

FREE STATE TREASURY: STRATEGIC PLAN: 2003 - 2006

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PART A: STRATEGIC OVERVIEW

1. Statement of Policy and Commitment by mr Zingile Dingani, MEC for Finance

The establishment and launch of our department as a Provincial Treasury has marked a clear break with the past and ushered in a new era in public financial management.

The Provincial Treasury is key in implementing and advancing government's socio-economic transformation agenda. Central to our mandate, is the formulation of a developmental budget that seeks to address poverty and inequality.

This Department is now well poised to provide strong leadership and assistance to all our client departments with regards to prudent financial management. In carrying out our mandate we will always be guided by the principles of "Batho Pele and Ubuntu."

I am confident that the contribution of Treasury has and will continue to be central to government's quest to deliver goods and services to our people. Never before has this Department been so geared to deliver on its developmental mandate.

Our work in the past is testimony to what we can do and achieve with the resources at our disposal. Our staff and personnel is the most important asset for realising our objectives.

Once more, it is with humility that I commit my Department and I to provide speedy, quality and reliable services to our Province and its people.

2. Overview by the Accounting Officer

The institution of multi-year budgets some years ago, enabled Provincial Departments to reap the advantages of a fiscal framework that allows for more effective and efficient medium-term Planning.

The publication of this 3-year Departmental Strategic Plan, now furthermore not only affords an ideal opportunity to further enhance efficiency and effectiveness in service delivery, but also enables the effective implementation of new policy proposals with an informed and realistic budget and planning framework.

This Plan, is testimony of significant progress in medium-term service delivery planning strategies, to:

- Enable the Provincial Legislature to execute its political oversight and monitoring of this department's service delivery, more effectively.
- Create a platform that would enable this departments to have a framework within which to take on board the views and inputs of other provincial departments, as well as private sector role-players and stakeholders in drawing departmental service delivery plans that are more responsive to the real needs of the clients of this Department.

- Enhance transparency and accountability in departmental operations, as the linking of this department's multi-year budget and strategic plan, now affords citizens and strategic analysts a much clearer indication of what exactly, this Department intend to deliver in terms of its operational mandate.

In the recent past, this Department embarked on a process to restructure itself, to ensure that its operations and activities are fully aligned with the vision of the Public Finance Management Act. (PFMA)

The aforementioned process, saw this Department re-inventing itself into a fully-fledged Provincial Treasury, able to:

- Further entrench the Medium Term Expenditure Framework (MTEF) as a basis for departmental planning and stabilising of budget aggregates.
- Ensure a sharper focus on the assessment of medium-term norms, to ensure that such norms are affordable over the medium to long term.
- Guide initiatives to ensure an enriched supply of information, including non-financial information, to enable the Provincial Treasury to enforce overall fiscal discipline more affectively, whilst at the same time, enabling a better servicing of the need of the Provincial Executive Council and the Provincial Legislature, to measure the outcomes and impact of provincial Legislature, to measure the outcomes and impact of provincial expenditure programmes.

This Strategic Plan reflects the reality of the aforementioned changes. As such, it indicates the state of readiness and commitment of this Department to deliver on its strategic goals, in the interest of service delivery and public accountability.

3. *Vision*

To promote prudent financial management of provincial resources.

4. *Mission*

Render timeous and responsive service delivery to clients through:

- enforcing the implementation of the Public Finance Management Act;
- preparation of sound and sustainable provincial budgets;
- promotion and monitoring of the sustainability of local government budgets;
- sound management of departmental and provincial government's assets and liabilities;
- promotion of sound procurement practices;
- optimisation of provincially collected revenue;
- enhancement of sound cash management, accounting practices, policies and systems;
- promotion and implementation of restructuring and transformation process.

5. Strategic goals

- Render effective management and administrative support to the department.
- Effective implementation and monitoring of departmental and provincial policies.
- Promote the institution and implementation of developmental budgets through equitable allocation of resources and sound cash management in line with provincial developmental needs.
- Promote maximization of revenue collection.
- Achieve and sustain sound asset and procurement practices.
- Manage the implementation, monitoring and maintaining of computerized and logistical systems.
- Provide functional support and training to users.
- Implement and maintain standardized financial systems and sustain capacity building for all systems users.
- Provide sound financial management for the department to enable informed decisions.
- Ensure timely discharge of transversal systems financial obligations.
- Providing quality internal audit services.
- Ensure full implementation of, and compliance with the Public Finance Management Act.
- Render advice and assistance to Provincial Public Accounts Committee.
- Provide strategic leadership in Public Private Partnership projects.
- Promote the institution and implementation of sustainable local government budgets and infrastructure co-ordination.
- Promote and maintain a condition of security awareness within the department.

6. Values

The core values that the Department espouses are:

- Performance driven
- Consistency
- Transparency
- Integrity
- Sensitivity
- Accountability
- Diligence
- Prudence
- Public duty
- Professionalism
- Good governance

7. Legislative and Other Mandates

Public Finance Management Act
Treasury Regulations
Employment Equity Act
Public Service Act and Regulations
Provincial Procurement Policy framework

SECTION	
Chapter 3	Provincial Treasuries and Provincial Revenue Funds

18(1)	<p>A provincial treasury must –</p> <ul style="list-style-type: none"> (a) prepare the provincial budget; (b) exercise control over the implementation of the provincial budget; (c) promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities; (d) ensure that its fiscal policies do not materially and unreasonably prejudice national economic policies.
18(2)	<p>A provincial treasury –</p> <ul style="list-style-type: none"> (a) <u>must</u> issue provincial treasury instructions not inconsistent with this Act; (b) <u>must</u> enforce this Act and any prescribed national and provincial norms and standards; (c) <u>must</u> comply with the annual Division of Revenue Act, and monitor and assess the implementation of the Act in provincial public entities; (d) <u>must</u> monitor and assess the implementation in provincial public entities of national and provincial norms and standards; (e) may assist provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management; (f) may investigate any system of financial management and internal control applied by a provincial department or a provincial public entity; (g) <u>must</u> intervene by taking appropriate steps to address a serious or persistent material breach of this Act by a provincial department or a provincial public entity; (h) <u>must</u> promptly provide any information required by the National Treasury in terms of this Act; (i) may do anything further that is necessary to fulfill its responsibilities effectively.
19(1)	<p>A provincial treasury must –</p> <ul style="list-style-type: none"> (a) prepare consolidated financial statements, in accordance with GRAP, for each year in respect of- <ul style="list-style-type: none"> i. provincial departments in the province; ii. public entities under the ownership control of the provincial executive of the province; iii. the provincial legislature in the province; (b) submit those statements to the A-G on or before 30 June.
19(4)	The consolidated financial statements must be made public when submitted to the provincial legislature.
21(1)	<p>The provincial treasury of a province is in charge of that province's Provincial Revenue Fund and must ensure that –</p> <ul style="list-style-type: none"> (a) all money received by the provincial government must promptly be paid into the Fund, except money reasonable excluded by this Act or another Act of Parliament; and (b) no money may be withdrawn from the Fund except – <ul style="list-style-type: none"> i. in terms of an appropriation by a provincial Act; or ii. as a direct charge against the Fund when it is provided for in the Constitution or a provincial Act.
21(2)	Money that must be paid into the Provincial Revenue Fund is paid into the Fund by depositing it into a bank account of the Fund in accordance with any requirements that may be prescribed.

21(3)	A provincial treasury must establish appropriate and effective cash management and banking arrangements for its Provincial Revenue Fund in accordance with the framework that must be prescribed in terms of section 7 – Banking, cash management and investment framework as prescribed by National Treasury.
22(1)	<p>Ensure controls and procedures are in place that all money received by a provincial government, including the province's equitable share, and grants made to it, in terms of the annual Division of Revenue Act, is paid into the province's Provincial Revenue Fund, except money received by –</p> <ul style="list-style-type: none"> (a) the provincial legislature in the province; (b) a provincial public entity in the province; (c) the provincial government from donor agencies which in terms of legislation or the agreement with the donor, must be paid to the Reconstruction and Development Programme Fund; (d) a provincial department in the province – <ul style="list-style-type: none"> i. operating a trading entity, if the money is received in the ordinary course of operating the trading entity; ii. in trust for a specific person or category of persons or for a specific purpose; iii. from another department to render an agency service on behalf of that department; iv. in terms of the annual Division of Revenue Act, if the money is exempted by that Act from payment into the Revenue Fund; or v. if the money is of a kind described in Schedule 4.
24(1)	Ensure controls and procedures are in place so that only a provincial treasury may withdraw money from a Provincial Revenue Fund.
Chapter 4	National And Provincial Budgets
27(4)	May consolidate annual budgets and measurable objectives for each main division within the departments' vote, into one document.
32(2)	Submit to the National Treasury a statement of revenue and expenditure of the Provincial Revenue Fund for publication in the national Government Gazette. The period is to be prescribed by National Treasury but must be at least quarterly and must be submitted within 30 days of the prescribed period.
Chapter 5	Departments And Constitutional Institutions
41	Inform accounting officers of requirements regarding information, returns, documents, explanations and motivations to be submitted by them.
54	Inform accounting authorities of public entities of requirements regarding information, returns, documents, explanations and motivations to be submitted by them.

8. Description of Strategic Planning Process

Towards the end of May 2002, the department arranged and attended the initial strategic planning workshop for the 2003 Medium Term Expenditure Framework. The workshop was facilitated by an outside strategic planning professional. It was attended by Assistant Managers, Managers, Senior Managers, Executive Managers, the Accounting Officers and the Executive Authority. For a period of two days, the workshop focused on developing strategic thinking capability amongst participants, this strategic planning session also developed strategic objectives for certain programmes to ensure that participants understand the level of thinking expected from strategic planners. During this session participants also learned how to evaluate objectives using objective evaluation criteria.

The second strategic planning workshop was also held for a period of two days, at the end of October 2002, beginning of November 2002. It was also attended by the above-mentioned managers but it was facilitated by the Acting Chief Financial Officer who was assisted by the Accounting Officer and the Executive Authority. During this second phase of the strategic planning session, vision and mission, strategic goals and strategic objectives, measurable objectives, expected outputs and performance measures were developed and agreed to by the participants.

Before the process outlined in the second session of the strategic planning process, the department issued internal allocation letters to all Programme Managers in which they were requested to review their baseline allocations published as forward estimates in the 2002 MTEF and to strongly motivate for any additional funding required based on policy changes.

This was followed by a process of evaluation of inputs received from programme managers by programme officers within the Department with particular attention being paid to those programmes requiring additional funding that is likely to impact on the allocations to year two and three of the 2003 MTEF.

This was followed by Departmental bilateral between the various programme managers and the *Acting* Chief Financial Officer who was supported by the department's programme officers. The bilateral focused was on understanding changes that are required to be made in the 2003 MTEF and spending pressures.

The last and final workshop on strategic planning was held in the middle of February 2003 after receiving final allocations. This session was also attended by participants mentioned above. The workshop focused on finalizing the remaining issues on the strategic plan and aligning budget allocations with the strategic goals of the various programmes to ensure that all measurable objectives of the various programmes are adequately funded. The workshop also discussed how the strategic plan will be implemented.

Given the level of participants by various managers, the Accounting Officer and the Executive Authority, the prospect of taking full ownership of the implementation of the strategic plan seems to be higher.

PART B: PROGRAMME AND SUB-PROGRAMME PLANS

9. Strategic Objectives

9.1 TOP MANAGEMENT

Strategic Goal:

1. To provide strategic leadership through planning, organizing, co-ordinating and controlling departmental functions so as to achieve departmental goals as efficiently, economically and effectively possible.

9.2 CORPORATE SERVICES

Strategic Goals:

1. Render effective management and administrative support to the department.
2. Effective implementation and monitoring of departmental and provincial policies.

Strategic Objectives:

1. Empower management to employ sound human resources practices.
2. Facilitate and motivate a productive and creative working environment.
3. Ensure effective internal and external communication.
4. Ensure sound labour resources practices.
5. Promote human resource development.
6. A well structured human resource plan.
7. Rendering of a support service for the MEC.
8. Ensure sound procurement and stores management.
9. Ensure effective and efficient IT service.
10. Co-ordinating and monitoring management of departmental assets.
11. Implementing sound employee assistance programmes.

9.3 BUDGETING AND BANKING SERVICES

Strategic Goal:

1. Promote the institution and implementation of developmental budgets through equitable allocation of resources and sound cash management in line with provincial developmental needs.

Strategic Objectives:

1. Inclusive, transparent and informed budget co-ordination.
2. Effective monitoring of expenditure trends and performance service delivery levels in all provincial departments.
3. Maintain optimum liquidity levels in the province.
4. Maintain a credible accounting system for the exchequer account.

9.4 REVENUE MANAGEMENT**Strategic Goal:**

1. Promote maximization of revenue collection.

Strategic Objectives:

1. Increase the revenue basis.
2. Developing new and enhance existing tariff fee structures.
3. Revisit the provincial tax structure.
4. Ensure the attainment of revenue targets.

9.5 PROCUREMENT AND ASSET MANAGEMENT**Strategic Goal:**

1. To achieve and sustain sound asset and procurement practices.

Strategic Objectives:

1. Implement treasury regulatory functions as prescribed in all regulatory prescripts.
2. Enhance procurement and asset management operations through the enforcement of the prescribed norms and standards.

9.6 SYSTEMS AND INFORMATION TECHNOLOGY**Strategic Goals:**

1. To manage the implementation monitoring and maintaining of computerized and logistical systems.
2. To provide functional support and training to users.

Strategic Objective:

1. Provisioning of computerized and logistical systems that meet the requirements of PFMA and General recognized accounting practice.

9.7 FINANCIAL SYSTEMS

Strategic Goal:

1. Implement and maintain standardized financial systems and sustain capacity building for all systems users.

Strategic Objectives:

1. Enforce national and provincial treasury instructions/procedures and best practice notes.
2. Training on the effective use of Financial Systems.
3. Control and monitor Financial Systems to ensure efficiency.
4. To ensure effective and efficient control over the clearance and reconciliation of all provincial ledger accounts, the closing of accounting months and the provincial annual financial statements.
5. Prepare annual consolidated financial statements.

9.8 DEPARTMENTAL ACCOUNTANT

Strategic Goal:

1. Provide sound financial management for the department to enable informed decisions.

Strategic Objectives:

1. Support the department through sound financial administration.
2. Ensure a credible budget that is constantly monitored and sound financial control for the department.
3. Provide a tax/deduction agency service and ensure effective management of PMG accounts, on behalf of provincial departments.

9.9 TRANSVERSAL FUNCTIONS: SITA

Strategic Goal:

1. Ensure timely discharge of transversal systems financial obligations.

9.10 INTERNAL AUDIT

Strategic Goal:

1. Providing quality internal audit services.

Strategic Objectives:

1. To prepare annual audit plan.
2. Monitor adherence to internal control.
3. To identify and assess high risk areas.
4. To conduct regularity, performance and forensic audit.
5. To provide quality training for internal audit staff.
6. To report audit findings.
7. Render assistance to audit committee.

9.11 PFMA IMPLEMENTATION**Strategic Goals:**

1. To ensure full implementation of and compliance with the PFMA.
2. Render advice and assistance to PROPAC
3. Provides strategic leadership in PPP projects.

Strategic Objectives:

1. Monitor adherence to PFMA prescripts.
2. To ensure that departments give effect to PROPAC's resolutions.
3. To facilitate provincial PPP implementation process.

9.12 LOCAL GOVERNMENT BUDGETS MONITORING AND INFRASTRUCTURE CO-ORDINATION**Strategic Goal:**

1. To promote the institution and implementation of sustainable local governments budgets and infrastructure co-ordination.

Strategic Objectives:

1. Assess and review local government budgets to gauge sustainability and appropriateness.
2. Review the departmental infrastructure budgets to ensure alignment with departmental infrastructure projects.

9.13 SECURITY**Strategic Goal:**

1. To promote and maintain a condition of security awareness within the department.

10. Measurable Objectives, Strategies/Activities, Outputs, Measures and Monitoring Mechanisms

2. Corporate Services

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Empowering management to employ sound human resource practices and to maintain a well structured human resource plan	Key appointments, shaping employment equity profile of staff to meet public service targets % of policies and procedures finalised	Number of policies finalised	Fine-tuned restructuring and transformation process	
Promoting human resource development and implement sound employee assistance programmes	Skills audit Introducing of performance and development system	% of officials transformed to new PDMS	Completeness: Report on all staff evaluated i.r.o existing skills	
Ensuring sound procurement and stores management as well as the management of departmental assets	Unqualified audit % compliance with new procurement programme			Annually Annually
Ensuring effective internal and external communications	An operational internal and external communication programme and new corporate image	% increase in visits to the intranet (staff) and Treasury (public) website		
Ensuring an effective and efficient IT service	% implementation of new & updated IT systems	% of systems implemented		

3. Budgeting and Banking Services

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To plan developmental provincial budget.	Budget cycle.		Be in line with national budget cycle.	
To prepare developmental provincial budget.	Accurate and credible provincial budget.		Accuracy: No arithmetic mistakes. Credibility: Budget in line with provincial priorities and mandates.	Table one week after National Minister tabled national budget
To analyze and report on expenditure trends.	Accurate, credible consolidated timely expenditure reports.		Accuracy: No arithmetic mistakes. Credibility: Verify In Year Monitoring figures with trial balance figures.	Monthly Quarterly Annually
To evaluate deliverables of all departments.	Reports of verification visits.	Number of reports produced.		Two weeks after date of visit
To timely allocate adequate funds to provincial spending agencies.	Provincial cash flow budget.		Accuracy: No arithmetic mistakes.	Annually Monthly Daily
To generate interest from surplus funds.	Interest generated from exchequer account.			Daily
To keep accurate financial accounting records for the exchequer account.	Annual financial statements.		Accuracy: No arithmetic mistakes.	Annually

4. Revenue Management

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Increase the revenue	Broader basis	Increase no		
Analyzing and reporting on revenue trends and evaluate performance	Accurate and creditable revenue report Weekly follow up on deviations		No mathematical mistakes	Monthly Annually Weekly Monthly Annually
To ensure all operations and programmes of revenue collection are in place	Capacity building systems		Refined systems of collection	Monthly
Ensure adherence to directives, guidelines and tariff fee structures relating of collection of revenue and the recovery thereof	Effective revenue policies and revenue collection plans		Accurate and proper results	Accurate and proper results for regular monthly reporting

5. Procurement and Asset Management

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To develop a procurement policy and strategy designed to maximize the economic spin offs of procurement.	Procurement policy and strategy for the Province.			
To regulate and monitor the supply of goods and services through the supply chain management system.	Provide clear regulatory guidelines for departments.			Monthly Quarterly Annually
To give guidance to provincial departments in the implementation of effective procurement policies that comply with all the relevant prescripts.	Issuance of instructions and circulars as guiding measures for procurement of goods and services.	At least two per department.		Monthly Quarterly Annually
To give training to NGO's, EBO's and other institutions with regard to successful procurement processes.	Reduction in the number of repetitive unsuccessful tenderers. Enhanced supplier development.	Two regions per quarter with ± 60 participants.		Monthly Quarterly Annually
To investigate tenders awarded to check if SMME's and HDI's do benefit from the award of tenders.	Greater participation of the HDI's and SMME's in the tendering system.	To be determined from the reports provided by departments.		Monthly Quarterly Annually
To enforce adherence to laid down prescripts as far as procurement is concerned.	Stricter adherence to the PFMA and regulations and PPPFA and its regulations.			Ongoing
To ensure effective and efficient utilization of movable and immovable assets in the province.	Optimized utilization and management of assets with reduced wastage.	At least two departments to be visited per month.		Monthly Quarterly Annually
To ensure that stocktaking and stock counts are undertaken regularly as prescribed by	Quarterly reports to be submitted and checked for improvements.	At least three reports from departments to be checked per month.		Monthly Quarterly Annually

departments.				
To develop and implement guidelines on asset management for all provincial departments.	Guiding document/policy for asset management in the province.	To all votes in the province.		30 June 2003
To investigate all warehouses for obsolete and surplus assets to be disposed of or relocated to places where they can be efficiently utilized.	Reduced obsolete assets and effective utilization of surplus assets.			Monthly Quarterly Annually
To give training to officials of various departments on asset management.	Skilled staff to manage provincial assets.	At least two per department		30 June 2003

6. Systems & Information Technology

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To implement, manage and monitor computerised systems in the Free State Provincial Government	Implementation and maintenance of the Vulindlela system in the Free State Provincial Government Provide Vulindlela training in the Free State Provincial Government Co-ordinate, arrange and administer a Vulindlela user Forum Install Metanet software and update the access keys Arrange the creation of users and the installation of the Financial Information System Ensure effective utilization of departmental e-mail server	Number of implementations Number of courses presented Number of User Forums Number of installations and updates	 In line with best practice In line with best practice Informed by individual staff needs Control over monthly accounts	 Quarterly Update keys quarterly Within 48 hours Monthly
To implement and monitor logistical systems (LOGIS and PAS) and provide functional support to departments	Implementation and maintenance of logistical systems Codify and standardise stock items Maintain Logis suppliers register Provide training LOGIS User Forum	Number of sites implemented Trained officials Number of User Forums	According to National Norms and Standards Accuracy: According to NATO Standards Accuracy: According to National Norms and Standards In line with best practice In line with best practice	6 months per site Codify item within 48 hours 10 Working days for registration of suppliers detail Quarterly

7. Financial Systems

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To timely prepare and distribute PAG circulars and best practice notes to enforce procedures	Clear and user friendly PAG circulars and best practice notes		In line with PFMA and National Guidelines	One month before implementation
Capacity building: ❖ Persal ❖ Financial Systems & Accounts	Training of Provincial users	Number of users	In line with best practice	
To implement and maintain new Financial Systems	Implement and maintain new System at all Departments and trading accounts	Number of installations	According to National Norms and Standards	3 Months per installation
To prepare status reports: ❖ Persal ❖ FMS ❖ Control Accounts	Accurate and credible status reports		According to MIS and system reports	Monthly
To timely close FMS months	Effective monitoring of FMS months closures		In terms of National prescripts	Monthly
To monitor the closure of the financial year on FMS	Monitor the timely preliminary and final closure of the financial year on FMS		Within PFMA timeframes	Yearly
To compile consolidated financial statements	Publish consolidated annual reports		Within PFMA timeframes and guidelines	Yearly according to PFMA timeframes

8. Departmental Accountant

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To monitor expenditure vs budget	Accurate and timeous Programme Managers reports		Expenditure in line with budget	Monthly before the 15 th
To prepare developmental departmental budget	Accurate and credible departmental budget (Budget Statement II)		Accuracy: No arithmetic mistakes Credibility: Budget in line with departmental priorities and mandates	Finalize before set due date
To compile other budget related documentation	Schedules Adjustment Estimate		Accuracy: No arithmetic mistakes	Finalize before set due date
To request adequate funds	Accurate weekly cash flow reports		Accuracy: Expenditure in line with allocated resources	Weekly
To keep accurate financial accounting records for the Provincial Treasury	Compile the annual financial statements Prepare printing of annual report	Number of reports printed	Accuracy: No arithmetic mistakes Accuracy: No arithmetic mistakes	Two months after end of financial year Five months after end of financial year
To identify, administrate and collect departmental debt	Effective debt collection			Before prescription
Compiling of financial statements of the department	Annual Financial Report			Monthly
To control and clear FMS and Persal reports	Achieve zero balances and outstanding matters at month/year closing			Monthly
To pay creditors	Payment of creditors within 30 days.			Weekly
To recover interdepartmental claims	Payment within 7 days after receival			Monthly
To deposit daily cash for the department	Correct allocation and depositing of deposits.			Daily
To provide stationery for the directorate	Ensure effective service delivery to officials of the directorate			Daily

To administrate salary matters	Ensure effective service to internal and external clients			Daily
To conduct internal inspections / investigations.	Inspection/Investigation report	Number of reports	In line with PFMA, Treasury Regulations, circulars and prescripts.	Monthly
To ensure correctness of audit statements / paragraphs.	Annual Financial Report		In line with PFMA, Treasury Regulations and an unqualified report by the Auditor General	30 June
To ensure the correctness of payments	No rejections and error free payments.		In line with PFMA, TR, circulars and prescripts.	Daily
To provide efficient and effective financial control measures.	Financial Circulars, Prescripts and delegations.		In line with PFMA, TR, circulars and prescripts	31 March 2003
To timely handle Propac Resolutions and Audit Management letters.	Acceptable answers on Propac resolutions and Audit management letters.		In line with PFMA, TR, circulars and prescripts	Monthly
To finalize all fraud and losses cases.	All fraud and losses reported finalized within the financial year.			Within Financial year.

9. Transversal Functions: SITA

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To ensure effective service delivery in respect of Transversal Systems	Negotiate and monitor SLA		Norms of SLA	Monthly

10. Internal Audit

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To prepare annual audit plan.	Annual audit plan.	One or more	In line with risk assessment	Annually
To monitor adherence to internal controls	Internal control adherence monitoring report.	Twelve		Monthly
To identify and assess high-risk areas.	High-risk areas assessment report.	Four		Quarterly
To conduct regularity, performance and forensic audits and to report audit findings.	Regularity audit report.	Twelve		Monthly
	Performance audit report	Twelve		Monthly
	Forensic audit report	Twelve		Monthly
To provide good quality training for internal audit unit staff.	Training Report	Twelve	Informed by individual staff needs	Monthly
To render assistance to audit committee.	Audit committee assistance report	Four	Accuracy: No arithmetic and spelling mistakes	Quarterly
To develop and implement code of ethics for internal auditors	Code of ethics for internal auditors	One	In line with IIA standards	
To develop an audit charter	Audit charter	One	In line with best practice	

11. PFMA Implementation

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To assess the degree of compliance by provincial departments and provincial public entities with public Finance management Act and Treasury Regulations	PFMA compliance report			Quarterly
To ensure effective Public Finance Management Act training and capacity building in provincial departments and provincial public entities	PFMA trained officials		Set training targets. Training performed by accredited institutions and individuals	Quarterly
To monitor adherence to Public Finance Management Act plans	Assessment report			Quarterly
To ensure effective implementation of punitive measures in event of persistent and material breaches of the Public Finance Management Act	Credible data base of persistent and material breaches of the PFMA			Quarterly

12. Local Government Budgets Monitoring and Infrastructure Co-ordination

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
Effective identification of strategic infrastructure needs	Report detailing infrastructure needs		In line with provincial strategic objectives	In time for budget process
Ensure high degree of coordination and integration in infrastructure planning	Integrated planning cycle		Published plans and IDP,s	In time for budget process
Monitor infrastructure provision	Progress report		Measure progress and expenditure against plan	Quarterly
Evaluate municipal and districts budgets	Evaluation report		In line with prevailing prescripts	Two months before start of municipal financial year
Analyze and report on expenditure trends	Accurate, credible expenditure report		In line with prevailing prescripts	Quarterly

13. Security

Programme structure Measurable objectives	Output	Quantity Measure	Quality Measure	Timeliness Measure
To prepare internal security policy.	Internal security policy document.	One	In line with national security policy.	Annually
To identify risks and threats to the security.	Identified risks and threats			Monthly
To develop security measures and procedures.	Security procedures		In line with security policy.	
To evaluate effectiveness of security procedures.	Security procedures evaluation report.	Twelve		Monthly
To develop security training capacity	Trained Officials	Number of trained officials.	In line with national security policy.	
To initiate disciplinary steps in cases of none adherence	Security breaches report.			As soon as breach is discovered.
To ensure proper administration of vetting applications.	Applications vetted report.		In line with national security policy.	Monthly

11. Performance Targets and MTEF Budgets

2. Corporate Services

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
Empowering management to employ sound human resource practices and to maintain a well structured human resource plan	Key appointments, shaping employment equity profile of staff to meet public service targets % of policies and procedures finalised	Fine tuned restructuring and transformation process Number of policies finalised		70% of vacancies to be filled before 31/03/2002	100% of vacancies filled 60% of policies	Maintain 100% rate 100% of policies	Maintain 100% rate Maintain 100% rate	
Promoting human resource development and implement sound employee assistance programmes	Skills audit Introducing of performance and development system	Completeness: Report on all staff evaluated i.r.o. existing skills % of officials transformed to new PDMS		31 March 2003 31 March 2003				
Ensuring sound procurement and stores management as well as the management of departmental assets	Unqualified audit % compliance with new procurement programme	Annually Annually		31 July 31 March	31 July 31 March	31 July 31 March	31 July 31 March	
Ensuring effective internal and external communications	An operational internal and external communication programme and new corporate image	% increase in visits to the intranet (staff) and Treasury (public) website		50% increase by 31 March 2003	100% increase by 31 March 2004	Maintain 100% rate	Maintain 100% rate	
Ensuring an effective and efficient IT service	% implementation of new & updated IT systems	% of systems implemented		50% impl. by 31 March 2003	100% impl. by 31 Dec. 2003			

3. Budgeting and Banking Services

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
To plan developmental provincial budget.	Budget cycle.	Be in line with national cycle		31 March 2003	31 March 2004	31 March 2005	31 March 2006	
To prepare developmental provincial budget.	Accurate and credible provincial budget.	Table accurately and credible budget one week after National Minister tabled national budget		26 February 2003	25 February 2004	24 February 2005	23 February 2006	
To analyze and report on expenditure trends.	Accurate, credible consolidated timely expenditure reports.	Monthly Quarterly Annually		22 nd each month 22 nd of fourth month 31 May 2003	22 nd each month 22 nd of fourth month 31 May 2004	22 nd each month 22 nd of fourth month 31 May 2005	22 nd each month 22 nd of fourth month 31 May 2006	
To evaluate deliverables of all departments.	Reports of verification visits.	Number of reports produced, two weeks after date of visit.			One report per department	Two reports per department	Three reports per department	
To timely allocate adequate funds to provincial spending agencies.	Provincial cash flow budget.	Annually Monthly Daily		31 March 2003 Last working day each month	31 March 2004 Last working day each month	31 March 2005 Last working day each month	31 March 2006 Last working day each month	
To generate interest from surplus funds.	Interest generated from exchequer account.	Daily			R70m	R50m	R30m	
To keep accurate financial accounting records for the exchequer account.	Annual financial statements.	Annually No arithmetic mistakes		31 May 2003	31 May 2004	31 May 2005	31 May 2006	

4. Revenue Management

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
Increase the revenue	Broader basis	Increased no		15 th every month	15 th every month	15 th every month	15 th every month	
Analyzing and reporting on revenue trends and evaluate performance	Accurate and creditable revenue report	No mathematical mistakes	Monthly Annually	(Preliminary 1 month before (Final) 2 months after closing	(Preliminary 1 month before (Final) 2 months after closing	(Preliminary 1 month before (Final) 2 months after closing	(Preliminary 1 month before (Final) 2 months after closing	
	Weekly follow up on deviations		Weekly Monthly Annually	1 month before closing/One month after closing	1 month before closing/One month after closing	1 month before closing/One month after closing	1 month before closing/One month after closing	
To ensure all operations and programmes of revenue collection are in place	Capacity building systems	Training by PT and line departments. Refined systems of collection	Monthly engagement with PRR	10% increments on existing systems and for the MTEF period	10% increments on existing systems and for the MTEF period	10% increments on existing systems and for the MTEF period	10% increments on existing systems and for the MTEF period	
Ensure adherence to directives, guidelines and tariff fee structures relating to collection of revenue and the recovery thereof	Effective revenue policies and revenue collection plans		Monthly	In line with the PFMA, TR and PT guidelines	In line with the PFMA, TR and PT guidelines	In line with the PFMA, TR and PT guidelines	In line with the PFMA, TR and PT guidelines	

5. Procurement and Asset Management

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
To develop a procurement policy and strategy designed to maximize the economic spin offs of procurement.	Procurement policy and strategy for the Province.				30 June 2003	30 June 2004	30 June 2005	
To regulate and monitor the supply of goods and services through the supply chain management system.	Provide clear regulatory guidelines for departments.	Monthly Quarterly Annually		Monthly Quarterly Annually	31 March 2003	31 March 2004	31 March 2005	
To give guidance to provincial departments in the implementation of effective procurement policies those comply with all the relevant prescripts.	Issuance of instructions and circulars as guiding measures for procurement of goods and services.	At least two per department		Monthly Quarterly Annually	Ongoing	Ongoing	Ongoing	
To give training to NGO's, EBO's and other institutions with regard to successful procurement processes.	Reduction in the number of repetitive unsuccessful tenderers. Enhanced supplier development.	Two regions per quarter with ± 60 participants.		Monthly Quarterly Annually	Ongoing	Ongoing	Ongoing	
To investigate tenders awarded to check if SMME's and HDI's do benefit from the award of tenders.	Greater participation of the HDI's and SMME's in the tendering system.	To be determined from reports provided by departments.		Monthly Quarterly Annually	Ongoing	Ongoing	Ongoing	
To enforce adherence to laid down prescripts as far as procurement is concerned.	Stricter adherence to the PFMA and regulations and PPPFA and its regulations.			Ongoing	Ongoing	Ongoing	Ongoing	

To ensure effective and efficient utilization of movable and immovable assets in the province.	Optimized utilization and management of assets with reduced wastage.	At least two departments to be visited per month.		Monthly Quarterly Annually	Ongoing	Ongoing	Ongoing	
To ensure that stocktaking and stock counts are undertaken regularly as prescribed by departments.	Quarterly reports to be submitted and checked for improvements.	At least three reports from departments to be checked per month.		Monthly Quarterly Annually	Ongoing	Ongoing	Ongoing	
To develop and implement guidelines on asset management for all provincial departments.	Guiding document/policy for asset management in the province.	To all votes in the province.		30 June 2003	Ongoing	Ongoing	Ongoing	
To investigate all warehouses for obsolete and surplus assets to be disposed of or relocated to places where they can be efficiently utilized.	Reduced obsolete assets and effective utilization of surplus assets.			Monthly Quarterly Annually	Ongoing	Ongoing	Ongoing	
To give training to officials of various departments on asset management.	Skilled staff to manage provincial assets.	At least two per department.		30 June 2003	Ongoing	Ongoing	Ongoing	

6. Systems & Information Technology

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
To implement, manage and monitor computerised systems in the Free State Provincial Government	Implementation and maintenance of the Vulindlela system in the Free State Provincial Government	Number of implementations			60	50	30	
	Provide Vulindlela training in the Free State Provincial Government	Number of courses presented In line with best practice			10	10	10	
	Co-ordinate, arrange and administer a Vulindlela user Forum	Number of User Forums In line with best practice			4	4	4	
	Install Metanet software and update the access keys	Quarterly Number of installations and updates Informed by individual staff needs Update keys Quarterly			As requested	As requested	As requested	
	Arrange the creation of users and the installation of the Financial Information System	Within 48 hours			As requested	As requested	Stopped	
	Ensure effective utilization of departmental e-mail server	Control over monthly accounts Monthly			As requested	As requested	As requested	

To implement and monitor logistical systems (LOGIS and PAS) and provide functional support to departments	Implementation and maintenance of logistical systems	Number of sites implemented According to National Norms and Standards 6 months per site			6	Support	Support	
	Codify and standardise stock items	Accuracy: According to NATO Standards Daily Codify item within 48 hours			As requested	As requested	As requested	
	Maintain Logis suppliers register	Accuracy: According to National Norms and Standards 10 Working days for registration of suppliers detail			As requested	As requested	As requested	
	Provide training	Trained officials In line with best practice			11	11	11	
	LOGIS User Forum	Number of User Forums In line with best practice Quarterly			4	4	4	

7. Financial Systems

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
To timely prepare and distribute PAG circulars and best practice notes to enforce procedures.	Clear and user friendly PAG circulars and best practice notes.	In line with PFMA and National Guidelines One month before implementation		100%	100%	100%	100%	
Capacity building: ❖ Persal ❖ FMS & Accounts	Training of Provincial users	Number of users In line with best practice		300 450	300 450	300 450	300 450	
To implement and maintain new Financial Systems	Implement and maintain new Systems at all Departments and Trading accounts	Number of installations According to National Norms and Standards 3 months per installation		2 per month 1 per month 1 per month	2 per month 1 per month 1 per month	2 per month 1 per month 1 per month	2 per month 1 per month 1 per month	
To prepare status reports: ❖ Persal ❖ FMS ❖ Control Accounts	Accurate and credible status reports	According to MIS and system reports		12 th of each month	12 th of each month	12 th of each month	12 th of each month	
To monitor the close of FMS months	Effective monitoring of FMS months closures	Monthly, in terms of National prescripts		Before the 10 th of each month	Before the 10 th of each month	Before the 10 th of each month	Before the 10 th of each month	
To monitor the closure of the financial year on FMS	Monitor the timely preliminary and final closure of the financial year on FMS	Yearly, within PFMA timeframes		Before or on 30 April 2003	Before or on 30 April 2004	Before or on 30 April 2005	Before or on 30 April 2006	
To compile consolidated financial statements	Publish consolidated annual reports	Yearly, within PFMA timeframes		Before or on 30 June 2003	Before or on 30 June 2004	Before or on 30 June 2005	Before or on 30 June 2006	

8. Departmental Accountant

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
To monitor expenditure vs budget	Accurate and timeous Programme Managers reports	Monthly expenditure in line with budget		15 th of each month	15 th of each month	15 th of each month	15 th of each month	
To prepare developmental departmental budget	Accurate and credible departmental budget (Budget Statement II)	Accuracy: No arithmetic mistakes Credibility: Budget in line with departmental priorities and mandates		December 2002	December 2003	December 2004	December 2005	
To compile other budget related documentation	Schedules Adjustment Estimate	Accuracy: No arithmetic mistakes		Finalize before set due date.	Finalize before set due date.	Finalize before set due date.	Finalize before set due date.	
To request adequate funds	Accurate weekly cash flow reports	Accuracy: Expenditure in line with allocated resources		Tuesdays	Tuesdays	Tuesdays	Tuesdays	
To keep accurate financial accounting records for the Provincial Treasury	Compile the annual financial statements Prepare printing of annual report	Number of reports printed accurately (no arithmetic mistakes)		31 May 2003 31 Aug 2003	31 May 2004 31 Aug 2004	31 May 2005 31 Aug 2005	31 May 2006 31 Aug 2006	
To identify, administrate and collect departmental debt	Effective debt collection	Before prescription		Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	

Compiling of financial statements of the department	Annual Financial Report	Monthly		1 April 2003	1 April 2004	1 April 2005	1 April 2006	
To control and clear FMS and Persal reports	Achieve zero balances and outstanding matters at month/year closing	Monthly		Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	
To pay creditors	Payment of creditors within 30 days.	Weekly		Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	
To recover interdepartmental claims	Payment within 7 days after receipt	Monthly		Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	
To deposit daily cash for the department	Correct allocation and depositing of deposits.	Daily		Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	
To provide stationery for the directorate	Ensure effective service delivery to officials of the directorate	Daily		Before the 20th	Before the 20th	Before the 20th	Before the 20th	
To administrate salary matters	Ensure effective service to internal and external clients	Daily		Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	Monthly closing on FMS and Persal	
To conduct internal inspections / investigations.	Inspection/Investigation report	Number of reports In line with PFMA, Treasury Regulations, circulars and prescripts		Monthly	Monthly	Monthly	Monthly	

To ensure correctness of audit statements / paragraphs.	Annual Financial Report	In line with PFMA, Treasury Regulations and an unqualified report by the Auditor General		30 June 2003	30 June 2004	30 June 2005	30 June 2006	
To ensure the correctness of payments	No rejections and error free payments.	In line with PFMA, Treasury Regulations, circulars and prescripts		Daily	Daily	Daily	Daily	
To provide efficient and effective financial control measures.	Financial Circulars, Prescripts and delegations.	In line with PFMA, Treasury Regulations, circulars and prescripts		31 March 2003	31 March 2004	31 March 2005	31 March 2006	
To timely handle Propac Resolutions and Audit Management letters.	Acceptable answers on Propac resolutions and Audit management letters.	In line with PFMA, Treasury Regulations, circulars and prescripts		Within 30 days	Within 30 days	Within 30 days	Within 30 days	
To finalize all fraud and losses cases.	All fraud and losses reported finalized.	Within financial year		Within financial year	Within financial year	Within financial year	Within financial year	

9. Transversal Functions: SITA

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
To ensure effective service delivery in respect of Transversal Systems	Negotiate and monitor SLA	Norms of SLA Monthly			End of each month	End of each month	End of each month	

10. Internal Audit

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
To prepare annual audit Plan.	Annual audit plan.	Annually In line with risk assessment			31 Mar 03	31 Mar 04	31 Mar 05	
To monitor adherence to internal controls	Internal control adherence monitoring report.	Monthly 12			End of each month	End of each month	End of each month	
To identify and assess high-risk areas.	High-risk areas assessment report.	Quarterly 4			30 Jun 30 30 Sep 03 31 Dec 03 31 Mar 04	30 Jun 04 30 Sep 04 31 Dec 04 31 Mar 05	30 Jun 05 30 Sep 05 31 Dec 05 31 Mar 06	
To conduct regularity, performance and forensic audits and to report audit findings.	Regularity audit report. Performance audit report Forensic audit report	Monthly			End of Month	End of Month	End of Month	
To provide good quality training for internal audit unit staff.	Training Report	Monthly Informed by individual staff needs			End of Month	End of Month	End of Month	
To render assistance to audit committee.	Audit committee assistance report	Quarterly Accuracy: No arithmetic and spelling mistakes			30 Jun 30 30 Sep 03 31 Dec 03 31 Mar 04	30 Jun 04 30 Sep 04 31 Dec 04 31 Mar 05	30 Jun 05 30 Sep 05 31 Dec 05 31 Mar 06	
To develop and implement code of ethics for internal auditors	Code of ethics for internal auditors	One In line with IIA standards			31 Mar 03			
To develop an audit charter	Audit charter	One In line with best practice			31 Mar 03			

11. PFMA Implementation

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
To assess the degree of compliance by provincial departments and provincial public entities with public Finance management Act and Treasury Regulations	PFMA compliance report	Quarterly			30 Jun 03 30 Sep 03 31 Dec 03 31 Mar 04	30 Jun 04 30 Sep 04 31 Dec 04 31 Mar 05	30 Jun 05 30 Sep 05 31 Dec 05 31 Mar 06	
To ensure effective Public Finance Management Act training and capacity building in provincial departments and provincial public entities	PFMA trained officials	Set training targets. Training performed by accredited institutions and individuals. Quarterly			% Trained against set targets	% Trained against set targets	% Trained against set targets	
To monitor adherence to Public Finance Management Act plans	Assessment report	Quarterly			30 Jun 03 30 Sep 03 31 Dec 03 31 Mar 04	30 Jun 04 30 Sep 04 31 Dec 04 31 Mar 05	30 Jun 05 30 Sep 05 31 Dec 05 31 Mar 06	
To ensure effective implementation of punitive measures in event of persistent and material breaches of the Public Finance Management Act	Credible data base of persistent and material breaches of the Public Finance Management Act	Quarterly			30 Jun 03 30 Sep 03 31 Dec 03 31 Mar 04	30 Jun 04 30 Sep 04 31 Dec 04 31 Mar 05	30 Jun 05 30 Sep 05 31 Dec 05 31 Mar 06	

12. Local Government Budgets Monitoring & Infrastructure Co-ordination

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
Effective identification of strategic infrastructure needs	Report detailing infrastructure needs	In line with provincial strategic objectives In time for budget process.						
Ensure high degree of coordination and integration in infrastructure planning	Integrated planning cycle	Published plans and IDP,s In time for budget process.						
Monitor infrastructure provision	Progress report	Measure progress and expenditure against plan. Quarterly						
Evaluate municipal and districts budgets	Evaluation report	In line with prevailing prescripts. Two months before start of municipal financial year.						
Analyze and report on expenditure trends	Accurate, credible expenditure report	In line with prevailing prescripts. Quarterly						

13. Security

Objective	Output	Performance Measure	Monitoring Mechanism	2002 estimated	2003 target	2004 target	2005 target	% change over MTEF
To prepare internal security policy.	Internal security policy document.	One In line with national security policy. Annually			31 Mar 03	31 Mar 04	31 Mar 05	
To identify risks and threats to the security.	Identified risks and threats	Monthly			End of Month	End of Month	End of Month	
To develop security measures and procedures.	Security procedures	In line with security policy			End of Month	End of Month	End of Month	
To evaluate effectiveness of security procedures.	Security procedures evaluation report.	Twelve Monthly			End of Month	End of Month	End of Month	
To develop security training capacity	Trained Officials	Number of trained officials In line with national security policy.			Fifty	Sixty	Seventy	
To initiate disciplinary steps in cases of none adherence	Security breaches report.	As soon as breach discovered.			Disciplinary steps taken as % of security breaches.	Disciplinary steps taken as % of security breaches.	Disciplinary steps taken as % of security breaches.	
To ensure proper administration of vetting applications.	Applications vetted report.	In line with national security policy. Monthly			Applications vetted as % of applications received.	Applications vetted as % of applications received.	Applications vetted as % of applications received.	

12. Reconciliation of Budget with Plan by Programme

Evolution of expenditure by budget programme and sub-programme (R million)

Free State Provincial Treasury

Programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
1. Top Management	1,089	1,063	4,425	102	7,498	7,845	8,351	5
2. Corporate Services	5,760	7,571	12,131	40	13,635	14,443	14,422	3
3. Budgeting and Banking Services	2,784	3,552	4,304	34	5,454	5,875	6,182	6
4. Revenue Management	1,851	2,552	2,494	41	3,616	3,791	4,499	11
5. Procurement and Asset Management	0	0	3,162	0	4,672	4,886	5,212	5
6. Systems and IT	4,986	6,984	6,345	34	8,898	9,095	10,279	7
7. Financial Systems	14,423	7,638	6,929	31	17,670	16,834	16,053	8
8. Departmental Accountant	11,435	12,117	15,851	18	11,281	11,926	12,769	6
9. Transversal Functions	5,513	13,566	20,687	58	18,633	20,170	21,400	7
10. Internal Audit	0	0	1,613	0	6,987	6,442	6,847	1
11. PFMA Implementation	0	0	1,094	0	2,414	2,523	2,682	5
12. Local Gov etc	0	0	0	0	2,317	2,420	2,573	5
13. Security	0	0	0	0	2,129	1,690	1,779	9
Special functions	816	968	4					
Economic Affairs	18,241	0	0					
TOTAL	66,898	56,011	79,039	34	105,204	107,940	113,048	3

1. Top Management

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
1.1 Member of Executive Council	0	0	0		700	742	787	6
1.2 Head of Department	1,089	1,063	1,839	42	2,642	2,756	2,909	5
1.3 SEM: Intergovernmental Co-ordination	0	0	326		1,056	1,115	1,186	6
1.4 SEM: Budgeting	0	0	266		1,109	1,172	1,245	6
1.5 SEM: Accountant General	0	0	325		1,041	1,067	1,168	6
1.6 SEM: Chief Financial Officer	0	0	1,669		950	993	1,056	5
TOTAL	1,089	1,063	4,425	308	7,498	7,845	8,351	5

2. Corporate Services

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
2.1 Management	493	564	884	37	706	730	747	3
2.2 MEC Support	1,434	1,526	1,826	20	1,884	2,154	1,986	3
2.3 Support & Development Services	2,035	5,278	6,908	70	7,065	7,280	7,273	1
2.4 Personnel Services	1,496	203	1,540	169	2,816	2,949	3,007	3
2.5 Communication	302	0	973	150	1,164	1,330	1,409	9
TOTAL	5,760	7,571	12,131	40	13,635	14,443	14,422	3

3. Budgeting and Banking Services

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
3.1 Management	267	94	1,806	126	823	861	838	1
3.2 Budgeting Social Services	785	2,018	290	62	1,037	1,083	1,067	1
3.3 Budgeting Other Services	694		469	150	1,196	1,263	1,224	1
3.4 Banking and Cash flow Management	1,038	1,440	1,739	74	2,398	2,668	3,053	12
TOTAL	2,784	3,552	4,304	34	5,454	5,875	6,182	6

4. Revenue Management

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
4.1 Management	603	495	588	26	641	670	901	185
4.2 Revenue Programmes and Operations	494	1,232	998	73	1,731	1,819	2,004	7
4.3 Revenue Compliance Controllers	754	825	908	28	1,244	1,302	1,594	13
TOTAL	1,851	2,552	2,494	41	3,616	3,791	4,499	11

5. Procurement and Asset Management

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
5.1 Management			212		716	751	805	6
5.2 Asset Management			2,188		2,780	2,902	3,095	5
5.3 Procurement Compliance Monitoring			762		1,176	1,233	1,312	5
TOTAL			3,162		4,672	4,886	5,212	5

6. Systems & IT

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
6.1 Management		209	268	103	698	730	789	6
6.2 IT Policy & Monitoring			353		1,250	1,307	1,602	13
6.3 Information Systems			1,256		1,961	2,037	2,174	5
6.4 Logistics	4,986	6,775	4,468	10	4,989	5,021	5,714	7
TOTAL	4,986	6,984	6,345	34	8,898	9,095	10,279	7

7. Financial Systems

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
7.1 Management	294	210	585	69	5,323	3,969	2,189	43
7.2 Financial Management Systems	5,512	4,656	2,987	15	3,424	3,542	3,796	5
7.3 Accounting			1,596		6,701	6,990	7,555	6
7.4 Persal	8,617	2,772	1,761	77	2,222	2,333	2,513	6
TOTAL	14,423	7,638	6,929	31	17,670	16,834	16,053	8

8. Departmental Accountant

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
8.1 Management	312	209	360	40	2,497	2,643	2,841	6
8.2 Financial Admin	11,123	11,908	13,396	9	6,238	6,643	7,099	6
8.3 Finance & Budget Control			2,095		2,546	2,640	2,829	5
TOTAL	11,435	12,117	15,851	18	11,281	11,926	12,769	6

9. Transversal Functions: SITA

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
9.1 SITA	5,513	10,885	16,990	52	18,633	20,170	21,400	7
9.2 Financial Transforma- tion Services		2,681	1,862	36				
9.3 Finance and Personnel Management Systems Support			1,835					
TOTAL	5,513	13,566	20,687	58	18,633	20,170	21,400	7

10. Internal Audit

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
10.1 Internal Audit			1,613		6,987	6,442	6,847	1
TOTAL			1,613	-	6,987	6,442	6,847	1

11. PFMA Implementation

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
11.1 Management			1,094		920	959	1,020	5
11.2 Social Services					747	782	831	5
11.3 Other Services					747	782	831	5
TOTAL			1,094	-	2,414	2,523	2,682	5

12. Local Government etc

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
12.1 Management					824	856	910	5
12.2 Local Government Budgets Monitoring					916	959	1,020	5
12.3 Infrastructure Co- ordination					577	605	643	5
TOTAL					2,317	2,420	2,573	5

13. Security

Sub-programme	Year – 2 2000/01 (actual)	Year – 1 2001/02 (actual)	Base year 2002/03 (estimate)	Average annual change (%)	Year 1 2003/04 (budget)	Year 2 2004/05 (MTEF projection)	Year 3 2005/06 (MTEF projection)	Average annual change (%)
13.1 Security					2,129	1,690	1,779	9
TOTAL					2,129	1,690	1,779	9

13. Medium-term Revenues

The following sources of funding are used for the Vote:

13.1 Summary of Revenue

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
R'000	Actual	Actual	Estimate	MTEF	MTEF	MTEF
Voted by legislature	66,898	56,011	79,039	105,204	107,940	113,048
Conditional grants						
Other						
Total revenue	66,898	56,011	79,039	105,204	107,940	113,048

13.2 Departmental Revenue Collection

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
R'000	Actual	Actual	Estimate	MTEF	MTEF	MTEF
Current revenue						
Tax revenue						
Non-tax revenue	41,423	90,833	113,958	80,609	90,958	99,183
Total revenue	41,423	90,833	113,958	80,609	90,958	99,183

PART C: BACKGROUND INFORMATION

14. Appendix one: Analysis of Service Delivery Environment

Department is unique in the sense that it is a service department to others.

In essence the prevailing financial regulatory environment defines and informs the oversight and monitoring function of the Department.

The Provincial Treasury is the only provincial department established by the PFMA to be specifically responsible for financial matters in the Province.

In terms of the PFMA the Provincial Treasury must:

- prepare the provincial budget,
- exercise control over the implementation of the provincial budget,
- promote and enhance transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities, and
- ensure that provincial fiscal policies do not materially and unseasonable prejudice national economic policies.

This unique role and function as custodian of the PFMA defines the environment of the department as one that:

- Is reliant on feedback and input from other provincial departments, National Treasury, other national departments, the provincial executive council and the legislature.
- Is characterized by a highly interactive relationship with:
 - o Other Provincial Departments,
 - o National Treasury,
 - o Other National Departments,
 - o Financial Institutions,
 - o The Provincial Auditor.

The Provincial Treasury is thus the champion of effective and efficient financial management in the Province, to ensure maximum service delivery in the province at minimum cost. In executing this role it is important to appreciate that the ultimate quality of public service delivery is dependent on the performance achievement of provincial service delivery departments.

14.1 Environmental factors and emerging challenges

14.1.1 Demographic profile of the province

➤ Population of the Free State Province by Gender

Male	1,298,348
Female	1,335,156
Total	2,633,504

➤ Population of the Free State Province by Population Group

African	2,223,940
Coloured	79,038
Indian	2,805
White	316,459
Other	11,262
Total	2,633,504

- The Free State Province hosts 6,5% of the total population of South Africa and covers 10,6% of the total land area of South Africa.

14.1.2 Employment and income

Occupational categories

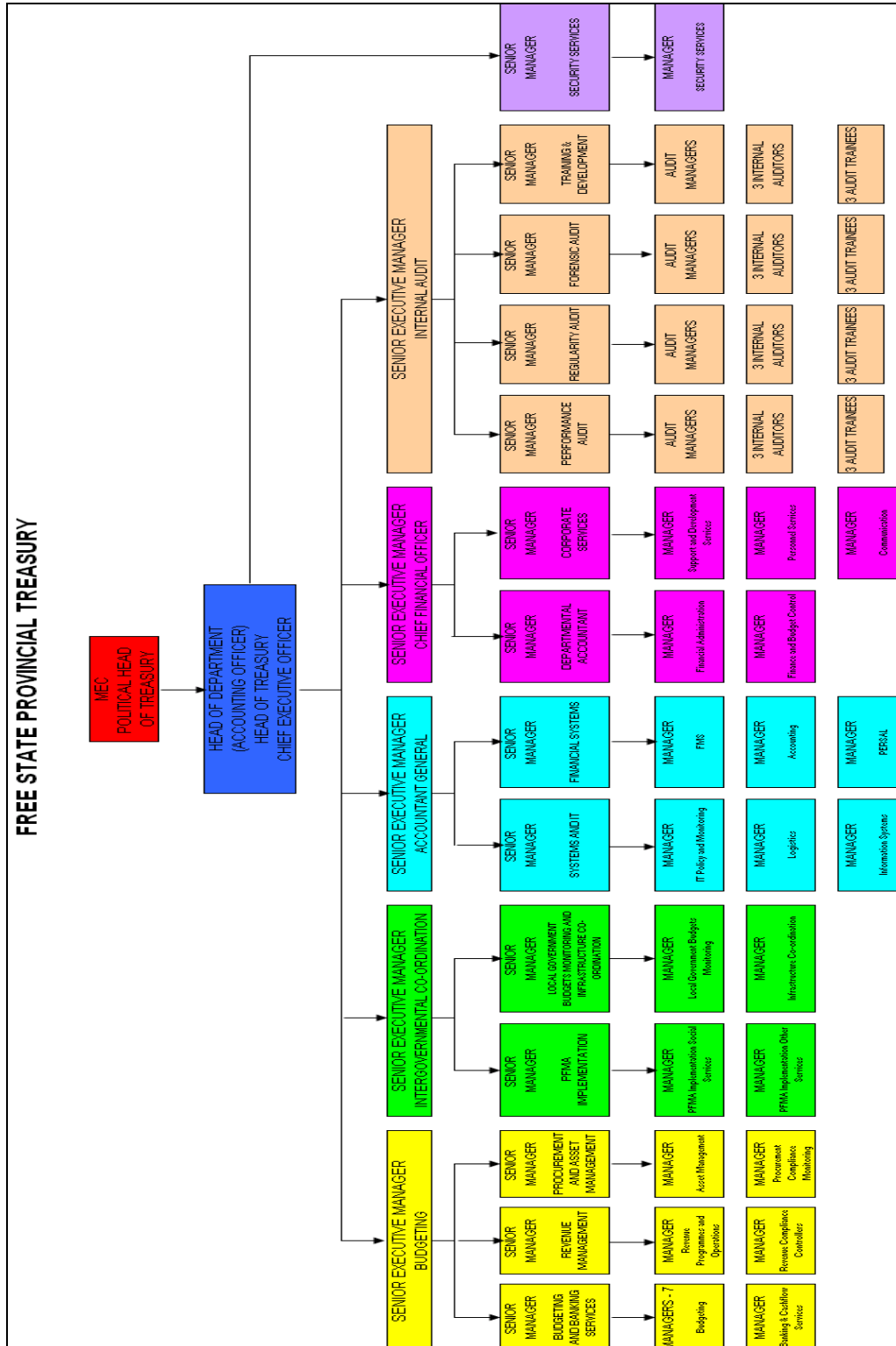
TYPES OF OCCUPATION	NUMBER	PERCENT OF TOTAL
Chief Executive Officer	1	0,3
Snr Executive Manager	4	1
Executive Manager	1	0,3
Senior Manager	12	3,1
Manager	27	7
Assistant Manager	50	14
Secretary	6	2
Personal Assistant	19	5
Financial Admin Officer	53	14
Snr Financial Admin Officer	50	14
Registry Clerk	9	2,5
Network Controller	11	3
Financial Admin Clerk	55	15
Messenger	4	1
Web Designer	2	0,6
Web Master	1	0,3
Principal Network Controller	1	0,3
Programmer	1	0,3
Human Resource Clerk	4	1
Human Resource Officer	2	0,6
Control Personnel Officer	1	0,3
Snr Human Resource Practitioner	1	0,3
Workstudy Officer	1	0,3
Administration Clerk	1	0,3
Snr Administration Officer	2	0,6
Labour Relations Clerk	1	0,3
Communications Officer	2	0,6
VIP Driver	1	0,3
Receptionist	1	0,3
Computer Operator	1	0,3
Training Facilitator	3	0,8
Chief Training Facilitator	1	0,3
Provisioning Administration Clerk	9	2,5
Chief Provisioning Administration Clerk	1	0,3
Provisioning Administration Officer	5	1
Transport Officer	1	0,3
Control Provisioning Administration Officer	1	0,3
Senior Provisioning Administration Officer	1	0,3
Audit Trainee	6	2
Human Resource Practitioner	1	0,3
Typist	4	1
Chief Financial Administration Clerk	8	2
Total	366	100

Income distribution

Income Per Month	Number	Percent of Total
None	0	0
R1 – R2500	0	0
R2501 - R6000	95	26
R6001 - R11000	220	60
>R11001	51	14
Unspecified	0	0
Total	366	100

15. Appendix two: Organisational Information and the Institutional Environment.

15.1 Organizational design



16. Appendix three: Analysis of Changes to Programmes

- ❖ Due to an Internal Audit unit that must be established, a new directorate was created. The sub-directorate under programme 9 is now abolished and programme 10, previously known as Special Projects, renamed as Internal Audit.
- ❖ In order to address concerns of PROPAC and to streamline functional responsibilities, a new chief directorate to be known as Inter-Governmental Co-ordination was established. This chief directorate consists out of two directorates, newly created programmes 11 and 12.
- ❖ A security directorate, programme 13 will create and maintain the condition of security within the department.