Management functions |
| Indicators | Compliance with Internal Audit KPIs Compliance with Risk Management KPIs |
| Baseline | 6 delegated municipalities at 50% compliance with Internal Audit KPIs 5 delegated municipalities at 50% compliance with Risk Management KPIs |
| 5-Year target | 22 delegated municipalities at 90% compliance with Internal Audit KPIs 22 delegated municipalities at 85% compliance with Risk Management KPIs |
| Justification | Effective and efficient governance practices are necessary to ensure sound financial management which will further improve service delivery to contribute to a better life for all in the Free State |
| Links | <p>Strategic Goal No 2: Support departments, municipalities and entities towards improving financial accountability and sustainability</p> <p>MTSF: Outcome number 9: Responsive, accountable, effective and efficient developmental local government system, Sub-Outcome 3: Sound financial and administrative management</p> <p>FSGDS: Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development</p> |

Technical Indicator Descriptions

The Technical Indicator Descriptions for the Strategic Objective performance indicators and the Annual Performance Plan programme performance indicators are published on the Department's website: www.treasury.fs.gov.za

