

VOTE: 13**GAUTENG SHARED SERVICE CENTRE****To be appropriated:**

⇒	GSSC Operations	⇒	R159 905 500
⇒	Provincial IT	⇒	R237 959 500
⇒	TOTAL VOTE	⇒	R397 865 000

Responsible MEC: MEC for the Gauteng Shared Service Centre

Accounting Officer: Chief Executive Officer

1. OVERVIEW**VISION**

Our vision is to improve the quality of service in the public sector by providing province-wide, cost- effective and efficient transversal services.

This will be achieved by:

- Being customer and process focused
- Using leading-edge technologies
- Implementing quality service standards and performance measures
- Consolidating limited (high-level) functional expertise into centres of excellence

MISSION

To deliver a World-class reference site with the best of breed practices, procedures and systems – to provide province-wide support services to the public sector.

VALUES

In our quest to make a difference within the public service, we embrace and we are driven by the following key values:

- Being Customer focused - to meet the needs of our customers
- Being performance driven - to be the best we can
- Being open to experience new ways of doing things
- Working together as a team to achieve more

Mandate and role of the Department

The core business mandate of the Gauteng Shared Service Centre is to provide support services to the GPG Departments in the areas of Human Resources, Finance, Technology Support Services and Internal Auditing. The GSSC's core focus is on providing customer satisfaction using the benefits of centralisation such as economies of scale, standardisation and the provision of a single leading edge technological base for improved service delivery. This Department was set up with a view to free up the line Departments to spend more time performing higher value-adding tasks.

Furthermore, the GPG PEC established the shared service centre to optimise the productive use of scarce resources within the province. This will improve the focus of management in all the departments - and their attention to the core Government services they provide - whilst ensuring that internal support functions are provided in a professional

manner that reduces duplication, and improves the allocation of funds between the core functions and support functions.

Legislative Mandate

The GSSC operates within the mandate from a legislature framework. The following national and provincial legislation govern GSSC:

- The Constitution of the Republic of South Africa; 1996 (Act 108 of 1996)
- Public Finance Management act, 1999 (Act 1 of 1999) and Treasury Regulations and Delegations
- Public Service Act; 1994 (Act 103 of 1994) and Regulations and Delegations
- Public Service Laws Amendment Act; 1997 (Act 47 of 1997)
- The National Archives Act; 1996 (Act 43 of 1996)
- Labour Relations Act; 1995 (Act 66 of 1995) as amended
- Occupational Health and Safety Act; 1995 (Act 85 of 1995)
- Basic Conditions of Employment Act; 1997 (Act 75 of 1997)
- Employment Equity Act; 1998 (Act 55 of 1998) , as amended
- Government Employees Pension Law
- The Tender Board Act; 1994 (Act 2 of 1994)
- The Gauteng Tender Board Repeal Bill; 2002
- Preferential Procurement Policy Framework Act; 2000 (Act 5 of 2000)

Good Governance Mandate

The Gauteng Shared Service Centre is one of the Gauteng Government's Departments and will thus observe and adhere to the principles of good governance promoted by Gauteng Provincial Government - and conduct its activities within the parameters of section 41 of the Constitution of the republic of South Africa.

Monitoring Mechanisms and implementation of mandates

The following mechanisms are in place (or will be – as operations commence/gear up) to monitor effective performance and service delivery:-

- Regular presentations to Standing Committees in the Legislature
- Regular management meetings to discuss strategic and operational issues.
- Regular review of the Department's performance against the Service Level Agreements and the Partnering Agreements.
- Daily/weekly review of operational performance report
- Performance management system
- Periodic risk management assessments to ensure that all the required checks and balances are in place.
- Review of monthly financial reports
- Regular review by the internal auditors
- Annual audit by the Auditor General
- Benchmarking of the key performance areas

CORE FUNCTIONS AND RESPONSIBILITIES OF THE DEPARTMENT

The Gauteng Shared Service Centre brings together the support functions that are frequently duplicated across the eleven departments of the Gauteng Provincial Government. These service functions include Human Resource Services, Procurement Services, Technology Support Services, Financial Services, and Internal Audit Services. By operating these functions along best practice business principles and benchmarking them against national and international performance standards, the Gauteng Shared Service Centre aims to free up the GPG departments to focus on performing their core value-adding services, whilst the Gauteng Shared Centre ensures that business support services will be delivered to them effectively and efficiently. The GSSC has the following key deliverables per programme:

INTERNAL AUDIT SERVICES

Key deliverables

Internal Audit's main goal is to promote '*good corporate governance*' in GPG. The following four key deliverables of this section flow directly from this:

- To conduct regular audits in the areas of Risk, Computer, Performance and Forensic
- To contribute towards the decrease in the level of incidents of fraud and corruption within GPG
- To assist management in keeping the risk profile of their departments updated – to enable the accounting officers to effectively manage their risks.
- To implement various programmes (SAICA-TOPP, IIA-CIA) to help equip all GPG departments with adequately trained staff in the financial and internal auditing environment.

HUMAN RESOURCE SERVICES

Key deliverables

- To render a responsive and cost effective recruitment processing service to the Gauteng Province
- To administer all Human Resource conditions of Service, timeously and accurately
- To provide a personalised HR administration service to the GPG senior management
- To provide specialised HR Consulting services
- To establish a provincial Employee Assistance Programme (EAP) Service
- To establish a training centre for generic skills acquisition and to conduct the provincial induction programmes

PROCUREMENT SERVICES

Key deliverables

- To standardise the procurement processes to ensure satisfactory delivery of goods and services to the GPG departments
- To support good governance by building a purchasing organisation that is based on teamwork and performance – flexible, yet aligned to process - socially conscious, yet driven by value for money and customer satisfaction.
- To use up-to-date, reliable systems to facilitate our processes - and to provide management with the information required to drive continuous improvement (via Strategic Sourcing and Shared Supply Chain optimisation).
- To ensure that our procurement professionals set new trends in the field of 'socially responsible public sector procurement'.

Our goal is to implement standardised processes that ensure satisfactory delivery of goods and services to the province - to satisfy the needs of the departments and their entities / institutions. This will involve the development and maintenance of 'World Class Cycle Times' and the completion of all procurement activities effectively, efficiently and timeously.

We strive to promote good governance by building a Purchasing Unit that is team and performance oriented, flexible yet aligned to process - socially conscious, yet driven by value for money and customer satisfaction. We actively pursue BEE collaborative efforts and our primary objective is to exceed any regulatory spend targets in this arena.

We will discourage ineffective manual processes and embrace appropriate technologies that enable better demand management and purchasing practices. The utilisation of up-to-date, reliable systems will enable us to provide management with the information required to drive continuous improvement (via initiatives like Strategic Sourcing and Shared Supply Chain optimisation). This will significantly decrease the GPG's total cost of ownership - and vastly improve the management of inventories.

FINANCIAL SERVICES

Key deliverables

- To reconcile all cashbooks for GPG - on a monthly basis - to ensure that all unauthorised and fraudulent transactions are detected timeously and corrective measures are implemented appropriately.
- To develop sound financial practices by implementing the appropriate financial procedures (e.g. clearance of suspense accounts on a continuous basis).
- To develop an effective debt collection system in order to ensure that the 'collections back-log' on outstanding balances - is phased-out within a reasonable period.
- To improve the Payroll Administration function by streamlining the core activities and strengthening the controls around the payroll.

TECHNOLOGY SUPPORT SERVICES

Key deliverables

- To develop a GPG-wide enterprise architecture framework in conjunction with the departmental CIO's through a governance structure and processes
- To provide a flexible and adaptable IT infrastructure that meets the business needs of GPG
- To provide a unified and consistent programme management methodology and project office through a centrally coordinated Programme Management Office (PMO).
- To develop an information security strategy (with all the attendant policies and procedures) for GPG that also complies with existing legislation and regulations.
- To increase IT capacity in the province - by training employees on the essential technologies required within the GPG and executing a cadet programme
- To develop an application framework that allows for the co-existence of transversal systems and the new ERP system for GPG

2. REVIEW OF 2002-03

The Gauteng Shared Service Centre was in the early stages of its development during the year under review. The main activities were as follows:

- The establishment the internal audit function and training of the Internal Audit staff
- Acquisition and implementation of the infrastructure (refurbishment of the building, installation of facilities such the computer room, customer contact centre, mailroom) that are required for the migration of the main activities of the Gauteng Shared Service Centre
- Development of the detailed design of the processes and systems that would underpin the GSSC operations.
- Negotiations with the trade unions - and consultation with other key provincial and national stakeholders
- Search for - and appointment of - the senior management staff
- Development and implementation of systems and processes that underpin the operations of the GSSC. These systems and processes include the scanning, the document workflow, the telephony, the Enterprise Resource Planning and the business operations reporting processes and systems.
- Assessment and selection of people for the Gauteng Shared Service Centre
- Migration of the various functions from the departments to the Gauteng Shared Service Centre
- Implementation of the Partnering Agreements and Service Level Agreements
- Implementation of the Performance Management systems

The Gauteng Shared Service Centre is a project that is scheduled for completion and gearing up to full commercial operation during the financial years 2002/03 and 2003/04. The task of defining the processes – and finalising the operating model - has been completed. The operating model has been presented to relevant stakeholders, who included the Provincial Executive, the heads of department and the affected staff. This information was shared with the labour unions at the Gauteng Provincial Bargaining Council. Unfortunately many of the labour unions did not share the vision that led to the establishment of the shared service centre. These problems have now been overcome.

A lot of time and energy has been spent preparing employees for the processes leading up to the migration to the GSSC. Many workshops have been held all over the province – to give employees an opportunity to engage with the detailed design, to ask questions and to give their inputs on the process. Despite many efforts to engage with the unions on the process, very little resulted from this - for a long period of time. Efforts continued to try and engage them – with national processes impacting on our timetables. Unfortunately this led to some delays in the process – with some of our deadlines being negatively impacted as a result.

The Gauteng Shared Service Centre is in transition from project status to operational mode. The Chief Executive Officer and the senior managers were appointed - and a significant number of staff members migrated to the GSSC during the financial year. The Gauteng Internal Audit unit, one of the divisions of the Gauteng Shared Service Centre, is in an advanced state of development and will be fully operational as from April of 2003. The plan is to have the rest of the shared service centre fully operational by July 2003. The building and the entire related infrastructure was ready in time to accommodate the staff that were transferred across on a staggered basis, as from September 2002.

The Gauteng Shared Service centre project team (comprising the consultants and many GSSC employees transferred from various departments) assisted with the basic design of the remaining line organisation within departments and their various sites. The project team spends two months at each site preparing the site for migration and one month thereafter to assist with the post-migration stabilisation.

3. OUTLOOK FOR 2003-04

Most of the functions within the Gauteng Shared Service Centre will be fully operational during this period, with the majority of the staff from the various departments having been transferred by July 2003. The Gauteng Shared Service Centre has put in place the contact centre and the document management centre. The first phase of the service level agreements and the performance management system will be implemented before the end of the 2003 financial year-end. The key activities for each of the programmes are as follows:

INTERNAL AUDIT SERVICES

The year ending March 2003 has been a watershed year for Gauteng Internal Auditing Service - as it became fully operational. Audits are being conducted according to a 3-year audit plan. The audit plans were drawn up to cover all the high-risk areas identified by the departments themselves – with the assistance of the Gauteng Audit Services unit (GAS). Two specialised units (Computer Audit and Forensic Audit) became operational during this period.

During the coming year, Gauteng Audit Services will increase its service offering by introducing a number of new initiatives to GPG. These include:

- The introduction of performance auditing to the Province to help assess – and thus improve - the quality of services being provided
- The introduction of a self-assessment tool (Controlled Self-Assessment or CSA) to the various departments to help them to self-evaluate the level of risk they are exposed to. This will increase the range (or reach) of Internal Audit within the province.
- Pilot the extension of our audit services to various ‘public entities’ that currently contract-in internal audit services from the private sector.

The priority over the next three years will be to stabilise the provision of the full range of our services – including these new initiatives. We will – in conjunction with the rest of the GSSC – commence with the switchover from a budget-based mode to one where we bill the various departments for the services they contract from us.

HUMAN RESOURCES SERVICES

The GSSC implementation and migration plan will span a third of the calendar year 2003. The balance of 2003 and some of 2004 will require that the HR services be stabilised, with the aim of achieving a consistent level and quality of output. A key challenge will be to balance collective provincial requirements, with the individual requirements of each department.

The next three years will require a focus on further efficiency improvements in the transactional services provided, as well as a broadening of the scope of both the transactional services and the COE (centre of excellence) services being provided. Initially we will have to focus on improving the level of service being delivered within the core COE environment – to bring it up to the level being provided within the private sector. Thereafter we will focus on extending these services to cover new areas.

PROCUREMENT SERVICES

In order to advance along the path of developing a ‘best practice Procurement service’ - the following interventions will be introduced within the GSSC over the next three years:

- Implementation of a single point of contact with the departments / entities, thus reducing the procurement lead times and ensuring that they get the right product/service at the right place at the right price.
- Implement a ‘service oriented’ and ‘customer focused’ culture - that ensures accountability by signing service level agreements between the GSSC and the departments / entities, supported by regular monitoring and reporting.

- Replace manual (and often laborious) processes with automated - streamlined - processes using the SAP R/3 system as our platform.
- Discourage 'paper creation driven by meaningless rules' – and instead develop the capacity (amongst our procurement staff) to make quality decisions driven by an understanding of what needs to be achieved – and what controls are essential to ensure such achievement without allowing space for embezzlement and fraud.
- Improve process efficiency, by standardising and simplifying the processes - thus improving the controls and clarifying roles and responsibilities.
- Actively encouraging demand planning and management within departments / entities

FINANCE SERVICES

This programme has the responsibility for the administration of the finances of the Province and improving the financial management practices within the Province. The programme faces the following key challenges:

- Cleaning up the current accounting records
- Recovering sundry Provincial debts
- Streamlining and enhancing the financial processes within the province
- Providing financial services to the migrated entities as per the signed Service Level Agreements
- Implementing of the SAP R/3 Accounts Payable module

The above-mentioned challenges will be addressed by appointing suitably qualified staff, implementation of appropriate technologies e.g. call centre, document management systems, ERP and other technologies, training of staff and effective management via inter alia - the implementation of appropriate performance management practices.

TECHNOLOGY SUPPORT SERVICES

This programme will focus on implementing rapid return projects that contribute to an IT environment that embraces e-government over the next three years. This strategy will be closely aligned to the transformation priorities articulated in the Batho Pele initiative.

A lot of work will have to be done to ensure that all department-specific systems are re-focussed to ensure they are able to meet the requirements of the rapidly changing environment – and especially the demands of the shift to an e-government orientation.

The Batho Pele principles (and transformation priorities) promote Information Technology as an enabling tool, which can assist us to elevate service delivery initiatives within South Africa. In developing the TSS strategies, careful consideration is being given to the current status of IT and the various IT systems in use within the province. The challenges posed by these will have to be overcome in creating the foundations for the future e-government framework. We will also need to progress this in conjunction with the plans and visions of the National e-government process being championed by the DPSA and by SITA.

4. SUMMARY OF EXPENDITURE: - VOTE 13

4.1 Summary by programme

DESCRIPTION OF THE PROGRAMME	2001/02 Actual	2002/03 Estimate	2003/04 Budget R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
PROGRAMMES:					
MANAGEMENT SERVICES (DISCONTINUED)	104 823	262 358			
PROGRAMME 1: INTERNAL AUDITING SERVICES	8 541	18 000	28 322	35 202	34 936
PROGRAMME 2: HUMAN RESOURCES SERVICES		2 075	35 466	41 623	45 393
PROGRAMME 3: PROCUREMENT SERVICES		4 911	55 399	57 558	60 651
PROGRAMME 4: FINANCE SERVICES		400	40 719	35 635	38 701
TOTAL GSSC EXPENDITURE	113 364	287 744	159 906	170 018	179 681
PROGRAMME 5: PROVINCIAL IT		4 250	237 959	221 255	240 306
FUNDS REQUIRED TO BE APPROPRIATED AND VOTED FOR THE GSSC & PROVINCIAL IT	113 364	291 994	397 865	391 273	419 987

Please Note :

Due to the extension of the scope of the GSSC to cover the old Corporate IT – with responsibility for the entire GPG provincial (IT) infrastructure – the TSS budget has been absorbed within the new Provincial IT budget.

4.2 Summary by GFS Classification

CURRENT EXPENDITURE	2001/02 Actual	2002/03 Estimate	2003/04 Budget R' 000	2004/05 MTEF R' 000	2005/06 MTEF R'000
Compensation to employees	8 541	31 127	67 022	79 600	85 007
Use of goods and services	63 104	138 755	74 615	78 264	81 460
Property expenses			7 284	8 054	8 819
TOTAL CURRENT EXPENDITURE	71 645	169 882	148 921	165 918	175 286
CAPITAL					
Non-financial assets					
Buildings and structures	11 860	44 307	4 469	2 152	1 523
Machinery and equipment	29 859	73 555	6 516	1 948	2 872
TOTAL	41 719	117 862	10 985	4 100	4 395
TOTAL GSSC EXPENDITURE	113 364	287 744	159 906	170 018	179 681
PROVINCIAL IT		4 250	237 959	221 255	240 306
REQUIRED VOTE FOR GSSC & IT	113 364	291 994	397 865	391 273	419 987

5. PROGRAMME DETAILS

5.1 PROGRAMME 1 : INTERNAL AUDIT SERVICES

Key Deliverables

- To perform regular Risk, Computer, Performance and Forensic Audits

- To decrease incidents of fraud and corruption in GPG
- To assist management in keeping the risk profile of their departments updated – to enable the accounting officers to effectively manage their risks
- To implement various programmes to help equip all GPG departments with adequately trained staff in the internal auditing environment.

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

R' 000	2001/02	2002/03	2004 MTEF	2005 MTEF	2006 MTEF
RISK & FINANCIAL AUDITING	8 541	18 000	22, 100	28, 763	28, 546
COMPUTER AUDITING			1, 716	1, 717	1, 704
FORENSIC AUDITING			4, 291	4, 507	4, 473
PERFORMANCE AUDITING			215	215	213
TOTAL: INTERNAL AUDIT	8 541	18 000	28, 322	35, 202	34, 936

A reduction in cost for 2006 is due to the expiring of the employment contracts for some of the (externally sourced) senior managers who will be replaced with GPG people who have been trained to operate at appropriate levels.

SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFICATION

CURRENT	Yr 2002	Yr 2003	Yr 2004	Yr 2005	Yr 2006
Compensation of employees	8 541	18 000	18,549	25,665	26,048
Use of goods and services			7,912	8,055	7,277
Property expenses			712	955	1,045
Subsidies			-	-	-
Grants			-	-	-
Social benefits			-	-	-
Transfers to Local government			-	-	-
Total Current	8 541	18 000	27,173	34,675	34,370
CAPITAL					
Non-financial assets					
Buildings and structures			436	255	180
Machinery and equipment			713	272	386
Non-produced assets			-	-	-
Capital transfers			-	-	-
Transfers to Local government			-	-	-
Other capital transfers			-	-	-
Financial assets					
Total Capital			1,149	527	566
Total expenditure	8 541	18 000	28,322	35,202	34,936

5.2 PROGRAMME 2: HUMAN RESOURCES SERVICES

Key Deliverables

- To render a responsive and cost effective recruitment processing service to the Gauteng Province
- To administer all Human Resource conditions of Service, timeously and accurately
- To provide a personalised HR administration service to the GPG senior management
- To provide specialised HR Consulting services which will include:
 - A provincial Employee Assistance Programme (EAP)
 - Training programmes for generic skills development (including a GPG induction programme)
 - HR and Organisation Development
 - Organisation Design and Work Evaluation

- Policy Planning and HR Communications
 - Market research
 - Labour Relations advice and support
- To establish a benchmark for HR services in the public service – this will include the effectively utilisation of technology to render services, enhancing perceived value in HR services and offering best practice systems and frameworks for application across the province

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

Sub Programmes (R'000)	2002	2003	2004	MTEF	MTEF 2005/6
1. Processing: Recruitment		2, 075	5, 144	6, 037	6, 584
2. Processing: Reward &			7, 671	9, 003	9, 818
3. Processing: SMS Services			451	529	577
4. Processing: Terminations			2, 527	2, 966	3, 234
5. HR and Organisational			4, 422	5, 190	5, 660
6. Organisation Structuring			4, 241	4, 978	5, 429
7. Policy and Procedures			3, 158	3, 707	4, 043
8. Employee Relations			7, 852	9, 213	10, 048
TOTAL:		2,075	35, 466	41 623	45, 393

SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFICATION

CURRENT	Yr 2002	Yr 2003	Yr 2004	Yr 2005	Yr 2006
Compensation of employees		2,075	15,482	18,940	20,700
Use of goods and services			15,735	19,146	20,848
Property expenses			2,117	2,287	2,504
Subsidies			-	-	-
Grants			-	-	-
Social benefits			-	-	-
Transfers to Local government			-	-	-
Total Current		2,075	33,334	40,373	44,052
CAPITAL					
Non-financial assets					
Buildings and structures			1,299	612	433
Machinery and equipment			833	638	908
Non-produced assets			-	-	-
Capital transfers			-	-	-
Transfers to Local government			-	-	-
Other capital transfers			-	-	-
Financial assets					
Total Capital			2,132	1,250	1,341
Total expenditure		2,075	35,466	41,623	45,393

5.3. PROGRAMME 3 : PROCUREMENT SERVICES

Key deliverables

- To standardise the procurement processes to ensure satisfactory delivery of goods and services to the GPG departments
- To support good governance by building a purchasing organisation that is based on teamwork and performance – flexible, yet aligned to process - socially conscious, yet driven by value for money and customer satisfaction.
- To use up-to-date, reliable systems to facilitate our processes - and to provide management with the information required to drive continuous improvement (via Strategic Sourcing and Shared Supply Chain optimisation).
- To ensure that our procurement professionals are ‘thought leaders’ in the field of ‘socially responsible public sector procurement’.

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

R' 000	2001/02 Actual	2002/03 Estimate	2003/04 Budget	2004/05 MTEF	2005/06 MTEF
SUB-PROGRAMMES					
Strategic Sourcing			5,714	5,856	6,283
Quality Management			4,596	4,711	5,053
Purchasing		4 911	17,266	17,697	18,984
Procurement Support			6,459	6,620	7,102
BEE Development			4,099	4,202	4,507
Shared Supply Chain			14,529	15, 490	15, 472
Basic Procurement Training			2, 736	2, 982	3, 250
TOTAL		4,911	55, 399	57, 558	60, 651

SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFICATION

CURRENT	Yr 2002	Yr 2003	Yr 2004	Yr 2005	Yr 2006
Compensation of employees		4,911	22,892	25,256	27,573
Use of goods and services			29,253	29,626	30,169
Property expenses			1,686	1,821	1,995
Subsidies			-	-	-
Grants			-	-	-
Social benefits			-	-	-
Total Current		4,911	53,831	56,703	59,737
CAPITAL					
Non-financial assets					
Buildings and structures			1,034	488	345
Machinery and equipment			534	367	569
Non-produced assets			-	-	-
Capital transfers			-	-	-
Transfers to Local government			-	-	-
Financial assets					
Total Capital			1,568	855	914
TOTAL EXPENDITURE		4,911	55,399	57,558	60,651

BASIC PROCUREMENT TRAINING

The basic procurement training cost is borne by the Provisional Treasury – but has now been included with the GSSC amounts on the advice of Treasury

5.4 PROGRAMME 4 – FINANCE SERVICES

Key deliverables

- Reconcile all cashbooks for the GPG - on a monthly basis - to ensure that all unauthorised / fraudulent transactions are detected timeously and corrective measures are implemented appropriately.
- Develop sound financial practices by implementing the appropriate financial procedures (e.g. clearance of suspense accounts on a continuous basis).
- Develop an effective debt collection system in order to ensure that the ‘collections back-log’ on outstanding balances - is phased-out within a reasonable period.
- Improve the Payroll Administration function by streamlining the core activities and strengthening the controls around the payroll - and by eliminating the high rate of overpayments in salaries.

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

SUB-PROGRAMMES	2001/02 Actual	2002/03 Estimate	2003/04 Budget R' 000	2004/05 MTEF R' 000	2005/06 MTEF R'000
Cash Book Services			2, 988	2, 672	2, 900
General Accounting Services		400	4, 157	3, 718	4, 035
Accounts Payable			5, 521	4, 938	5, 359
Payroll Administration Services			15, 718	14, 058	15, 256
Debts & Revenue Services			3, 442	3, 079	3, 341
Super Users			1, 104	987	1, 072
ERP			455	406	441
BAS Maintenance & Data Purification			7,334	5,777	6,297
TOTAL		400	40, 719	35, 635	38, 701

SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFICATION

CURRENT	Yr 2002	Yr 2003	Yr 2004	Yr 2005	Yr 2006
Compensation of employees		400	10,099	9,738	10,686
Use of goods and services			21,715	21,437	23,166
Property expenses			2,769	2,991	3,276
Subsidies			-	-	-
Grants			-	-	-
Social benefits			-	-	-
Total Current		400	34,583	34,166	37,128
CAPITAL					
Non-financial assets					
Buildings and structures			1,699	800	566
Machinery and equipment			4,437	669	1,007
Non-produced assets			-	-	-
Capital transfers			-	-	-
Transfers to Local government			-	-	-
Other capital transfers			-	-	-
Financial assets					
Total Capital			6,136	1,469	1,573
TOTAL EXPENDITURE	400	40,719	35,635	38,701	

NOTE: A reduction in cost in 2005 is mainly due to the expiring of contracts of the employees who will be required on the short-term basis in order to assist in phasing-out the backlogs on the general ledger

DATA PURIFICATION:- (BACKLOGS ON GL RECONCILIATION (R2 034 000))

Additional cost will be incurred in clearing up the backlog on the General Ledger reconciliations for the GPG Province. Resources will be required for this project. The project pertains to the pre-migration activities; the cost should have been shared by all Departments.

BAS MAINTENANCE COST:- ACCENTURE

The annual BAS maintenance cost (+- R5,3 million) is currently borne by the Provincial Treasury. In order to avoid potential duplications, the amount has been budgeted under GSSC.

5.5 PROGRAMME 5: TECHNOLOGY SUPPORT SERVICES

Key deliverables

- To develop a GPG-wide enterprise architecture framework in conjunction with the departmental CIO's through a governance structure and processes
- To provide a flexible and adaptable IT infrastructure that meets the business needs of GPG
- To provide a unified and consistent programme management methodology and project office through a centrally coordinated Programme Management Office (PMO).

- To develop an information security strategy (with all the attendant policies and procedures) for GPG that also complies with existing regulations and legislation.
- To increase IT capacity in the province - by training employees on the essential technologies required within the GPG and executing a cadet programme
- To develop an application framework that allows for the co-existence of transversal systems and the new ERP system for GPG

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

Sub Programme	2001/02 Actual	2002/03 Estimate	2004 BUDGET	2005 MTEF	2006 MTEF
1. Planning and architecture			2, 247	2, 382	2, 640
2. Programme Management			2, 247	2, 382	2, 640
3. Application Management			11, 235	11, 908	13, 202
4. Information Security			899	953	1, 056
5. Operations Management		4,250	34, 602	36, 678	40, 661
6. GPG Wide expenditure			186, 729	166,952	180, 107
TOTAL: TECHNOLOGY SUPPORT SERVICES		4,250	237, 959	221, 255	240, 306

SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFICATION

CURRENT	Yr 2002	Yr 2003	Yr 2004	Yr 2005	Yr 2006
Compensation of employees		4,250	20,262	23,318	25,434
Use of goods and services			15,344	16,872	17,519
Property expenses			614	663	726
Subsidies			-	-	-
Grants			-	-	-
Social benefits			-	-	-
Total Current		4,250	36,220	40,853	43,679
CAPITAL					
Non-financial assets					
Buildings and structures			376	177	126
Machinery and equipment			201,363	180,225	196,501
Non-produced assets			-	-	-
Capital transfers			-	-	-
Transfers to Local government			-	-	-
Financial assets					
Total Capital			201,740	180,402	196,627
TOTAL EXPENDITURE		4,250	237,959	221,255	240,306

6. KEY OUTPUTS OF THE DEPARTMENT

6.1 PROGRAMME 1:- INTERNAL AUDIT SERVICES

Description of output	Unit of measure	2001/02	2002/03	2003/2004	2004/2005	2005/2006
<u>1. Audits</u>						
1.1 Perform Risk, Computer and Performance audits	No of audits performed vs. approved annual audit plans			100%	100%	100%
1.2 Risk assessments	Number of Departments asking for assistance			9	12	12
1.3 Control Self Assessment	Number of Departments where CSA was successfully implemented			12	12	12
1.4 Public Entities	Number of entities requiring service			1	to be reviewed	to be reviewed
1.5 Auditor General reliance	Number of Departments where AG relies on GAS work			12	12	12
<u>2. Forensic Investigations</u>						
2.1 Forensic Audits	Number of investigated cases accepted by the SAP for further investigation			10	20	25
2.2 Fraud Prevention Plan and Hotline	Provincial policy for GPG for implementation by Office of the			establishment of policy	compliance with policy	compliance with policy

<u>3 Path breaker and Social responsibility</u>	Premier					
	3.1 Learnership programmes	Number of staff trained on learnership programmes		7	20	20
	3.2 Participation in industry concerns	Number of committees served on		3	5	5
		Number of articles published		3	5	5

6.2 PROGRAMME 2 : HUMAN RESOURCES SERVICES

Description of Output	Unit of Measure	Targets		
		2003/04	2004/05	2005/06
1. Establish Core Services	Processing staff and teams in place	Full complement in place. 70% of required competencies, owned	80% of the required competencies owned	90% of the required competencies owned
	Transaction Turnover time (Examples of Key measures) <ul style="list-style-type: none"> ○ Recruitment ○ Personnel Administration ○ Terminations ○ Exit interviews ○ Generic training ○ HR/Org Development ○ Org Design ○ Employee Relations ○ Policy Planning 	100% achievement of service measures 10 days to place a vacancy in the media 2 day turnaround 74 day turnaround Completed for 60% of all exits 10 products Performance Management system in place All level 11 & above positions evaluated EAP established Provincial Labour Relations strategy in place 80% case backlog addressed 40% Training for all managers completed 80% Generic policies in place	100% achievement of service measures same same 60 days 65% 15 products Management Development framework operational All Level 9 & above evaluated Baseline data established To be informed by strategy 100% case backlog eradicated 80% Training completed 100% generic policies in place	100% achievement of service measures same same 45 days 70% 20 products To be defined To be defined (possible review of work evaluation system) Improvement in utilisation (based on baseline data)

Description of Output	Unit of Measure	Targets		
2. Implementation of the consulting service		2003/04	2004/05	2005/06
	Response times to requests for assistance	72 hrs	48hrs	24 hrs
	Achievement of Terms of Reference (attached to letters of engagement)	100%	100%	100%
3. Efficient HR Service Delivery and integrated HR Management Systems	Implemented Kiosks	Kiosks located at 10% of institutions	Kiosks located at 50% of institutions	Kiosks located at 90%
	Kiosk utilisation	60% employee utilisation at the implemented sites (for a defined suite of services)	85% utilisation at implemented sites	90% utilisation at implemented sites
	SAP functionality on desktops	Pilot site implementation of SAP – no self service	Self Service on all pilot site desk tops (for a defined suite of services)	Self Service extended to 40% of sites
	Implemented Functionality	SAP Development and Pilot site testing	Full implementation of pilot site. Extended implementation to other departments. Full implementation within the GSSC	SAP Self Service extended to 40% of sites
	Knowledge Management	Policy Documents versioned and accessible via website	HR collaboration on documentation	Full KM system in place

Description of Output	Unit of Measure	Targets		
		2003/04	2004/05	2005/06
4. Improved Human Resource Capacity	Skills gap- No of Transversal needs addressed	Delivery of top 40% of needs identified by most departments	Offer 80% of generic needs identified	100% of identified generic needs
		20 000 employees trained	30 000 employees trained	45 000 “touched” through all forms of training
	Cost of training – per capita	60% of established benchmark costs per capita	80% benchmark costs achieved	100% benchmark costs
	Number of new recruits attending Induction	80% induction attendance	95% Induction attendance	100% induction attendance

6.3 PROGRAMME 3: PROCUREMENT SERVICES

Description of output	Unit of measure	Output Targets		
		2003/04	2004/05	2005/06
1. Strategic Sourcing				
<u>1.1 Sourcing Strategies</u> Develop commodity strategies via Value Team investigations to set savings targets per commodity, starting with top 20 spend items	Top 20 spend items investigated by Value Teams with end-user participation	Establish COE and train members as Value Team facilitators 5% of top 20 spend items covered by Value Teams	25% of top 20 spend items covered by Value Teams	45% of top 20 spend items covered by Value Teams
<u>1.2 Vendor Management</u> Develop a Vendor Management process, linked to the Pre-qualification and Accreditation process	Vendor Management process	Vendor Management process		

2. Quality Management & Accreditation		2003/04	2004/05	2005/06
<u>2.1 Pre-qualification & Accreditation process</u> Implement Pre-qualification and Accreditation process, focusing on the Enablement Plan targeted commodities	Pre-qualify vendors aligned with Enablement Plan for new Term Agreements (TAs) and Value Team focus areas Accredit BEE SMEs aligned with Enablement Plan for new TAs and Value Team focus areas	5% of vendors pre-qualified by time of bidding for TAs / Value Team investigation 5% of BEE SMEs accredited by time of bidding for TAs / Value Team investigation	25% of vendors pre-qualified by time of bidding for TAs / Value Team investigation 25% of BEE SMEs accredited by time of bidding for TAs / Value Team investigation	45% of vendors pre-qualified by time of bidding for TAs / Value Team investigation 45% of BEE SMEs accredited by time of bidding for TAs / Value Team investigation
3. Purchasing		2003/04	2004/05	2005/06
<u>3.1 Cycle times</u> Develop and maintain World Class Cycle Times in the public sector	POs placed (< R100,000 per case) Formal Contracts Placed (> R100,000 per case)	19 working days req to PO 70 working days req to Formal Contract	15 working days req to PO 60 working days req to Formal Contract	12 working days req to PO 50 working days req to Formal Contract
<u>3.2 Enablement</u> Establish transversal TAs i.t.o. Enablement Plan for new Term Agreements (TAs)	% spend covered by transversal TAs (currently +/- 11%)	25% of overall spend covered by transversal term agreements	40% of overall spend covered by transversal term agreements	65% of overall spend covered by transversal term agreements
<u>3.3 Tracking vendor performance</u> Implement Vendor Management on transversal TAs	Monitor vendor performance on TAs in terms of <ul style="list-style-type: none"> Price Quality On time Delivery 	<ul style="list-style-type: none"> •>50% of price increases linked to commodity indices •>50% quality to spec deliveries •>50% on-time deliveries 	<ul style="list-style-type: none"> •>65% of price increases linked to commodity indices •>65% quality to spec deliveries •>65% on-time deliveries 	<ul style="list-style-type: none"> •>80% of price increases linked to commodity indices •>80% quality to spec deliveries •>80% on-time deliveries

Description of output	Unit of measure	Output Targets		
		2003/04	2004/05	2005/06
4. Procurement Support				
4.1 DAC secretariat services Provide secretariat services to - DACs of departments - Provincial AC - Procurement Forum	Minutes drafted & distributed	Minutes drafted within 2 working days Minutes distributed within 5 working days	Minutes drafted within 2 working days Minutes distributed within 5 working days	Minutes drafted within 2 working days Minutes distributed within 5 working days
4.2 Tender Administration After closure of RFP, conduct Admin Compliance against agreed timelines	Track Admin Compliance against agreed timelines	95% Admin Compliance completed within 2 working days	98% Admin Compliance completed within 2 working days	98% Admin Compliance completed within 2 working days
4.3 Content & Catalogue Management Develop a system-based catalogue of goods and services on SAP	Commodity items on SAP catalogue	25% of commodity items on SAP catalogue	45% of commodity items on SAP catalogue	65% of commodity items on SAP catalogue
Description of output	Unit of measure	Output Targets		
		2003/04	2004/05	2005/06
5. BEE Development				
5.1 BEE Policy Develop a BEE Policy for GPG, linked to the Accreditation process	BEE Policy with empowerment definitions	BEE Policy Developed		
5.2 BEE baseline and targets Establish baseline departmental BEE spend as a starting point for departments to set their departmental BEE targets	Baseline departmental BEE spend	Departmental BEE baseline spend determined		
	Facilitate setting of departmental BEE spend targets	Departmental BEE targets set before year-end for next financial year	Departmental BEE targets set before year-end for next financial year	Departmental BEE targets set before year-end for next financial year
5.3 BEE spend Increase BEE spend as % of overall spend	Implement tracking BEE spend against targets	5% increase in BEE spend through GSSC	% increase in BEE spend through GSSC (TBA)	% increase in BEE spend through GSSC (TBA)

<i>Description of output</i>	Unit of measure	Output Targets		
6. Shared Supply Chain		2003/04	2004/05	2005/06
<u>6.1 Service delivery improvements</u> Delivery lead time from central DC to institutions	Lead time	5 - 15 working days at pilot sites before intervention 1 working day at participating sites after intervention	1 working day at participating sites after intervention	1 working day at participating sites after intervention
<u>6.2 Stock availability & -holding</u> Improve stock availability at DCs	Stock availability	70%Stock availability at pilot sites before intervention 98%Stock availability at participating sites after intervention	98%Stock availability at participating sites after intervention	98%Stock availability at participating sites after intervention

6.4 PROGRAMME 4: FINANCE SERVICES

Description of output	Unit of measure	2003/04	2004/05	2005/06
Cashbook Services				
Provide bank reconciliation's on a monthly basis with no long outstanding items and elimination of back-logs on bank reconciliation's.	Number and the age of outstanding reconciling items at month ends	Target ≤ 30 days of o/s items	Target ≤ 30 days of o/s items	Target ≤ 30 days of o/s items
General Accounting Services				
Provide the reconciled General Ledgers for all Departments of GPG within the prescribed deadlines and clear backlog on general ledger	2.1 Age of the outstanding items in respect of all Balance Sheet accounts	30 days (Elimination of back-logs to be completed by 30/09/2003)	30 days	30 days
	2.2 Timelines (month-end and year end closure)	As per National Treasury	As per National Treasury	As per National Treasury
To maintain and improve the systems of internal control within Finance operations (at the GSSC)	Auditor general's report	No audit qualification arising as a result of GSSC (e.g. no proper G.L. reconciliation, lack of appropriate authorisation)	No audit qualification arising as a result of GSSC (e.g. no proper G.L. reconciliation, lack of appropriate authorisation)	No audit qualification arising as a result of GSSC (e.g. no proper G.L. reconciliation, lack of appropriate authorisation)
ACCOUNTS PAYABLE				
Payments to the supplier of goods and services as per pre-agreed terms.	% of compliance	90%	100%	100%

Description of output	Unit of measure	2003/04	2004/05	2005/06
DEBT ADMINISTRATION Collection of current sundry debts on behalf of Gauteng Provincial Government Departments	Debtor's age analysis (age of debt)	No debts in arrears by more than 60 days	No debts in arrears by more than 60 days	No debts in arrears by more than 60 days
Recoveries of monies from the long outstanding sundry debts	Recoveries as % of the debts outstanding (assume write-off of 35% of original debts)	25% of the original debts	25 % of the original debts	None
PAYROLL ADMINISTRATION Provide accurate and timeous payments to all employees and the payroll creditors as per the relevant legislations and policies	% of compliance (accuracy and timelines)	100%	100%	100%
Generate and distribute the IRP5's to all GPG employees	Timelines	30 April (Two months after tax year-end)	30 April (Two months after tax year-end)	31 March (one month after tax year-end)
SYSTEMS SUPPORT (BAS & PAYROLL) To provide help desks user-support, advice, guidance and training to all BAS and payroll users	% of compliance	As per negotiation (95% compliance)	As per negotiation (100% compliance)	As per negotiation (100% compliance)

6.5 PROGRAMME 5:- TECHNOLOGY SUPPORT SERVICES

Description of output	Unit of measure	2003/04	2004/05	2005/06
1 Planning and architecture	% Completion	Architecture for applications 50 % complete 50% of all key standards and policies developed. Common process and format for developing departmental and GPG wide IT strategy	GPG Integrated architecture by year end with all key standards and policies developed	Updated architecture by year end and all key standards and policies developed
2 Programme management	% Completion % Completion	Project office with departmental IT projects register. Execute e-government pilots <ul style="list-style-type: none"> • GPG-wide Call Centre Phase 1 • GPG-wide Portal Phase 1 	Common project management methodology adoption Execute e-govt pilots <ul style="list-style-type: none"> • GPG-wide Call Centre Phase 2 • GPG-wide Portal Phase 2 	Integrated PMO across GPG
3 Application management	% Completion	Documented cross departmental applications master list and establishment of COE for 60% transversal applications	Documented analysis of interfaces to transversal applications, major interfaces specified and complete COE	SAP, BAS and Persal interfaces fully implemented
4. Information security management	% Completion	50% standards and policies developed and approved COE team established	100% Standards and policies developed and approved and COE team fully operational	100% Standards and policies developed and approved and COE team established and executing detection
5. Operations management	% Completion % Availability	Management of all SLAs for services provided by TSS <ul style="list-style-type: none"> • Transformation of GPG departments to new GSSC Windows 2000 platform Phase 2 • Completed GPG WAN renewal Plan • 90% Uptime for e-mail, internet, key business applications 	100% management of all SLAs for services provided by TSS with back-to back agreements. Complete Windows 2000 transformation Complete GPG WAN renewal. Implemented selected application hosting for departmental systems..	100% management of all SLAs for services provided by TSS with back-to back agreements
6. CIO Programmes	Compliance Number of successful cadets	Established IT Council and three-tier governance processes IT Cadet Programme with target of 10 cadets	Established IT Council and three-tier governance processes IT Cadet Programme with target of 10 cadets	Established IT Council and three-tier governance processes IT Cadet Programme with target of 10 cadets

7. **PERSONNEL ESTIMATES** (Budgeted by the GSSC and by the other GPG Departments (those staff members who have yet to migrate to the GSSC))

A large number of staff to be employed at the GSSC will be transferred (with their personnel budgets) from the various Gauteng Provincial Departments. As a result - those costs are not budgeted for within these budgets.

The following table reflects all the employees that will work for the GSSC (once it is fully operational).

Estimated Number of Staff per Programme			
PROGRAMMES	At 31 March 2004	At 31 March 2005	At 31 March 2006
PROGRAMME 1: Internal Audit Services	132	164	164
PROGRAMME 2: Human Resources Services	393	393	393
PROGRAMME 3: Procurement Services	313	313	313
PROGRAMME 4: Finance Services	514	514	514
PROGRAMME 5: Technology Support Services	114	114	114
<i>SERVICE OPERATIONS</i>	<i>1 466</i>	<i>1 498</i>	<i>1 498</i>
Operations support	154	154	154
HR & Management Support	38	38	38
Office of the Chief Executive	13	13	13
<i>SENIOR MANAGEMENT & INTERNAL SUPPORT FUNCTIONS - (Costs allocated to the Programme)</i>	<i>205</i>	<i>205</i>	<i>205</i>
GSSC STAFF COMPLEMENT	1 671	1 703	1 703

8. Gender, BEE and Employment creation issues

The migration of functions and employees from the line departments into the GSSC will be completed in July 2003. Before then, it is not possible for the GSSC to determine the baseline information in respect of its staff composition, etc. The GSSC learner-ship programmes - such as the IT Cadets and GAS' training and accreditation of internal auditors - will be focused on bringing more women into these disciplines. Detailed plans in this regard will be included in Budget Statement 2 of 2003.

The GSSC has detailed its BEE & SME processes and targets for transforming the GPG and GSSC's procurement. The specific targets are included as part of the key performance indicators for the Procurement Programme, under section 6 above.

The nature of the GSSC is such that it will not have a direct effect on the creation of large-scale employment opportunities. The GSSC will make its contributions to employment creation through the procurement reforms focusing on the creation (or building) of sustainable SMEs. The GSSC will ensure that a large portion of GPG Procurement spend is shifted to historically disadvantaged emerging suppliers - who will be assisted to perform / conform to the requirements of the GPG.