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PART A: VISION, MISSION AND VALUES

1.1 Vision

"We will help, support and ensure that your Rand goes the EXTRA MILE".

1.2. Mission

"We the Provincial Treasury, pledge to provide the KwaZulu-Natal Provincial Government with efficient and effective public finance support. This we will achieve by adhering to the highest standards in financial management, and by developing and implementing optimal systems and processes."

1.3 Core Values

The success of any organisation rests with the inherent qualities of the personnel delegated with the responsibility of undertaking specific activities. These inherent qualities should be in line with the department's core values, which are:

Accountability; Efficiency; Service excellence; Financial discipline; Professionalism and support

By applying these core values in every day situations, the potential to achieve our objectives is maximised. In addition management supports the principles of Batho Pele in terms of ensuring involvement of all personnel and thereby having a positive effect on morale, productivity and work ethic.

1.4 Legislative and Other Mandates

The Public Finance Management Act (PFMA) and Treasury Regulations directly influence the financial management aspects. In most instances these are at a very high-level with regard to National policies, norms and standards. The development of detailed procedures to implement such policies is currently being undertaken and will be issued to provincial departments in the form of practice notes. This will have a major impact on the existing financial management capacity within provincial departments.

The Bills of Exchange (Act 34 of 1964 as amended), Income Tax Act 58 of 1962 and the Banking Act govern the management of the central banking account run by the department. The amendments to this legislation have a major impact on our internal and external clients, which includes the general public. It is for this reason that we have to adopt a proactive approach to amendments in order to ensure smooth implementation of the necessary changes throughout the province.

The Prescription Act prescribes the prescription period in terms of establishing the appropriate write off of state debts.

The KwaZulu Natal Internal Audit Act sets and drives the activities, the reporting framework and the obligations of the Audit Committee through the Internal Audit Unit. These regulations require that the Audit Committee should:

- Facilitate the risk assessment workshops for the various provincial departments to determine material risks and to evaluate the strategy for the management of those risks;
- Evaluate the financial statements of the institution for reasonableness and fair presentation before submission to the Auditor – General;
- Comment on the effectiveness of internal controls and on the quality of monthly management reports in the annual report of the institution; and
- Report instances of fraud, corruption and gross negligence within the relevant structures

In order for the Internal Audit Unit to be able to successfully fulfil the statutory requirements, the following manuals and prescripts were developed to guide the activities of the Unit. These set out the duties and the responsibilities of the Audit Committee and of the Unit and the reporting framework and the procedures for the conduct of the Audit Assignments.

- Internal Audit Charter;
- Audit Committee Charter; and
- Internal Audit Procedures Manual

The KwaZulu-Natal Procurement Act and the regulations govern procurement activities undertaken by this department. Although this is fairly new legislation, the necessary procurement committees have already been established and are now in the process of implementing the required procedures and delegations. The Procurement regulations have been drafted in accordance with the Preferential Procurement Policy Framework Act, which is also instrumental in the regulation of procurement. The Procurement Administration Office is presently compiling the Procurement Procedure Manual, which will go a long way to ensuring the smooth operation of procurement within the province.

The human resources management is regulated through the Public Service Regulations, Constitution Act, No. 108 of 1996, Labour Relations Act, 66 of 1995, and DPSA's policy statements.

At this stage there are no major changes anticipated in terms of the legislated mandate of the department, however it is anticipated that the establishment of the Accounting Standards Board will have a major impact in terms of the accounting policies developed and the reciprocating amendments required to existing infrastructure and implementing agencies.

Other legislative mandates emanate from the following pieces of legislation:

Constitution Act, 108 of 1996; Criminal Procedures Act; National Prosecuting Act; Promotion of Access to Information Act; Income Tax Act 58 of 1962; Banking Act; KZN Direct Charges Act, 2002; Division of Revenue Act; Appropriation Act; Adjustments Appropriation Act; Provincial Tax Regulation Process Act (Act No. 53 of 2001); Provincial Borrowing Powers Act; Intergovernmental Fiscal Relations Act (Act No. 97 of 1997)

1.5 Provincial Policy Priorities

The six key policy priorities of the Province, which inform the strategy of the Provincial Treasury, and their weighted importance, are as follows :

1. Reducing poverty and inequality (30%). This is to be achieved through poverty relief projects, social security grants, rural access roads, job creation initiatives, and the provincial growth and development strategy.
2. Reducing the impact of HIV/AIDS (15%). To be achieved through a review of cost of medical treatment and hospitalization, institutional and home-based care, education/information/awareness campaigns, elected social security grants and welfare projects/institutions, nutrition schemes, etc.
3. Re-engineering service delivery (15%). This involves systems design/improvement in initiatives aimed at improving delivery of basic services (e.g. pension payout systems, FinMIP, reform of the procurement system, etc.).
4. Investing in infrastructure (20%). This involves building, rehabilitation and maintenance of social and economic infrastructure (e.g., schools, hospitals, parks, water supply, roads, ports, telecommunication, energy, etc.)
5. Strengthening of governance (10%). This would be accomplished through improvement of Cabinet support units, policy formulation and coordination, PGDS, inter- and intra-departmental as well as inter-sphere coordination, improving safety and security, and support to municipalities.
6. Human capability development (10%) - skills development, training, capacity building, etc.

1.5.1 Treasury Long Term Strategic Objectives

The high level strategic objectives of the Department are summarized as follows:

1. To focus on the core business of the department, by establishing small, task-orientated self-managing work teams with delegated responsibilities
2. To employ and retain highly skilled and professional staff
3. To forge the cooperation of skilled and professional staff to make them the dominant feature of the working environment

4. To orientate the department's culture by:
X moving away from the traditional control culture rooted in process and inputs controls and enforcement of compliance to a culture of performance and evaluation of results; and
X promoting client-driven service orientation through the provision of adequate and relevant information, openness, and courtesy in the provision of service
5. To give greater emphasis to policy formulation and analysis through the establishment of policy review mechanisms
6. To recognize resource constraints and always seek for economies in expenditure
7. To make investment in relevant and cost-effective information systems to facilitate regular monitoring and analysis of developments in the department and the Province as a whole
8. To identify improvements in business processes

1.6 Description of Status Quo

1.6.1 Service Delivery environment and challenges

At present the current financial management systems are inefficient and do not facilitate service delivery. In many instances service delivery is adversely affected through the lack of financial management resources and this is being addressed to a limited extent. There is a project to replace the current FMS system with the BAS system. Although markedly better than the FMS, BAS is one of the legacy systems and therefore also antiquated. This system is not yet an integrated financial management system.

The challenge facing us as a Provincial Treasury is the limitation placed upon us in effecting the necessary changes to financial management systems. This is due to the reporting requirements of the National Treasury and the need to have a uniform information technology infrastructure throughout the country. We have improved our links with the national teams working on systems improvement. Therefore our needs are considered together with those of other provinces.

Some of the challenges that Internal Audit is currently facing are detailed below. Although significant effort has been made to manage these challenges, external factors continue to pose new challenges.

- Inadequate, alternatively failure by client departments to implement the recommendations of the Internal Audit Unit;
- Occasional lack of appreciation by the client departments of the nature and effect of recommendations raised by Internal Audit;
- Auditor-General may not place reliance on Internal Audit's work which will result in duplication of effort particularly on the audit of financial information; and
- Inadequate level of skills in certain areas particularly skills relevant for the audit of financial information

The Procurement Act and its Regulations have now been finalized. Also, the basic documentation required to run a procurement system has been finalized and is now in line with the Procurement Act. The Central Procurement Committee is fully operational although plagued by resignations of outside members. As participation by members of civil society is mandatory, if there is a vacancy and one or two are unable to attend a meeting, the Central Procurement Committee is then unable to meet. This problem is being considered by the MEC.

The Procurement Management Information System is a priority project for the Department in the 2003 financial year, included in this is the finalization of the procurement database and taking steps towards the commencement of electronic procurement especially on items that are procured on the basis of quotations.

A first Public Private Partnership project has been delivered in the Province. This has been largely a test case. Its success has presented a number of challenges for the Department. First the Department must establish a fully fledged infrastructure unit whose function is to monitor the existing project and to facilitate the delivery of future projects. A process is underway to ensure that future projects will be dealt with by the said unit.

1.6.2 Summary of Organisation Environment and Challenges

The existing organisation structure is aligned to the core functions of the department. It is the objective of the Department to appoint professional and skilled staff. The structure has facilitated the attraction to the Department of a variety of skills and experience useful to the changing environment in which we operate. Senior Managers in the Department have been afforded optimum delegations that enable them to operate their business units with the required degree of independence from the MEC and the Head of Department.

Specific responsibilities have been devolved to provincial departments to further enhance the service delivery where possible. This has entailed a phase of hand-holding until the departments are able to manage the process independently.

An area, which is currently under investigation, is Treasury's role in the oversight role of provincial assets. A strategic appointment was made last year in the Accounting Control Division. The General Manager whose responsibility includes financial management systems and asset management will focus most of his time in developing an asset management policy for the Province. This must be understood to be limited to the accounting aspects of assets bearing in mind that every accounting officer has a direct responsibility over the assets of his or her department.

1.7 Description of Strategic Planning Process

This strategic plan is a logical continuation from the basis laid down by the strategic plan tabled last year. The intention of the current plan was to directly identify the link between the strategic plan and the priorities of the Province on the one hand and to link the strategic plan to the activities of each manager and ultimately to be used as a tool for performance management.

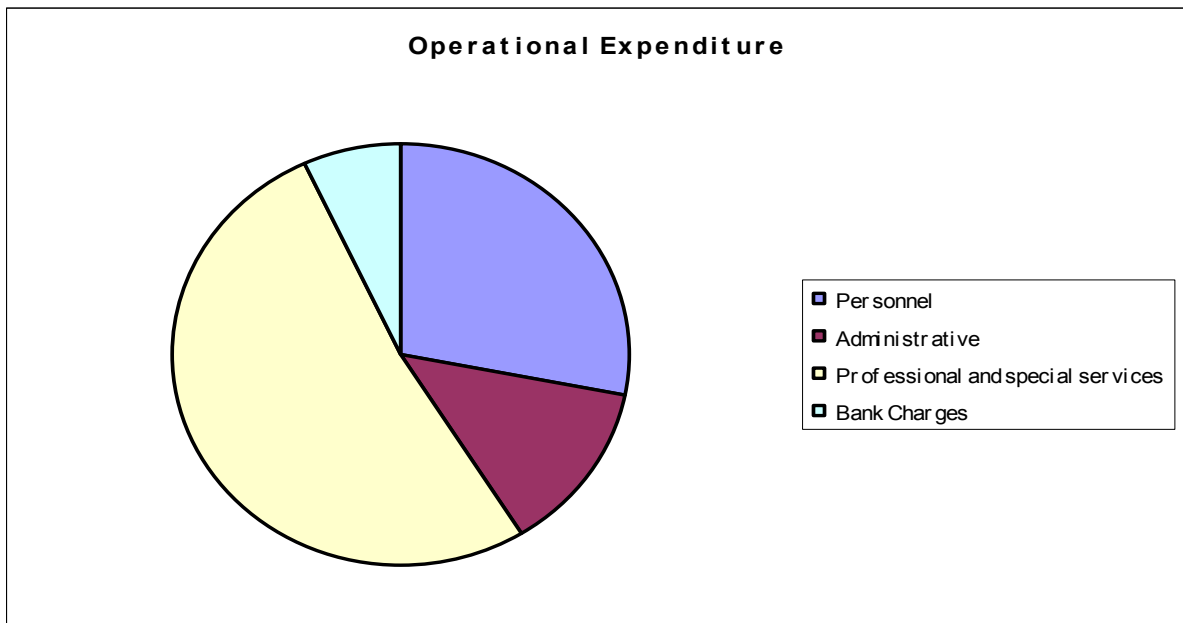
The Balanced Score Card (BSC) approach was used to form the link between management activity and output to the strategic management process. As such each division within the Treasury has its own BSC which then cascaded to each manager. The responsibilities of each manager will then be captured in the performance agreement that each manager signs. On a quarterly basis each manager will table, before a Committee appointed by the Head of Department, achievements based on the BSC and operational plan of the Division.

PART B : THREE-YEAR STRATEGIC PLAN

The following section details the approach taken to achieve the strategic objectives in line with the medium term expenditure framework (MTEF). The MTEF is aligned to the **core functions** of the department which are outlined as follows:-

- Formulation of financial management policies for the KwaZulu-Natal Provincial Government;
- Implementation of the national fiscal policy;
- Mobilisation of funds for the Province through the Budget Council;
- The allocation of funds to Provincial Departments;
- Budget preparation, implementation and monitoring;
- Management of the Provincial Cash Resource
- Enforcing fiscal accountability through:
 - Budget monitoring and reporting;
 - Internal audit; and
 - Financial management; and
- Management of Provincial procurement
- Advise on procurement policies and procedures in the Provincial Government

The strategic objectives focus on improving the efficiencies of these core functions. The allocation of expenditure in terms of rendering these core functions is largely attributable to:-



2. SIGNIFICANT ACHIEVEMENTS IN 2002/2003 FINANCIAL YEAR

2.1 Procurement

- X Re-organized the Procurement Administration Office;
- X Promulgated the new KwaZulu-Natal Procurement Act;
- X Promulgated the Procurement Regulations;
- X Issued Procurement Delegations in February 2002;
- X Established the Central Procurement Committee (CPC);
- X Drafted new Tender Forms
- X Developed Procurement General Conditions and Procedures
- X Provided administrative and logistical support for the award of contracts to the value of R51 million
- X Evaluated submissions for the adjudication and award of 118 contracts by the Central Procurement Committee
- X Provided tender information to the public
- X Continued the refinement of the Provincial Suppliers Database,

2.2 Financial Management and Accounting Control

- X Completed all departments Annual Financial Statements and Consolidated Financial Statements on time and in the required format;
- X Established CFOs Forum;
- X Maximized interest income through the implementation of improved cash management policy;
- X Developed formats for Management Accounts for use by all departments of the Province;
- X Developed Practice Notes for use by all departments of the Province

2.3 Budget Office

- X Implemented the Early Warning System to identify potential expenditure pressures and budget overruns;
- X Made significant progress on the implementation of Performance Budgeting in the Province;
- X Developed specific information on service delivery indicators and targets, thereby improving transparency and accountability;
- X Prepared credible Adjustments Estimate Budget,
- X Prepared and issued out the Provincial Budget Guidelines Document to all departments;
- X Conducted useful Bilateral Expenditure Review Meetings with departments;
- X Prepared and tabled the Main Budget for 2002/2003 financial year

2.4 Internal Audit

- X Conducted 36 audits;
- X Conducted and finalized not less than 14 theft, fraud and corrupt investigations, involving nearly R5 million
- X Finalized a Fraud Prevention Framework to be implemented in all departments

3. IMPLEMENTATION STRATEGY AND PERFORMANCE MEASUREMENT

The strategic objectives of the Department for the medium- to long-term are detailed in 1.5 above. These strategic objectives are derived from the legislative and policy mandate of the Department. What follows hereunder is the exposition of a strategy to implement the Departmental objectives and at the same time contribute to the attainment of the provincial priorities mentioned in 1.5 above.

The implementation methodology used is that of the Balanced Score Card. The basis of the methodology is to address those areas of the department's performance that can be measured (and where they are not currently measurable, to make them measurable). The measurements that are developed are premised on the recognition that all performing organizations aim to achieve a set of objectives, which are expressed in a Balanced Score Card. The objectives include the following:

- X To satisfy customer/client needs;
- X To be excellent in all internal processes;
- X To create learning and growth opportunities;
- X To operate on cost-effective basis;
- X To set targets on weighted objectives

The operational objectives that underpin the department's Balanced score card and contribute to the achievement of the Province's policy priorities are described as below.

3.1 Financial Objectives

- X To become more effective overall as an organization, and to achieve the operational objectives outlined below at a lower operating cost. The target is to achieve the operational objectives at 10% less than the previous year's actual expenditure. This target would be achieved through improvement in operating efficiency and the development of high level of skills for all operations in the department.
- X To utilize the assets of the department more efficiently and effectively. This we would do by identifying all un-utilized or under-utilized resources of the department and re-assign them for full utilization. The target is to improve asset utilization by 3% per annum.

3.2 Client Objectives

- X To retain 100% clients. This would be achieved through expansion and improvement in the department's involvement with its clients, namely all departments of the provincial administration, provincial public entities, agencies, trusts, suppliers and community members. The desire is to have all our clients fully utilise the services we provide and assistance we extend to them. We would also actively engage and interact with the senior managers of our client departments and agencies, and continue to deliver a full spectrum of services and, where possible, take over services currently provided by outside service providers to our clients.
- X To provide high quality services that would meet the satisfaction of our clients. The target is to provide an overall service quality that would score 80% on a customer satisfaction survey by the end of the financial year. The survey would be conducted on a bi-annual basis, and would cover all aspects of service delivery to our clients.

3.3 Internal Business Process Objectives

- X The target is to achieve a 50% improvement in the performance of the core business of the department to support the efficiency and financial objectives. This we would achieve by mapping out all the core business processes for service delivery, establish time frames for each process, study each process for repetitive or unnecessary actions, and target each process for improvement.
- X As part of the major initiative to become more efficient, a target of 10% improvement on "first pass rate" in service delivery has been set. For this reason, every staff member would be required to measure the number of times an operation for a given output is repeated; or the number of times a report, letter, or submission is redone/reviewed; the number of times reminders are received; and generally the number of times it takes to get something right.
- X To enhance service delivery, it is imperative that new ways of doing old things are created or developed. We would strive to develop ways of doing things faster, simpler, better, and cheaper. To this end, a target of 5 innovations must be developed and implemented in each division in each year. A monitoring and evaluation mechanism for new innovations would be developed. A database for such innovations would also be created.

3.4 Learning and Growth (People and Skills) Objective

- X The department agrees that it would have to continue to develop its own staff to ensure delivery of the desired results. Management has adopted a target to close, at least, 50% of the skills gap identified, or to be identified, in each year.
- X It is understood that, in the high performance environment that is being envisaged for the department, it is important to keep staff morale and satisfaction at very high levels. In order not to lose track of this very important element, a target of scoring 80% overall on an annual staff satisfaction survey is adopted. Criteria would be developed for use in the evaluation of staff satisfaction and morale at all levels in the

departments.

- X The department recognizes that to deliver with excellence to its clients, it must prevent the loss of its highly skilled, experienced, and professional staff. The department therefore adopts a retention target of 95% of its highly skilled, experienced and professional staff.
- X To also build relevant capacity overall in the department, 20% of the less skilled staff will be trained in each year to become skilled, and 20% of the skilled staff would be trained and widely exposed in each year to become very skilled. This would create the necessary capacity required to perform at the highest level.

4. THE DEPARTMENT'S BALANCED SCORE CARD

The KwaZulu-Natal Provincial Treasury Balanced Score Card for Financial Year 2003/2004

| OBJECTIVE | TARGET | WEIGHT (%) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| A. Financial Objective 1. To reduce operating costs for the whole department 2. To improve on asset utilization | 10%/annum, but definitely stay within budget 3%/annum | 15 10 5 |
| B. Client Objective 1. To retain clients and continue delivering a range of services 2. To achieve a high level of client satisfaction as rated by departments serviced and other stakeholders | To retain 100% and deliver 100% same range of services. To achieve a rating of more than 80% by end 2003/04 | 10 5 5 |
| C. Internal Business Process Objective 1. To reduce the time it takes to complete the core business in support of cost reduction, quality and efficiency improvement 2. To monitor and improve on the number of processes repeated 3. To improve on the way processes are performed | To reduce cycle time by 25% in 2003/04 and 10% thereafter To improve on the first pass rate by 10%/annum To implement 5 major innovations per division per year | 40 25 5 10 |
| D. Learning and Growth (People and Skills) Objective 1. To develop skills which will enable the department to deliver with excellence 2. To create an environment that delivers results whilst maintaining staff satisfaction 3. To retain targeted groups of employees 4. To upgrade skills of current personnel by ensuring that staff progress from low skilled to skilled, and from skilled to highly skilled specialists | To close 50% of all identified skills gap/annum To achieve an 80% staff satisfaction index by end 2003/04 To retain 95% of desired groups To ensure that there is a 20% migration into each higher class from one below per annum | 35 10 10 10 5 |
| TOTAL WEIGHT | | 100 |

4.1 Programs and Projects to Achieve Balanced Score Card Objectives

To make the performance improvements a reality, management has decided to implement five strategic programs internally. These programs are applicable to all divisions in the departments. It is envisaged that the implementation of these programs would form part of the Performance Measurement System. The five programs are given as follows:

- X The operational cost control/reduction program (including asset utilization)
- X The client retention and satisfaction program
- X The operational efficiency improvement program
- X Human resources/skills development, recruitment and retention plan
- X The strategic management implementation program

4.1.1 Cost Control/ Reduction Program

Purpose

To reduce operating costs of the department by 10% in 2003/04 based on 2002/03 actual operating expenditure.

Definitions

The operating costs are defined as the costs which relate directly to the department's internal business processes and excludes capital expenditure, statutory and fixed overheads (such as monthly building rental, auditor-general fees, SITA system processing fees). It is important to make this distinction as the department undertakes activities on behalf of provincial departments and the resultant costs can therefore not be included in this cost reduction program, for example the Central Procurement Committee and Tender Appeals authority.

Each division's expenditure will be reviewed in order to identify the areas of cost containment and improvement in terms of the operating expenditure only. Projected expenditure as at 30 January 2003 will be used as the baseline. The effects of cost savings which should result indirectly from the innovations implemented during the year have not been taken into consideration.

In terms of asset utilisation, the department will focus on the efficient utilisation of computer equipment, furniture, vehicles and equipment.

In terms of cash utilisation, maximising of returns on cash reserves is limited to the availability of cash reserves. However a window of opportunity does exist in terms of the investment of resources on varying terms which will be based on shifting the focus to accuracy of cash projections and requisition of funds by provincial departments.

Measurement

Each program manager will commit to the business units target in terms of their contribution towards the department's cost saving and asset maximisation utilisation and provide monthly management reports which are to be linked to the monthly expenditure reports.

The monthly reports will be required to map the progress against monthly savings. Certain of the savings will only apply to specific periods and may not be constant throughout the financial year. These monthly reports will be consolidated and a summary will form part of the monthly reports presented to the Head of Department.

It is crucial that each component provide realistic targets and that the process of improvement be initiated at the beginning of the financial year. The savings should be realised through the analysing current cost drivers and identifying areas of improvement. Costs should therefore not be reduced through a reduction in the core services provided by the department. In certain circumstances costs may increase in the short term in order to realise the savings in the long term.

Who is involved?

Champion : Accounting Officer

Each divisional head is responsible for driving the cost savings as these specific objectives and targets will form part of the performance measure of their performance contracts and reviews. Progress should be reported on at Senior Management meetings on a monthly basis.

Powers of the Champion

The champion is to monitor the performance and inform divisional heads of non-performance and whether targets need to be reviewed. Champion is to restrict budget virements which have resulted from inadequate budgeting and foreseeable expenditure. The champion has the power to restrict further expenditure where overspending is foreseeable.

OPERATIONAL PLAN : COST REDUCTION PROGRAM

| Strategies/Activities | Performance Measurement | Performance Monitoring Mechanism | Target Date |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|-------------------------|
| Review the existing budget and identify areas of cost-reduction without impacting on service delivery | Cost | Monthly management accounts | 1 February |
| Obtain agreement with program managers regarding actual cost reduction program | Cost | Monthly management accounts | 15 February |
| Review monthly expenditure patterns to identify further cost reduction resulting indirectly from other strategic programs | Actual cost vs Budgeted/Projected Accuracy | Monthly management accounts | Monthly |
| Provide monthly reports on actual cost savings and projected cost savings | Actual cost Timeliness Accuracy | Monthly report | Monthly beginning March |
| In conjunction with innovation program, identify further areas of cost reduction | Cost savings Cycle times | Monthly report | April |
| Highlight areas where cost saving targets are not being met and impact on overall objective | Costs Timeliness | Monthly report | Monthly |

4.1.2 Client Retention and Satisfaction Program

Purpose

To deliver superior services to the department's clients

Definitions

Superior services : This is defined to include services that are provided in *perfect order*, i.e., services provided to fully meet client's requirements and expectation.

Clients : Includes provincial departments and their agencies, other public utilities, and contractors/suppliers.

Measurements

Superior services : Measured in the following three ways: the number of services that are delivered *on time*; the number of services that *fully meet* client's requirements and expectation; and number of services that are delivered *error free*.

Frequency : quarterly.

Mechanism : Review Reports to be presented at monthly management meetings

Commencement Date : Immediately after approval of plans (March 2003)

The Team

Champion : Senior General Manager - Budget and Procurement
Divisional Managers, and all management personnel

Powers of the Champion

- X To plan implement and monitor progress of the program.
- X To initiate action through senior management.
- X To manage and spend the budget for this program.

Client Satisfaction Implementation Plan, 2003/04

Person Responsible: Prof. NK Kusi

| Main Focus | Activity | Period | Output | Budget | Responsible Official |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------|------------------------------|----------------------------------------------|
| Establishment of Implementation Committee | Establish Client Satisfaction Committee. Commence process | Jan 2003 | Client Satisfaction Com. (CSC) | | Prof. Kusi |
| Creation of client satisfaction awareness | * Organize workshop * Promote slogan - customer is always right | Mar 2003 | Increased client satisfaction awareness | R16,200 | Prof. Kusi and CSC |
| Identification and categorization of clients | * Undertake survey of clients * Categorize clients using survey results | Mar 2003 | Client Outlook Report | R36,000 | Prof. Kusi and CSC |
| Determination of clients needs | * Identify key components of customer service * Establish relative importance of customer service components * Identify customer service segments | Mar 2003 | Clients Needs Analysis Report | | Prof. Kusi and CSC |
| Development of Strategies for meeting clients requirements | * Determine service level for each category * Develop strategies for each category * Establish service level measures for "on time", "in-full" and "error free" * Develop service level standards or targets for each measure and category. * Develop service measure indices for each category of clients | Apr- May 2003 | Service Delivery Improvement Plan | R20,000 | Prof. Kusi and CSC |
| Provide information capturing system (MIS) | * Design MIS specifications * Procure and Install MIS | Apr- Jun 2003 | MIS | R300,000 | Prof. Kusi and CSC |
| Implement plan | * Conduct pilot test in Treasury * Workshop program with clients * Refine measures and standards, and MIS (if necessary) * Fully implement plan | Jun – Aug 2003 Sep 2003 – Mar 2004 | Pilot Report on superior service delivery Client Satisfaction Report | R5,000 R12,000 R20,000 | Prof. Kusi and CSC Prof. Kusi and CSC |

4.1.3 Operational Efficiency Improvement Program

Purpose

To identify areas of improvement for operational efficiency through “First Pass Rate”, cycle time reduction, and innovation.

Definitions

- X Improvement - better than in the past as documented process maps
- X Benchmark - to be developed by the champion of the program
- X First Pass Rate - operations performed are not repeated to rectify errors or omissions
- X Cycle time - the measured time it takes to complete a given operation, if they were done sequentially, compared to the actual; time taken in the past
- X Innovations - implemented improvements within a process to make current operations better, simpler, faster (and cheaper) for the overall benefit of becoming more efficient

Measurements

- X How often? - Quarterly
- X Reports to be presented - business unit level compared to targets and consolidated
- X Forum for presentation - monthly management meeting
- X Cycle times- core business process improvement report compared to target.
- X First pass rate - Quarterly report on specific processes identified compared to target
- X Innovation - number of innovations implemented
- X Success criteria - effective immediately in the first month of operation, and the whole year

The Team

- X Champion : Senior General Manager - Internal Audit
- X Management teams
- X All staff

Powers of the Champion

- X To control and monitor results and to initiate action through senior management, where required
- X To spend the budget associated with this program within existing delegations
- X To keep the momentum going

Implementation Efficiency Operational Plan for 2003/04

Person Responsible: Mr VK Naicker

| Strategies/Activities | Performance Measurement | Monitoring Mechanism | Target Date |
|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------|
| Analyze and review departmental policies and procedures | 1. Number of policies and procedures analyzed 2. Number of new policies recommended and implemented 3. Number of amendments suggested to existing policies and procedures | Quarterly Reviews | 30 June 2003 |
| Analysis and assessment of internal control mechanisms in the department | 1. Number, nature and type of controls assessed 2. Number of new controls recommended and implemented 3. Number of improvements made on existing controls | Quarterly Reviews | 30 June 2003 |
| Development and implementation of policies and procedures manual | 1. Quality of Manual 2. Extent of compliance with departmental legal and regulatory frameworks | Quarterly Reviews | 30 June 2003 |

4.1.4 Human Resources/Skills Development, Recruitment and Retention Program

Purpose

To create human capital which can perform the tasks and achieve the objectives of the Department.

Definitions

- X Retention - staff members that are permanently employed are still employed a year later
- X Benchmark - to be developed by the champion of the program
- X Recruitment - to find suitable persons for positions, internally or externally
- X Development - to improve through education and training

Measurements

- X How often? - quarterly
- X Reports to be presented - business unit level compared to targets and consolidated
- X Forum for presentation - monthly management meetings
- X Success criteria - effective immediately in first month of operation, and the whole year
- X Skills gap to be identified and gaps closed against target of 50% per annum
- X Cost to be as per budgeted cost per skill developed

Who is Involved?

- X Champion : Senior General Manager - Internal Audit
- X Divisional Managers, HR and all management personnel
- X Management team - top structure to support initiatives

Powers of Champion

- X To control and monitor results and to initiate action through senior management, where required
- X To spend the budget associated with the program in accordance with existing delegations
- X To keep the momentum going

Operational Plan for the Human Resources Development, Recruitment and Retention Program

Person Responsible: Mr VK Naicker

| Strategies/Activities | Performance Measurement | Performance Monitoring Mechanism | Target Date |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------|--------------------|
| Analyze and assess the following policies and procedures: * Recruitment, Selection and Promotion Policy * Exit Management Policy | Quality and alignment of policies to statutory and legal framework | Monthly Review | 30 Jun 2003 |
| Development of Performance Management System for all employees of the department | Quality and appropriateness of content | Monthly Review | 31 Mar 2003 |
| Development of Human Resources Development Plan | Quality, accuracy and appropriateness of content | Monthly Review | 30 May 2003 |
| Appointment of a dedicated HR development specialist | Quality of candidate | Monthly Review | 30 May 2003 |
| Design and develop an induction and orientation course for all new employees | Quality, accuracy and appropriateness of course | Monthly Review | 30 May 2003 |

4.1.5 Strategic Management Implementation Program

Purpose

To pursue the strategic objectives of the Provincial Treasury.

Definitions

- X Implement - to communicate the objectives, allocate responsibility and measure results of the implementation
- X Benchmark - to be developed by the champion for the program
- X Strategic plan - the approved strategies at all levels of the department
- X Balanced score card - the operational objectives set for the organization, program groups, divisions and all teams in a cause and effect relationship, with measurable criteria, targets and weights. This is the highest level of performance measurement

Measurements

- X How often?- quarterly
- X Achievements of strategic objectives - a score of 95% average for the department on BSC
- X Reports to be presented - business unit level compared to targets and consolidated
- X Forum for presentation - monthly management meeting, including GMs forum
- X Success criteria - effective immediately in first month of operation, and the whole year

Who is Involved?

- X Champion - Head of Department
- X Divisional Managers, HR and all management personnel
- X Management team - top structure to achieve objectives and implement strategic initiatives

Powers of champion

- X To control and monitor results and to initiate action through senior management, where required
- X To spend the budget associated with this program within existing delegations
- X To keep the momentum going

Operational Plan Strategic Management Implementation Program

Responsible Person: Mr. DSD Shabalala (HOD)

| Main Focus | Activity | Period | Output | Responsible Official |
|---------------------------------------------------------------------------------|------------------------------------------------------------|-----------------|-------------------------------------|----------------------|
| Management of Strategic Plan of the Department | Approval of the strategic plan of department. | Dec. 2002 | Approved Strategic Plan | DSD |
| | Re-confirmation of strategic management teams (SMT) | Dec. 2002 | Effective communication | DSD and SGMs |
| | Receiving and evaluating SMT reports | Monthly/ Weekly | Feedback/ guidance reports | DSD |
| | Feedback on deviations and areas of improvement | " | " | DSD |
| Implementation of BSC | Review the implementation of high level strategic programs | Quarterly | Feedback reports | DSD |
| | Feedback to champions and teams where appropriate | Quarterly | Corrective measures | DSD |
| Management of Divisional service delivery results | Receiving of divisional reports | Quarterly | Service delivery report | DSD |
| | Assessment of results | Quarterly | Success report | DSD |
| | Feedback to divisional heads | Quarterly | | |
| Implementation of the performance management system based on the strategic plan | Signing revised performance agreements for all managers | Jan. 2003 | Performance Agreements | All managers |
| | Reviewing performance of managers | Quarterly | Personal performance review reports | GMs, SGMs, HOD |
| | Feedback on annual performance rewards and punishment | Dec. 2003 | As above | As above |

5. LINKS BETWEEN TREASURY OBJECTIVES AND PROVINCIAL POLICY PRIORITIES

The six provincial priorities as outlined in Section 1.5 are summarized as follows :

- Priority 1: Reducing poverty and inequality
- Priority 2: Reducing the impact of HIV/AIDS
- Priority 3: Re-engineering service delivery
- Priority 4: Investing in infrastructure
- Priority 5: Strengthening governance
- Priority 6: Human capability development.

KZN TREASURY BALANCED SCORE CARD FOR 2003/04 AND IMPACT POINTS ON PROVINCIAL POLICY PRIORITIES

| OBJECTIVE | TARGET | WEIGHT (%) | IMPACT AREA OF PRIORITIES |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------|----------------------------------|
| A. Financial Objectives 1. To reduce the operating cost of the department 2. To improve on asset utilization | Stay within budget, with a target of reducing expenses by up to 10% | 15 10 | 1, 3, and 5 |
| | By 3% per annum | 5 | 3 |
| B. Clients Objectives 1. To retain clients. To continue to deliver a range of services to current departments 2. To achieve a high level of client satisfaction, as rated by departments serviced and by stakeholders | To retain 100% and deliver 100% same range of services | 10 5 | 3 and 5 |
| | To achieve a rating of more than 80% by end 2003/04 | 5 | 1, 3, 4, and 5 |
| C. Internal Business Process Objectives 1. To reduce the time it takes to complete the core business processes in support of cost reduction, quality and efficiency improvement 2. To monitor and improve on the number of processes repeated 3. To improve on the way processes are performed. | To reduce cycle times by 25% in 2003/04 and 10% thereafter | 40 25 | 1, 3, and 6 |
| | To improve on the first pass rate by 10% per annum | 5 | 1, 3, and 5 |
| | To implement five innovations/ staff member/ year. | 10 | 1, 3, and 5 |
| D. Learning and growth (People and Skills) Objectives 1. To develop skills which will enable the department to deliver with excellence on its mandate 2. To create an environment that delivers results while maintaining staff satisfaction 3. To retain targeted groups of employees in spite of the high levels of performance required 4. To upgrade skills of current personnel by ensuring that staff progress from low skilled to skilled, and from skilled to highly skilled specialists | To close 50% of all identified skills gaps per annum | 35 10 | 1, 3, 5, and 6 |
| | To achieve an 80% staff satisfaction index by end 2003/04 | 10 | 1, 3, 5, and 6 |
| | To retain 95% of desired groups | 10 | 1, 3, and 6 |
| | To ensure that there is a 20% migration into each higher class from one below per annum | 5 | 1, 3, and 6 |
| TOTAL WEIGHT | | 100 | |

6. MEDIUM TERM REVENUE AND EXPENDITURES

6.1 Summary of Revenue

The conditional grants received in past three financial years was in respect of LOGIS stores system; the roll out of Vulindlela in the province and the capacitating of the internal audit component. The utilisation of the LOGIS grant has been minimal due to the ongoing debate on the implementation of LOGIS as a suitable stores system. This dispute has now been resolved and a request has been made to National Treasury to utilise this funding for the implementation of BAS. The funding received for the capacitating of the internal audit component should be exhausted by the end of the financial year.

Table 1 Summary of revenue

| R000 | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Actual | Adj. Budget | Budget | MTEF | MTEF |
| Equitable share | 204,982 | 141,735 | 422,201 | 423,126 | 734,362 | 953,280 |
| Conditional grants | 6,400 | 3,099 | 1,903 | 0 | 0 | 0 |
| <i>Financial Management</i> | 1,660 | 1,432 | 602 | 0 | 0 | 0 |
| <i>Vulindlela/Logis Roll-out</i> | 4,740 | 1,667 | 1,301 | 0 | 0 | 0 |
| Other (specify) | | | | | | |
| Total: Revenue | 211,382 | 144,834 | 424,104 | 423,126 | 734,362 | 953,280 |

6.2 Departmental Revenue Collection

Table 1 gives a summary of the revenue the department is responsible for collecting. The department generates interest revenue through the management of the Provincial Revenue Fund in the form of short and medium term investments. As illustrated in table 2 below, the interest received by the department shows a general increase over the reporting period. The current financial year has shown a significant increase due to the surplus of cash available for investment. However it is anticipated that the province will not have the same level of cash resources available in the forthcoming period and the changes in the interest rates has to be considered in the estimation of future projections.

Two additional sources of revenue indicated in table 4.1 are linked to automatic transactions taking place which this department has the responsibility of managing. Firstly the commission earned on payroll deductions paid over on behalf of the province to the relevant third parties and secondly, the writing back of unrepresented cheques. The nature of both these revenue sources is such that the estimation thereof is reliant on third parties.

Table 2 Departmental revenue collection

| R000 | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 |
|-------------------------------|----------------|----------------|---------------|---------------|----------------|----------------|
| | Actual | Actual | Adj. Budget | Budget | MTEF | MTEF |
| Current revenue | 193,072 | 270,028 | 48,768 | 53,789 | 160,232 | 185,681 |
| Tax revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Casino taxes</i> | | | | | | |
| <i>Motor vehicle licences</i> | | | | | | |
| <i>Horseracing</i> | | | | | | |
| <i>Other taxes</i> | | | | | | |
| Non-tax revenue | 193,072 | 270,028 | 48,768 | 53,789 | 160,232 | 185,681 |
| <i>Interest</i> | 153,173 | 237,266 | 20,500 | 28,703 | 133,967 | 158,260 |
| <i>Health patient fees</i> | | | | | | |
| <i>Reimbursements</i> | | | | | | |
| <i>Other sales</i> | | | | | | |
| <i>Other revenue</i> | 39,899 | 32,762 | 28,268 | 25,086 | 26,265 | 27,421 |
| Capital revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of land and buildings | | | | | | |
| Sale of stock, livestock, etc | | | | | | |
| Other capital revenue | | | | | | |
| Total: Revenue | 193,072 | 270,028 | 48,768 | 53,789 | 160,232 | 185,681 |

This section summarises the expenditure and budgeted estimates for the vote in terms of programs and economic classification. Details according to GFS classification as well as the standard item classification are presented in *Annexure – Vote 6 Provincial Treasury*.

6.3 Summary of MTEF

Table 3 provides a summary of the vote's expenditure and budgeted estimates by programs over the MTEF.

The expenditure for the department indicates an upwards trend and can be attributed to the increase in the skills base of the department where we are moving towards highly qualified management. This includes the capacitating of the internal audit component and suitable management for the procurement and budget reforms currently taking place.

The increases in program two reflect our responsibilities in terms of driving the procurement reforms and underlying policies and systems and the anticipated roll Provincial Treasury will have in municipal finances once the Municipal Finances Management Bill is passed.

Program 3 includes the implementation costs of BAS which are now expected to be realised in the last quarter of this year and increase for the next three years. These costs include the recurrent data processing costs.

Program 4 reflects the activities of internal audit which has now grown to full capacity. The increase on services to be provided and the number of clients being serviced are contained in the projected increases in the MTEF cycle.

Program 5 carries the cost of the provincial financial management reserve, which has increased substantially from 2004/2005 financial year.

Table 3 Summary of expenditure and estimates by Program

| Programs | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 |
|------------------------------------|------------------|------------------|--------------------|------------------|------------------|------------------|
| R000 | Actual | Actual | Adj. Budget | Budget | MTEF | MTEF |
| 1. Transverse Support | 15,827 | 7,081 | 9,683 | 9,599 | 9,977 | 10,436 |
| 2. Budget & Procurement Management | 11,819 | 8,547 | 19,965 | 27,819 | 27,274 | 28,548 |
| 3. Accounting Control | 57,217 | 56,250 | 90,010 | 77,391 | 88,382 | 95,178 |
| 4. Internal Audit | 20,860 | 19,973 | 30,322 | 32,333 | 33,824 | 34,861 |
| 5. Financial Management Support | 0 | 0 | 273,598 | 275,459 | 574,379 | 783,699 |
| Sub-total | 105,723 | 91,851 | 423,578 | 422,564 | 733,800 | 952,718 |
| Statutory payment | 487 | 526 | 526 | 562 | 562 | 562 |
| Total | 106,210 | 92,377 | 424,104 | 423,126 | 734,362 | 953,280 |

PART C : OPERATIONAL PLAN FOR THE 2003/04 FINANCIAL YEAR PER DIVISION OR SPECIAL UNIT

7.1 Internal Audit Division

Mission

To provide an innovative cost-efficient and value added internal audit service to client departments to ensure good corporate governance in KwaZulu-Natal.

Strategic Initiatives

- X To provide accounting officers and their senior management with objectives assurance about the design and operation of control systems and processes
- X To provide an independent evaluation of the reliability and accuracy of financial information produced by the accounting officers and senior management
- X To assist accounting officers and senior management in developing risk management and monitoring strategies
- X To assist accounting officers and senior management in developing fraud combating strategies

Key Work/Focus Areas

- X Regular and ongoing follow up with Accounting Officers to discuss the progress in implementing previous recommendations;
- X Develop plans to audit the effective implementation of recommendations in all departments;
- X Regularly scrutinize the Auditor-General's reports for all departments and structure an audit plan to assist in minimizing future queries and tightening the control environment;
- X Conduct a thorough investigation into all departments to understand the strategic objectives, major processes, activities and the relevant controls;
- X Perform forensic investigations into areas identified by Accounting Officers and their senior management, as well as the Internal Audit Unit;
- X Perform internal audit assignments identified by Accounting Officers and their senior management and by the Internal Audit Unit;
- X Development and implementation of micro fraud prevention plan;
- X Performance reviews of the monthly management accounts.

Balanced Score Card

Internal Audit Balanced Score Card for Financial Year 2003/2004

| OBJECTIVE | TARGET | WEIGHT (%) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| A. Financial Objective To reduce the operating costs of the department | Stay within budget | 15 15 |
| B. Clients Objectives 1. To retain clients. To continue to deliver a range of services to current departments. 2. To achieve a high level of client satisfaction, as rated by departments serviced and by stakeholders. | To retain 100% and deliver 100% same range of services To achieve a rating of more than 80% by end 2003/04 | 10 5 5 |
| C. Internal Business Process Objectives 1. To reduce the time it takes to complete the core business processes in support of cost reduction, quality and efficiency improvement 2. To monitor and improve on the number of processes repeated 3. To improve on the way processes are performed | To reduce cycle times by 25% in the year 2003/04 and 10% thereafter To improve on the first pass rate by 10% per annum To implement five innovations/staff member per annum | 35 5 25 5 |
| D. Learning and Growth (People and Skills) Objectives 1. To develop skills which will enable Treasury to deliver with excellence on its mandates 2. To create an environment that delivers results while maintaining staff satisfaction 3. To retain highly skilled employees in spite of the high levels of performance required. | To close 50% of all identified skills gaps per annum To achieve an 80% staff satisfaction index by end 2003/04 To retain 80% of highly skilled staff groups | 40 25 10 5 |
| TOTAL WEIGHT | | 100 |

Operational Plan for 2003/04

| Objectives / Key Focus area | Strategies/Activities | Outputs | Performance Measurement | Target Date | Budgetary Implications |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------|
| To provide an efficient and cost effective internal audit service to all provincial departments | <ul style="list-style-type: none"> Compile detailed budget statement for the Unit | To maintain a balanced budget | Actual vs Budgeted Expenditure | 31 Mar 2004 | Divisional budgets: excl. below amounts) Internal Audit: R 13m Risk Management: R 4,7m |
| <ul style="list-style-type: none"> To provide Accounting Officers and their senior management with objective assurance about the design and operation of control systems and processes. To provide an independent evaluation of the reliability and accuracy of financial information produced by the Accounting Officers and Senior management | Analysis and review of control environments | To plan and manage the Internal Audit Activity within the Province | <ul style="list-style-type: none"> Number of audit plans completed of Audits completed against the Plan | 31 Mar 2004 31 Mar 2004 | Audit Committee Cost: R160 000 |
| <ul style="list-style-type: none"> To assist Accounting Officers and Senior Management in developing risk management and monitoring strategies. To assist Accounting Officers and senior management in developing fraud combating strategies. | Coordinate risk assessment exercises and preparation of Fraud Prevention Plans | To plan and manage the Internal Audit Activity within the Province | <ul style="list-style-type: none"> No of risk assessment exercises finalised | 31 Mar 2004 31 Mar 2004 | Fraud Prevention Plans: R 1m |
| To provide Accounting Officers and their senior management with objective assurance about the design and operation of control systems and processes. | <ul style="list-style-type: none"> Co-ordinate evaluation of audit assignments on completion of audits | Audit Services Performance Survey | <ul style="list-style-type: none"> No. of unsatisfactory audits reports compiled and submitted to Departments No. of technical corrections highlighted by the Departments and the Provincial Audit Committee | 31 Mar 2004 31 Mar 2004 | |

| Objectives / Key Focus area | Strategies/Activities | Outputs | Performance Measurement | Target Date | Budgetary Implications |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> ▪ Implementation of new audit software ▪ Fill of vacant posts within the Internal Audit Unit ▪ Reduced utilisation of external consultants ▪ Development of Performance Management Systems for officials lower than Director Level | To ensure that the Internal Audit Unit fulfils its statutory and audit requirements and has in place means to monitor staff performance | <p>Date of completion</p> <p>No of posts filled</p> <p>Actual expenditure on consultants expressed as a percentage of the total budget</p> <p>Development Performance Management Policy</p> | <p>31 Mar 2003</p> <p>30 May 2004</p> <p>31 Mar 2004</p> <p>30 Jun 2003</p> | <p>R400 000</p> <p>R2 000 000 in Risk Management</p> <p>R 10 700 000 Integritas</p> |
| <ul style="list-style-type: none"> ▪ To provide Accounting Officers and their senior management with objective assurance about the design and operation of control systems and processes. | <ul style="list-style-type: none"> ▪ Improved turnaround time on audit assignments | <ul style="list-style-type: none"> ▪ To foster an environment which encourages continual efficiency and effectiveness | <ul style="list-style-type: none"> ▪ Time taken per audit assignment ▪ No of queries and draft reports issued | <ul style="list-style-type: none"> ▪ 31 Mar 2004 ▪ 31 Mar 2004 | |

| Objectives / Key Focus area | Strategies/Activities | Outputs | Performance Measurement | Target Date | Budgetary Implications |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------|
| <ul style="list-style-type: none"> To provide Accounting Officers and their senior management with objective assurance about the design and operation of control systems and processes. <p>To assist Accounting Officers and Senior Management in developing risk management and monitoring strategies.</p> | <ul style="list-style-type: none"> Establish a mechanism for sharing best practices Encourage the exploration of alternative solutions for carrying out audit operations (e.g. new ways of auditing, outsourcing and work planning) | No. of new innovations suggested and implemented | Number of processes introduced, amended and deleted | Quarterly Final Assessment 31 Mar 2004 | |
| To maintain and continuously improve on the efficiency and effectiveness of service delivery to stakeholders | <ul style="list-style-type: none"> Develop coaching and developmental feedback tools and system within internal audit Partner with other government institutions, academia and private institutions to develop technical, leadership and management development programmes | Internal Audit Skills Development Programme | <ul style="list-style-type: none"> No. of skills development programmes held in-house No. of bursaries approved No. of training courses attended per official | 31 Mar 2004 31 Mar 2004 31 Mar 2004 | R532 000 training |
| To maintain and continuously improve on the efficiency and effectiveness of service delivery to stakeholders | | Development of a Performance Management System for all staff in Internal Audit | No. of performance reviews done per official | 31 Mar 2003 | |
| To maintain and continuously improve on the efficiency and effectiveness of service delivery to stakeholders | | Development of Performance Rewards System | <ul style="list-style-type: none"> Completion of System No of officials assessed | 30 Apr 2003 31 Dec 2004 | R136 000 merits |

7.2 Accounting Control Division

Mission

To develop and implement financial management systems, policies and procedures and to support the organization with an efficient corporate service

Strategic Initiatives

- X To review national (standards) discussion papers issued by the Accounting Standards Board (ASB) and coordinate provincial inputs to ensure application in the Province
- X To develop appropriate accounting policies, procedures based on shortcomings identified in both internal and external audit reports
- X To implement BAS per business plan within an 18 month-cycle
- X To implement appropriate asset management inline with the accounting policy framework
- X To reduce internal cycle times in terms of procurement and registry services
- X To monitor compliance of public entities with PFMA requirements
- X To develop appropriate tools for financial management in public entities requiring assistance

Key Work/Focus Areas

- X To provide financial management support to clients
- X To provide financial accounting systems, such as FMS, BAS, LOGIS, EFTS to support financial management in the Province
- X Provision of services such as procurement, payments, IT, transport and registry to the department
- X Management of salary deduction pay-overs and reconciliation of taxation liability
- X Cash management of provincial cash reserves held in the Exchequer Account

Balanced Score Card

Accounting Control Division Balanced Score Card for 2003/04

| OBJECTIVE | TARGET | WEIGHT (%) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------|
| A. Financial Objectives | | |
| 1. To reduce the operating cost of the department | Stay within budget, with a target of reducing expenses by up to 10% | 10 5 |
| 2. To improve on asset utilization | By 3% per annum | 5 |
| B. Clients Objectives | | |
| 1. To retain clients. To continue to deliver a range of services to current departments | To retain 100% and deliver 100% same range of services | 10 5 |
| 2. To achieve a high level of client satisfaction, as rated by departments serviced and by stakeholders | To achieve a rating of more than 80% by end 2003/04 | 5 |
| C. Internal Business Process Objectives | | |
| 1. To reduce the time it takes to complete the core business processes in support of cost reduction, quality and efficiency improvement | To reduce cycle times by 25% in 2003/04 and 10% thereafter | 55 30 |
| 2. To monitor and improve on the number of processes repeated | To improve on the first pass rate by 10% per annum | 10 |
| 3. To improve on the way processes are performed. | To implement five innovations/ staff member/ year. | 15 |
| D. Learning and growth (People and Skills) Objectives | | |
| 1. To develop skills which will enable the department to deliver with excellence on its mandate | To close 50% of all identified skills gaps per annum | 25 10 |
| 2. To create an environment that delivers results while maintaining staff satisfaction | To achieve an 80% staff satisfaction index by end 2003/04 | 5 |
| 3. To retain targeted groups of employees in spite of the high levels of performance required | To retain 95% of desired groups | 5 |
| 4. To upgrade skills of current personnel by ensuring that staff progress from low skilled to skilled, and from skilled to highly skilled specialists | To ensure that there is a 20% migration into each higher class from one below per annum | 5 |
| TOTAL WEIGHT | | 100 |

| Objectives/Key focus Area | Strategies/Activities | Outputs | Performance Measurement | Target Date | Budget Implications |
|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| To review and implement accounting standards developed by ASB | <ul style="list-style-type: none"> ▪ Communicate standards to CFOs ▪ Review comments and formalise amendments | National Accounting Standards | No. of standards reviewed and accepted | 3 accounting standards | R400 000 |
| To develop appropriate accounting policies and procedures for the province specifically | <ul style="list-style-type: none"> ▪ Review and identify common internal control weaknesses. Update existing PN in line with BAS ▪ Develop in consultation with CFOs appropriate accounting policies and procedures ▪ Publish | Provincial Practice Notes and Policies | No. of practise notes published | 31 March 2004 | R500 000 |
| To provide user support to all provincial accounting and stores systems | <ul style="list-style-type: none"> ▪ To provide facility and resources for users ▪ To react within specified timeframes ▪ To train users on all system amendments | | Response time No. of user calls | Ongoing | R24 million |
| To implement BAS according to the business plan | <ul style="list-style-type: none"> ▪ Develop business plan ▪ Implement plan ▪ Ongoing monitoring by appointed project | BAS installed and utilised by departments | No. of sites implemented per project plan | All departments excluding Health and Education | R 23million |
| To implement appropriate asset management in line with the provincial policy | <ul style="list-style-type: none"> ▪ Identify system specification required to ensure asset mgt principles can be applied. ▪ Identify suitable system through procurement process ▪ Test and implement system ▪ Post implementation review | Asset management system Relevant and accurate asset information for budgeting and managing purposes | Timeliness Relevance Cost-benefit analysis | Procurement of system by 30 June 2003. | Type of procurement process PPP vs outright purchase will impact on the costs. Approx R3million for the system (excluding implementation) |

| Objectives/Key focus Area | Strategies/Activities | Outputs | Performance Measurement | Target Date | Budget Implications |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To reduce internal cycle times | <ul style="list-style-type: none"> ▪ Identify key processes ▪ Review in line with practice note where applicable ▪ Identify areas/techniques of improvement ▪ Implement strategies | Improved Business processes (payments, debt management, building maintenance, IT support) | Cycle Time | 1 April 2003 | Unquantifiable reduction in costs Procurement of infrastructure to ensure efficiencies :- 1. Central printing office 2. IT software solutions as contained in each components budgets |
| To monitor compliance of public entities with PFMA | <ul style="list-style-type: none"> ▪ Amend existing listing schedule 3 in terms of actual classification requirements ▪ Establish PE CFO forum ▪ Provide advisory support in terms of requirements ▪ Track compliance in terms of reporting requirements | PE Annual Financial Statements PE accounting policies | Timeliness Quality | 31 March 2004 | |
| To maintain accounting records for the department | <ul style="list-style-type: none"> ▪ To regularly update and review all ledger balances | Monthly reconciliation | Timeliness Accuracy | Monthly | R3,8 million |

| Objectives/Key focus Area | Strategies/Activities | Outputs | Performance Measurement | Target Date | Budget Implications |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------|--------------------------------------------------------------------|
| To compile financial management information for the department | <ul style="list-style-type: none"> ▪ To provide the financial information required per PFMA and per management requests | Monthly reports Annual Financial statements Budget Inputs Adjustment Estimates Budget Statements Consolidated Annual Financial Statements Annual Report Strategic Plan | Timeliness Accuracy | Monthly/Annual | R150 000 |
| To provide information technology advice and support to the department | <ul style="list-style-type: none"> ▪ Assess the business processes in terms of identifying IT solution to improve on efficiencies ▪ Immediate reaction to all IT support requests | Revised business processes 100% IT equipment operational | No. Solutions implemented Cost-effectiveness Response time | 31 March 2004 | R750 000 |
| Manage payovers of salary deductions and provincial tax reconciliation | <ul style="list-style-type: none"> ▪ Monthly management review of payments and ledger accounts | Monthly reconciliations | Timeliness Accuracy | Monthly Tax year end | R7,5 million |
| Decentralise administration of taxation i.r.o. Casual labourers, Committees and Commissions | <ul style="list-style-type: none"> ▪ Identify key roleplayers in departments ▪ Train users ▪ Implementation ▪ Post implementation review | Decentralise administration of taxation i.r.o. Casual labourers, Committees and Commissions | No. of departments undertaking activity independently | 8 departments by 31 March 2004 | Indirect cost implication of reducing service demands on personnel |
| Provision of corporate services to the department | <ul style="list-style-type: none"> ▪ Introduce IT solution in registry ▪ Review fleet mgt replacement policy ▪ Assess the viability of centralised printing facility | Electronic filing/registry office Vehicle fleet Printing office | Cost-effectiveness Cycle time | 31 March 2004 | R10 million |

| Objectives/Key focus Area | Strategies/Activities | Outputs | Performance Measurement | Target Date | Budget Implications |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------------|--------------------|----------------------------|
| Cash management services to the Exchequer account | <ul style="list-style-type: none"> ▪ Develop cash management tool to ensure adequate planning of investing cash reserves ▪ Assist department in providing realistic cash projections ▪ Introduce budgetary restriction on FMS?BAS | Cash management tool | Accuracy Cost/Revenue | 31 March 2004 | R7,5 million |

7.3 Budget and Procurement Division

Mission

The division exists to achieve value-for-money in the utilization of government resources. This we will do through constant search for economies in expenditure, development of performance orientation, explicit recognition of revenue constraints, and enforcement of budget discipline and securing performance.

Strategic Initiatives

- X Influence the rationalization of provincial programs and policies
- X Develop new relationship with departments based on trust, openness and courtesy in service delivery
- X Move the division out of the panoply of detailed controls to a knowledge based centre devoted to strategic management
- X Implement improved analytical standards for fiscal monitoring and reporting
- X Embark on intelligent decentralization and enhance accountability within the division
- X Recognize and reward performance, innovation, and creativity

Key Work/Focus Areas

- X Manage the preparation, execution and monitoring of provincial budgets to support explicitly formulated provincial policy priorities
- X Provide guidance and grant approvals (within delegated limits) to provincial departments on the utilization of allocated financial resources
- X Manage the preparation, execution and monitoring of provincial infrastructure program
- X Manage the preparation, execution, and monitoring of provincial procurement plans
- X Report on provincial budgets, infrastructure program and procurement plans
- X Ensure compliance to national and provincial policies, legislation, regulations and delegations
- X Manage the administrative and logistical support for provincial procurement processes
- X Formulate and provide advice to HOD and Minister on provincial budgets, infrastructure provision, and procurement policies
- X Undertake regular monitoring and evaluation of departments' strategic plans, outcome measures and programs and report on them
- X Plan, implement and report on client satisfaction program
- X Plan, execute, monitor, and report on municipal budgetary reforms

Balanced Score Card

Budget and Procurement Balanced Score Card for Financial Year 2003/2004

| OBJECTIVE | TARGET | WEIGHT (%) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| A. Financial Objective 1. To reduce operating costs of the Division 2. To improve on asset utilization | 10 %/annum, but definitely stay within budget 3%/annum | 10 6 4 |
| B. Client Objective 1. To retain clients and continue delivering a range of services 2. To achieve a high level of client satisfaction as rated by departments serviced and other stakeholders | To retain 100% and deliver 100% same range of services. To achieve a rating of more than 80% by end 2003/04 | 30 10 20 |
| C. Internal Business Process Objective 1. To reduce the time it takes to complete the core business in support of cost reduction, quality and efficiency improvement 2. To monitor and improve on the number of processes repeated 3. To improve on the way processes are performed | To reduce cycle time by 25% in 2003/04 and 20% thereafter To improve on the first pass rate by 20%/annum To implement 5 major innovations per year | 30 10 10 10 |
| D. Learning and Growth (People and Skills) Objective 1. To develop skills which will enable the division to deliver with excellence 2. To create an environment that delivers results and maintaining staff morale and satisfaction 3. To recruit and retain skilled and professional staff 4. To upgrade skills of current personnel by ensuring that staff progress from low skilled to skilled, and from skilled to highly skilled specialists | To close 50% of all identified skills gap/annum To achieve an 80% staff satisfaction index by end 2003/04 To retain 95% of targeted groups To ensure that there is a 20% migration into each higher class from one below per annum | 30 10 10 5 5 |
| | TOTAL WEIGHT | 100 |

Operational Plan for Budget and Procurement Division, 2003/04

| Objective/Key Focus Area | Ref. to PP | Strategy/Activity | Output | Performance Measure | Target Date | Budget |
|--------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Provincial Budgets | 1-6 | <ul style="list-style-type: none"> <input type="checkbox"/> Manage the formulation, execution, and monitoring of main and adjustment budgets <input type="checkbox"/> Establish Public-Private Partnership Unit to support infrastructure services provision <input type="checkbox"/> Manage the preparation, execution and monitoring of provincial infrastructure plan <input type="checkbox"/> Ensure compliance to national policies, legislation, regulations and delegations <input type="checkbox"/> Report on progress on execution of provincial budgets and infrastructure plans | <ul style="list-style-type: none"> <input type="checkbox"/> Main and Adjustments Budgets and accompanying appropriation bills <input type="checkbox"/> PPP Unit <input type="checkbox"/> Provincial Infrastructure Plan <input type="checkbox"/> Reports <input type="checkbox"/> Early Warning Reports <input type="checkbox"/> Budget Performance Reports <input type="checkbox"/> Report on Infrastructure Delivery | <ul style="list-style-type: none"> <input type="checkbox"/> Complete, error free and on time <input type="checkbox"/> Well-functioning Unit <input type="checkbox"/> Complete, error free and on time <input type="checkbox"/> Compliance with prescripts <input type="checkbox"/> Complete, error free and on time <input type="checkbox"/> Complete, error free and on time <input type="checkbox"/> Complete, error free and on time | <ul style="list-style-type: none"> <input type="checkbox"/> Main - 2 weeks after Nat. adjusts budget - 30 days after National <input type="checkbox"/> June 2003 <input type="checkbox"/> April 2003 <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Quarterly | R7,049,600 |
| Provincial Procurement | 1, 3, 4 | <ul style="list-style-type: none"> <input type="checkbox"/> Manage the preparation, execution and monitoring of provincial procurement plan <input type="checkbox"/> Ensure provision of administrative and logistical support to provincial procurement processes <input type="checkbox"/> Report on progress on implementation of procurement plans, policies and legislation <input type="checkbox"/> Ensure establishment of provincial suppliers database upgrade <input type="checkbox"/> Ensure compliance to policies, legislation, regulations and delegations | <ul style="list-style-type: none"> <input type="checkbox"/> Provincial Procurement Plan <input type="checkbox"/> CPC meetings and hearings of the Tender Appeals Tribunal <input type="checkbox"/> Reports <input type="checkbox"/> Suppliers database <input type="checkbox"/> Policies and Procedure Manual | <ul style="list-style-type: none"> <input type="checkbox"/> Complete and error free <input type="checkbox"/> On time and as scheduled <input type="checkbox"/> In full and error free <input type="checkbox"/> Well-functioning database <input type="checkbox"/> Complete and user friendly | <ul style="list-style-type: none"> <input type="checkbox"/> March 2003 <input type="checkbox"/> CPC – monthly <input type="checkbox"/> TAT - when required <input type="checkbox"/> Quarterly <input type="checkbox"/> July 2003 <input type="checkbox"/> Policies – quarterly <input type="checkbox"/> Manual - April 2003 | R11,658,628 |

| | | | | | | |
|-------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Policy Advice | 1-6 | <input type="checkbox"/> Manage research on financial, fiscal and procurement issues <input type="checkbox"/> Formulate financial, fiscal, infrastructure, procurement, etc., policies <input type="checkbox"/> Provide advice to HOD and Minister on financial, fiscal, procurement, infrastructure, etc. issues <input type="checkbox"/> Provide guidance and grant approvals (within delegated limits) to departments on financial, fiscal, procurement and infrastructure matters <input type="checkbox"/> Provide advice on compliance to national and provincial policies, legislation, regulations, etc. to HOD and Minister | <input type="checkbox"/> Reports <input type="checkbox"/> Reports <input type="checkbox"/> Reports and memorandums <input type="checkbox"/> Budget Guideline, Approval letters; meetings <input type="checkbox"/> Reports and memorandums | <input type="checkbox"/> Relevant and on time <input type="checkbox"/> Accurate and comprehensive <input type="checkbox"/> Accurate and on time <input type="checkbox"/> Complete, error free and on time <input type="checkbox"/> Accurate and on time | <input type="checkbox"/> Quarterly <input type="checkbox"/> Quarterly <input type="checkbox"/> Daily and on request <input type="checkbox"/> Daily and on request <input type="checkbox"/> Daily and on request | R732,652 |
| Performance Enhancement | 3-5 | <input type="checkbox"/> Monitor, evaluate and report on departments' strategic plans, output measures and programs <input type="checkbox"/> Plan, implement, monitor and report on client satisfaction program <input type="checkbox"/> Ensure effective utilization of human, financial and physical resources of the Division | <input type="checkbox"/> Service delivery reports <input type="checkbox"/> Client Satisfaction Plan and Reports <input type="checkbox"/> Divisional Reports | <input type="checkbox"/> Complete and error free <input type="checkbox"/> Complete, error free and on time <input type="checkbox"/> Complete, error free and on time | <input type="checkbox"/> Quarterly <input type="checkbox"/> Plan - Dec. 2003 <input type="checkbox"/> Reports – monthly | R500,000 |
| Special Projects | 3-4 | <input type="checkbox"/> Plan, execute, monitor and report on Msunduzi municipality's budget and financial management reforms | <input type="checkbox"/> Reports | <input type="checkbox"/> Complete, accurate and on time | <input type="checkbox"/> Monthly | R7,373,000 |

7.4 human Resources Management and Development Unit

Mission

- X To create an enabling environment that will assist management of Provincial Treasury to provide optimal service delivery through human capital.
- X To ensure maximum compliance with all applicable personnel prescripts through constant monitoring. These prescripts are policies, legislation, human resource practices, regulations and any other subordinate legislation.

Strategic Initiatives

- X To provide direct services (e.g. staffing payroll, labour relations) and staff development programs responsive to the need of the department and delivered at the highest possible standards of quality.
- X To provide human resource infrastructure planning and consultancy support throughout the department to help achieve organizational improvement.
- X To ensure that the Department fulfils its statutory and audit requirements and has in place systems to monitor compliance and performance.
- X To assist in ensuring that staff is appropriately skilled to provide high quality services to the communities served.
- X To create a working environment which is safe, secure and encourage all staff to contribute to the best of their ability.
- X Development and maintenance of an accurate employment equity plan
- X Development and maintenance of a workplace HIV/Aids Programme

Key Work/Focus Areas

- X Development of an integrated approach to HR management and processes
- X Development of strategic HR development plan
- X To provide an effective labour relations management support in the department
- X Perform an assessment of skills required by the department

Balanced Score Card

Transverse Support Unit Balanced Score Card for 2003/04

| OBJECTIVE | TARGET | WEIGHT (%) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------------|
| A. Financial Objectives | | |
| 1. To reduce the operating cost of the department | Stay within budget, with a target of reducing expenses by up to 10% | 5 |
| 2. To improve on asset utilization | By 3% per annum | 0 |
| B. Clients Objectives | | |
| 1. To retain clients. To continue to deliver a range of services to current departments | To retain 100% and deliver 100% same range of services | 5 |
| 2. To achieve a high level of client satisfaction, as rated by departments serviced and by stakeholders | To achieve a rating of more than 80% by end 2003/04 | 10 |
| C. Internal Business Process Objectives | | |
| 1. To reduce the time it takes to complete the core business processes in support of cost reduction, quality and efficiency improvement | To reduce cycle times by 25% in 2003/04 and 10% thereafter | 20 |
| 2. To monitor and improve on the number of processes repeated | To improve on the first pass rate by 10% per annum | 10 |
| 3. To improve on the way processes are performed. | To improve on the first pass rate by 10% per annum | 5 |
| | To implement five innovations/ staff member/ year. | 5 |
| D. Learning and growth (People and Skills) Objectives | | |
| 1. To develop skills which will enable the department to deliver with excellence on its mandate | To close 50% of all identified skills gaps per annum | 60 |
| 2. To create an environment that delivers results while maintaining staff satisfaction | To achieve an 80% staff satisfaction index by end 2003/04 | 15 |
| 3. To retain targeted groups of employees in spite of the high levels of performance required | To retain 95% of desired groups | 20 |
| 4. To upgrade skills of current personnel by ensuring that staff progress from low skilled to skilled, and from skilled to highly skilled specialists | To ensure that there is a 20% migration into each higher class from one below per annum | 20 |
| | | 5 |
| TOTAL WEIGHT | | 100 |

Operational Plan for Transverse Support Unit

| | Strategy/Activity | Outputs | Performance Measurement | Target Date | Budgetary Implications |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------|
| To provide direct services (e.g. staffing, payroll, labour relations) and staff development programmes responsive to the need of the Department and delivered at the highest possible standards of quality | Assess all HR forms and processes and amend in line with Department policies and procedures | Re-engineered HR Processes | <ul style="list-style-type: none"> ▪ Number of assessments conducted ▪ Number of forms revised ▪ Number of processes amended | 31 Mar 2004 | |
| To provide direct services (e.g. staffing, payroll, labour relations) and staff development programmes responsive to the need of the Department and delivered at the highest possible standards of quality | Develop streamlined Departmental wide approach that provides timely, accurate and consistent responses to personnel matters affecting employees | Advising on HR issues | <ul style="list-style-type: none"> ▪ No. submissions received and submitted to senior managers | 31 Mar 2004 | |
| To provide human resource infrastructure planning and consultancy support throughout the Department to help achieve organizational improvement | <p>Prepare a Service delivery Improvement Programme, addressing the regulatory issues such as:</p> <ul style="list-style-type: none"> ▪ consultation arrangements with departmental customers ▪ customer access to services and barriers to these ▪ mechanisms to remove barriers ▪ standards for departments main services ▪ system for mechanism of complaints | Develop and implement a Service Delivery Programme | Implemented Service Delivery Programme | 31 Mar 2004 | R50 000 |
| To ensure that the Department fulfils its statutory and audit requirements and has in place systems to monitor compliance and performance. | <ul style="list-style-type: none"> ▪ Review current departmental policies and procedures and ▪ Implement system for maintenance and monitoring of policies and procedures | Development of a Departmental Policies and Procedures Manual | Clarity, timeliness and quality of manual developed | 31 Mar 2003 | R20 000 |
| To assist in ensuring that staff are appropriately skilled to provide high quality services to the communities served. | <p>Prepare a Service delivery Improvement Programme, addressing the regulatory issues such as:</p> <ul style="list-style-type: none"> ▪ consultation arrangements with departmental customers ▪ customer access to services and barriers | Develop and implement a Service Delivery Programme | Implemented Service Delivery Programme | 31 Mar 2004 | R30 000 |

| | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------|
| | <p>to these</p> <ul style="list-style-type: none"> ▪ mechanisms to remove barriers ▪ standards for departments main services ▪ system for mechanism of complaints | | | | |
| <p>To assist in ensuring that staff are appropriately skilled to provide high quality services to the communities served.</p> | <ul style="list-style-type: none"> ▪ Conduct a full skill assessment profile of all employees within the Department ▪ Investigate and develop education and training programs to enhance competency development and succession planning ▪ Develop and implement career development frameworks which enhance competency development and succession planning | <p>Foster a continual learning environment that develops employees so that they possess leading edge skills and competencies required to fulfil the Departments vision and mission. Emphasis will be on:</p> <ul style="list-style-type: none"> ▪ High quality technical training ▪ Change management support ▪ Leadership Development ▪ Career Management | <ul style="list-style-type: none"> ▪ Clarity, timeliness and quality of manual developed of Skills Assessment Report ▪ No of in-house training sessions held ▪ No. of bursaries approved ▪ Number of conference attended | <p>31 Mar 2004</p> <p>31 Mar 2004</p> <p>31 Mar 2004</p> <p>31 Mar 2004</p> | <p>RR50 000</p> |
| <p>To provide human resource infrastructure planning and consultancy support throughout the Department to help achieve organizational improvement</p> | <ul style="list-style-type: none"> ▪ Explore approaches to make the communication systems more effective ▪ Enhance linkages in the functions of employees with that of the Departmental goals | <p>Develop HR strategies to communicate:</p> <ul style="list-style-type: none"> ▪ Departmental vision and strategy ▪ A clear understanding of the organization and individual roles and responsibilities ▪ HR priorities like safety, people, excellence and integrity | <ul style="list-style-type: none"> ▪ Time taken per HR assignment ▪ No of queries and draft reports issued | <ul style="list-style-type: none"> ▪ 31 Mar 2004 ▪ 31 Mar 2004 | <ul style="list-style-type: none"> ▪ |
| <p>To assist in ensuring that staff are appropriately skilled to provide high</p> | <p>Assess current status of HR Plan and amend in line with revised strategic objectives of the</p> | <p>Human Resources Plan</p> | <p>Clarity, timeliness and quality of Human</p> | <p>30 May 2003</p> | |

| | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--|
| quality services to the communities served. | Department | | Resources Plan | | |
| To provide human resource infrastructure planning and consultancy support throughout the Department to help achieve organizational improvement | Review Employment Equity plan in line with revised strategic direction of Department | Employment Equity Plan | Clarity, timeliness and quality of Employment Equity Plan | 30 May 2003 | |
| To create a working environment which is safe, secure and encourages all staff to contribute to the best of their ability | <ul style="list-style-type: none"> ▪ Research and distribute core indicators and competencies to all staff ▪ Develop a strategy and methodology to reviews all employees throughout the Department ▪ Look at capabilities to analyse data for organizational design | <ul style="list-style-type: none"> ▪ Human Capital Requirements Assessment | <ul style="list-style-type: none"> ▪ No of training sessions held ▪ No of communication circulated and distributed ▪ Continuous assessment and update of the organizational structure i.e. Number of amendments made. | 31 Mar 2003 | |

7.5 Legal Services Unit

Mission

The Legal Services Unit shall strive to render outstanding professional guidance in operational matters of the department. The Unit is further committed to contributing to the provision of a substance financial environment in this organization.

Strategic Initiatives

- Establishment of a panel of private attorneys to serve the Department
- Review of all contracts entered into by the Department for compliance
- Receive the audit on provincial laws undertaken by the Provincial Advisory services with a view to determine impact on this Department
- Audit all contracts entered into by the Department with a view to testing monitoring and compliance

Key Work/Focus areas

- X To provide guidance to the entire department, advise the Minister, Senior Management and staff in all administrative legal matters.
- X To cooperate with other provincial departments on all legal related issues which have a direct bearing on Provincial Treasury and to ensure the recovery of costs of its activities wherever possible.
- X To draft subordinate legislation such as rules, regulations, legal prescripts and policies pertaining to the management of the department.
- X To continuously check compliance in the implementation of procedures and systems designed to manage potential risk areas.
- X To provide support service in order to manage and mitigate legal risks that might face the department and the Office of the Ministry.
- X Drafting, scrutinizing and editing contracts.
- X Management, coordination, preparation and referral of litigation matters to the Office of the State Attorney.
- X Regular review of legislation/policies applicable in the department.

Balanced Score Card

Legal Services Unit Balanced Score Card for 2003/04

| OBJECTIVE | TARGET | WEIGHT (%) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| A. Financial Objectives 1. To reduce expenditure on legal fees 2. To improve on asset utilization | Reduce expenses by 50% To improve by 3% per annum | 15 10 5 |
| B. Clients Objectives 1. To provide excellent service to other divisions 2. To achieve a high level of client satisfaction, as rated by divisions | To retain 100% and deliver 100% same range of services To achieve a rating of more than 80% by end 2003/04 | 50 30 20 |
| C. Internal Business Process Objectives 1. To reduce the time taken to complete the core business processes 2. To monitor and improve on the number of processes repeated 3. To improve on the way processes are performed. | To reduce cycle times by 50% in 2003/04 To improve by 20% per annum To introduce new innovations in each year. | 25 5 5 10 |
| D. Learning and growth (People and Skills) Objectives 1. To develop skills which will enable the department to deliver with excellence on its mandate 2. To create an environment that delivers results while maintaining staff satisfaction 3. To retain highly skilled employees in spite of high levels of performance required | To close 80% of all identified gaps per annum To strive to achieve an 90% staff satisfaction index by end 2003/04 To retain 90% of desired groups | 15 5 5 5 |
| TOTAL WEIGHT | | 100 |

Operational Plan for the Legal Services Unit, 2003/04

| Objective/Key Focus Area | Ref. to PP | Strategy/Activity | Output | Performance Measure | Target Date | Budget |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Providing guidance in all administrative legal matters Drafting subordinate legislation Reviewing of existing contracts Drafting and editing contracts Review of legislation applicable to the Department Managing referrals to the State and other Attorneys | 1-6 | <input type="checkbox"/> Research and Briefing <input type="checkbox"/> Reviewing policy and compilations <input type="checkbox"/> Testing of contracts signed by the Department against prescripts <input type="checkbox"/> Reviewing contracts for compliance and drafting contracts <input type="checkbox"/> Study the report from Prov. Legal Advisory Services / study existing legislation <input type="checkbox"/> Monitor all matters referred | <input type="checkbox"/> opinion/ instructions <input type="checkbox"/> regulations, policies and procedures <input type="checkbox"/> Compliance report <input type="checkbox"/> Valid contracts <input type="checkbox"/> Proposed amendments or repeals <input type="checkbox"/> Status report of referred matters | <input type="checkbox"/> Complete, error free and on time <input type="checkbox"/> Compliance with prescripts <input type="checkbox"/> Compliance with prescripts <input type="checkbox"/> Compliance with prescripts <input type="checkbox"/> No of reviews concluded <input type="checkbox"/> Timely conclusion of matters | <input type="checkbox"/> - 5 days after requests received <input type="checkbox"/> 14 days after original request <input type="checkbox"/> Apr 2003 <input type="checkbox"/> Ongoing <input type="checkbox"/> June 2003 <input type="checkbox"/> Ongoing | |

7.6 Communications Unit

Mission

In communicating our message to the public we serve, our actions would be informed by an understanding of the environment in which we work and the people we are trying to reach. We will, at all times, endeavour to communicate pro-actively, effectively and efficiently and conduct ourselves in a professional manner.

Strategic Initiatives

- X Creation of a procedure for making information readily available within the framework of the laws governing access to information.
- X Ensure effective dialogue (two-way conversation) between the department and its stakeholders
- X Identification of the appropriate language and mode of communication to reach target groups.
- X Ensuring the highest professional communication standards that are in keeping with those of the Department at all times.
- X Make persistent and deliberate efforts to positively promote the corporate identity and general image of the department, departmental policies, and programs.

Key Work/Focus Areas

- X Participate in the inter-departmental communication functions.
- X Initiate and coordinate departmental communication efforts; communicate line-function information, such as departmental-specific campaigns, media liaison, in-house publications and employee communication.
- X Plan and implement a media liaison strategy
- X Issue accurate information to the public and the media.
- X Establish and monitor the value of media coverage obtained
- X Update and maintain the web-site.

Balanced Score Card

Communications Unit Balanced Score Card for 2003/04

| OBJECTIVE | TARGET | WEIGHT (%) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| A. Financial Objectives 1. To reduce the operating cost of the department 2. To improve on asset utilization | Stay within budget - | 5 5 |
| B. Clients Objectives 1. To retain clients. To continue to deliver a range of services to current departments 2. To achieve a high level of client satisfaction, as rated by departments serviced and by stakeholders | To retain 100% and deliver 100% same range of services To achieve a rating of more than 80% by end 2003/04 | 50 25 25 |
| C. Internal Business Process Objectives 1. To reduce the time it takes to complete the core business processes in support of cost reduction, quality and efficiency improvement 2. To monitor and improve on the number of processes repeated 3. To improve on the way processes are performed. | To reduce cycle times by 25% in 2003/04 and 10% thereafter To improve on the first pass rate by 10% per annum To implement five innovations/ staff member/ year. | 10 5 5 |
| D. Learning and growth (People and Skills) Objectives 1. To develop skills which will enable the department to deliver with excellence on its mandate 2. To create an environment that delivers results while maintaining staff satisfaction 3. To retain targeted groups of employees in spite of the high levels of performance required 4. To upgrade skills of current personnel by ensuring that staff progress from low skilled to skilled, and from skilled to highly skilled specialists | To close 90% of all identified skills gaps per annum To achieve an 80% staff satisfaction index by end 2003/04 To retain 95% of desired groups To ensure that there is a 20% migration into each higher class from one below per annum | 35 10 10 5 10 |
| TOTAL WEIGHT | | 100 |

Operational Plan for the Communications Unit, 2003/04

| Objective/Key Focus Area | Ref. to PP | Strategic Activity | Output | Output/Performance Measure | Target Date | Budget |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <p>Up-to-date and complete information available</p> <p>To inform staff of latest developments in the department</p> <p>Distribution of printed speech and updating of the website.</p> <p>Distribution of printed Budget Statements to members of the Legislature. Updating of the website.</p> <p>Distribution of printed Report to the Legislature, Auditor-General, Government Library, other departments. Updating of the website</p> <p>Distribution of AFS to all interested and affected parties. Updating of the website.</p> <p>Distribution of Adjustments Estimates. Updating of the website.</p> <p>To promote the department and inform our publics of services we render and functions we perform.</p> <p>To promote the department and inform our publics of services we render and functions we perform. To communicate with our communities an appropriate and comprehensible message.</p> | | <p>Updating and maintenance of intranet and internet</p> <p>Obtaining news and latest events for updating the newsletter</p> <p>Ensuring enough copies are produced for distribution and are distributed effectively and timeously</p> <p>Ensuring enough copies are produced for distribution and are distributed effectively and timeously</p> <p>Ensuring enough copies are produced for distribution and are distributed effectively and timeously</p> <p>Ensuring enough copies are produced for distribution and are distributed effectively and timeously</p> <p>Design, layout and preparation of display boards</p> <p>Design, layout and preparation of posters and material for distribution</p> | <p>Website</p> <p>Newsletter</p> <p>Departmental Budget Speech Budget Statements</p> <p>Annual Report</p> <p>Consolidated Annual Financial Statements Adjustments Estimate</p> <p>Departmental Displays</p> <p>Road Shows</p> | <p>User-friendliness of intranet and internet. Extent to which information is readily available.</p> <p>Accurate reflection of current events within the department. All staff kept abreast of developments.</p> <p>Timeous distribution to all members of Legislature</p> <p>Timeous distribution to all members of Legislature</p> <p>Timeous distribution to all members of Legislature, Auditor-General, Government Library and other departments.</p> <p>Timeous distribution to all interested and affected parties</p> <p>Timeous distribution to all members of Legislature</p> <p>Meaningful stake-holder interaction and general interest expressed by the public</p> <p>Meaningful interaction with communities. Conveying of information using appropriate language and media</p> | <p>Ongoing</p> <p>Quarterly</p> <p>Feb 2004</p> <p>April 2003</p> <p>Aug 2003</p> <p>Aug/Sep 2003</p> <p>Nov 2003</p> <p>Ad hoc</p> <p>Ad hoc</p> | <p>R</p> |

PART D : BACKGROUND INFORMATION

8.1 Organisational Information and Institutional Environment

The Provincial Treasury consists of three main divisions and two special units that report directly to the Head of Department. The Accounting Control Division is led by Mrs Carol Coetzee who is also the Accounting Officer of the Department. The Budget and Procurement Division is led by Prof. NK Kusi and the Internal Audit Division is the responsibility of Mr VK Naicker. In addition to this responsibility, Mr VK Naicker has been tasked with the responsibility of human resources management. Legal Services and Corporate Communications are in the Office of the Head of Department. The Ministry is led by a Manager who is supported by five other members of that Ministry.

8.2 Organisational Boundaries

The Provincial Treasury is not decentralised into regions or district offices. This is centralised function with its offices in Pietermaritzburg. For historical reasons and for the convenience of some of the departments whose headquarters are in Ulundi, a small component of the Department is in Ulundi.

9. FINANCIAL MANAGEMENT

9.1 Delegations

Financial and personnel delegations for the operations of the Department have been issued and revised in line with the prescripts. Also, procurement delegations have been given to departmental accounting officers to procure goods and services up to the maximum of R1m. We are investigating the possibility of increasing this amount.

9.2 Capital Investment, Maintenance and Asset Management Plan

9.2.1 Long Term Commitments

The department rents its premises and has signed a 10 year lease agreement with Cenprop which will expire in May 2010. It is anticipated at this stage that we will remain in these premises until that time, however a detailed assessment will be undertaken in the medium term once information regarding the specific market is more realistic/measurable, suitable funds will then be made available in the respective financial year.

The department has entered into service level agreements with SITA based on the provincial business agreement. The aim of the agreement is to provide for effective procurement and management of information technology in the province, the actual performance is yet to be measured.

Medium term commitments are in the form of service lease agreements in the utilisation of office equipment. The department is currently in the process of identifying the most cost-effective method of undertaking business processes as part of the improvement of business process strategy and underlying objectives as contained in the Balanced score cards.

9.2.2 Capital Stock

The department maintains the following major categories of capital stock at historical cost :

| | | |
|----|------------------------|-------------|
| 1. | Pool vehicles | R 1 399 215 |
| 2. | Computer equipment | R 2 924 130 |
| 3. | Furniture and fittings | R 930 717 |
| 4. | Office Equipment | R 546 879 |

The department does not undertake any capital projects and as such does not acquire heavy plant and equipment. In the purchase of any capital stock an assessment of lease versus purchase is always undertaken to ensure the most cost-effective procurement.

In terms of the above capital stock the condition is generally good as the stock is placed in a fairly stable environment where few movements/changes are required. This further ensures the safety thereof and extends the expected lifespan. A substantial portion of the vehicle fleet needs to be replaced in terms of the criteria of expected life span in terms of Department of Transport's policy. This will not have an impact on the values presented above as they have a R1 book value, the replacements costs will however impact on the total value reflected above and these costs have been provided for in the MTEF. There is a shift from a large vehicle fleet to a smaller fleet with a simultaneous increase in subsidised vehicles. This has been phased in sync with the capacitating of the internal audit who are the primary users of the vehicles.

The department has established the current status/condition of all computer equipment and is formulating a replacement tool in line with the policy which will be utilised during the budgetary process in determining with accuracy the replacement costs of computer equipment over the MTEF.

The 2002/03 saw a drive to replace all redundant furniture and to standardise the layouts utilised throughout the department. This provides a professional environment in which interaction with our clients are facilitated and provides an improved working environment for the staff.

Average Annual Maintenance Expenditure

Maintenance costs in terms of Treasury House :

1. Non-recurrent: refurbishment of office accommodation will take place as the staff component's change. Additional office space will be required in terms of the changes to the organisation structure. Namely, creation of corporate services and suitable printing and registry facility, fraud and risk unit to expand substantially and appointment of personnel to provide additional advisory and administrative support to the procurement administration office . Provision has been made for the respective MTEF. The existing office building should be able to accommodate all staffing requirements.
2. Recurrent: annual maintenance of painting, and minor repairs. Has been provided for in the MTEF of approximately R83 000 per annum.
3. Average annual maintenance costs for vehicles is currently running at R120 000 for 27 vehicles.
4. Average costs being incurred in the maintenance of computer and other equipment is R18 000. This is particularly low as computers are generally purchased with a three year guarantee and are replaced in terms of the depreciation policy at the end of the three years.

9.3 Information Technology Systems

In order to provide efficient services to our client departments the department is currently reviewing all business processes in order to determine whether information technology systems can assist or enhance service delivery. In particular the business processes anticipated to be impacted upon are internal audit, procurement, monthly management reporting, communication and correspondence, human resource management.

The department maintains the transversal financial management system (FMS) and stores systems (PAS and LOGIS). The department currently provides a users' support structure whereby on-line queries and formalised training is provided to all provincial users. The system is owned by National Treasury and enhancements/development is therefore undertaken by National Treasury. The system is currently utilised by all provincial departments at a decentralised level and has been for several years. The system has major shortcomings in terms of the statutory requirements as laid down by the PFMA such as the change to accrual based accounting.

Due to these shortcomings National Treasury has instructed this provincial government to migrate to the Basic Accounting System. The implementation of the system will be a phased approach bearing in mind the size and complexity of the various departments and the level of decentralisation in the province. The first sites to go live will take place in April 2003 and the last two departments will be completed in April 2004.

The department has a suppliers' database, which forms the "yellow pages" for departments in terms of the suppliers who may be engaged with in terms of procurement. The database is presently housed on the departmental web site, which serves to inform our clients both internally, and externally of the services provided and provincial policies, frameworks and procedures of financial management. Significant enhancements to the database are being finalised to provide more of a substantial tool in terms of managing procurement information in the province and to overcome the current and anticipated capacity constraints.

9.4 Performance Management System

Each official participating in the SMS has entered into a performance agreement with their respective senior manager. The agreement covers general responsibilities and specific deliverables in terms of the strategic plan's objectives. Furthermore, quarterly reviews are held with each official to determine whether the specific deliverables have been met in order to establish whether the department as a whole will meet its objectives and goals.

9.5 Expenditure Review

Expenditure Review for the Department:

| Financial Year | Actual Expenditure R'000 | Budgeted Expenditure R'000 | Adjusted Budget R'000 | Under/(over) expenditure R'000 |
|----------------|--------------------------|----------------------------|-----------------------|--------------------------------|
| 1998/1999 | 108 302 | 530 093 | 359 097 | 250 795 |
| 1999/2000 | 556 548 | 631 703 | 1 134 922 | 578 374 |
| 2000/2001 | 106 271 | 1 011 336 | 211 382 | 105 111 |
| 2001/2002 | 100 844 | 141 668 | 144 834 | 43 990 |

Comments:

The department has reflected a net savings for the past four years when comparing actual against adjusted budget. This can be attributed to the fact that the department carried in its vote the improvement of conditions of service for the province of KZN and the debt redemption reserve. The full amount provided for was not allocated to the provincial departments and the surplus remained within this department.

The major factor leading to the adjustment in the budget is the allocation of the improvement of conditions of services and the allocation of the debt redemption reserve to the provincial departments up until the 2000/01 financial year.

The department has not experienced any unauthorised expenditure and the applications for roll-overs have been specifically for the conditional grants in relation to the LOGIS implementation strategy and capacitating of internal audit.

In terms of measuring the efficiency of the department's service delivery this can prove to be very difficult as the services rendered are generally advisory in nature and cannot be measured accurately as the associated costs are generally the overhead expenditure of the department in terms of the personnel and supporting infrastructure.

In order to ensure sound financial management specific policies have been developed and will continue on a needs basis in order to ensure a standardised approach to all financial management issues. In terms of managing the financial budget of the component, monthly management reports are prepared to indicate the spending levels and the areas of spending pressures.

The component presently comprises of a variety of skills in financial management. Specific assessments will be undertaken to determine the areas required for training in order to enhance the existing skills. Furthermore the need for financial management skills is a requirement throughout the province and the initiation of the TOPP program will ensure that the necessary skills are obtained and are maintained within the public sector. In terms of formal training, officials are guided in terms of selecting degrees/diplomas appropriate to their financial management responsibilities and career aspirations.

9.6 Audit Queries

An unqualified audit report for the 2001/02 financial year and the issues contained in the audit report provides a clear indication of the improvements in the financial management of the department. The following serves to highlight the key issues raised in the Auditor-General's reports in the last 3 years. We have addressed these issues through system changes or through the development and implementation of a suitable policy where considered necessary.

2001/2002

1. The official name change of the department
2. Revision of duty sheets is required.
3. The processes surrounding the certification of payrolls.
4. The review of dishonoured cheques ledger account.

2000/2001

1. Taxation implications on fringe benefits and subsistence and travel reimbursements
2. Interest accrual on debtors accounts being inadequate
3. The write off of significant debtors balances
4. The lack of an IT disaster recovery plan

1999/2000

1. Taxation implications on fringe benefits and subsistence and travel reimbursements
2. Interest accrual on debtors accounts being inadequate
3. Long-outstanding transactions reflected in suspense accounts
4. Lack of fixed assets register and annual stock taking
5. Inefficiencies of the Tender Board