GAUTENG PROVINCIAL GOVERNMENT
GAUTENG SHARED SERVICE CENTRE
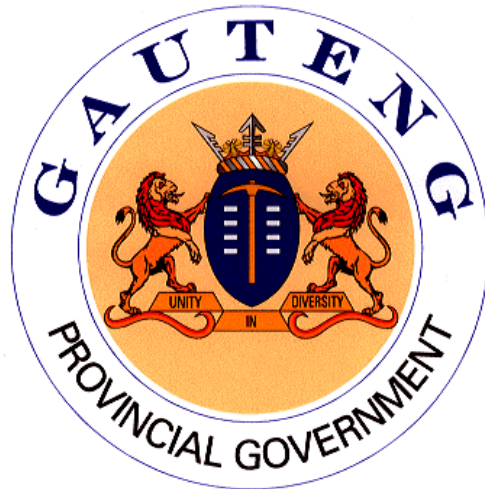
STRATEGIC PLAN   2004 – 2006

A GPG PARTNERSHIP FOR IMPROVING 'BACK-OFFICE'
SUPPORT SERVICE

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1.   INTRODUCTORY INFORMATION

1.1.   FOREWORD BY THE MEC

Why was a Shared Service Centre established/Why a Shared Service Centre?

- The key element of the Gauteng Provincial Government's political platform - is the unswerving commitment to improving service delivery whilst establishing Good Governance within the Public Service.

Good Governance

Amongst other things his means, ongoing efforts to revitalise the public service, to increase its capacity to deliver, to increase the efficiency and effectiveness with which it performs its activities. It essentially means a commitment to a process of continually reviewing our plans regarding what can be done to renew the Gauteng public service.

The establishment of the GSSC occurred within this context. As part of our review of the resources needed to enable effective service delivery to our people, we focussed on the back-office activities that support core services.

The private sector speaks of 'sticking to your knitting' – as a way of emphasising the fact that **focus** is essential if an organisation is to harness its energies towards achieving its main/primary goals. This applies just as much to the public sector as it does in the private sector. A case in point: the management and staff within the Department of Health need to focus on delivering health-related services to our people.

They should not be distracted by having to find the most effective ways of purchasing the key goods and services they require to carry out their functions similarly. The management and staff within the Department of Education should be spending all their energies on finding ways of increasing the effectiveness of our education programmes, and should not be distracted by having to manage the administration staff required to process the payments their institutions are initiating, or the leave forms their staff are submitting.

An important aspect of a commitment to Good Governance is the ability to motivate our staff to perform better by affording them access to career paths that motivate them. Employees within the disciplines of Human Resource Management, Financial Management, Information Technology Management and Procurement Management are regarded as 'support staff' within our departments, as they are not engaged in the core activities performed by these departments.

Within the Shared Service Centre however, their activities form that department's core business. They perform the 'core activities' within a Department that exists to deliver high quality services within their various fields of expertise.

The time has come for us to change the perception that the Public Service is the place for those people who 'cannot make it' out there in the private sector. We have devoted considerable energy and resources to the creation of a Department that we intend to develop into a 'world class organisation', an organisation that can offer services of a quality (and at a price) that can compete with any other such organisation within the public or private sector!

This will not happen overnight but the management team and staff are committed to making it happen within the next three years. In order to achieve this, are creating a culture that emphasises customer service, efficient management of our resources, a 'problem solving' mentality and a pride in our ability to make a difference

We are to creating a work environment that is both challenging and supportive – that expects commitment and yet acknowledges good work, that acknowledges the formidable problems that lie in our path – but we are confident of our ability to overcome them.

Internal Audit Unit is operational

a. Our Internal Audit unit has been operating for the last 18 months. It is now in a position to make a substantial difference to our 'Corporate Governance' within the province. The 'Risk Audit' section is the foundation of all the activities, with Forensic Audit, Performance Audit and Computer Audit providing specialised expertise when required.

b. These specialised units have either begun operations or are at advanced stages of development. The provincial 'Fraud Prevention' programme will be raised to a new profile, with a public campaign that is lead by the Office of the Premier. The Fraud Hotline has been revitalised and the details regarding this service have been broadly publicised as part of the new Fraud Prevention drive.

Human Resource Management

a. In the field of Human Resource Management, the Shared Service Centre will enable us to improve our people and performance management practices within the province. Better succession planning programmes, better development programmes for our staff, better planning around the types of structures needed to ensure that we are able to achieve our goals; and more effective labour relations structures and policies. All of these areas need more focus and can facilitate the creation of a much more effective public service within the province.

Procurement Management

a. Despite the fact that we buy vast amounts of goods and services - in many cases we are the biggest purchaser within specific markets - we have not been utilising the bargaining power this gives us within the marketplace.

b. Sometimes this is 'explained away' by pretending that this is due to our social policies essentially our commitment to BEE.

c. This is just an excuse used to explain away the fact that although it may be difficult to achieve both value for money **and** the promotion of BEE, it is far from impossible. We intend to put far more effort into analysing the markets we operate and exploring the various strategies that can be used to create sustainable alternative suppliers within the black community.

d. The Preferential Procurement Policy Framework Act is a useful starting point but it is just a starting point. We are engaging the parastatals and many of the big corporates in an effort aimed at finding new and more effective ways of achieving our social goals, whilst utilising our purchasing power to achieve far better value for money for Government.

Supply Chain Management

a. The cash accounting system used by most Governments around the world, including our own, often leads to a disregard for the amount of resources tied up in inventories in the many warehouses and stockrooms we have in the province.

b. We have to focus on changing this mentality, keeping accurate records of what we have in our warehouses, changing our purchasing and delivery processes to ensure that we can rapidly get what we need to the place where it is needed, thus removing the need to hoard supplies in order to overcome inefficiencies in other parts of the process.

   This will release large amounts of money that are currently tied up in inventories – which can be used more effectively elsewhere.

Financial Management

a. In the field of Financial Management – we need to improve our understanding of how we spend our resources, what it costs us to provide specific services and how effective that expenditure is in helping us to achieve our policy goals.

b. By removing the transactional activities into an environment geared specifically to deal with them, we will be able to focus on the issues that can **qualitatively** effect the utilisation of our resources within the province. The Shared Service Centre will also provide some COE (centre of excellence) support in this regard.

Information Technology Management

a. We spend a considerable sum of money on IT services and IT hardware. The systems we use in the province are often incompatible with each other, the hardware we purchase, varies enormously from one department to another, the capacity to obtain an overview of the provision of services across departments is non-existent.

b. Sadly, this is not an unusual state of affairs within most governments around the world. We intend to create the foundation to enable us to realise our goal of making this a truly 'Smart Province'. This will take a number of years but we will begin by tackling the transversal systems and the setting of standards regarding hardware and software, then move onto desktop maintenance and software support.

c. Once that has been sorted out, we will then tackle the systems being utilised within each department – one department at a time, until we have sorted out the backlog. In the interim we will have created the backbone required to support our move towards e-government which will take us a number of years to complete.

d. Although the problems are big – we will deal with them by tackling the issues progressively over a period – whilst laying the groundwork for the future by putting the correct standards in place over the next year.

e. The reality is that we do not have access to the kind of information we need - to fundamentally transform the way we do things. Our systems do not give us the kinds of reports we would require to fully understand what needs changing, what it costs us to provide specific services, what the skills breakdown is within the province, what we purchased within specific categories over the past few years, how much we spent subsidising BEE and how effective that expenditure was and soon.

f. The problems are too complex to try and change all at once. We can be far more effective by rolling out a transformation strategy that progressively tackles these issues over the next few years. This is precisely what we intend to do.

Re-Deployment of those displaced by the process

a. Our aim with the establishment of the/a Shared Service Centre is to improve the way in which we do things – to enable us to become more effective in the way in which we deliver services to the people of this province.

As part of the process, we committed ourselves to participating in the redeployment of any people who are no longer needed to deliver the services that will be provided by the GSSC to other areas within Government that need more resources.

This will allow us to increase service delivery in other areas. It has never been our intention to retrench people as a result of this restructuring process. We intend to do whatever we can to accommodate those people in activities aimed at increasing service delivery in a broad range of areas within the province.

Management Team

a. We have appointed a CEO (Head of Department) and a senior/executive management team to meet our challenges. They have taken charge of the process of establishing this Department.

b. The ± 3 900 employees affected by this process have had to undergo an assessment process to determine their strengths and weaknesses. Those interested in the Shared Service Centre have the opportunity to express an interest in the ± 1 550 positions.

Union Negotiations

a. The negotiations with the unions took a very long time, culminating in an intensive, 4 week negotiation process during March 2002 - that was agreed between all the parties.

b. Several extensions to give the unions time to confirm specific issues with their principals were agreed to by all parties. At the end of the process a meeting was called to sign the document that contained the agreed processes and structures was to be signed.

c. However, some of the unions still did not want to sign, arguing that they needed more time to consult their members.

d. As the extension was contrary to the process that had been agreed, the Gauteng Shared Service Centre refused but agreed to incorporate the unions as and when they were ready to join. In the interim the process has continued.

e. The PSA signed the agreement at the time. Since then, we have engaged in discussions with Hospersa and NEHAWU, in an attempt to bring them on board. Hospersa – although they have not signed as yet, have been encouraging their members to participate in the process.

f. NEHAWU's new leadership was initially reluctant to participate. Continued discussions with them and with their national office resulted in NEHAWU tabling various proposed amendments that are said to be aimed at strengthening the provincial agreement.

1.2. FOREWARD BY THE CEO

Progress made to date at the GSSC

Building renovations and Change Management

- The building renovations at 75 Fox Street are proceeding on schedule.

- The Procurement migration has commenced and the new procurement system has already gone live. The change management process is proceeding but many staff are still tentative about moving to the GSSC. Much time and effort is being spent on managing the changed issues and process.

Monitoring System

- We have commenced with the process of designing a monitoring system that will enable us to accurately quantify the productivity gains – and monetary savings – that will result from the establishment of the GSSC.

Challenges that lie ahead

- Our first challenge is to bring the GSSC to full operational status without disrupting the delivery of services to the people of Gauteng. The changeover time is always the most difficult in any large organisation and a lot of planning has gone into preparing for this. However, it would be naïve to imagine that this will proceed without its fair share of obstacles.

Redeployment displaced staff to increase service delivery

- Our success during this period will also depend on our ability – led by the DG in the office of the premier – to successfully re-deploy all the employees displaced by the establishment/emergence of the GSSC.

- The service delivery gains that can be achieved through the successful redeployment of such staff are an important part of the overall benefits of this provincial restructuring exercise.

- We will be measuring the contributions to increased service delivery from both the GSSC perspective and from the various SDI's (service delivery initiatives) within the province, in order to report on the overall impact of this process.

Laying the foundation for e-government

a. The revamping of the various departmental systems that underpin our service delivery in the province over the next two years is a crucial element in our journey to creating a truly 'smart province' within Gauteng. Our success in this arena will lay the foundation for us to achieve the delivery of services to the public using a variety of new technologies.

b. These will allow us to provide greater access to information for our people, and access to many of the services provided by Government via the Internet. Obviously this will have to go hand in hand with the provision of public access terminals that are easy to use and broadly accessible to our people.

c. We intend to pilot the use of such terminals towards the end of this financial year so as to prepare for e-government.

Pass on the lessons learned in the process

Finally, we will need to evaluate the contribution of the implementation of a shared service approach within Government, in order to learn from our successes and our mistakes, and to pass on these lessons to the broader public sector within our country.

This department is breaking new ground on behalf of the whole public sector in South Africa. We intend to ensure that this ground is thoroughly ploughed before moving on to new pastures.

1.3. VISION & MISSION STATEMENT

VISION

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 high quality service standards and performance measures.
- Consolidating limited yet 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 achieve our vision and mission, we embrace and are driven by the following values:

- Striving for superior performance and continuous improvement.

- Striving for high levels of customer satisfaction.

- Focus on organisational learning and development to continuously maximise the return on our Human Capital Investment.

- Maintaining high moral and ethical standards.

- Optimise the use of appropriate technologies to improve efficiency and productivity.

- Being competitive and cost-effective.

1.4. STRATEGIC GOALS

1.4.1 Internal Audit Services

- o **SPECIAL NOTE**: The Internal Audit Services were not part of the original conception of the GSSC, and are not part of the goal attaining economies by bringing together disparate services.

- o This function has largely been re-created since the promulgation of the PFMA – to provide a service that did not exist before (at least in the form envisaged in the PFMA). As such, it constitutes a new addition to the budget of the province.

- o To ensure awareness and compliance with the PFMA and good corporate governance practices throughout the Gauteng Provincial Government.

o To decrease the incidents of fraud and corruption in GPG and promote a culture of 'zero tolerance' towards crime.

o To assist management in discharging their duties by identifying and recommending measures to mitigate the business risks, improve management controls and increase service delivery.

1.4.2   Human Resources Management Services

o To render a responsive and cost effective recruitment processing service to the Gauteng Province.

o To administer all Human Resource conditions of service, timeously and accurately.

o To provide a personalised HR administration service to the GPG senior management.

o To provide specialised HR Consulting services.

o To establish a provincial Employee Assistance Programme (EAP) Service.

o To establish a training centre for generic skills acquisition and to conduct the provincial induction programmes.

1.4.3   Procurement Services

o To standardise the procurement processes to ensure satisfactory delivery of goods and services to the GPG departments.

o 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.

o 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).

o To ensure that our procurement professionals set new trends in the field of 'socially responsible public sector procurement' thus facilitating economic development in historically disadvantaged sectors.

o To establish and implement a BEE policy.

1.4.4   Finance Services

- o To provide an effective and efficient payroll administration service for Gauteng Provincial Government.

- o To provide an effective process of administering and recovering sundry debts (including ex-employee and employee debts).

- o To improve financial administration for the Province.

- o To provide timeous and accurate payments for goods and services to the Provincial Government, balancing the need to optimise our cash flow, while taking advantage of any 'early-payment' discounts offered by suppliers.

1.4.5   Technology Support Services

- o **SPECIAL NOTE**: *Corporate Informatics has had a chequered career in the province. It has been responsible for the provision of a provincial IT infrastructure and a variety of services that emerge from this role. This role belongs within the infrastructure being created within the GSSC.*

- o *The reason for its inclusion has little to do with economies and everything to do with creating a stable (and effective) IT infrastructure within the province. This unit will have to undertake major new projects in order to fulfil the mandate of Government to create a 'smart province' utilising mechanisms like e-governmental services to the citizens. This will mean major new expenses rather than cost savings within this unit.*

- o To provide a flexible and adaptable IT infrastructure that meets the business needs of GPG.

- o To provide a unified and consistent programme management methodology and a project office through a central Programme Management Office (PMO).

- o To develop, deploy and manage an Information Security programme within GPG.

- o To implement a sound 'decision making methodology' for major IT investments in GPG.

- o To implement strategic e-government pilot projects to improve employee productivity **and** access to services by citizens.

- o To increase the province's IT Human Capital Capacity through innovative programmes.

- o To provide an 'application management' centre of excellence to GPG.

1.5. THE MANDATE AND PRIORITIES OF GOVERNMENT

a. The mandate of the Gauteng Shared Service Centre is to bring together support functions that are frequently duplicated across the line departments - to provide GPG-wide support functions in the areas of Human Resource Management, Finance and Procurement, Audit Services and TSS to all the GPG Departments.

b. The core focus is on providing customer satisfaction using the benefits of centralisation, such as economies of scale, standardisation and the provision of a single technological base to effect improved service delivery. This Department has been set up to free the line Departments to spend more time performing value–adding tasks within their core business areas.

c. Furthermore, the GPG PEC established the Shared Service Centre with a view to optimising the productive use of scarce resources within the province – enabling such professionals to benefit from being part of a team dedicated to improving service delivery within their area of expertise. This was done to enable the province to achieve an optimal distribution of funds between the core functions and the back-office support functions.

d. Other functions such as….., and that are required by all the GPG departments have been incorporated into the GSSC due to their shared resources. Internal Audit is an example of a new service (that emerged from the requirements of the PFMA) that has been attached to the GSSC. Corporate Informatics is an example of a shared resource provider by virtue of its role in providing the GPG WAN and ancillary services.

1.5.1. PROVINCIAL GOVERNMENT PRIORITIES

The Provincial Executive Council determined the following provincial priorities:

- To improve the service delivery
- To promote economic development
- To improve levels of good governance within the province

The GSSC contributes indirectly to the first of these priorities (by providing efficient back-office services enabling departments to focus on improving their core services to the public) and directly to the third of these priorities (by providing Internal Audit services focussed directly on improving good governance in the province).

2. ENVIRONMENTAL ANALYSIS

2.1.1 INTERNAL AUDIT SERVICES (GAS)

a. The demand for Internal Audit services is currently at its highest point. The PFMA makes it compulsory for government departments and public entities - to have direct access to internal audit services.

b. This has led to an increasing demand for the services provided by GAS. Our strategic plan thus focuses on specific plans to enable us to meet this demand from the GPG departments – and pilot the provision of such services to other 'public entities' on a cost-recovery basis.

c. The PFMA places emphasis on the formulation of a Fraud Prevention Plan within each department. This has – and will continue to - lead to a marked increase in the demand for Forensic services. It is for this reason that the strengthening of GAS's forensic capabilities will receive special attention in the forthcoming financial year.

d. The PFMA has placed great demands on a limited pool of Internal Audit Professionals within the province. It has therefore proven difficult to recruit the level of staff we require, and a number of key staff members have been lost to other institutions.

e. A development and retention strategy will be drawn up with assistance of our HR unit to enable us to grow our capacity internally, and to retain these skills within the organisation.

2.1.2 HUMAN RESOURCES MANAGEMENT

a. The GSSC has been established to address a historic lack of capacity to deliver the required HR services, an inadequate distribution of specialised skills and noticeable over-expenditure on inefficient HR support services.

b. The current environment is marked by a general absence of accountability and measurement in the HR environment. HR practitioners are often unaware of the key business drivers within their departments. This has resulted in poorly aligned, or even irrelevant, HR services being delivered.

c. The HR function has a poorly developed notion of 'client service'. In addition, the inappropriate distribution of resources across the HR value chain, contributes to the perception of poor HR service delivery. More than 65% of the province's HR resources (whether we look at people or funding) are allocated to the admin functions within HR.

Organisational environment and challenges

- HR services in the province are largely driven by the need for compliance with an onerous framework of legislation. This results in the risk that compliance with this framework could end up defining the total deliverables within HR. If this becomes the case, then the province will not be supported by a human capital strategy that is geared **specifically** to ensuring the delivery of the departmental mandates.

- A three year Human Resource service delivery plan would need to take into account the parallel development of basic HR service delivery (transaction processing) across all the departments and various value-adding strategic initiatives that could be transversal, or focussed on the specific needs of particular departments.

Good Governance versus flexibility

a. A significant challenge presented by the organisational context is the need to balance the requirement for flexibility (specificity) at departmental level, and the governing value and convenience of uniform HR Services across the province.

b. Not only is this challenge encountered inter-departmentally in the Province, but also between the Province and the national framework (DPSA). Balancing the (sometimes conflicting) strategic requirements for governance **and** flexible cutting edge HR practice within our vision, will require ongoing dialogue between the stakeholders compromises for the greater good.

Low Skills Levels

a. HR practice in the province has been characterised by a very hierarchical structure with fairly rigidly defined roles within each level of the hierarchy. The difference between each of these levels has often been characterised by a notion of one's relative importance within the structure, rather than by a difference in one's skills.

b. A consequence of this has been that the skills difference from one level to the next has been marginal with relatively senior HR practitioners knowing little more than employees located two or three levels beneath them. This kind of structure typically emphasises seniority rather than the ability to add value due to increased levels of skill.

c. Employment in the public service has often been regarded as 'employment for life'. Individuals have developed professionally within this one context and often have little understanding of alternative HR systems/processes.

d. This has also resulted in limited analytical thinking, thus reinforcing an ethos of 'compliance with legislation' as the overriding driver of behaviour. This 'legacy' situation poses a big challenge to employees who find themselves in an environment that stresses the need to continually search for the most effective way to achieve the organisation's goals.

e. The ability to question 'the way things are' in order to find the most effective way to attain results has to be developed.

2.1.3 PROCUREMENT SERVICES

a. The PFMA provides a framework for government to establish an accountability chain within the public service. The public service is being moved to a more business–focussed environment - where heads of department have the flexibility to manage their organisational resources in order to achieve optimal outputs and outcomes.

b. The new environment places far less stress on 'following set rules', relying more on allowing management flexibility to achieve the promised results. The PFMA holds one accountable for the results achieved rather than one's adherence to a set of rules, regardless of the results.

c. This means that procurement will be examined to determine the degree to which its inputs contribute directly to the desired outputs and outcomes of the department (effectiveness) and whether it could be effected in a better way to achieve internal cost savings (efficiency).

Successful procurement practices rest on the four pillars of world-class procurement

- Value for money.
- Open and effective competition.
- Ethics and Fair dealing.
- Accounting and reporting.

A fifth political imperative, critical to Procurement within the South African context, is empowerment. This fifth pillar is vital to public sector procurement in South Africa, as it demonstrates government's commitment to economic growth generally and specifically to the development of Small and Medium Enterprises (SME's) and to businesses owned and run by Historically Disadvantaged Individuals (HDI's).

Our BEE development unit's key focus is to explore all alternatives with regards to assisting in the sustainable development of BEE SMEs. GPG's BEE framework, linked to the Procurement Strategic Plan, will continuously be improved to increase robustness and sustainability. BEE spend opportunities have been identified in each of the five Commodity Teams' spend portfolios. Value Teams will be established for specific commodities and with the Market Research unit will investigate these empowerment opportunities further.

The BEE Development Team will integrate its actions with the Commodity Teams in formulating desired end-goals within the business environment specific to each major industry GSSC participates in and tailoring purchasing interventions (together with other Government interventions) to bring about these ends. The BEE Development Team will consolidate new models of SME–big business partnerships, using these to supplement traditional model of utilising only 'preference points' to facilitate competitiveness.

It is envisaged that collaboration with other external players will prove to be significant in developing appropriate strategies, which will deliver meaningful results. Services and deliverables include:

- BEE strategy development and implementation.
- Identifying and managing BEE projects.
- Facilitating training and capacity building in areas of collaboration with other partners.
- Provide training to BEE SME companies in areas where internal capacity and competence has been developed.
- Monitoring GSSC Procurement on BEE targets.
- Monitoring BEE service delivery standards.

Key issues and challenges

The key issues in the procurement environment are summarised in the so-called Webb Report published in April 2000. The study (sponsored by AUSAID, an agency of the Australian Government and National Treasury) was undertaken as part of the South Africa Capacity Building Program.

The following weaknesses in government procurement were identified:

- Procurement has been used to provide indirect assistance to Small, Medium and Micro Enterprises, although tracking of the impact is inconclusive.

- The procurement system is highly prescriptive and is focussed on compliance with procedures.

- The objective of achieving "value for money" is often confused with approving a tender offering the lowest price.

- There does not seem to be an indication that the procurement process is cost effective.

- There does not appear to be data on the use made of the money saved through the present procurement system.

The Webb Report recommended the following five potential changes:

- Improved tracking of assistance to SMMEs and HDIs is required.

- Treasury should be responsible for procurement policy and Tender Boards should be abolished.

- Procurement needs to be more cost-effective.

- A considerable investment should be made in the training of Procurement staff.

- Migration to commercial Information Technology is required, in order to follow the path of electronic commerce.

Organisational environment and challenges

a. The promotion of BEE and SME development within the Constitution and the regulatory framework (most notably the PPPF Act and PFMA) points to the need to use Procurement as an instrument of economic empowerment.

b. Within this context, Government is bound to conduct processes that allow all citizens who wish to supply to Government - to have a fair and equal opportunity to do so. The need for transparency in all our dealings with the markets (suppliers) has become increasingly difficult, in an environment where the players within these markets have become far more demanding.

c. In order to deliver on these political imperatives, the GPG needs to utilise its scarce resources in the Procurement arena, far more effectively. By becoming more business oriented, the GPG will be able to channel more resources into its social goals.

To this effect/end, six key change drivers, both internal and external to GPG, were identified:

- The implementation of an overall Procurement strategy, including a BEE framework.

- The elimination of duplication within procurement support functions throughout GPG.

- The realisation of the benefits of bulk buying, the pooling of efforts - and the benefits of our economies of scale.

- The improvement of our process efficiencies, based on standardisation and simplification.

- The implementation of an enabling technology, such as an ERP system, with its added potential to streamline processes.

- The reduction of our stock holding levels and wastage.

Low Skills Levels

a. The manual procurement environment, driven by a marked lack of a 'commercial orientation', has resulted in a drastic shortage of the kinds of skills required to effect the kinds of changes discussed above.

b. The changes within the procurement environment in the province (when the GPG Tender Board was abolished) resulted in the GSSC participating in a drive to train groups of procurement officials within the province.

c. It quickly became clear that the level of skills within this environment were sadly lacking in a range of areas, including, basic numeric skills, the ability to utilise a calculator, an understanding of price indices and their importance in arranging term contracts, a commercial understanding of the basics of 'striking a deal', the ability to analyse a deal beyond the offer of initial low prices, to understand the total cost of ownership involved, etc.

d. These challenges will have to be met by conducting substantial training initiatives amongst the grouping of staff within the procurement environment, and amongst the management staff involved in managing the funds utilised to procure goods and services within the province.

2.1.4 FINANCE SERVICES

Focus on the development of the historically disadvantaged

The GPG is committed to accelerating the use of SME's in the acquisition of goods and services.

Problems resulting from SME's in a growth phase, they experience problems such as:

- Poor financial skills and therefore poor financial planning (budgeting).

- Problematic Liquidity (cash flows).

- Lack of administration skills (inability to attract competent staff).

- Good systems are generally far and few between.

Financial System (BAS)

While the Basic Accounting System (BAS) developed by Accenture on behalf of the National Treasury has certain benefits (Windows based and interacts with other systems, good back-up support by Accenture, stable, a good bank reconciliation module), it also has a number of limitations:

- Separate databases for the different Departments are not conducive for a centralised service.

- Running separate bank accounts for Departments within one Provincial Government does not add value to the GSSC's operations.

- The response time is very slow (between 2 and 5 minutes to complete one payment transaction).

- It operates as a glorified cashbook system. Creditors, trade debtors, stock, standard payments/recurring and cost accounting models are not catered for.

Due to the system's limitations, Departments utilise many different systems to supplement the functionality provided by BAS.

Level of skills & experience

Although there are a reasonable number of GPG staff with the right qualifications, potential, and knowledge of the requisite government legislation and policies they have the following limitations:

- Experience is often limited due to the government environment having no exposure to other environments.
- The stated culture of the work process (driven by the output based approach defined in the PFMA) is often obscured by the historical culture.

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- Management is generally weaker on disciplinary issues.

- There is a shortage of staff with an auditing background.

2.1.5 TECHNOLOGY SUPPORT SERVICES

a. Information Technology (IT) in the province has (generally) been managed in a distributed fashion. This has contributed to a technologically diverse environment and the proliferation of efforts and resources.

b. Although technological diversity is not a problem in itself, the GPG has to maintain a single identity and prepare itself for e-government initiatives (some of which have already begun). The new environment requires a lot of information sharing, as well as collaborative service delivery across departments, public entities and the private sector.

c. This need for information sharing requires that the technology architectures of the different departments be aligned. While this does not necessarily mean the procurement of identical brands of products by all departments, it does require the province to collectively develop (and maintain) common architectural standards.

d. The immediate challenge is to create mechanisms to ensure the development of these common standards. In addition, the transition from the current environment will need to receive immediate focus within each department. An assignment of this magnitude will require (initially) far more resources (in the form of skills and money) than are currently provided for in the province.

Organisational environment and challenges

a. The initial IT design by the PricewaterhouseCoopers (PwC) consortium did not take into account all the provincial responsibilities of the old Corporate Informatics department. The design initially tried to divorce the GSSC specific activities, add a few IT support activities for the province and leave it at that. Closer examination revealed that this would be impossible and the current strategy emerged from this.

b. The initial strategy proposed the creation of a small-dedicated unit within the GSSC, with any other support activities for the province being outsourced to external suppliers, and only managed by the GSSC. This did not take into account the historical role of the Corporate Informatics department or the way in which this had evolved with the departments taking over some functions and others being abandoned entirely.

c. The costs of attempting to 'outsource' a range of undefined activities were never taken into account and could in fact not be taken into account until the full range of activities was defined much more clearly.

d. A review of the situation had to take account of the full range of activities currently being performed in different places and those activities that were clearly needed but not being currently performed.

The following principles were developed:

- The IT services required in the province need to be fully investigated, planned and approved.

- The IT operational business processes within the GSSC must be developed and documented as part of the process of developing an operational plan for IT in the province. A full IT service catalogue (of all the IT services required in the province) should form the basis for a plan to allocate resources within the GSSC and across all the GPG departments.

- The GPG cannot relinquish (outsource) its responsibility for IT strategy, IT service management, programme management and design. However, some parts of its operational execution could be outsourced at some point in the future.

- An in-sourcing approach needs to be adopted, where existing skills in the province are augmented by specific short-term 'body-shopping' contracts ('body-shopping' refers to the in-sourcing of skills through a company, as opposed to contracting the individuals directly) to allow us to fulfil the many demands for specialised IT services in the province.

  Where new processes are introduced external recruitment will be undertaken to source the skills. If this is not immediately achievable, then in-sourcing of skills through the 'Bodyshop' contracts can be utilised in the short term.

- In addition to the above, various key infrastructure projects need to be initiated immediately. These are projects that are aimed at providing the foundation for the transition to a 'smart province', while also addressing the current burning needs of the province.

- A department-by-department IT platform transformation process be undertaken over the next 12 to 18 months to migrate IT in each of the departments and their entities onto the new platform.

The 2002/3 financial year has been part of the 'set-up phase' for the new Information Technology service within the province. The development of this service has necessitated the development of new operational processes, based on best practices derived from the IT Infrastructure Library (ITIL).

The new IT functions can thus be divided into two categories namely, Centre of Excellence (COE) functions and IT Operational functions.

The following new functions have been set-up within the ITSS (IT support services) Centre of Excellence. Most of these functions have not been focussed on within government in the recent past.

As such, external recruitment processes were undertaken to staff the new functions and initiate programmes to get them operational.

These functions encompass:

- Planning and Architecture
- Programme Management
- Application Management
- Information Security

The ITSS operational functions encompass the following three operational areas:

- Service Level Management
- Infrastructure Management
- ICT Change Management

The new ITIL best practice processes have had a fundamental impact on the way in which these operational functions will be carried out. In order to lessen the risk to GPG in introducing these processes, experienced IT staff - knowledgeable on ITIL processes - have been contracted through a body shop tender. They are working with GPG personnel recruited through the migration process, to transfer skills to the GPG.

2.2. Stakeholder Analysis

STAKEHOLDER	EXPECTATIONS OF GSSC ?	GSSC CONTRIBUTIONS
GPG Leadership (MEC's and HOD's)	- To enable them to focus on core services - To provide support in designing and implementing GPG wide (transversal) initiatives - Improve the quality of 'back-office' services in GPG and the speed / responsiveness of such services	- Removing non-core functions from depts allowing them to focus on service delivery to their clients - Design systems, structures and processes for Provincial benefit - Implement mandated initiatives according to Provincial / client requirements
GPG Departments and the GPG employees are customers	- Speedy delivery of quality support services. - Information about service delivery (more measurement) - Easy access to the services from the GSSC - Cost savings on procurement spend - Improved 'Centre of Excellence' services provided to the departments - Employees expect accurate and timeous payment of salaries / processing of leave etc	- Fast, efficient and accurate service delivery - Savings - GSSC Call Centre will facilitate access and appropriate systems to manage response/services and the resolution of customer queries. - Improved Centre of Excellence services - Rental payments/ payment for services rendered by employees and suppliers
Legislature	- Accountability in carrying out mandates. - Financial, political and programmatic	- Accountability. - Compliance with political mandates.

	accountability and financial discipline • Effective delivery of services to the departments	• On-going reports on cost-benefit case for GSSC
Other Relevant National Departments and Institutions (in Govt)	• Cooperation & co-ordination, integration of government efforts • Information sharing	• Joint planning and programme implementation. • Co-operation & information • Best practice documenting and sharing
National and Provincial Treasury Departments	• Inputs to the strategic and business plans • Financial reports	• Planning and financial inputs • Inputs for strategic planning
GSSC employees	• Development opportunities • Opportunity to gain experience in a world-class service environment • Opportunities for meaningful value-adding jobs • Development of fair relationships with Unions	• Development opportunities for employees prepared to make the effort • Clear performance goals, measuring and monitoring in order to improve human performance • Fair performance-based reward and recognition systems • Openness to the development of appropriate union-employer structures and processes
Suppliers to the GPG Departments	• Procurement reform – elimination of unnecessary bureaucracy that does not add value • Timeous and accurate payments • Ready accessibility to the GSSC • Fair access to tendering opportunities	• Procurement processes that promote value-for-money and social goals of Government. • Monitoring of suppliers to ensure speedy delivery of quality products & services to GPG. • Co-investment, timeous and accurate payments

| | | in return for competitive / favourable pricing. |
| | • PDI empowerment & support processes | • Support / education to PDI suppliers. |

3.   STRATEGIC OBJECTIVES AND DIRECTION

3.1.1 INTERNAL AUDIT SERVICES

Strategic Objectives

Internal Audit's main goal is to promote good Corporate Governance in GPG.

The following four strategic objectives flow directly from this:

- 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 (SAICA-TOPP, IIA- CIA) to help equip all GPG departments with adequately trained staff in the financial and internal auditing environment.

Strategic direction

GAS was established 2 years ago after the GPG decided to fulfil the requirements of the PFMA by establishing a centralised Internal Audit Unit that would render internal auditing support to all GPG Departments.

Early in 2001 existing Internal Audit staff were transferred from any Departments that had internal inspectorate/audit functions. They were given extensive training to prepare them to fulfil the new functions required of an Internal Audit unit in the province, post PFMA.

2002/2003 has been a watershed year for GAS, 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 GAS. Two specialised units (Computer Audit and Forensic Audit) became operational during this period.

During the coming year GAS 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 (Control Self-Assessment) to the various departments to help them to self-evaluate the level of risk they are exposed to. This increases the range of Internal Audit within the province.

- Improve skills and capacity within GPG by initiating various specialised training courses in conjunction with leading Institutes such as, the South African Institute of Chartered Accountants (SAICA) and the Institute of Internal Auditor (IIA).

- 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 us to perform.

3.1.2 HUMAN RESOURCES MANAGEMENT SERVICES

Strategic Objectives

- 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.

Strategic Direction

The GSSC implementation and migration plan will span most of the 2003 calendar year. The balance of 2003 and much of 2004 will require that 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.

3.1.3 PROCUREMENT SERVICES

Strategic Objectives

- 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' thus facilitating economic development in historically disadvantaged sectors.

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 we target to exceed any regulatory affirmative spend targets in this arena. We will discourage ineffective manual processes and embrace appropriate technologies that enable better demand management and purchasing practices.

We plan to use up-to-date, reliable systems to enable our processes and to provide Management with the information required to drive continuous improvement (via initiatives like Strategic Sourcing and Shared Supply Chain optimisation).

This will enable us to significantly decrease the GPG's total cost of ownership and vastly improve the management of our inventories.

Strategic Direction

In order to advance along the path of developing a 'best practice Procurement function' - the following processes will be effected within the GSSC over the next three years:

- Implement 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 time.

- 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 the space for embezzlement and fraud.

- Improve process efficiency, by standardising and simplifying the processes thus improving the controls and clarifying roles and responsibilities.

3.1.4. FINANCE SERVICES

Strategic Objectives

- 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 backlog' 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.

Strategic Direction

The programme has the responsibility for managing the finances of the Province and improving financial management practices within the province.

The programme faces the following challenges:

- Cleaning up the current accounting records.

- Recovering of sundry Provincial debts in excess of R300 million.

- 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 via the appointment of suitably qualified staff, implementation of appropriate technologies (e.g. Call Centre, document management systems, ERP and other technologies) staff training and good management inter alia with the implementation of appropriate performance management practices.

3.1.5 Technology Support Services

Strategic Objectives

- To develop a GPG-wide enterprise architecture framework in conjunction with the departmental CIO's.

- To transform the IT service management processes by modelling them on ITIL (IT Infrastructure Library) 'best practice' processes.

- To transform the GPG technical platform into a secure and optimal environment.

- To establish quality assurance mechanisms for IT changes.

- To develop and implement a common IT programme methodology.

- To create a centrally coordinated projects office for the GPG.

- To develop an information security strategy (with all the attendant policies and procedures) for GPG that also complies with existing regulations and legislation.

- To implement an IT governance structure and process within GPG.

- To execute an employee self-service programme utilising appropriate IT systems, in conjunction with the HR Services unit.

- To execute a pilot for 'interactive citizen services' utilising appropriate IT systems, in conjunction with one of the GPG department.

- To increase IT capacity in the province - by training employees on the essential technologies required within the GPG,

- To initiate and implement a Cadet programme for a one year internship programme for IT graduates from Technikon and University.

- To develop an application framework that allows for the co-existence of transversal systems and the new ERP system for GPG.

- To create an internal support specialist team that supports all our key systems within GPG in conjunction with SITA.

Strategic Direction

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

The Batho Pele principles (and transformation priorities) promote Information Technology as an enabling tool - that can assist us to elevate service delivery initiatives within South Africa. In developing the TSS strategy, careful consideration had to be 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.

PROGRAMME DETAILS

3.2.1 PROGRAMME 1: INTERNAL AUDIT SERVICES

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

SUB PROGRAMMES (R'000)	2004 BUDGET	MTEF 2004/5	MTEF 2005/6
RISK & FINANCIAL AUDITING	R22, 100	R28, 766	R28, 546
COMPUTER AUDITING	R 1, 716	R 1, 717	R 1, 704
FORENSIC AUDITING	R 4, 291	R 4, 507	R 4, 473
PERFORMANCE AUDITING	R 215	R 215	R 213
TOTAL: INTERNAL AUDIT	**R28, 322**	**R35, 202**	**R34, 936**

A reduction in cost for 2006 is due to the coping of the employment contracts for some of the managers who will be replaced at lower levels.

SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFICATION (Internal Audit Services)

CURRENT	2004	2005	2006
Compensation of employees	18, 549	25, 665	26, 048
Use of goods and services	7, 912	8, 055	7, 277
Property expenses	712	954	1, 045
Subsidies	-	-	-
Grants	-	-	-
Social benefits	-	-	-
Transfers to Local Government	-	-	-
Total Current	**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	**28, 322**	**35, 202**	**34, 936**

A reduction in cost for 2006 is due to the coping of the employment contracts for some of the managers who will be replaced at lower levels.

KEY OUTPUTS

Description of output	Unit of measure	2003/2004	2004/2005	2005/2006
1. Risk Audit				
1.1 Risk Audits	No of audits performed vs approved annual audit plans	80%	100%	100%
1.2 Risk Assessments	Customer Satisfaction Survey	70%	80%	85%
1.3 Control Self Assessment	Number of Departments where CSA were successfully implemented	12	12	12
1.4 Public Entities	Income generated vs budgeted income	80%	100%	100%
2. **Computer Audit**				
2.1 Computer Audits	No of audits performed vs approved annual audit plans	80%	100%	100%
3. Forensic Investigations				
3.1 Forensic Audits	No of audits/investigations performed vs no of requests/incidents	70%	90%	90%
3.2 Fraud Prevention Plans	Customer Satisfaction Survey	80%	85%	90%
3.3 Hotline	Reaction time to reported incident	5 days	4 days	3 days
4. Performance Audit				
4.1 Performance Audit	No of audits performed vs approved annual audit plans	80%	100%	100%

3.2.2 PROGRAMME 2: HUMAN RESOURCES SERVICES

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

SUB PROGRAMMES (R'000)	2004 BUDGET	MTEF 2004/5	MTEF 2005/6
1. Processing: Recruitment and Selection	R 5, 144	R 6, 037	R 6, 584
2. Processing: Reward and Retain	R 7, 671	R 9, 003	R 9, 818
3. Processing: SMS Services	R 451	R 529	R 577
4. Processing: Terminations	R 2, 527	R 2, 966	R 3, 234
5. HR and Organisational Development	R 4, 422	R 5, 190	R 5, 660
6. Organisation Structuring and Design	R 4, 241	R 4, 978	R 5, 429
7. Policy and Procedure Planning	R 3, 158	R 3, 707	R 4, 043
8. Employee Relations	R 7, 852	R 9, 214	R10, 048
TOTAL: HUMAN RESOURCES SERVICES	**R35, 466**	**R41, 624**	**R45, 393**

SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFICATION (Human Resources Services)

CURRENT	2004	2005	2006
Compensation of employees	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	**33, 334**	**40, 373**	**44, 052**
CAPITAL			
Non-financial assets			
Buildings and structures	1, 299	612	433
Machinery and equipment	833	639	908
Non-produced assets	-	-	-
Capital transfers	-	-	-
Transfers to Local Government	-	-	-
Other capital transfers	-	-	-
Financial assets			
Total Capital	**2, 132**	**1, 251**	**1, 341**
TOTAL EXPENDITURE	**35, 466**	**41, 624**	**45, 393**

KEY OUTPUTS

Description of output	Unit of measure	Output Targets			
		2002/03	**2003/04**	**2004/05**	**2005/06**
1. Stabilisation of Basic Services	Processing staff and teams in place	Establishing the services	Full complement in place	Multi-skilling processes implemented	Maintenance
	Transaction turnover time	90% achievement of service measures	100% achievement of service measures	Maintenance	
2 Implementation of the Core Consulting Services	Qualified employees in place	80% of staff recruited Initial consulting training complete	100% staff complement in place 80% of the technical training completed	95% competence	95% competence
	Response times to requests for assistance	Establishing COE	72 hrs	48hrs	24 hrs
	Achievement of Terms of Reference (attached to letters of engagement)	Establishing COE	85%	90%	100%
3. Progress Towards Employee Self Service	Implemented kiosks	GSSC implementation	Kiosks located at 10% of institutions	Kiosks located at 50% of institutions	Kiosks located at 90%
	Kiosk utilisation	GSSC Implementation	60% employee utilisation at the implemented sites	85% utilisation at implemented sites	90% utilisation at implemented sites
	SAP functionality on desktops	SAP development	Pilot site	Self Service on all pilot site desk tops	Self Service extended to 40% of sites

Description of output	Unit of measure	Output Targets			
		2002/03	2003/04	2004/05	2005/06
			implementation of SAP – no self service		
4. Integrated HR Management Systems	Implemented functionality	SAP development	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
5. Enhanced Labour Relations Model	Successfully concluded resolutions	GSSC implementation	80% successful conclusion for agreements placed before Bargaining Chambers	Agreements concluded within 1 month, 90% of the time	Maintain
	Case backlog	Complete baseline analysis	80% eradication of backlog	100% eradication of backlog – no case older than 3 months	Case resolution to take place within 30 days
	No of Managers Trained	Gap analysis and LR practitioner migration	40% Mgrs trained	80% Mgrs trained	Training programme sustained for new Managers
6. Improved Provincial Capacity	Skills gap No of transversal needs addressed	Complete baseline analysis	Delivery of top 10% of needs identified by most departments	Offer 80% of generic needs identified	Maintain

Description of output	Unit of measure	Output Targets			
		2002/03	2003/04	2004/05	2005/06
	Cost of training – per capita

Number of new recruits attending induction | Prioritise provincial requirements

Establish benchmarks for training costs

Establishing induction programme | 20 000 employees trained

60% of established benchmark costs per capita

80% induction attendance | 30 000 employees trained

45 000 "touched" through all forms of training

80% benchmark costs achieved

100% induction attendance | Case resolution to take place within 30 days 100% benchmark costs

100% induction attendance |

3.2.3 PROGRAMME 3: PROCUREMENT

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

SUB PROGRAMMES (R'000)	2004 BUDGET	MTEF 2004/5	MTEF 2005/6
Strategic Sourcing	R 5, 714	R 5, 856	R 6, 283
Quality Management	R 4, 596	R 4, 711	R 5, 053
Purchasing	R17, 266	R17, 697	R18, 984
Procurement Support	R 6, 459	R 6, 620	R 7, 102
BEE Development	R 4, 099	R 4, 202	R 4, 507
Shared Supply Chain	R14, 529	R15, 490	R15, 472
Basic Procurement Training	R 2, 736	R 2, 982	R 3, 250
TOTAL: PROCUREMENT	**R55, 399**	**R57, 558**	**R60, 651**

SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFFICATION (Procurement Services)

CURRENT	2004	2005	2006
Compensation of employees	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	**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	**55, 399**	**57, 558**	**60, 651**

KEY OUTPUTS

SUB – PROGRAMMES	Unit of measure	Output Targets			
		2002/03	2003/04	2004/05	2005/06
1. Strategic Sourcing	Top 20 spend items covered by Value Teams	Establishing COE	25% of top 20 spend items covered by Value Teams	50% of top 20 spend items covered by Value Teams	75% of top 20 spend items covered by Value Teams
	TCO targets per commodity	Establishing COE	100% achievement of all TCO targets	100% achievement of all TCO targets	100% achievement of all TCO targets
2. Quality Management and Accreditation	Pre-qualified suppliers	Establishing COE	20% of suppliers pre-qualified, by time of tendering	40% of suppliers pre-qualified, by time of tendering	60% of suppliers pre-qualified, by time of tendering
	Accredited BEE SMEs	Establishing COE	20% of BEE SMEs accredited, by time of tendering	40% of BEE SMEs accredited, by time of tendering	60% of BEE SMEs accredited, by time of tendering
3. Purchasing	Delivery on SLA	100% completion of activities within SLA timeframes	100% completion of activities within SLA timeframes	100% completion of activities within SLA timeframes	100% completion of activities within SLA timeframes
	POs placed (< R100, 000 per case)	20 days req to PO	17 days req to PO	14 days req to PO	12 days req to PO
	Formal contracts	"70 days req to	65 days req to	55 days req to	45 days req to

	Placed (> R100, 000 per case)	complete a contract Formal contract	Formal contract	Formal contract	Formal Contract
	Transversal term agreements (> R100, 000 per case)	5% of overall spend covered	25% of overall spend covered	40% of overall spend covered	65% of overall spend covered
4. Procurement Support	Commoditisable items on catalogue	10% of commoditisable items entered into an on-line catalogue	25% of commoditisable items will be entered into an on-line catalogue	50% of commoditisable items will be entered into an on-line catalogue	75% of commoditisable items will be entered into an on-line catalogue
5. BEE Development	BEE spend as % of overall spend	<15% BEE spend	>20% BEE spend	>25% BEE spend	>30% BEE spend
6. Shared Supply Chain	Stock availability	100%Stock availability for pilot institutions	100%Stock availability for pilot institutions	100%Stock availability for pilot institutions	100%Stock availability for pilot institutions
	Stock holding	Once off 30% reduction in R-value of stock holding for pilot institutions	Once off 30% reduction in R-value of stock holding for pilot institutions	Once off 30% reduction in R-value of stock holding for pilot institutions	Once off 30% reduction in R-value of stock holding for pilot institutions

3.2.4 PROGRAMME 4 – FINANCE SERVICES

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

SUB PROGRAMMES (R'000)	2004 BUDGET	MTEF 2004/5	MTEF 2005/6
Cash Book Services	R 2, 988	R 2, 672	R 2, 900
General Accounting Services	R 4, 157	R 3, 718	R 4, 035
Accounts Payable	R 5, 521	R 4, 938	R 5, 359
Payroll Administration Services	R15, 718	R14, 058	R15, 256
Debts & Revenue Services	R 3, 442	R 3, 079	R 3, 341
Super Users	R 1, 104	R 987	R 1, 072
ERP	R 455	R 406	R 441
BAS Maintenance & Data Purification	R 7, 334	R 5, 777	R 6, 297
TOTAL: FINANCIAL SERVICES	**R40, 719**	**R35, 635**	**R38, 701**

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.

1. **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.

2. **DATA PURIFICATION:**

ELIMINATION OF BACKLOGS ON GENERAL LEDGER RECONCILIATION **(R2 034 000)**

Additional cost will be incurred in clearing up the backlog on the General Ledger reconciliations for the GPG Province. Additional temporary resources will be required for this project. Since the project pertains to the pre-migration activities, the cost will have to be borne by the Provincial Treasury.

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 not been budgeted under GSSC.

1.   SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFICATION – FINANCE SERVICES

CURRENT	Yr 2004	Yr 2005	Yr 2006
Compensation of employees	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	**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	**40, 719**	**35, 635**	**38, 701**

KEY OUTPUTS

Description of output	Unit of measure	2003/04	2004/05	2005/06
CASHBOOK SERVICES Provide bank reconciliations on a monthly basis with no long outstanding items and elimination of backlogs on bank reconciliations.	Number and the age of outstanding reconciling items at month ends	Target ≤ 30 days of o/s items 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	30 days	30 days
	2.2 Timelines (month-end 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 authorization)	No audit qualification arising as a result of GSSC (e.g. no proper G.L. reconciliation, lack of appropriate authorization)	No audit qualification arising as a result of GSSC (e.g. no proper G.L. reconciliation, lack of appropriate authorization)

Description of output	Unit of measure	2003/04	2004/05	2005/06
ACCOUNTS PAYABLE • Payments to the suppliers of goods and services as per pre-agreed terms based on the services/goods rendered and the agreed prices	% of compliance	90%	100%	100%
DEBT ADMINISTRATION • Collection of current sundry debts on behalf of Gauteng Provincial Government Departments	Debtor's age analysis (age of debt)	No debts in excess of 60 days	No debts in excess of 60 days	No debts in excess of 60 days
• Recoveries of monies from the long outstanding sundry debts	Recoveries as % of the debts outstanding	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 (accuracy and timelines)	As per negotiation (95% compliance)	As per negotiation (95% compliance)	As per negotiation (95% compliance)

3.2.5 PROGRAMME 5: TECHNOLOGY SUPPORT SERVICES

SUMMARY OF EXPENDITURE AND ESTIMATES BY SUB-PROGRAMME

SUB PROGRAMMES (R'000)	2004 BUDGET	MTEF 2004/5	MTEF 2005/6
1. Planning and architecture	R 2, 247	R 2, 382	R 2, 640
2. Programme Management	R 2, 247	R 2, 382	R 2, 640
3. Application Management	R 11, 235	R 11, 908	R 13, 202
4. Information Security	R 899	R 953	R 1, 056
5. Operations Management	R 34, 602	R 36, 678	R 40, 661
6. GPG Wide initiatives	R186, 730	R166, 952	R180, 107
TOTAL: TECHNOLOGY SUPPORT SERVICES	**R237, 960**	**R221, 255**	**R240, 306**

SUMMARY OF EXPENDITURE AND ESTIMATES BY GFS CLASSIFICATION (Technology Support Services)

CURRENT	Yr 2004	Yr 2005	Yr 2006
Compensation of employees	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	36, 220	40, 853	43, 679
CAPITAL			
Non-financial assets			
Buildings and structures	377	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	**237, 960**	**221, 255**	**240, 306**

KEY OUTPUTS AND INDICATORS

Description of output	Unit of measure	2003/04	2004/05	2005/06
1. Planning and architecture	Level of maturity	Architecture for applications complete and 50% of all key standards and polices 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	Level of maturity	Project office with departmental IT projects register. Execute e-government pilots	Common project management methodology adoption and implemented elementary G2B portal	Integrated PMO across GPG
3. Application management	Level of maturity	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	Level of maturity	50% standards and policies developed and approved and 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	Level of maturity	Management of all SLAs for services provided by TSS. Continue transformation of GPG departments to new GSSC Windows 2000 platform, Start of GPG WAN renewal, 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 GPG WAN renewal, Implemented selected application hosting for departmental systems. Complete Windows 2000 transformation.	100% management of all SLAs for services provided by TSS with back-to back agreements
6. CIO Programmes	Level of maturity	Established IT Council and three-tier governance processes and 10 trained IT Cadets	Established IT Council and three-tier governance processes and 10 trained IT Cadets	Established IT Council and three-tier governance processes and 10 trained IT Cadets

4.   ORGANISATIONAL MANAGEMENT

4.1   ORGANISATIONAL STRUCTURE GAUTENG SHARED SEVICE

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                           ┌──────────────────────────────────────┐
                           │                 MEC-                  │
                           │ Finance, Economic Affairs and Shared  │
                           │          SErvices Centre              │
                           └──────────────────────────────────────┘
                           ┌──────────────────────────────────────┐
                           │        CHIEF EXECUTIVE OFFICER        │
                           └──────────────────────────────────────┘
                           ┌──────────────────────────────────────┐
                           │       CHIEF OPERATING OFFICER        │
                           └──────────────────────────────────────┘
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FINANCE SERVICES	HR SERVICES	PROCUREMENT SERVICES	TSS SERVICES	INTERNAL AUDIT SERVICES
— SALARY ADMINISTRATION — REVENUE & DEBT — CASHBOOK SERVICES — GENERAL ACCOUNTING — USER SUPPORT — EXPENDITURE	— PROCESSING SOURCE & SELECT — PROCESSING REWARD & RETAIN — PROCESSING SENIOR M ANAGEMENT SUPPORT — PROCESSING TERMINATIONS — COE HR & ORG DEVELOPMENT — HR COE ORG STRUCTURE, DESIGN & IMPLEMENTATION — HR COE HR PLANNING POLICY & INFO MANAGEMENT — HR COE EMPLOYEE RELATIONS	— QUALITY & ACCREDITATION — STRATEGIC SOURCING — PURCHASING — PROCUREMENT SUPPORT — BEE DEVELOPMENT — SUPPLY CHAIN MANAGEMENT	— PLANNING& SYSTEMS ARCHITECT — PROGRAMME MANAGEMENT — APPLICATIONS MANAGEMENT — INFORMATION SECURITY — OPERATIONS MANAGEMENT — SERVICE LEVEL MANAGEMENT — INFRASTRUCTURE MANAGEMENT — IT CHANGE MANAGEMENT	— RISK & FINANCIAL AUDITING — COMPUTER AUDITING — FORENSIC AUDITING — PERFORMANCE AUDITING

5. PLANNING INFORMATION FOR 2004-2006
5.1. Operational Resource Requirements

DESCRIPTION OF THE PROGRAMME	2003/04 Budget R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
PROGRAMME 1: INTERNAL AUDITING	28, 322	35, 202	34, 936
PROGRAMME 2: HUMAN RESOURCES	35, 466	41, 623	45, 393
PROGRAMME 3: PROCUREMENT SERVICES	55, 399	57, 558	60, 651
PROGRAMME 4: FINANCE SERVICES	40, 719	35, 635	38, 701
TOTAL GSSC EXPENDITURE	**159, 906**	**170, 018**	**179, 681**
PROGRAMME 5: PROVINCIAL IT	237, 960	221, 255	240, 306
REQUIRED VOTE FOR THE GSSC & PROVINCIAL IT	**397, 865**	**391, 273**	**419, 987**

Operational resource requirements in GFS Classification

CURRENT EXPENDITURE	2003/04 Budget R' 000	2004/05 MTEF R' 000	2005/06 MTEF R'000
Compensation to employees	R 67, 022	R 79, 600	R 85, 007
Use of goods and services	R 74, 615	R 78, 264	R 81, 460
Property expenses	R 7, 284	R 8, 054	R 8, 819
TOTAL CURRENT EXPENDITURE	**R148, 921**	**R165, 918**	**R175, 286**
CAPITAL			
Non-financial assets			
Buildings and structures	R 4, 469	R 2, 151	R 1, 523
Machinery and equipment	R 6, 516	R 1, 948	R 2, 872
TOTAL	**R 10, 985**	**R 4, 099**	**R 4, 395**
TOTAL GSSC EXPENDITURE	**R159, 906**	**R170, 017**	**R179, 681**
PROVINCIAL IT	R237, 960	R221, 255	R240, 306
REQUIRED VOTE FOR GSSC & IT	**R397, 865**	**R391, 273**	**R419, 987**

PERSONNEL NUMBERS (budgeted for by the GSSC)

The table below reflects only the people that the GSSC employed from the Gauteng Provincial Departments as part of the project and those that will be employed from external sources. This table reflects the number of people that are budgeted for by the GSSC.

NUMBER OF STAFF PER PROGRAMME			
PROGRAMMES	**At 31 March 2003**	**At 31 March 2004**	**At 31 March 2005**
Programme1: 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
SERVICE OPERATIONS	***1 466***	***1 498***	***1 498***
Operational Support	154	154	154
HR & Management Support	38	38	38
Office of the Chief Executive	13	13	13
SENIOR MANAGEMENT & INTERNAL SUPPORT FUNCTIONS - (Costs allocated to the Programme)	***205***	***205***	***205***

GSSC STAFF COMPLEMENT	1 671	1 703	1 703

6. OPERATIONAL PLANS FOR THE YEAR ENDING MARCH 2004

6.1 INTERNAL AUDIT SERVICES

The focus of the operational year plan will be on consolidating the following existing services and implementing a number of new activities listed below:

ON-GOING ACTIVITIES

Risk Audits

Update of the Risk Audit profile and the audit for each department. Prepare the resource plan and prepare budgets for each audit based on charge-out rate and perform audits. Assist the departments in updating their risk assessments and conducting Control Self Assessments.

Forensic Audits

Prepare a resource plan based on historical indicators and anticipated requirements and budgets for each audit. Assist departments with communication strategies and updating of their Fraud Prevention Plans as required by the PFMA. Continue to administer and manage GPG Hotline facility and investigate instances of fraud and corruption where required.

NEW ACTIVITIES

Performance Auditing

Recruit staff, develop a Performance Audit methodology and perform departmental risk assessments. Thereafter we will prepare audit plans, resource plan or budgets for each audit based on charge out rates, and then carry out the audits.

Auditing of Public Entities

Select not more that two appropriate State Owned Enterprises (SOE's) or public entities that do not have their own internal audit capacity, negotiate audit fee, and the timing and scope of the audit assignment. We will also establish a mechanism for billing, for the purpose of recovering our cost.

Control Self-Assessment:

Train staff in the new methodology, procure specialised software and market the service to departments.

Specialised training programmes

We will set up an Internal Audit Training Programme, certified by the Institute of Internal Auditors and by the South African Institute of Chartered Accountants.

6.2   HUMAN RESOURCES SERVICES

The focus of the HR Services team during year 1 will revolve around the stabilisation of service delivery. It is anticipated that the migration into the GSSC will be completed at the beginning of the financial year 2003/2004 and we will thus still be involved with integrating new staff members, training new skills and establishing performance contracts aligned with the Departmental Service Level Agreements.   The following strategic activities and objectives provide a broad definition of the terrain for year one:

Goal 1:   Provide departments with a recruitment and short-listing process to address their vacancies

Our key objective is to drive down the cost of advertising, optimise the placement rate, enhance employer image, reduce qualifications fraud and (most important) reduce recruitment timeframe.

Goal 2:   The Provision of HR administration transactional services to departments and employees

Our primary aim is to execute all transactions correctly, first time, all the time: Ensure that human resource data is up-to-date and of a high quality.

Goal 3:   **Provision of dedicated service to Senior Management Service**

The objective is to provide a professional, personalised and accurate advisory service: Efficiently administer SMS conditions of service and then enhance the SMS service offering with new products/services.

Goal 4:   Provision of advice, support and assistance in HR Development or Organisational development

The objective is to enhance departmental strategic HR capacity through design of performance management tools and framework; design and implementation of transversal employee training; management development and career management programmes, instruments, systems and processes; counselling of employees in human resource development; benchmarking; develop and implement competency framework for GPG; assessment tools; and provide integrated organisation development interventions.

Goal 5: Provide labour relations advice, skilled support and union interaction on transversal matters

Our key focus is to provide timeous labour relations advice at the request of the departments entities, analysis of labour trends, develop and maintain a labour relations information database, and provide skilled labour relations personnel to assist the departments when handling external dispute processes.

Goal 6: Develop and maintain a network of Employee Wellness Services

Our key priority is to analyse the needs of employees and management; set up a network of service providers; facilitate contact between employees / management and service providers; develop proactive interventions to deal with work–related stress and lifestyle issues and dilemmas

Goal 7: Conduct organisation structure and job design

We will assist the departments to update their organisation structures and post establishment; conduct job design and job evaluations; update master organisation charts; maintain establishment records.

Goal 8: Provide advisory service around development of policies and procedures

Our aim is to provide departments with specialised advisory services on transversal HR policy development, HR procedure development, communication and coordination.

6.3 PROCUREMENT SERVICES

The aim of Procurement's one year operational plan is to take steps to consolidate the Province's move towards WCSM (world class supply management) and to deliver against its menu of six services / sub- programmes in terms of output targets for the upcoming financial year.

6.3.1 WCSM activities for 2003/2004

In terms of the 6 key Activity Sets towards WCSM, the following steps will be implemented:

- Determine a compelling business case for the implementation of the Procurement vision via this Procurement Strategic Plan for the GPG.

- Set up cross-functional teams (Value Teams) on high priority projects. Consultants will drive the first wave of Value Teams until the GSSC Commodity Teams are trained as facilitators. Estimated duration of value teams is 27 to 31 weeks.

- Manage the procurement process through process measures, as contained in the Procurement SLA's. Performance of Commodity Teams will be measured, tracked and rewarded in terms of TCO commodity targets set by the various Commodity Teams.

- Embark on skills upgrading in the area of Purchasing.

- Expend great effort in Supplier Management and development during 2003/2004. Key activities will include: segmentation of suppliers according to the five portfolio groups; determine opportunities for BEE SME development; focusing the supply base; building relations with suppliers.

- Integrate technology with the existing environment.

6.3.2 2003/2004 Activities within Procurement Programme

Sub-Programme

1: **Strategic Sourcing**:

During the first two years the Commodity Teams, Market Research and Risk Management units will be phased in. Various Value Teams will be facilitated to investigate strategic commodities, marketing conditions and empowerment opportunities. Risk Management will provide training support to GSSC Procurement officials and suppliers, especially BEE SMEs.

2: **Quality Management and Accreditation.**

In the first year Quality Management will focus on the generation of standards and procedures for GPG to enable monitoring and reporting on supplier performance. The focus of the Accreditation unit will be to develop a pre-qualification methodology for GPG to ensure that all suppliers wanting to do business with government are pre-qualified. An accreditation procedure for SMEs and BEE companies will also be developed to eliminate fronting and validate preference claims.

3: **Purchasing:**

Involves three units:

1. Ad-hoc procurement.
2. Term Agreements.
3. Capital Procurement. The focus of the first year will be a role-out to include all GPG departments and institutions. Monitoring and improvement of the quality and speed of our procurement processing will be fundamental. Another focus area will be the tracking of the financial benefits realised by the centralisation of procurement and the measurement of best practice implementation in terms of the WCSM roadmap.

4:   Procurement Support:

Involves 4 support units:
1. Tender Administration.
2. GSSC's Procurement RLS.
3. Content and Catalogue Management and 4. Legal Services. Each support unit will interact closely with the Strategic Sourcing Team and the Purchasing Team to support the overall procurement process and system.

5:   BEE Development:

BEE consolidation is the key aim of the first year. The key objective will be to enhance the reach and effectiveness of GPG's BEE strategies. The creation of a BEE SME marketplace that spans the private sector and parastatals is a priority. BEE development will be the aim of the second year, now incorporating Supplier Development.

6:   Shared Supply Chain:

Start the rollout of the central Distribution Centre(s) for the GPG, including rationalisation of existing warehouses, possible new warehouses, an "inventory clean up" and implementation of information technology to position GSSC Procurement at the heart of the electronic revolution.

6.4 FINANCE OPERATIONS SERVICES

The main focus of Finance Services in the first year of GSSC operations is to address key challenges such as sorting out backlogs in the cheque fraud section services and general ledger reconciliation; elimination of current problems with Accounts Payments and to recover and clear all old debts for the Province. We will also streamline the administration of the payroll and provide BAS and PERSAL training and assistance. We also plan to roll-out the accounts payable module of the SAP system – when this is appropriate.

6.4.1 Cash book Services

Phase out backlog on long outstanding items within 6 months; reduce the number of manual cheques via training of departments; in conjunction with Standard Bank and other parties, reduce EBT lead times from 4 to 1 days; amend current agreements with Standard Bank to include maximum turnaround times with regard to bank queries; workshop alternatives with bank to reduce level of unknown transitions.

6.4.2 General accounting Services

The following actions will ensure the required outputs: clear the General Ledger reconciliation backlog within nine months; formalise the process of reconciling balance sheet accounts within the GPG; assist treasury to drive the process of introducing the accrual system within government (when appropriate); plan and coordinate all Provincial accounting deadlines; provide intensive training in 'General Ledger reconciliation' and on basic accounting.

Intensify the investigation of all General Ledger interfaces to reduce level of rejections/exceptions; create an environment where Suspense accounts and the clearing of such accounts is managed on a pro-active basis.

6.4.3 Expenditure Services

Implement SAP's procure to pay facility by November 2002 to reduce turn around times; install standard payment functionality before 31 March 2003; install call centre within GSSC; conduct continuous review of wall-to-wall payments processes to streamline flow of documentation between GSSC and entities; set up targets for turnaround times and develop a mechanism of dealing with once-off vendors (e.g. student's refunds).

6.4.4 Debts Administration

Segment the debts based on the nature of debts; address all debts in excess of R10,000 during first six months; develop a policy on debts within three months after migration; develop a strategy for collecting other provincial debts (Transport, and Patients debts); use of tracing agents for all debts under R5000; Use ITC to trace debtors' personal details; motivate and develop policy for blacklisting all 'long outstanding' debtors; implement system to recover employee debts from current employees within reasonable time and develop measures to minimise debts resulting from salary overpayments.

6.4.5 Payroll Administration

Phase out backlog of payroll related general ledger reconciliations over a period of six months; tax reconciliation performed monthly so as to issue the IRP5's before the end of March of each year; set up a system of reconciling all payroll-related general ledger reconciliations; eliminate potential existence of ghost employees by implementing a monthly verification system; strengthen internal controls around payroll administration; streamline and improve payroll activities across multiple parties (line depts, HR and Finance) to eliminate causes of overpayments; in conjunction with departments and reduce the number of manual payroll cheques.

6.4.6 BAS & PERSAL Super Users

Train BAS and Payroll users; provide help-desk functions to the province; address the poor response times within the BAS system; provide BAS technical support to the province; develop and implement automated mechanism to reconcile BAS and PERSAL interfaces; phase out Accenture involvement in user support; install bulk printing facility for debtor's statements; install budget commitments and standard payments functionality on BAS and negotiate with National Treasury for extended BAS operating hours) to allow us to provide better service.

6.4.7 ERP

Roll out SAP's accounts Payable as from November 2002; activate the standards and sundry payments functionality within SAP; pilot the full SAP functionality in one of the Provincial Departments; provide SAP help desk functions and provide SAP finance training and stabilise SAP.

6.5   INFORMATION TECHNOLOGY SUPPORT SERVICES

The restructuring of IT management in the province has necessitated the introduction of several 'Centre of Excellence' functions in addition to the introduction of the ITIL- (IT Infrastructure Library) based processes within the IT Service Management function. The focus of the first year will be to execute the foundation activities in each of these functional areas, as described below:

6.5.1 Planning and architecture

The planning and architecture function will be responsible for designing the overall GPG-wide enterprise architecture. This function will deliver an overall GPG-wide IT strategy that reflects coverage of the needs of individual departmental strategies as driven by the departmental IT Heads or CIO's (Chief Information Officers).

In the transition to a provincial e-government strategy, collaboration and integration across all departments is going to be the fundamental success factor. The operationalisation of the GPG IT Governance structure will form the basis of this collaboration.

Key outputs from this function are:

- GPG architecture for information management, applications and technology and entrenchment of the *interoperability.*

- Development of standards and policies for key areas.

- Development and adoption of common processes and the format for a GPG wide IT strategy and departmental IT strategies.

6.5.2 Programme management

The Programme Management function will play a critical role in facilitating the two main value drivers; economies of scale, and elimination of duplication in major IT expenditure across the province. It is through a collaborative effort with departments that the full value will be realised.

This function in the GSSC will create the platform and processes that will enable this to happen via the following:

- Creation of a GPG-wide projects office where all IT projects, irrespective of who executes them (i.e. Department or GSSC), will be registered and any cross dependencies, duplication and overlaps will be analysed for maximum benefit to the affected department, and the province as a whole.

- Execution of focused e-government pilots around transversal technologies like call centres and portals.

- Provision of programme management for the roll out of the ERP system in the field of inventory management.

6.5.3 Applications Management

The application management function will have overall responsibility for transversal business applications.

More specifically it will focus on the following deliverables:

- The documentation of the master list of all key applications within each GPG department and how they interface with the back-office applications.

- The creation of an application support competency center for transversal applications to provide internal support to the province.

6.5.4 Information Security

The information security function will play a critical role in the overall protection of electronic information within the province.

More specifically it will focus on:

- The development of policies and standards for information security - in collaboration with GPG departments.

- The analysis of legislation and the incorporation of such requirements into the standards and policies.

- The creation and execution of a province-wide information security awareness programme.

- The establishment of a centre of excellence team to execute 'intrusion detection activities.

6.5.5 Operations Management

The operations management function will be responsible for IT operations for all infrastructures that are under the control of the GSSC. The introduction of the **new** IT Service Management processes (based on ITIL) for operations will be executed by this function.

The key functions and their focused deliverables are:

- **Service level management**

  The creation and management of all service Level Agreements for IT; the responsibility for vendor management activities for all outsourced services through back-to-back agreements; the execution of the 'problem management function' in conjunction with the service desk - to ensure that IT problems are assigned to the right service engineers for resolution.

- **Infrastructure service**

  Will be delivering the infrastructure to all departments including the Wide Area Network, Data centre services - which encompass e-mail, internet access, security operations, backup and desktop operations.

- **The IT change management function**

  Will focus on ensuring that all changes to the infrastructure are quality-assured to enable minimum disruptions to operations.

  Operations Management will also be responsible for operationalising the new Windows 2000 platform and migrating departments onto the new environment.

6.5.6 Office of the Chief Information Officer (CIO)

The office of the CIO will have overall leadership responsibility for IT.

In addition, two specific deliverables will be driven through this office:

- The creation of the IT governance structure - based on a federated approach - across all GPG Departments.

- The execution of a Cadet programme to build IT capacity in the province.