

# Vote 8

## PROVINCIAL TREASURY

<b>AMOUNT TO BE APPROPRIATED:</b>	<b>R 79 249 000</b>
<b>STATUTORY AMOUNT:</b>	<b>R 852 000</b>
<b>RESPONSIBLE EXECUTIVE AUTHORITY:</b>	<b>MEC FOR FINANCE AND ECONOMIC</b>
<b>ADMINISTERING DEPARTMENT:</b>	<b>DEPARTMENT OF FINANCE</b>
<b>ACCOUNTING OFFICER:</b>	<b>HEAD OF THE DEPARTMENT</b>

### 1. OVERVIEW

#### Vision

We strive to promote efficient, effective and transparent economic use of provincial resources.

#### Mission

Render timeous and responsive service delivery to clients through:-

Enforcing the implementation of the Public Finance Management Act and Municipal Finance Management Act;

Preparation of sound, sustainable and developmental provincial budgets;

Promotion and monitoring of the sustainability of local government budgets;

Sound management of departmental provincial government's financial assets and liabilities;

Promotion of sound supply chain management practices at provincial and local government level;

Optimisation of provincially collected own revenue;

Enhancement of sound cash management, accounting practices, policies and systems;

Ensuring alignment of strategic plans and budgets to Provincial Growth and Development strategy;

#### Core Function and Responsibilities

The core function and responsibilities of a Provincial Treasury are outlined in the Public Finance Management Act and the Municipal Finance Management Act and briefly entails the following:

- The preparation of the provincial budget.
- Exercising control over the implementation of the provincial budget.
- Promoting and enforcing transparency and effective management of revenue, expenditure, assets and liabilities of the provincial departments and public entities.
- Issuing provincial treasury instruction.
- Enforcing the Public Finance Management Act and any prescribed norms and standards.
- Assisting provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management.
- Complying with the annual division of revenue act.

- Investigation of any system of financial management and internal control applied by a provincial department or public entity.
- Monitoring local governments' budgets.
- Intervening by taking appropriate steps to address a serious persistent material breach of the Public Finance Management Act by a provincial department or a public entity and lastly to
- Prepare consolidated financial statements.

### **Types of Services Rendered**

The services rendered by the department are consumed internally by the provincial departments, public entities and local municipalities and they range from assisting departments to plan, implement and monitor their budgets, ensuring that departments optimise their revenues collection, monitoring the performance of local governments budgets, assisting departments to implement and maintain personnel salary system, basic accounting system, proper implementation of supply chain management best practices, management of assets, to providing assistance to implement and maintain proper accounting records, preparation of annual financial statements and to monitor the implementation of the Public Finance Management Act and the Municipal Finance Management Act.

### **Acts rules and regulations that the department must consider**

Constitution Act No.108 of 1996  
 Public Finance Management Act (Act 1 of 1999) as amended (PFMA)  
 Division of Revenue Act as annually enacted  
 Treasury Regulations, March 2005 (as amended)  
 Preferential Procurement Policy Framework Act (Act 5 of 2000)  
 Preferential Procurement Regulations  
 Public Service Act (Act 103 of 1994) as amended  
 Occupational Health and Safety Act  
 Promotion of Access to Information Act, 2000 (Act 2 of 2000)  
 Employment Equity Act, 1998 (Act 55 of 1998)  
 Labour Relations Act, 1995 (Act 66 of 1995)  
 Municipal Financed Management Act, 2003 (Act 56 of 2003) (MFMA)  
 Skills Development Act 1998 (Act 97 of 1998)  
 Skills Development Levies Act (Act 9 of 1999)  
 Qualification Authority Act, 1995  
 Revenue Act 12 of 1998  
 SITA Act  
 Provincial Appropriation Act  
 Provincial Adjustment Appropriation Act  
 Public Service Regulations, 2001  
 Public Service Co-ordinating Bargaining Council Collective Agreements  
 Basic Conditions of Employment Act  
 Medium Term Budget Policy Statement.  
 Intergovernmental Fiscal review  
 Report of the Auditor-General on the accounts of Government  
 Budget review documents  
 Financial and Fiscal Commission's recommendations.  
 Northern Cape Tender Board Act (2:1994) and regulations  
 Northern Cape Provincial Supply Chain Management Policy  
 Provincial Growth and Development Strategy

## **2. REVIEW OF THE CURRENT FINANCIAL YEAR (2005/2006).**

The turnaround strategy for the budget management office is almost complete. The last phase will be completed in the first quarter of the 2006/07 financial year.

During the year a debt redemption strategy was developed to address previous years unauthorized expenditure. This strategy was approved by the executive Council. Expenditure management of provincial departments has improved.

An in depth analysis and reporting exercises are conducted regularly. The budget management office held a successful budget Lekgotla on the 1<sup>st</sup> and 2nd of November 2005. The presentations at the Budget Lekgotla focused on budget issues, audit outcomes and supply chain management practices.

By the end of the 2005/06 financial year, key personnel in Management structure will have been appointed. During the 2005/06 financial year, a new directorate responsible for ensuring own revenue collection improvement was established; however it is not yet fully functional.

The Municipal Finance Management Act (MFMA) came into operation from the 1<sup>st</sup> of July 2005. A memorandum of understanding between Provincial Treasury and the Department of Housing and Local Government detailing processes and procedures to be followed, responsibilities and powers in terms of the Municipal Finance Management Act has been entered into.

The Infrastructure Delivery Improvement Programme (IDIP) has been completed and business cases have been signed by the Department of Transport, Roads and Public Works and the Department of Education.

One major challenge that the faced the department during this period, was the investigation into the suspense account that could not be resolved by the departmental officials. Forensic auditors have appointed to investigate the nature of the huge suspense account.

## **3. OUTLOOK FOR THE COMING FINANCIAL YEAR**

During the 2006/07 financial year, efforts will be made to intensify the improvement of own revenue collection. The last phase of the restructuring of the budget office will be completed. Key personnel to drive the objectives of the department will be in place.

However, a number of challenges still face the department. The budget office will need to deepen political participation the budget preparation process and to provide budget technical assistance to the Portfolio Committee on Finance of the Provincial Legislature.

The Municipal Finance directorate will be faced with the challenge of building good working relationships between the department and Local and District Municipalities, providing of budget technical assistance to municipalities and rolling out key budget aspects in terms of the Municipal Financial Management Act and ensuring compliance therewith.

The fiscal policy unit will be faced with the challenge of ensuring that departments optimize and expand provincial own revenue sources.

During the 2006/07 financial year, Supply Chain Management (SCM) will be faced with the challenge of fully implementing SCM in all provincial departments and public entities, as the tender board will be phased out during this period. Key element with regard to Local Government will be to provide assistance with the implementation of SCM at Local Government level.

The supporting and interlinked financial systems will be challenged to popularise the use of Vulindlela as a management tool, to plan, monitor and control the budget.

The Accounting services directorate will be faced with the challenge of ensuring that matters of emphasis in the annual reports are drastically reduced and suspense accounts reconciled and cleared.

The Norms and Standards will have to perfect the basics of compliance regime in terms of PFMA and MFMA, including developing processes and procedures to track the implementation of SCOPA resolutions.

Provincial Technical Assistants Teams will be appointed in our Province from 1 April 2006. They will be situated in the Department of Education and Public Works. They will be responsible for:

- Implementing alternative models for accelerated delivery and capacity building;
- Developing a robust planning and budgeting capability, in line with IDIP principles;
- Developing an immovable asset management capability, which includes planning , budgeting and monitoring & evaluation relating to infrastructure maintenance and management;
- Developing efficient and effective integration and coordination mechanisms between the departments and its infrastructure implementing agents and
- Developing efficient and effective integration and coordination mechanisms between departments and other entities responsible for infrastructure planning.

## 4. RECEIPTS AND FINANCING

### 4.1 SUMMARY OF RECEIPTS

The following sources of funding are used for the Vote: 8

Table 4.1: Summary of Receipts: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Treasury Funding									
Equitable share	45,710	67,677	45,183	68,167	68,167	65,030	80,101	81,017	85,068
Conditional grants									
Departmental Receipts	11,465	1,708	631	100	100	100	2,500	2,625	2,756
Total receipts	57,175	69,385	45,814	68,267	68,267	65,130	82,601	83,642	87,824

Table 4.2: Departmental receipts: Provincial Treasury

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
R thousand	2002/03	2003/04	2004/05	2005/06			2006/07	2007/08	2008/09
Tax receipts									
Casino taxes									
Horse racing taxes									
Liquor licences									
Motor vehicle licenses									
Sales of goods and services other than capital assets			37						
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land	11,465	1,708	587	100	100	100	2,500	2,625	2,756
Sales of capital assets									
Financial transactions in assets and liabilities			7						
Total departmental receipts	11,465	1,708	631	100	100	100	2,500	2,625	2,756

Table 4.3 Summary of Receipts: Provincial Treasury

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
R thousand	2002/03	2003/04	2004/05	2005/06			2006/07	2007/08	2008/09
Treasury Funding									
Equitable share	45,710	67,677	45,183	68,167	68,167	65,030	80,101	81,017	85,068
Conditional grants									
Other									
Total Treasury Funding	45,710	67,677	45,183	68,167	68,167	65,030	80,101	81,017	85,068
Departmental receipts									
Tax receipts									
Sales of goods and services other than capital assets			37						
Transfers received from:									
Fines, penalties and forfeits									
Interest, dividends and rent on land	11,465	1,708	587	100	100	100	2,500	2,625	2,756
Sales of capital assets									
Financial transactions in assets and liabilities			7						
Total departmental receipts	11,465	1,708	631	100	100	100	2,500	2,625	2,756
Total receipts	57,175	69,385	45,814	68,267	68,267	65,130	82,601	83,642	87,824

## 5. PAYMENT SUMMARY

THE MTEF BASELINE ALLOCATIONS FOR THE PERIOD 2005/06 TO 2007/08 ARE:

Financial year: 2004/05: R80,101 million

Financial year: 2005/06: R81,017 million

Financial year: 2006/07: R85,068 million

Table 5.1: Summary of Payments and Estimates: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05						
Administration	8,623	11,787	13,743	24,951	24,951	24,275	23,879	24,640	25,967
Sustainable resource Management	18,148	33,191	17,333	21,017	21,017	18,556	19,495	20,361	21,505
Asset and Liabilities Management	14,983	18,303	11,778	14,995	14,995	14,995	27,651	26,465	27,506
Financial Governance	3,283	3,664	1,567	6,403	6,403	6,403	8,224	8,644	9,138
<b>Total payments and estimates</b>	<b>45,037</b>	<b>66,945</b>	<b>44,421</b>	<b>67,366</b>	<b>67,366</b>	<b>64,229</b>	<b>79,249</b>	<b>80,110</b>	<b>84,116</b>
<b>Statutory Amount*</b>	<b>673</b>	<b>732</b>	<b>762</b>	<b>801</b>	<b>801</b>	<b>801</b>	<b>852</b>	<b>907</b>	<b>952</b>
<b>Total</b>	<b>45,710</b>	<b>67,677</b>	<b>45,183</b>	<b>68,167</b>	<b>68,167</b>	<b>65,030</b>	<b>80,101</b>	<b>81,017</b>	<b>85,068</b>

\* Amount forming a direct charge on the Provincial Revenue Fund

Table 5.2: Summary of Provincial Payments and Estimates by Economic Classification: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05						
<b>Current payments</b>	<b>44,885</b>	<b>66,769</b>	<b>43,490</b>	<b>66,291</b>	<b>66,291</b>	<b>62,762</b>	<b>77,100</b>	<b>78,658</b>	<b>82,591</b>
Compensation of employees	13,734	17,581	20,850	31,675	31,675	29,951	45,632	48,125	50,887
Goods and services	31,017	49,188	22,640	34,616	34,616	32,811	31,468	30,533	31,704
Interest and rent on land									
Financial transactions in assets and liabilities	134								
Unauthorised expenditure									
<b>Transfers and subsidies:</b>	<b>11</b>	<b>63</b>	<b>92</b>	<b>119</b>	<b>119</b>	<b>113</b>	<b>21</b>		
Provinces and municipalities	11	63	92	119	119	113	21		
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
<b>Payments for capital assets</b>	<b>141</b>	<b>113</b>	<b>839</b>	<b>956</b>	<b>956</b>	<b>1,354</b>	<b>2,128</b>	<b>1,452</b>	<b>1,525</b>
Buildings and other fixed structures									
Machinery and equipment	141	113	828	956	956	1,354	2,091	1,412	1,483
Cultivated assets									
Software and other intangible assets			11				37	40	42
Land and subsoil assets									
<b>Total economic classification</b>	<b>45,037</b>	<b>66,945</b>	<b>44,421</b>	<b>67,366</b>	<b>67,366</b>	<b>64,229</b>	<b>79,249</b>	<b>80,110</b>	<b>84,116</b>
<b>Statutory Amount*</b>	<b>673</b>	<b>732</b>	<b>762</b>	<b>801</b>	<b>801</b>	<b>801</b>	<b>852</b>	<b>907</b>	<b>952</b>
<b>Total</b>	<b>45,710</b>	<b>67,677</b>	<b>45,183</b>	<b>68,167</b>	<b>68,167</b>	<b>65,030</b>	<b>80,101</b>	<b>81,017</b>	<b>85,068</b>

\* Amount forming a direct charge on the Provincial Revenue Fund

## 6. PROGRAMME DESCRIPTION

### 6.1 PROGRAMME 1: ADMINISTRATION

**AIM:** : Provides for the determination of political priorities, special projects and policy formulation by the Member of the Executive Committee as well as management within the Department, tasked with the effective, efficient and economic implementation of such policies.

Table 6.1: Summary of payments and estimates: Programme 1 Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Office of the Mec	1,161	2,319	4,394	4,184	4,184	4,440	4,293	4,512	4,747
Management Services	1,972	1,848	1,314	1,821	1,821	2,362	2,059	2,166	2,279
Corporate Services	4,647	6,698	4,693	10,084	10,084	9,232	8,767	8,918	9,408
Financial Management (CFO)	843	922	3,342	8,862	8,862	8,241	8,760	9,044	9,533
Total	8,623	11,787	13,743	24,951	24,951	24,275	23,879	24,640	25,967

Table 6.1.1: Summary of payments and estimates by economic classification: Programme 1 Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Current payments	8,471	11,651	12,926	24,083	24,083	23,537	23,006	24,219	25,525
Compensation of employees	3,997	6,128	7,524	12,003	12,003	11,161	14,406	15,189	16,044
Goods and services	4,340	5,523	5,402	12,080	12,080	12,376	8,600	9,030	9,481
Interest and rent on land									
Financial transactions in assets and liabilities	134								
Unauthorised expenditure									
Transfers and subsidies:	11	23	50	51	51	49	6		
Provinces and municipalities	11	23	50	51	51	49	6		
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	141	113	767	817	817	689	867	421	442
Buildings and other fixed structures									
Machinery and equipment	141	113	767	817	817	689	830	381	400
Cultivated assets									
Software and other intangible assets							37	40	42
Land and subsoil assets									
Total economic classification	8,623	11,787	13,743	24,951	24,951	24,275	23,879	24,640	25,967

### Service delivery measures

Table 1.1: Sub-programme 1.1: Office of the Provincial MEC

Measurable Objectives	Performance Measure Indicator	2006/07 Target
Create the operational environment to assist the MEC to exercise his constitutional obligations	An annual working programme	Approved plan by April 2005
Monitor implementation of policies by the department	Recorded analysis of quarterly reports of the department	At least 4 reports from the office to the department
Ensure effective communication of the activities of the MEC	Articles on newspapers, media statements, press conferences	4 reports to the MEC on progress
Liaise with Cabinet, legislature and cluster committee meetings	Submission of Cabinet memos	Cabinet memos on request
Manage the monthly budget of the office of the MEC	Signed reports	12 reports
Manage stakeholder relations and ensure that the MEC is in regular contact with stakeholders	Briefing sessions and meetings held with stakeholders	4 reports

Develop a policy for projects to be finance from the fund	An approved policy exists	Policy approved in April 2005
Implementation of approved projects	Submit quarterly a report to the MEC on progress	4 reports
	Number of projects implemented successfully	6 projects
Strengthen linkage between Treasury, and Provincial Cabinet.	Establish a sound relationship and communication link	4 reports

**Table 1.2: Sub-programme 1.2: Management Services**

Measurable Objectives	Performance Measure Indicator	2006/07 Target
Regular management meetings	Decisions implemented	24 meetings
Regular financial management meetings and reports	Monthly reports to the MEC timeously	12 reports
Regular reports on performance	Quarterly reports to the MEC timeously	4 reports
Develop processes for preparing strategic planning, operational plans, quarterly reports, and annual reports	Processes and procedures documented and implemented	Draft 5 year Strategic plan and 3 year Annual Performance Plan submitted by August 2005
		3 Year Annual Performance Plan tabled in March 2006
		Operational plans submitted to MEC in April 2005
		Annual report published in September 2005
Feedback to MEC on strategic developments	Regular benchmark reports on motivational and international direction	2 reports per programme
Delegate responsibilities to appropriate levels	An approved document with delegations	Revised July 2005
Strategic and operational plans	Approved plans	Complete March 2005
Performance Agreements and duty sheets	Signed documents	100%
Budget Managements	Compile and Monitor Budgets	Meet target dates of the treasury with the PR 1: Administration budget
Performance Measurement	Document approved by accounting officer	100%
Feedback to MEC and Management on strategic developments	Regular benchmark reports on motivational and international directions	2 reports per programme
Internal audit reports to management	Quarterly reports and corrective steps taken	4 internal audit reports



**Table 1.3: Sub-programme 1.3: Corporate Services**

<b>Measurable Objectives</b>	<b>Performance Measure</b>	<b>2006/07 Target</b>
Implementation of new organisational structure	100% implementation of structure	70% implemented
Develop and implement performance management	Signed Performance Agreements	60% of personnel
Prepare HRM policies	Policies in line with legislation	60% of policies exist
Implement Performance Management and Development System	Recognition and reward system functional	100% implemented
Comply with National Minimum Information Requirements	All employee records comply with NMIR	80% implemented
Develop and review Employment Equity Plan and affirmative action plan/policy	Approved Policy and plan	Policy approved and 70% implementation
Training and advice of misconducts and grievance procedures to supervisors and staff in general	An approved training manual	Manual operational
Ensure sound labour relations in the workplace	Minimum grievances and misconduct cases reported	50% reduction
Implementation of the code of conduct	Decrease on incidents of misconduct	75% reduction
Develop a Workplace Skills Plan	An approved plan	Plan to be approved
Identify training needs and co-ordinate training	Assessment of needs completed and courses scheduled	Assessment study and training plan completed
Consultation with relevant Sectoral Education Training Associations (Seta's)	Monitor against requirements of the legislation	4 reports
Introducing ABET programmes	Register illiterate workers for training	Develop ABET program in conjunction with Dept of Education
Reporting by supervisor on improvement in performance of personnel after training	Reports and evaluation on six monthly basis	2 Reports
Implement Learnerships, Internships in the Department	Register learnerships for staff in the department	Targets to be set by Cabinet annually
	Registered Learnerships for unemployed persons taken into the department	15 Registered Learners
	Graduated Interns on the Public Service Graduate Work Experience Programme	5 Graduates
Implementing the Public Service Induction Programme	Identify Critical areas and schedule and conduct training courses	Determine levels
Initiate and participate in programmes for people with disabilities	Approved programmes	4 programmes
Forming partnership with NGO's, Social Services and Youth groups and support provincial programmes	Approved programmes	8 programs
Initiate youth empowerment programmes	Approved programmes	4 programs

<b>Measurable Objectives</b>	<b>Performance Measure</b>	<b>2006/07 Target</b>
Policy on all gender activities	Approved Policy and training of gender committee and personnel and a number of projects implemented	Implementation of at least 1 women's empowerment project
Policy to manage HIV/Aids programmes	Approved Policy	5 Projects
Assess departmental plan with regard to recruitment of disabled persons	Approved policy	70% implementation
Policy in terms of Information Act	Approved departmental policy to ensure registries are in a position to comply	80% implemented
Ensure compliance to the access to information act	Accessibility of all records	50% accessible
Establish an electronic file management system	Approved specifications	Compile specifications for approval 20% operational
Develop a functional website as a first step to E-governance	Approved specifications	100% operational
Establish an effective back-up system	Approved specifications	Maintain
Installation of SACSA approved encryption software for laptops	Approved specifications	Approved specifications and 25% implemented 20% operational
Prepare and maintenance for the Information Technology requirements of the department	An approved needs analysis report and maintenance	Update, repair and maintain
Drafting of all relevant legislations (Acts)	Number of provincial legislation bills enactment by Cabinet	As required
Drafting of Regulations	Approval by MEC	As required
Provide legal opinions on request	Legal opinion	As required
To advise and ensure sound Labour Relations	Investigations and facilitation of disciplinary matters and grievance procedures.	Reduction by 40%
	Advice on PSCBC resolutions	Workshops
Drafting of all contracts	Signed Contracts	As required
Provide sound legal advice on the interpretation of all legislation, policies and other relevant statutes	Acceptance of advice	As required
To ensure compliance on Safety and Health Regulations in accordance with the Occupational Health and Safety Act	Implementation of the occupational health and safety Act	Implementation and training 2 reports
Legislative audit	Auditing of all departmental legislation and policies	Approval of the legislative audit plan and legislative process begins
Develop a policy document indicating the strategy, the clients, the methods, the procedures, and the timeframes applicable	An approved policy exists	Revised in April 2005
To implement and maintain approved filing system	Approved filing system implemented and maintained	To be implemented
Implement and ensure effective and	Satisfied clients	Training and 2 reports

Measurable Objectives	Performance Measure	2006/07 Target
efficient registry service to all stakeholders		
Provide an effective telephone service	Satisfied clients	Monitoring and reports
Provide suitable accommodation	Official housing and office accommodation and maintenance thereof	Monitoring and maintenance
Effective transport administration	To ensure that officials receive an effective and efficient transport service	Review and allocate transport to department

**Table 1.4: Sub-programme 1.4: Financial Management (Office of the CFO)**

Measurable Objectives	Performance Measure Indicator	2006/07 Target
Compile a check list for financial supervisors to check and prevent audit queries such as:	Assign responsibility to a specific official to compile a check list for approval by the accounting officer	Evaluation of audit report and taking of corrective steps
(a) Allocation of recovered expenses to objectives	No reporting item on this matter	0 findings
(b) Register for donations received and given by the Department	Existence of register – reviewed by a senior official	0 findings
(c) Internal control weakness for expenditure source documents	Weaknesses to be reduced by 50%	3 findings
(d) Supporting documentation on home owner's allowance placed on file	No audit finding	0 findings
(e) Persal and Bas reconciliations	Monthly persal and bas reconciliations	0 findings
(f) Weaknesses in terms of asset register	Audit findings reduced	2 findings
(g) No formal documentation on budgetary process	Existence of a budget model	0 findings
(h) Bank and cash reconciliations reviewed by senior official	Monthly bank reconciliations signed-off by senior official	0 findings
(i) Weaknesses with regard to transport agency	No audit findings	0 findings
(j) Regular clearing of suspense accounts	Monthly files of suspense accounts reviewed by a senior	0 findings
(k) No stock cards and no requisition attached to payment	No reporting item with regard to inventory	0 findings
(l) No policies and procedures to ensure recoverability of debt	Debt policy	0 findings
(m) Payments made within 30 day period of receipt of invoice	Bi-weekly reports reviewed by senior official relating to outstanding orders	0 findings
(n) Implementation of SCM Framework	100% implementation of SCM	0 findings
(o) Timeous banking	No audit findings	0 findings

<b>Measurable Objectives</b>	<b>Performance Measure Indicator</b>	<b>2006/07 Target</b>
(p) Other non-compliance issues	Not exceeding 3 non-compliance paragraphs	3 findings
(q) Submit financial statements in accordance with the PFMA requirement	30 May annually	30 May 2006
Ensure that all areas of responsibilities can be determined (Section 45 of the PFMA) through written delegations	Performance Agreements signed at managerial level and duty sheets/ job descriptions at operational level	Performance agreements by October 2005 and duty sheets signed by July 2005 and delegations revised by December 2005
Compile a PFMA implementation plan – for paragraphs not implemented as yet – specifically Treasury Regulations	Approved Plan	Compile a structured PFMA plan for approval of the Accounting Officer by October 2005
Develop effective budgeting processes	An approved budget model developed to ensure funds allocated according to strategic plan and needs	Update manual and processes to ensure full integration of strategic planning with budgeting and that programme managers take ownership of processes and budgets
Ensure effective control of budgets and develop reporting manuals and mechanisms for the IYM	An approved reporting manual and mechanisms	Update manuals and mechanisms
	Implement a commitment register	Commitments recorded on a daily bases and reported monthly
Develop process	Target dates set	To be finalised
Monitor plan	Targets met	To be finalised
Revise plan content	In line with Treasury guidelines	To be done
Monitor monthly performance against operational plan	Quarterly Report to Hod on significant deviations from strategic plan	4 reports
Co-ordinate and submit all reports and models as requested from National Treasury, and other stakeholders	Check list of all reports required with required target dates and check list on dates reports and models submitted	80% timeous submission of all reports/ models -
Improve the provisioning processes	Approved Provisioning Policy	Approved provisioning policy and processes by October 2005
Compile a departmental Procurement Policy for goods and services including professional services in line with the Preferential Procurement Policy Framework Act (PPPFA)	Approved Policy and manuals available	Policy and manuals approved by December 2005
		Monitor compliance
Ensure availability of courses	Trained committee members and staff	1 course
Finalise tenders within reasonable period after closure	Tenders finalised on time	60% of tenders timely approved

## 6.2 PROGRAMME 2 – SUSTAINABLE RESOURCE MANAGEMENT

**AIM:** To provide professional advice and support the HoD on provincial fiscal policy, public finance development and management of the annual provincial budget process, and overall to manage the provincial government's fiscal resources effectively.

Budget management, To oversee the provincial allocation process aligned with provincial policies/ growth and development strategy;

Economic Analysis, To oversee the provincial allocation process aligned with provincial policies/ growth and development strategy;

Fiscal Policy, To provide fiscal policy advice, determine the Medium Term Fiscal framework, develop and optimise the provincial revenue base and develop the provincial borrowing framework;

Public Finance, To provide departmental policy advice, ensure budget implementation and enhance service delivery

Table 6.2: Summary of payments and estimates: Programme 2 Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Programme Support							954	1,007	1,065
Economic Analysis	15,340	29,280	12,588	13,321	13,321	10,659			
Fiscal Policy	351	535	1,328	2,223	2,223	2,323	3,191	3,369	3,559
Budget Management	1,229	1,813	2,524	3,383	3,383	3,723	8,549	8,874	9,367
Public Finance	1,228	1,563	893	2,090	2,090	1,851	6,801	7,111	7,514
Total	18,148	33,191	17,333	21,017	21,017	18,556	19,495	20,361	21,505

Table 6.2.1: Summary of payments and estimates by economic classification: Programme 2 Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05						
				2005/06					
Current payments	18,148	33,179	17,262	20,876	20,876	18,155	18,756	19,732	20,845
Compensation of employees	3,159	3,882	5,113	8,700	8,700	8,026	14,888	15,671	16,581
Goods and services	14,989	29,297	12,149	12,176	12,176	10,129	3,868	4,061	4,264
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:		12	16	22	22	21	5		
Provinces and municipalities		12	16	22	22	21	5		
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets			55	119	119	380	734	629	660
Buildings and other fixed structures									
Machinery and equipment			44	119	119	380	734	629	660
Cultivated assets									
Software and other intangible assets			11						
Land and subsoil assets									
Total economic classification	18,148	33,191	17,333	21,017	21,017	18,556	19,495	20,361	21,505

### Service delivery measures

Table 2.1: Sub-programme 2.1: Fiscal Policy

Measurable Objective	Performance Measure	2006/07 Target
Formulation of provincial policies and guidelines relating to provincial own revenue	Policy and Guidelines	Approved document
Promote an attainment of revenue targets	Verifications and Reports	Tool tested
Promote research to assess the	Research agenda	Accepted

elasticity of revenue sources	tabled	
Ensure credible own revenue targets	Tests and reports	Tool Tested
Borrowing and taxation framework developed	Appropriate framework developed	Document approved
Debt collection optimised	An acceptable policy	Document approved
Loans, guarantees and other commitments managed	% reduction in risk	50% or Kept to minimum

**Table 2.2 : Sub – programme 2.2 : Budget Management**

<b>Measurable Objective</b>	<b>Performance Measure</b>	<b>2006/07 Target</b>
Annual Provincial Framework and Division of Revenue	Annual Budget Circular and timetable schedule produced  Provincial Treasury Guidelines produced in line with National Guidelines	Guidelines, Budget Circulars produced
Consolidate and compile annual medium-term budget policy objectives targeted to address and eliminate the socio-economic disparities.	Submission of provincial medium-term budget policy statement to Executive Council (EXCO).	NC – MTBS 2007 – 20010 100% Compliance
Determine and make recommendations on allocations per function to ensure the realization of policy priorities and further ensure alignment to PGDS and IDPs.	Equitable allocation of resources per function  Acceptance of allocation by Executive Council	Outcome based allocations (90% phased in)
	Allocations are in line with policy priorities	Allocation aligned with PGDS and IDPs
	Meeting of all due dates and timely corrective measures	100% Compliance
Consolidation and Preparation budget document and ensure the credible budget and ensure that Budget Statement 1 and 2 are reliable, accurate and in line with national guidelines	Bilateral Medium-term Expenditure (MTEC) Hearings	Assessments
	Expenditure Review	1 Review

Tabling of Provincial Annual Budget (Appropriation Act)	Submission of Budget documentation in line with prescribed formats and timelines to the Provincial Legislature	Within 7 days after the tabling of National Budget
Tabling of the Provincial Adjustments Budget (Adjustment Appropriation Act)	Submission of Budget documentation in line with prescribed formats and timelines to the Provincial Legislature	November
Co-ordinate Benchmark Exercise	Alignment of budget with PGDS, provincial priorities and IDPs	January
Approve Service Delivery and Budget Implementation plan	Submission of departmental Operational Plans linked to Strategic Plans	Linkages of operational plans to strategic plans and PGDS
Provide advice on sectoral policy issues for sustainable growth and development	Analyse financial and non-financial information for each sector to assess the alignment of strategic plans to the PGDS and IDPs	Improved alignment between budgets, strategic plans and PGDS
Consolidate and compile In-year monitoring reports and ensure that in-year spending monitoring is effective and of good quality. (monthly, quarterly, half year and yearly reports for the province produced	Expenditure in line with overall policy goals of the Province  Reports in line with prescribed i.t.o. both sections 32 and 40 of the PFMA	All reports compiled in terms of section 32(2) and 40(4) and submitted to the relevant stakeholders on time
Co-ordinate the Budgets and Expenditure Review	Timely submission of information	Financial and non-financial data to reconcile to ensure service delivery improvement
Co-ordinate and analyse departmental infrastructure business plans	Submission of departmental infrastructure plans in line with Infrastructure Improvement Plan (IDIP)	Linkages to policy priorities and PGDS
Analyse and report on infrastructure expenditure trends	Credible expenditure reports	Reports in compliance with prescribed reporting formats
Ensure the development and maintenance of provincial database	Update provincial budget database	Monthly updated in line with Expenditure and MTEF Allocations

**Table 2.3 : Sub – programme 2.3 : Cash Management**

<b>Measurable Objective</b>	<b>Performance Measure</b>	<b>2006/07 Target</b>
Effective Cash Flow management System.	Daily, Weekly, Monthly and Annual Cash Flow Reports.  Analysis of Expenditure Reports  Policy Statements	Reports  Reports
Effective transfer of funds in line with cash flow projections	Obtain requisition from (13) dept's Analysis of requisition reports Transfer of funds	Requisition reports
Implement & maintain provincial banking services	Verification of bank charges agreement Verification of interest agreement Evaluating banking services	
Maintain Provincial Liquidity.	Limit overdraft facility Maximize interest on surplus funds Limit funding to depts. In line with available funds	
Maintain Provincial Revenue Funds Operating Systems.	Maintain BAS CPD Business online	

**Table 2.4: Sub-programme 2.4: Municipal Finance**

<b>Measurable Objective</b>	<b>Performance Measure</b>	<b>2006/07 Target</b>
Implementation of the MFMA	MFMA implemented	100%
Compliance with the MFMA	MFMA complied with	40%
Compliance with relevant legislation that regulate intergovernmental relations		80%



Implementation of financial management reforms at municipal level		60%
Monitor and assist budget preparation process for municipalities		60%
Effective monitoring and advice with regard to monthly outcomes of municipal budgets		60%

### 6.3 PROGRAMME 3 –ASSET AND LIABILITIES MANAGEMENT

**AIM:** To provide policy direction, facilitating the effective and efficient management of physical and financial assets, PPPs and liabilities.

Table 6.3.: Summary of payments and estimates: Programme 3 Asset and Liabilities Management

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
R thousand	2002/03	2003/04	2004/05	2005/06			2006/07	2007/08	2008/09
Programme Support							970	1,024	1,083
Asset Management	624	1,636	2,036	5,839	5,839	5,623	5,148	5,431	5,736
Liabilities Management	2,258	1,704	2,568	3,533	3,533	3,533	16,672	14,997	15,392
Support and Interlinked Financial Systems	12,101	14,963	7,174	5,623	5,623	5,839	4,861	5,013	5,295
Total	14,983	18,303	11,778	14,995	14,995	14,995	27,651	26,465	27,506

Table 6.3.1: Summary of payments and estimates by economic classification: Programme 3 Asset and Liabilities Management

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
R thousand	2002/03	2003/04	2004/05	2005/06					
Current payments	14,983	18,282	11,735	14,960	14,960	14,907	27,268	26,185	27,211
Compensation of employees	3,662	5,739	8,213	5,390	5,390	5,390	9,164	9,684	10,240
Goods and services	11,321	12,543	3,522	9,570	9,570	9,517	18,104	16,501	16,971
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:		21	26	35	35	31	5		
Provinces and municipalities		21	26	35	35	31	5		
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets			17			57	378	280	295
Buildings and other fixed structures									
Machinery and equipment			17			57	378	280	295
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	14,983	18,303	11,778	14,995	14,995	14,995	27,651	26,465	27,506

#### Services delivery measures

Table 3.1: Sub-programme 3.1: Supply Chain Management

Measurable Objective	Performance Measure	2006/07 Target
Development and implementation of policies for the effective management of assets	Credible policies developed and implemented for SCM and PPP consistent with National policies and frameworks	SCM circulars issued. PPP policy guidelines updated
Promote access to Government procurement processes and maintain a provincial suppliers database	Provide basic training courses for entrepreneurs within the province in procurement processes. Maintain and update a provincial suppliers database. Collate and analyse monthly procurement statistics.	Target to train 200 entrepreneurs. Population of database ongoing and updating of information.
Provide training and support to SCM practitioners	Co-ordinate training courses on a needs basis. Establishment of a SCM	2 SCM I courses to be presented. Provincial SCM forum to meet monthly.

	Provincial Forum with a view of providing assistance and mentorship.	
Ensure compliance with SCM policies, procedures and processes	Attend all Departmental Specification and Adjudication Committee meetings.	Attend Specifications and Adjudication Committee meetings Investigate vendor complaints

Measurable Objective	Performance Measure	Target 2006/07
	Monitor vendor performance. Manage the restriction of suppliers via compliance committee. Monitor Departmental compliance	Co-ordinate compliance committee to restrict suppliers Investigate vendors complaints against departments compliance and visa versa
Manage transversal contracts	Co-ordinate provincial participation Co-ordinate strategic sourcing projects to maxims cost effectiveness within BEE policy framework	Liaise with provincial departments to maximize participation. Participate in national and provincial strategic sourcing exercises on a needs basis.
Implement a provincial logistic management system	Liaise with National Treasury to determine the appropriate route to follow.	Acquire system/tool and implement (depending on financial resources available) using a phased-in approach.

### Sub programme 3.2 Asset management

Measurable objective	Performance measure	Year 2 2006/07
Guidelines and Standards issued to Departments	Full compliance with Asset Management Guidelines and Standards	Achieved
Develop new standards and best practices	In line with National and International best practices.	Achieved.
Training Asset management staff in line departments	In line with national and International best practice	Achieved
Effective and efficient asset management in line departments.	Number of reports on effective and efficient asset management.	Achieved.
Economic life cycle and value for money asset management in line departments.	Number of reports on asset performance evaluations in line departments,	Achieved
Support to Senior Management of line departments on decisions for proper asset management.	One report per department annually.	Achieved.

**Table 3.3: Sub-programme 3.3: Supporting and interlinked financial systems**

Measurable objective	Performance measure	Year 2 2006/07
Effectively, efficiently and economically implemented and managed financial systems.	The daily monitoring of the existing systems to ensure that all exceptions, rejections are cleared prior to month closure	100% achieved.
	The proper interfaces between sub-systems and BAS achieved.	100% achieved.
	Logistical information system (LOGIS) fully rolled out to the remaining sites in the province.	Requested Sites successfully implemented.
	The monthly monitoring of the optimal utilisation of Vulindlela (WEB application)	95% utilisation of the management tool - Vulindlela
The smooth and cost- effective transition to the Integrated Financial Management Systems (IFMS)	Provincial Treasury to play an integral role in planning, development, testing and implementation phases..	The development and testing of the SCM module of IFMS and the further planning of the remaining modules.
	Data preparation and implementation of the various IFMS modules..	Not applicable.
Availability stability and accessibility of existing financial systems.	Availability and stability of existing financial systems to ensure an up-time of at least 95%.	95% uptime.
System functionalities comply to norms and standards.	Assessment of systems conducted and monitoring enhancements made by National Treasury	All user requirements submitted to National Treasury and rolled out within 2 weeks after release.
Fully skilled and capacitated system users.	Fully operational helpdesk managed by skilled staff rendering service to users. Ensure effective user support to all users	100% availability and accessibility of the helpdesk on a daily basis.
	Percentage officials appropriately trained on the various financial systems.	85 % of the users to be targeted.
A cost effective system.	Percentage deviation between actual expenditure and approved budget.	No more than 2% deviation between actual expenditure and approved budget.

**PROGRAMME 4 –FINANCIAL GOVERNANCE**

**AIM:** To promote accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standards.

**Table 6.4: Summary of payments and estimates: Programme 4 Financial Governance**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05						
Programme Support							970	987	1,046
Accounting Services	3,283	3,664	1,567	6,403	6,403	6,403	5,054	5,333	5,634
Norms and Standards							2,200	2,324	2,458
Risk Management									
<b>Total</b>	<b>3,283</b>	<b>3,664</b>	<b>1,567</b>	<b>6,403</b>	<b>6,403</b>	<b>6,403</b>	<b>8,224</b>	<b>8,644</b>	<b>9,138</b>

**Table 6.4.1: Summary of payments and estimates by economic classification: Programme 4 Financial Governance**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
<b>Current payments</b>	<b>3,283</b>	<b>3,657</b>	<b>1,567</b>	<b>6,372</b>	<b>6,372</b>	<b>6,163</b>	<b>8,070</b>	<b>8,522</b>	<b>9,010</b>
Compensation of employees	2,916	1,832		5,582	5,582	5,374	7,174	7,581	8,022
Goods and services	367	1,825	1,567	790	790	789	896	941	988
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
<b>Transfers and subsidies:</b>		<b>7</b>		<b>11</b>	<b>11</b>	<b>12</b>	<b>5</b>		
Provinces and municipalities		7		11	11	12	5		
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
<b>Payments for capital assets</b>				<b>20</b>	<b>20</b>	<b>228</b>	<b>149</b>	<b>122</b>	<b>128</b>
Buildings and other fixed structures									
Machinery and equipment				20	20	228	149	122	128
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
<b>Total economic classification</b>	<b>3,283</b>	<b>3,664</b>	<b>1,567</b>	<b>6,403</b>	<b>6,403</b>	<b>6,403</b>	<b>8,224</b>	<b>8,644</b>	<b>9,138</b>

**Sub-programme 4.1: Accounting Services**

Measurable objective	Performance measure	Year 2 2006/07
All transactions recorded and Financial Statements in line with formats and guidelines	Documented programme communicating procedures and due dates. Documented monitoring mechanism Compliance with statutory due dates and timely corrective measures.	100% compliance
	Unqualified Auditor-general reports Percentage qualified Auditor-General reports	Analyse reports of Auditor-General and take corrective steps.
	Percentage compliance with Generally Recognised Accounting Practise (GRAP) requirements.	100% compliance
	Roll out Standard Chart of Accounts (SCOA) to public entities.	Monitor
	Clear old balances inherited from previous government dispensations.	Finalised.
Financial data analysed and	Percentage compliance with	80% achieved.

interpreted.	and a 18 day turn around time for Provincial Treasury Interpretive narrative responses on departmental in-year monitoring reports.	
	Produce an Accounting Review within deadline.	80% achieved.
	Chief Financial Officer (CFO's) trained. Provide training on the interpretation of annual financial statements to CFO's	Target achieved.
	Improve on the disclosure of the financial data and transactions in terms of Revenue, Expenditure, Assets and Liabilities (REAL).	Disclosure notes assessed.
	Documented programme communicating procedures and due dates. Percentage compliance with statutory due dates and timely corrective measures.	Achieved.

**Table 4.2 Sub-programme 4.2 Norms and Standards (incl PFMA/MFMA compliance)**

Measurable objective	Performance measure	Year 2 2006/07
Guidelines and norms and standards issued to departments	Full compliance by accounting officers of normative standards	
Evaluation of current norms and standards	According to relevant guidelines and statutes	
Develop new standards and best practices	In line with best practices	
To prepare annual audit plan	Annually in line with risk assessment	
Conduct risk assessment	Quality risk assessment report	
To conduct regularity, performance and forensic audits	In line with the audit plan	
Measure all SCOPA queries issued by departments	Amount of queries per department  Check and verify responses provided	Achieved
Monitor all queries raised by the Auditor general	Responses per department 100% achieved  Satisfactory finalisation of queries	Achieved

Monitor compliance of PFMA/MFMA and relevant legislation and guidelines issued	Reduction in audit queries	Achieved
Monitor compliance of DORA requirements	Reduction in audit queries	Achieved

## 7. ADDITIONAL INFORMATION

Table 7.1: Personnel numbers and costs: Provincial Treasury

Personnel numbers	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008
Programme 1: Administration	8	48	61	82	82	82
Programme 2: Sustainable Resources Management	21	26	27	73	73	73
Programme 3: Asset and Liabilities Management	50	61	56	43	43	43
Programme 4: Financial Governance				33	33	33
<b>Total personnel numbers *</b>	<b>79</b>	<b>135</b>	<b>144</b>	<b>231</b>	<b>231</b>	<b>231</b>
Total personnel cost (R thousand)	13,734	17,581	20,850	31,675	31,675	29,951
Unit cost (R thousand)	142	132	172	179	189	130

\* Full-time equivalent

Table 2.12 Reconciliation of structural changes

Programmes for 2004/05			Programmes for 2005/06		
Programme 1: Administration	Office of the MEC Office of the HOD		Programme 1: Administration	Office of the MEC Office of the HOD Corporate Services Financial Management (CFO) Internal Audit	
Programme 2: Financial Planning and Resource management	Budget Management Resource Management Municipalities Management Supply Chain Management		Programme 2: Sustainable Resource Management	Budget Management Economic Analysis Fiscal Policy Public Finance	
Programme 3: Provincial Accounting	Provincial Management and Financial Accounting Salary Administration Financial System Management Asset Management		Programme 3: Asset Liability Management	Programme Support Liabilities Management Supporting & Interlinked Financial System Asset Management	
Programme 4: Auxiliary and Associated Services	Finance Reserves Bank Charges Special Programmes Contingency Reserves		Programme 4: Financial Governance	Programme Support Accounting Services Norms and Standards Risk Management Provincial Internal Auditing	