
Department of Finance



Annual Performance Plans

2007/2008 – 2009/2010

Foreword

Our mandate is to ensure that public funds are well managed and that the key priorities are funded from the limited resources. The citizens of this province expect that the fiscal policy of the government will allocate necessary resources to improve their living standards. Poverty alleviation is one of our primary strategic objectives, which compel all our provincial departments to exercise prudent financial management. It is against this that “sound and prudent” financial management are the pillars of our vision and mission.

The Public Finance Management Act, 1999 and the Municipal Finance Management Act, 2003 has brought reforms in the management of public funds. Our responsibility is to ensure that the spirit of the Acts is fully implemented by all provincial departments and municipalities. The Municipal Finance Management Act has had a major effect in the interdependencies that now exists between municipalities and the Provincial Treasury, and also amongst municipalities at local and district levels. It is only through these interdependencies that we can all discharge our responsibilities that arise from the Public Finance Management Act and the Municipal Finance Act.

As a department, we are working tirelessly to ensure that the departmental objectives and annual priorities respond to the needs of our stakeholders. We therefore have to ensure that all departmental strategic plans and budgets are aligned to achieve the provincial objectives. The outcomes of our activities should, at all costs, have a positive impact on the Provincial Growth and Development Strategy that, as a department, we can:

- Truly establish the degree of our success.
- Establish the extent to which we have realised our goals and objectives.
- Confidently, state that we are addressing the needs of our people and making a meaning change for a better life for all.

These needs of our stakeholders, the Provincial Growth and Development Strategy, the provincial government’s agenda has given us together with all other departments, a single purpose in the common driving force behind our various activities. I am, therefore justified and have a base, to be confident that the Department of Finance team will work hard to implement the departmental Strategic Plan to achieve our strategic goals.

As we set on course in the implementation of the departmental Strategic Plan, there will definitely be challenges and setbacks. However, it will be through tenacity and focus that we will see the successful implementation of the Strategic Plan. Armed with government legislation and our confidence, we march forward with the knowledge that success is certain. Let the real work begin.

Mrs. EM COLEMAN (MPL)
MEC for Finance

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Part A: Overview and strategic plan updates

SECTION A: OVERVIEW AND STRATEGIC PLAN UPDATES

A. Overview

The Department of Finance has undergone some structural changes in trying to come up with suitable and adequate organisational chart, which will enable the department to achieve on its mandate. All vacant posts will be filled by 2007/08 financial year. The re-structuring process will ensure that the organ organisational chart of the Department is in line with that of National Treasury.

B. Strategic Plan Update Analysis

The first year of the three-year Strategic plan is operationalised every year. The MTEF plan is informed by MEC budget and policy speeches and the five-year strategic plan, which is reviewed every year to be in line with any policy changes or policy developments. These policy developments emanate from the State of the Nation and the State of the Province addresses, and also the Provincial Growth and Development Strategy (PGDS).

PART B: PROGRAMME & SUB PROGRAMME PERFORMANCE TARGETS

1. PROGRAMME 1: ADMINISTRATION

1.1.1 Specified policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
Political and policy direction	To set strategic political and policy direction in order for the Department to meet its objectives
Strategic leadership and management	To translate strategic political and policy direction into strategies for effective management and service delivery
Corporate support service	Provide support services in order to enable the Department to achieve its objectives
Financial management	Implement financial management accounting procedures to ensure compliance with the PFMA and other relevant financial prescripts
Improve risk management, control and governance	Provide an independent and effective internal audit support function
Security management	To provide and implement wide security management system.

1.1.2 Progress analysis

The demand of this programme is to provide prompt support to the line functions by developing and implementing norms and standards (financial and non-financial). We were able to recruit and train personnel for line functions that are geared for service delivery programmes. It is operating its systems separately from the split department of Economic Development and Planning. The split actually brought about a lot of challenges such as disintegrating functions, financial systems, separation of assets and budget programmes. This also led to the slow down of financial systems such as BAS and LOGIS. The challenge facing the department is to be able to recruit appropriate skills. The department continuously evaluate its implementation of Supply Chain Management and there is continuous recruitment and training of personnel. The department has recently appointed an Audit Committee.

1.1.3 Analysis of constraints and measures planned to overcome them

There are inadequate policies and non-adherence to existing policies as well as inconsistent application thereof.

To overcome this, policies will be developed and reviewed in consultation with all staff members. Once approved, the policies will be circulated and discussed with all staff members. Management will monitor the consistent application of the policies.

The delay in filling of vacant posts of middle and senior managers due to the requirement to undergo competency assessment is hindering the delivery of services in the Department. To overcome this, a policy will be developed for the uniform implementation of the competency assessment.

Inadequate budget allocation. A needs analysis will be developed by each section highlighting constraints, which will be submitted to Treasury for consideration.

1.1.4 Description of planned quality improvement measures

A workplace skills plan and training programmes will be developed and implemented to assist staff with personal development to improve service delivery.

1.2 Sub programme 1: Office of the MEC

1.2.1 Policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
Political and policy direction	To set strategic political and policy direction in order for the Department to meet its objectives

1.2.2 Progress analysis

This sub programme has effectively set priorities and has given strategies and political direction in accordance to the dual nature of the department – that of providing support system and the implementation and the monitoring of Treasury roles and guidelines.

1.2.3 Analysis of constraints and plans to overcome them

Inability of Departments to spend allocated funds. Expenditure of Departments will be monitored monthly and interventions will be put in place.

1.2.4 Description of planned quality improvement measures

Review of the strategic plans to determine budgetary requirements.

1.2.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To set strategic political and policy direction in order for the Department to meet its objectives	Monitor the implementation of policy directives to support departmental objectives	Number of MTEC hearings	1 Annual MTEC hearings	1 Annual MTEC hearings	1 Annual MTEC hearings	1 Annual MTEC hearings
		Date of annual report to the Legislature	30 September	30 September	30 September	30 September

1.3 Sub-programme: Management Services

1.3.1 Specified policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
Strategic leadership and management	To translate strategic political and policy direction into strategies for effective management and service delivery

Strategic Goals	Strategic Objectives
Human resource management and development	Provide human resource support services in order to enable the Department to achieve its objectives
To improve management of security.	To provide and implement wide security management systems.
Support and plan on departmental activities	Co-ordinate, plan, support and report on departmental activities to achieve the objectives

1.3.2 Progress analysis

We have reviewed the organogram of the department to respond to environmental challenges. We have increased the pace on the filling of vacant posts. We have exposed staff members to various training interventions to improve organisational efficiency.

1.3.3 Analysis of constraints and measures planned to overcome them

Qualified and competent personnel will be appointed to address the capacity issues in the department. Adequate training programme to be developed and implemented to deal with skill levels.

1.3.4 Description of planned quality improvement measures

There will be continuous translation of policies and priorities into strategies. The sub programme will also subscribe to the departmental service standards and the improvement of turn around time for payment.

1.3.5 Specification of measurable objectives and performance indicators

Office of the HOD

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To translate strategic political and policy direction into strategies for effective management and service delivery	Monitor administrative processes to achieve good governance	Date of finalising annual report	30 August	30 August	30 August	30 August
		Number of quarterly reports	4 Quarterly Reports	4 Quarterly Reports	4 Quarterly Reports	4 Quarterly Reports

Economic Research and Analysis

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
Provide for the provincial economic and social research and analysis that informs fiscal policy development and the annual budget process.	Conduct socio economic research to inform the budget and planning process	Number of research reports completed	1 research report	2 research reports	2 research reports	2 research reports
		Number of updated annual statistics reports	1 Annual Review Socio-economic outlook of the province	1 Annual Review Socio-economic outlook of the province	1 Annual Review Socio-economic outlook of the province	1 Annual Review Socio-economic outlook of the province
	The alignment of Government priorities is achieved by conducting provincial analysis	Annual policy assessment report	1 Policy report	1 Policy report	1 Policy report	1 Policy report
		Number of Informed plans by departments	12 plans informed by proper coordinated demographics	12 plans informed by demographics	12 plans informed by demographics	12 plans informed by demographics

Human Resource Management

Strategic Objectives	Measurable Objective	Performance Measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
Provide human resource support services in order	Filling of vacant positions in order to support	Number of positions filled	288 posts filled	Filling of 48 vacant posts by end of June 2007	All vacant posts filled	All vacant post filled

to enable the Department to achieve its objectives	organizational objectives	Turn around time to fill vacant positions	3-4 months turn around time	Fill vacant posts within two months (turn around time)	Fill vacant posts within two months (turn around time)	Fill vacant posts within two months (turn around time)
	Training and assessment conducted to improve operational efficiency	Number of Quarterly reports assessed	Four quarterly reports assessed	Four quarterly reports assessed	Four quarterly reports assessed.	Four quarterly reports assessed
		Number of training programs conducted	18 Training programs conducted	30 Training programs conducted	30 Training programs conducted	30 Training programs conducted
	Provision of sound labour advice to promote employer-employee relations	Number of complaints received and handled.	10 misconduct 1 conciliation 1 arbitration	5 misconduct 1 conciliation 1 arbitration	2 misconduct 1 conciliation 1 arbitration	2 misconduct 1 conciliation 1 arbitration
	Provision of records management services to protect information of the Department	Availability of a record management system	1 record management system developed	1 record management system developed and implemented	1 record management system developed and implemented	1 record management system developed and implemented

Gender Focal Point

Strategic Objective	Measurable Objective	Performance Measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
Create awareness on issues related to gender, children, youth and people with disabilities to promote a healthy and productive workforce	Mainstreaming and implementation of the Equity Policy to capacitate gender, youth, children and people with disabilities	Number of training workshops	3 training workshop for the year	1 training workshop per quarter	1 training workshop per quarter	1 training workshop per quarter
		Number of awareness campaigns conducted	3 awareness campaigns	1 awareness campaign per quarter	1 awareness campaign per quarter	1 awareness campaign per quarter
	Productivity in the workplace is improved by implementing health and wellness programme	Number of training workshops		1 training workshop per quarter	1 training workshop per quarter	1 training workshop per quarter
		Number of awareness campaigns conducted		1 awareness campaign per quarter	1 awareness campaign per quarter	1 awareness campaign per quarter

Communication

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To render effective Communication and Public Relations support services to the MEC and the Department	Create and maintain a positive image of the department through effective Communication	Timeous distribution of media releases	Release one media statement on a quarterly basis or when required	Release one media statement on a quarterly basis or when required	Release one media statement on a quarterly basis or when required	Release one media statement on a quarterly basis or when required
		Timeous response to media enquiries	Respond to media enquiries within a day	Respond to media enquiries within a day	Respond to media enquiries within a day	Respond to media enquiries within a day
		Number of Press conferences/ information sessions held	Host two (2) Press conferences/ information sessions	Host two (2) Press conferences/ information sessions	Host two (2) Press conferences/ information sessions	Host two (2) Press conferences/ information sessions
		Number of Talk-shows/interviews hosted	Organize five (5) Radio Slots/ interviews	Organize five (5) Radio Slots/ interviews	Organize five (5) Radio Slots/ interviews	Organize five (5) Radio Slots/ interviews
	Establish and maintain a recognisable brand through marketing	Number of media publicity campaigns organised	Implement two (2) media publicity campaigns	Implement two (2) media publicity campaigns	Implement two (2) media publicity campaigns	Implement two (2) media publicity campaigns

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
	and events management	Number of Corporate material/stationery produced and distributed	Produce and distribute 5000 items of corporate material/ stationery	Produce and distribute 5000 items of corporate material/ stationery	Produce and distribute 5000 items of corporate material/ stationery	Produce and distribute 5000 items of corporate material/ stationery
		Number of events hosted	Host Five departmental Events	Host Five departmental Events	Host Five departmental Events	Host Five departmental Events
		Number of government/ departmental outreach programmes attended	Attend sixteen (16) government/ departmental outreach programmes	Attend sixteen (16) government/ departmental outreach programme	Attend sixteen (16) government/ departmental outreach programme	Attend sixteen (16) government/ departmental outreach programme
		Number of Informative Pamphlets produced	Produce 1000 pamphlets	Produce 1000 pamphlets	Produce 1000 pamphlets	Produce 1000 pamphlets
	Information dissemination to ensure Informed and updated Internal and External Stakeholders	Timeous distribution of electronic information and Publications	Print 500 Budget Speeches	Print 500 Budget Speeches	Print 500 Budget Speeches	Print 500 Budget Speeches
			Print 300 Budget Statements	Print 300 Budget Statements	Print 300 Budget Statements	Print 300 Budget Statements
			Produce 10000 Budget Made Easy Documents	Produce 10000 Budget Made Easy Documents	Produce 10000 Budget Made Easy Documents	Produce 10000 Budget Made Easy Documents
			Produce 10 Staff Bulletins	Produce 10 Staff Bulletins	Produce 10 Staff Bulletins	Produce 10 Staff Bulletins
		Timeliness for updating website and intranet	Twice a month	Twice a month	Twice a month	Twice a month

Legal Services

Strategic Objectives	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To proactively provide legal support services to MEC and Department	Provide written and informal legal opinions.	Time taken to prepare written legal opinions.	14 days	14 days	14 days	14 days
	Drafting, editing and verification of contracts and Departmental policies.	Time taken to draft and scrutinise contracts and policies	14 days	14 days	14 days	14 days
	To facilitate enactment of legislation to protect Provincial financial interests	Number of draft Bills to be enacted	Finalisation of the Mpumalanga Gambling Levies Bill, 2007	Drafting and finalisation of the Mpumalanga Tourism Levies Bill. 2008		
	Minimising and managing litigation	Co-ordination, facilitation and monitoring of litigious cases referred to State Attorney	daily	daily	daily	daily

Security Management

Strategic Objectives	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To provide and implement wide security management systems	Create a secure work environment (to reduce security risk) by providing security management services	No of security policies developed	1 developed with implementation plan (in future)	2 developed with implementation plan/s	N/A	N/A
		Number of policies reviewed	None	1 reviewed	3 reviewed, including implementation plans	3 reviewed, including with implementation plans
		No of security plans developed and reviewed	None	2 developed 2 reviewed	2 reviewed	2 reviewed
		No of security threat and risk assessments conducted	1 security threat and risk assessment conducted	1 security threat and risk assessments conducted	1 security threat and risk assessments conducted	1 Security threat and risk assessments conducted
		Timely submission of vetting	None	Within 30 days	Within 30 days	Within 30 days
		No of security awareness campaigns conducted	1 security awareness campaigns conducted	8 security awareness campaigns conducted	8 security awareness campaigns conducted	8 security awareness campaigns conducted

Policy and Planning

Strategic Objectives	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
Co-ordinate plan, support and report on departmental activities to achieve the objectives	Co-ordinate compilation of departmental performance reports to improve accountability	Number of quarterly reports compiled and submitted	4 quarterly reports compiled	4 quarterly reports compiled	4 quarterly reports compiled	4 quarterly reports compiled
	Team building to promote unity within the department	Number of team building session conducted	1 team building session conducted	1 team building session conducted	1 team building session conducted	1 team building session conducted

1.4 Sub-programme: Financial Management

1.4.1 Specified policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
Financial Management	Implement financial management accounting procedures to ensure compliance with the PFMA and other relevant financial prescripts

1.4.2 Progress analysis

The sub-programme has developed seven (7) policies, namely the theft and losses, leave, overtime, cell phone, office telephone, bereavement and debt management. A further four (4) policies will be developed in the 2007/08 financial year, namely the transport, travelling and subsistence, supply chain management. These policies will assist the Department to improve on its internal control systems and will be reviewed annually to make provision for changing circumstances.

1.4.3 Analysis of constraints and measures planned to overcome them

There has been an improvement in terms of staffing and training. The recently approved organisational structure will assist to a large extent, so that vacant posts are filled in all programmes.

Continuous training and workshop sessions with Supply Chain practitioners will assist in the effective implementation of Supply Chain Management system.

1.4.4 Description of planned quality improvement measures

Develop departmental policies
Development of service standards

1.4.5 Specification of measurable objectives and performance indicators

Strategic Objectives	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
Implement financial management accounting procedures to ensure compliance with the PFMA and other relevant financial prescripts	Render financial reports in order to promote sound financial management.	Submission of timely and accurate financial information	12 Monthly expenditure reports.	12 Monthly expenditure reports.	12 Monthly expenditure reports.	12 Monthly expenditure reports.
			Monthly report on payment of salaries and remuneration	Monthly report on payment of salaries and remuneration.	Monthly report on payment of salaries and remuneration.	Monthly report on payment of salaries and remuneration.
	Implement SCM prescripts to improve financial management	Number of SCM reports produced	Twelve reports compiled.	Twelve reports compiled.	Twelve reports compiled.	Twelve reports compiled.
		Timeframe to pay suppliers	Payments within 30 days	Payments within 30 days	Payments within 30 days	Payments within 30 days

1.5 Sub-programme: Internal audit

1.5.1 Specified policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
Improve risk management, control and governance	To provide an independent efficient and effective value added internal audit function to improve service delivery.

To monitor and evaluate effectiveness of risk management and internal controls.

To monitor the adherence to internal control measures and the effectiveness of current controls and recommend for improvements where deficiencies are noted.

To conduct risk assessment annually and monitor that risk management strategies are implemented to mitigate high risk.

1.5.2 Progress analysis

The unit is now fully staffed and operating, audits are been conducted according to an operational plan that is based on the risk assessment that was conducted for the department. The audit committee is appointed to monitor and oversee the work of internal audit and to contribute to improve controls and governance processes within the department.

1.5.3 Analysis of constraints and measures planned to overcome them

The major constrain the unit experiences is the high staff turnover due to the movement of staff between Departments and Provinces, this has an impact on the progress of audits as per the operational, vacancies will be advertised and positions filled as timely as possible, the department also provides bursaries for students in this field, we also utilise the internship programme.

1.5.4 Description of planned quality improvement measures

The Audit Committee to oversee the functioning and performance of the internal audit component.
Development and approval of the risk management strategy document and fraud prevention plan.
Development of a three-year rolling and annual internal audit plan.

1.5.5 Specification of measurable objective and performance indicators

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To provide an independent efficient and effective value added internal audit function to improve service delivery.	Evaluate the effectiveness of risk management, control and governance processes to promote accountability	Risk Management Strategy developed and implemented	1 Risk Assessment conducted	1 Risk Assessment conducted	1 Risk Assessment conducted	1 Risk Assessment conducted
			1 Risk management strategy developed, implemented and monitored	1 Risk management strategy developed and approved and monitored	1 Risk management strategy developed and approved and monitored	1 Risk management strategy developed and approved and monitored
		Number of audit plans developed and implemented	1 Audit plan (3 year & annual) developed and implemented.	1 Audit plan (3 year & annual) developed and implemented.	1 Audit plan (3 year & annual) developed and implemented.	1 Audit plans (3 year & annual) developed and implemented.

1.6 Reconciliation of budget with plan

Programme1: Administration

Sub-programme	Actual 2004/05	Actual 2005/06 (Base)	2006/07 Estimate	Average Annual change (%) ²	2007/08 Budget	2008/09 Target	2009/10 Target	Average annual change (%) ³
1. Office of the MEC	1936	2095	3394	62%	3564	3680	3929	6.8%
2. Management Services	2522	1258	2787	122%	28964	28711	30316	5.6%
3. Economic Analysis	0	1515	2068	37%	0	0	0	0%
4. Corporate Services	15086	10529	15710	49%	0	0	0	0%
5. Financial Management	5601	12116	18391	52%	19974	21008	22838	8.7%
6. Internal Audit	0	908	2086	90%	2235	2346	2464	5.0%
Total programme	25145	28421	44436	56%	54727	55745	59547	6.8%

2. PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

The programme provides professional advice and support to the Member of the Executive Council on Provincial Fiscal policy, Public Finance, Budget management process and Municipality Finance. The core functions and responsibilities of the Programme are:

- To ensure equitable allocation of provincial resources that finances the Province's key deliverables.
- To ensure optimal utilization of provincial resources consistent with the Province's strategic objectives and priorities.
- To ensure that expenditure is in accordance with the relevant programme descriptions.
- To provide department policies advice, ensure efficient budget
- To ensure that capacity and compliance in municipalities is enhanced through monitoring and assisting with the MFMA.
- To ensure that provincial departments and municipalities own revenue is optimised and expanded.

The programme consists of five sub-programmes, namely:

- Programme Support
- Fiscal Policy
- Budget Management
- Public Finance
- Municipal Finance

2.1 Specified policies, priorities and strategic objectives

- Assessment of provincial departments' measurable information to ensure alignment of their objectives towards the desired outcomes for the Province. The emphasis will be on moving towards an outcomes based budget allocation process.
- Concerted efforts in pursuit of other sources of revenue to further increase the Province's own contribution to the resource envelop
- Optimize and expand provincial financial resources (national transfers and own sourced revenue) to fund sustainable service delivery and economic growth in support of an improved standard of living for all.
- Promote sound financial management in both provincial departments and assigned municipalities, inclusive of improved expenditure and revenue monitoring and associated management practices.

Strategic Goals	Strategic Objectives
Maintain fiscal discipline through policies and control expenditure and revenue	To ensure equitable allocation of provincial resources that finances the Province's key deliverables.
	To ensure that provincial departments and municipalities own revenue is optimized and expanded.
Allocating resources in line with Government priorities	To ensure optimal utilization of provincial resources consistent with the Province's strategic objectives and priorities.
Encourage the development of sound budgeting practises and efficient expenditure management	To ensure that departments remain within budget. To ensure that expenditure is in accordance with the relevant programme descriptions. To provide department policies advice, ensure efficient budget implementation and enhance service delivery.
Implementation of MFMA	To ensure that capacity and compliance in municipalities is enhanced through monitoring and assisting with the MFMA.

2.2 Situational Analysis

At a provincial level, the services provided by the programme have contributed greatly to ensuring financial stability and a sound and sustainable fiscal framework in the province. The budget policy and planning framework needs improvement in order to become more sophisticated and consistent with the implementation of objectives as well as analysis to evaluate departmental budget and service delivery performance.

The section is aiming at developing a consistent policy framework that will be approved by the Executive in determining the annual budget allocations.

The in year revenue and expenditure monitoring processes managed in the programme will have to be improved. The sophistication and accuracy of these monitoring systems will enable the Provincial Treasury to alert the MEC and Executive allowing sufficient time for corrective action to be taken.

2.3 Analysis of constraints and measures planned to overcome them

The major constraints facing the Sustainable Resource Management Unit arise from the number of new functions and initiatives, which the component will be expected to take on board with, limited existing capacity and experience within the programme

By definition the MFMA being a new legislation there is very little experience within Treasury in the local government sphere. This experience will have to be acquired and built within the programme in a systemic, phased manner.

The staff that we have is currently undergoing extensive functional training before we can say that they are fully productive. The areas of training have been agreed with the National Treasury.

These constraints notwithstanding, there is no doubt that it will be possible to meet all the challenges facing the programme by means of an integrated human resource strategy.

2.4 Description of planned quality improvement measures

Details of planned quality improvement measures are provided at sub-programme level.

A service Delivery Improvement Plan (SDIP) for the programme is currently being developed detailing the specific targets in terms of improving service delivery performance in the various sub-programmes.

2.5 Sub programme 1: Programme Support

2.5.1 Specified policies, priorities and strategic objectives

To render an administrative and logistical support to the various components in Programme 2.

Strategic Goals	Strategic Objectives
Maintain fiscal discipline through enforcing policies and control of expenditure and revenue	Provides professional advice and support to the Member of the Executive Council on provincial economic analysis, fiscal policy, public finance development and management of annual budget processes.

2.5.2 Progress analysis

The sub programme was able to oversee the overall performance of the programme in order to ensure that all planned objectives are achieved. The Programme was able to introduce Medium Term Expenditure Committee (MTEC) in order to provide departments with an opportunity to bid for the budgets of the coming financial year.

The Programme procured in year intervention teams to support infrastructure delivery in the provincial departments.

2.5.3 Analysis of constraints and measures planned to overcome them

The program is faced with the following challenges

- Allocating the provincial budget to meet the national target of 85% for social services and 15% for the other services.
- Departments' inability to spend their allocated resources according to their service delivery plans more specially on infrastructure.
- Delays in receiving accurate information from departments and their spending agencies.
- Shortage of staff in strategic focus areas has been overcome however the building of capacity in the programme remains an area that needs urgent attention
- Capacity within the programme to provide a comprehensive municipal budget evaluation, monitoring, reporting and capacity building service remains a challenge and an area that needs urgent attention
- Improving internal and external communication.

The implementation and management of a performance budgeting system and framework throughout the provincial administration.

2.5.4 Description of planned quality improvement areas

The sub-programme will coordinate training that will assist departments to comply with performance budgeting initiatives.

2.5.5 Specification of measurable objective and performance indicators

Sub Programme	Measurable Objective	Performance Measure	2006/07 Estimate	2007/08 Target	2008/09 Target	2009/10 Target
Provide strategic leadership within sustainable resource management programme	Coordinate capacity building through training workshops on budget and financial management.	Number of training workshops conducted annually	1	1	1	1

2.6 Sub-programme: Fiscal policy

2.6.1 Specified policies, priorities and strategic objectives

To enable the provincial government to finance its service delivery obligations, determine the overall financing envelope for the Medium Term Expenditure Framework (MTEF), including administering the medium term revenue planning process, assessing and optimising national revenue, ensure effective and efficient development of provincial revenue and the assessment of revenue trends and the compilation and submission of revenue reports to advise the responsible accounting officer on own revenue matters and provide and administer the required financial support functions

Assess the overall financing envelope for the Medium Term Income and Expenditure Framework (MTIEF), and provide support with the medium term revenue planning process, and efficient development of municipal revenue, including the assessment of revenue trends and the compilation and submission of revenue reports, and to assess the viability of municipal revenue budgets

2.6.2 Analysis of constraints and measures planned to overcome them

The sub-programme is faced with the following constraints namely, shortage of monitoring staff, lack of credible revenue budgets by provincial departments, and adherence to timeous revision of tariffs. To address this, officials will be appointed to monitor revenue generation activities.

2.6.3 Description of planned quality improvement areas

Training workshops and forums will be conducted to assist departments and municipalities to improve in their revenue collection.

2.6.4 Specification of measurable objective and performance indicators

Strategic Objective	Measurable Objective	Performance Measure	2006/07 Estimate	2007/08 Target	2008/09 Target	2009/10 Target
To ensure that provincial departments and municipalities own revenue is optimised and expanded.	Build departments' skills capacity through training on revenue collection	Number of training workshops conducted annually	24	24	24	24
	Promote better decision making within provincial departments on revenue management through revenue forums	Number of revenue forums conducted annually	12	12	12	12
		Number of potential own revenue sources identified	2	2	2	2
	Monitor the efficient functioning of cash management systems through cash office visits	Number of cash offices visited annually in all districts	72	72	72	72

2.7 Sub programme: Budget Management

2.7.1 Specified policies, priorities and strategic objectives

To promote policies and recommend financial resource allocation which effectively contribute to accelerated and shared economic growth in the province to promote the overall strategic goals of the Provincial Treasury and to understand line departments' core business and functions and achieving appropriate links between them to manage the annual fiscal policy process, i.e. consolidate, prepare and compile the annual Mpumalanga Medium-term Budget Policy Statement and drive the MTEF and annual budget process

2.7.2 Progress analysis

The sub-programme successfully coordinated the budget process and aligned the allocation of resources to provincial priorities through the implementation of uniform budget structures and customised and generic strategic and performance plans.

2.7.3 Analysis of constraints and measures planned to overcome them

There is insufficient human capacity within the programme and this result in the inability to assist in planning and spending by provincial departments, which lead to receiving inaccurate and unreliable information. To address this, officials will be appointed and assigned for each department and municipalities to assist in strengthening capacity of budget planning and implementation and will in return ensure prudent financial management of our fiscus.

2.7.4 Description of planned quality improvement measures

Training workshops and courses will be conducted to assist departments and municipalities to improve in planning, implementation and monitoring and evaluation. The training will assist provincial departments and municipalities to be able to align their budgeting to planned policies and priorities.

2.7.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance Measure	2006/07 Estimate	2007/08 Target	2008/09 Target	2009/10 Target
To ensure equitable allocation of provincial resources that finances the Province's key deliverables.	To improve coordination of provincial budget process by issuing of Annual Budget Process schedule, reports and circulars	Number of Budget Circulars issued annually	3	3	3	2
		Number of Provincial Budget Process Schedules issued annually.	1	1	1	1
		Number of Reports issued to departmental accounting officers for compliance with the Annual Budget Circulars.	2	2	2	2
To ensure equitable allocation of provincial resources that finances the Province's key deliverables.	Improve alignment of the provincial budgets with broad national provincial priorities through the analysis and monitoring of Strategic and Performance Plans in terms of Sections 27 (4) of PFMA.	Number of Strategic and Performance Plans (SPP's) analysed.	13	13	13	13
		Date to submit provincial APP's to National Treasury	1 st APP draft in August 2 nd APP draft December Final APP March	1 st APP draft in August 2 nd APP draft December Final APP March	1 st APP draft in August 2 nd APP draft December Final APP March	1 st APP draft in August 2 nd APP draft December Final APP March
	To coordinate the preparation of credible annual and MTEF budgets to enhance transparency	Number of consolidated Budget Statements submitted to National Treasury	3	3	3	3
		Number of Adjustment Budget Statements consolidated	1	1	1	1
	Build budget-management capacity to provincial departments through training workshops on budget management	Number of workshops conducted on budget reforms	2	2	2	2

2.8 Sub programme: Public Finance

2.8.1 Specified policies, priorities and strategic objectives

Encourage the development of sound budgeting practises and efficient expenditure management.

2.8.2 Progress analysis

The sub-programme was able to provide strategic support and monitoring of expenditure through analysis of the provincial departments' expenditure to enhance service delivery. Fourteen expenditure analysis reports have been issued every month.

The sub-programme will continue with supporting the departments and monitoring the alignment of expenditure with key priorities of the Departments.

2.8.3 Analysis of constraints and measures planned to overcome them

The constraint experienced by the sub programme include, lack of continuous skills development and the lack of direct access to transversal financial systems for reporting purposes on all provincial departments.

To address the above challenge, training of officials on IYM and performance budget is going to be offered on a continuous basis. Departments will be approached to afford us access to BAS and PERSAL reports.

2.8.4 Description of planned quality improvement measures

To provide policy advice and monitor the implementation of provincial budget and sound budget management.

2.8.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance Measure	2006/07 Estimate	2007/08 Target	2008/09 Target	2009/10 Target
To provide policies advice, ensure efficient budget implementation and enhance service delivery	Monitor the implementation of the provincial budgets for sound budget management	Number of monthly expenditure reports (IYM) analysed	156	156	156	156
		Number of quarterly performance reports analysed	4	4	4	4
		Timeliness of submitting consolidated expenditure reports to programme support	22nd of each Month	22nd of each Month	22nd of each Month	22nd of each Month
To provide policies advice, ensure efficient budget implementation and enhance service delivery	Provide performance information to provincial legislature enable them to exercise their oversight function	Timeliness of submitting quarterly performance reports to programme support	22nd day of each quarter	22nd day of each quarter	22nd day of each quarter	22nd day of each quarter

2.9 Sub programme: Municipal Finance

2.9.1 Specified policies, priorities and strategic objectives

To support the implementation of MFMA reforms by municipalities and the enhance capacity in municipalities throughout the province.

2.9.2 Progress analysis

The sub-programme was able to provide assistance and support municipalities to comply with the legislation and National Treasury's guidelines.

The sub-programme will continue giving the support to the municipalities and monitoring the implementation and compliance of MFMA.

2.9.3 Analysis of constraints and measures planned to overcome them

The constraint experienced by the sub programme include, lack of capacity and continuous skills development.

To address the above challenge, training of municipal officials should be offered on a continuous basis.

2.9.4 Description of planned quality improvement measures

To provide strategic support and monitoring of compliance, implementation of MFMA and financial analysis to municipalities to enhance service delivery.

2.9.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance Measure	2006/07 Estimate	2007/08 Target	2008/09 Target	2009/10 Target
Advise municipalities on the implementation of the MFMA	Monitor the implementation of the municipal budgets to improve transparency	Number of monthly Budget Statements analysed from delegated municipalities	204 budget statements	204 budget statements	204 budget statements	204 budget statements
Advise municipalities on the implementation of the MFMA	Monitor the implementation of the municipal budgets to improve transparency	Timeliness of publication of Quarterly municipal financial reports	15 th of October 2007	15 th of October 2007	15 th of October 2007	15 th of October 2007
Advise municipalities on the implementation of the MFMA	Monitor the implementation of the municipal budgets to improve transparency	Analysed reports with recommendations to municipality	15 th of October 2007	15 of January 2008	15 April 2008	15 July 2008

2.10 Reconciliation of budget with plan

Programme2: Sustainable Resource Management

Sub-programme	Actual 2004/05	Actual 2005/06 (Base)	2006/07 Estimate	Average Annual change (%) ²	2007/08 Budget	2008/09 Target	2009/10 Target	Average annual change (%) ³
1. Programme Support	3065	9350	9043	(3%)	4887	5020	5528	10.1%
2. Fiscal Policy	1721	2042	2414	18%	2619	2746	2880	4.9%
3. Budget Management	2656	2466	3747	52%	2932	2933	3034	3.4%
4. Public Finance	13027	4190	10488	150%	10673	10828	11902	9.9%
Total programme	20469	18048	25692	42%	21201	21527	23344	8.4%

3

PROGRAMME 3: ASSET AND LIABILITIES MANAGEMENT

The overall purpose of this programme is to manage and monitor government procurement practices and procedures as well as movable assets, financial assets and liabilities for the province in accordance with prescripts.

The programme consists of the following sub-programs:

- Programme Support
- Asset Management (Financial Assets and Physical Assets)
- Public Sector Liabilities Management

The objective of this programme is to provide policy direction, facilitating the effective and efficient management of physical and financial assets, Public Private Partnerships (PPP) and services to all provincial departments.

Situation analysis

The introduction of financial management reforms in government, entrust provincial treasuries with the responsibility of ensuring that government's physical and financial assets as well as its liabilities are well managed at all levels of government.

The introduction of Municipal Finance Management Act (MFMA) at local government level brings along serious challenges on provincial treasuries which includes capacity building, monitoring and evaluation of compliance to the Act.

The delegation of 20 low and medium capacity municipalities to the MEC for Finance is posing a big challenge in terms of human and other resources to ensure full implementation and compliance to the MFMA. This programme is largely responsible for overseeing the implementation of the Supply Chain Management Framework (SCM) Framework and the monitoring and evaluation of overall asset management at local government level.

The other challenge is the knowledge and understanding of the financial systems used by local municipalities taking into account the fact that different municipalities use different systems.

The knowledge and understanding of the systems will enable provincial treasury to effectively manage its responsibilities towards local municipalities.

The services that this programme provides are transversal in nature, our main stakeholders being all the provincial departments, municipalities, the private sector as well as the National treasury. The Department is the custodian of the financial systems in the province.

The Provincial Supply Chain Management (PSCM) and the Public Private Partnership (PPP) Directorate were established with the focus of improving efficiency on the procurement of services as well as maximizing private sector participation in order to improve service delivery.

The operations of the Chief Directorate: Assets and Liabilities is based on key fundamental and strategic policy priorities intended at promoting efficiency, effectiveness and economy in the functioning of the provincial government.

The Treasury Regulations 16 of the Public Finance Management Act (PFMA), the Supply Chain Management Framework, and Infrastructure coordination, as well as the management of liabilities are core in determining the operations of the Chief Directorate.

Furthermore, it is the Chief Directorate's objective to promote the implementation of the Preferential Procurement Policy Framework Act (PPPFA), the Black Economic Empowerment Act (BEEA) and other policies intended to facilitate economic growth. As such the programme will focus on introducing innovations which includes a provincial customised PPPFA for the province, audit of government employees doing business with government, developing possible PPP packages, and others.

The Chief Directorate strives to pursue substantive compliance with the Infrastructure Development Improvement Programme (IDIP), which entail the setting of benchmarks for compliance management and

standards in terms of infrastructure management. This programme is a national treasury's intervention in order to accelerate service delivery and infrastructure development.

The introduction of Provincial Technical Assistant teams and organisational support teams in order to enhance infrastructure delivery.

3.1.1 Specified policies, priorities and strategic objectives

- To ensure compliance to norms and standards on SCM for municipalities and departments,
- To ensure capacity building for municipalities and departments on SCM,
- To strengthen the advisory services, render awareness and ensure smooth documentation management,
- Build capacity in order to support the implementation of the identified PPP projects,
- Monitor and provide support on asset management at provincial and municipal level,
- Ensure effective infrastructure coordination and reporting,
- Ensure prudent provincial financial resources management,

Strategic Goals	Strategic Objectives
Efficient asset management through policies, plans and legislative guidelines in order to contribute to effective and efficient government procurement and prudent assets (financial and physical) and liabilities management.	<p>To develop the supply chain management guidelines that will contribute to economic development and efficient utilisation of assets.</p> <p>To develop asset management guidelines to contribute to efficient utilisation of assets. To promote the efficient implementation of public private partnership initiatives in order to enhance service delivery.</p> <p>To facilitate, monitor, support and provide professional advise to ensure financial and non-financial compliance and to enable enhanced service delivery.</p>

3.1.2 Progress analysis

The programme has managed to provide management support, training and advisory services to the departments on procurement related matters, asset verification and management as well as improving business practices through enabling decision making. The R 30 000 – R 200 000 reporting on quotations, SCM road shows, were among other improvements noted during the period.

3.1.3 Analysis of constraints and measures planned to overcome them

Non-compliance to prescripts and late submissions by departments due to inadequate human capacity a major constraint as such the Chief Directorate will provide training and management support for the departments and municipalities.

3.1.4 Description of planned quality improvement measures

The Chief Directorate will conduct frequent awareness, road shows, training and workshops on Supply Chain Management as well as asset and liabilities management.

Furthermore, monitoring measures will also be introduced in order to ensure compliance to policies.

3.2. Sub-programme 1: Programme Support

3.2.1 Specified policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
Maintain discipline in the programme operations through leadership and support	Provide leadership and management support to the programme

3.2.2 Progress analysis

The sub-programme is able to provide guidance on the programme plans and objectives. A benchmarking exercise with other provinces was also conducted in order to inform the operations of the programme.

3.2.3 Analysis of constraints and measures planned to overcome them

The lack of capacity to assist provincial departments and local municipalities is a major constraint. This will be overcome by conducting training workshops and appointment of support staff.

3.2.4 Description of planned quality improvement measures

The sub-programme will coordinate several training workshops to assist provincial departments and municipalities to comply with prescripts and legislations.

3.2.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance Measure	2006/07 Estimate	2007/08 Target	2008/09 Target	2009/10 Target
To provide management support to improve programme operations	Monthly submission of reports according to prescribed departmental format to support governance	Number of reports submitted	12 reports submitted	12 reports to be submitted	12 reports to be submitted	12 reports to be submitted

3.3 Sub-programme: Asset Management

3.3.1 Specified policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
Effective asset management in order to support efficient utilisation of assets.	To maintain liquidity through prudent cash management. To monitor physical assets through an effective infrastructure management programmes
	To monitor the implementation of SCM and PPPFA in order to achieve socio-economic objectives. To oversee the management of assets in the province to ensure optimal utilisation.

3.3.2 Progress analysis

The sub-programme has to date managed to create the necessary structures for the implementation of Supply Chain Management, Public Private Partnership as well as Asset Management. Furthermore, reporting mechanisms were also put in place in order to streamline government procurement processes and practices.

3.3.3 Analysis of constraints and measures planned to overcome them

There is inadequate human capacity within provincial departments and municipalities in order to effectively and efficiently implement Supply Chain Management procedures and practices, and therefore the sub-programme will focus on training and development in order to attain the required human capital.

3.3.4 Description of planned quality improvement measures

The sub-programme will continue facilitating training, monitoring compliance and providing management support for departments and municipalities in order to enhance government procurement systems and practices therefore contributing to improved service delivery.

3.3.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance Measure	2006/07 Estimate	2007/08 Target	2008/09 Target	2009/10 Target
To monitor the implementation of PPP projects in order to contribute to economic growth objectives.	Provide support in the implementation of PPP projects to enhance economic growth	Number of projects facilitated and registered	1	2 projects	4 projects	5 projects
To monitor physical assets through an effective infrastructure management programmes	Contribute to the management of infrastructure to enhance the capacity of departments to deliver	Number of infrastructure reporting model (IRM) reports reviewed.	16 IRM reports	16 IRM reports	28 IRM reports	28 IRM reports
		Number of infrastructure projects reviewed and assessed	40 infrastructure projects reviewed	48 infrastructure projects reviewed	54 infrastructure projects reviewed	60 infrastructure projects reviewed
		Number of IDIP departments monitored.	2 departments monitored	7 departments monitored	7 departments monitored	7 departments monitored
		Number of annual infrastructure plans reviewed	Review and assess 3 infrastructure plans	Review and assess 4 infrastructure plans	Review and assess 7 infrastructure plans	Review and assess 7 infrastructure plans
	To monitor the management of assets to ensure the optimal utilisation of assets	Timeliness of submission of reports on norms and standards for all the departments	15 th of each month	15 th of each month	15 th of each month	15 th of each month
To maintain liquidity through prudent cash management.	To monitor and manage cash in the province in order to meet departments financial obligations.	100% cash availability	100% cash availability	100% cash availability	100% cash availability	100% cash availability
		Maximum percentage returns on investments from surplus funds	7% return on investments	7% return on investments	7% return on investments	7% return on investments
To monitor the implementation of SCM and PPPFA in order to achieve socio-economic objectives.	To monitor the implementation of supply chain management processes in all departments and municipalities to improve procurement of goods and services	Timeliness for quarterly reporting by departments on contracts awarded above R30 000.	7 days after the end of every month	7 days after the end of every month	7 days after the end of every month	7 days after the end of every month
		Number of tender bulletins printed and distributed to the public	48 000 tender bulletins printed and distributed to the public	48 000 tender bulletins printed and distributed to the public	48 000 tender bulletins printed and distributed to the public	48 000 tender bulletins printed and distributed to the public

3.4 Sub-programme: Liabilities Management

3.4.1 Specified policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
Effective liability management in order to support efficient utilisation of resources.	Monitor and support departments and municipalities debt management policies and procedures to improve service delivery

3.4.2 Progress analysis

This is a newly created sub-programme to deal with provincial liability management, advice and support.

3.4.3 Analysis of constraints and measures planned to overcome them

As a new sub-programme that is only going to be functional in the financial year 2008/9, the major challenge will be the recruitment and staffing of the unit with people possessing the requisite skills. This unit has not been functional for two consecutive years because of lack of funding. This year 2008/09 the unit will be partially funded start the development of its strategic objectives. Efforts will be made to ensure adequate funding for the unit so that it eventually realizes its objectives. Policies and procedures will be developed to guide the functioning of the programme.

3.4.4 Description of planned quality improvement measures

Appropriate and qualified staff will be appointed to manage this sub-programme.

3.4.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance Measure	2006/07 Estimate	2007/08 Target	2008/09 Target	2009/10 Target
Monitor and support departments and municipalities debt management policies and procedures to improve service delivery	To monitor the management of liabilities in the province to improve management of debt	Timeliness of analysing quarterly liability status reports submitted by departments	15 days after end of quarter	15 days after end of quarter	15 days after end of quarter	15 days after end of quarter

3.5 Reconciliation of budget with plan

Programme3: Assets and Liabilities Management

Sub-programme	Actual 2004/05	Actual 2005/06 (Base)	2006/07 Estimate	Average Annual change (%) ²	2007/08 Budget	2008/09 Target	2009/10 Target	Average annual change (%) ³
1. Programme Support	0	559	1260	125%	1325	1389	1456	4.8%
2. Assets Management	2309	5254	11467	118%	11347	11753	12907	9.8%
3. Liabilities Management	0	0	0	0%	1198	1258	1320	4.9%
Total programme	2309	5813	12727	119%	13870	14400	15683	8.9%

4. PROGRAMME 4: FINANCIAL GOVERNANCE

This Programme serves to facilitate, monitor, support and provide professional advice to ensure financial compliance and to enable enhanced service delivery in the Province. It furthermore promotes accountability through substantive reflection of financial and non-financial activities.

The core functions and responsibilities of the programme are:

- To ensure the effective implementation of Accounting Practices in line with Generally Recognised Accounting Practice.
- To ensure proper financial management through application of norms and standards
- To co-ordinate, monitor and provide support and advice to internal audit units in Provincial departments and municipalities.
- To ensure the implementation of risk management frameworks and strategies within Provincial Departments and Municipalities.
- To provide oversight and management of the existing financial systems.
- To provide robust Information Technology (IT) infrastructure and responsive IT support service in the province.

It consists of the following sub programmes:

- Programme Support
- Risk Management
- Accounting services
- Norms & Standards
- Provincial Internal Audit Coordination
- Supporting and Interlinked Financial Systems

4.1.1 Specified policies, priorities and strategic objectives

- Implementation of accounting practices in line with GRAP and applicable norms and standards.
- Improving financial governance in the Province.
- Provision of financial systems support and capacity to provincial departments and municipalities.
- Manage and monitor utilisation of transversal systems in the province.
- Implementation of Identity management to simplify access to systems.
- Implementation of Information management and IT Security
- Support the implementation of risk management frameworks in Provincial departments and municipalities.

Strategic Goals	Strategic Objectives
Maintain fiscal discipline	To ensure the effective implementation of accounting practices in line with GRAP and applicable laws.
Maintain leadership and good governance	To ensure implementation of norms and standards for enhanced accountability within provincial departments and municipalities.
Allocation of resources in line with Government priorities	To ensure effective optimal financial resource utilisation through analysis, identification and minimization of risks.
	To ensure effective and efficient utilisation of assets and management of liabilities

4.1.2 Progress analysis

The programme must provide financial and non-financial support to fourteen (14) votes in the Province, six (6) public entities and seventeen (17) delegated municipalities. The programme monitors the implementation of and compliance with Accounting Policies, the Public Finance Management Act, Municipal Finance Management Act, Treasury Regulations and other legislation.

Financial management has improved within the departments. This is seen through the audit outcomes for the year ended 2005-06. Two departments have obtained unqualified audit opinions with no emphasis of matters,

eight of them obtained unqualified audit opinions with one to four emphasis of matters, two obtained unqualified audit opinions with eight to nine emphasis of matters. Only one department obtained a qualified opinion.

In the previous years audit reports, ten departments obtained unqualified audit reports with minimum six to the maximum of twelve emphases of matters. One department obtained a qualified opinion while another one obtained a disclaimer.

The key challenge is still the capacity constraints to support and monitor the delegated municipalities. More focus is placed on supporting the medium and the low capacity municipalities in order to have them complying with the Municipal Finance Management Act (MFMA) while not neglecting the high capacity municipalities. The financial management in the municipalities remains a challenge. Out of the 17-delegated municipalities only six municipalities received the audit opinions at the appropriate time.

The programme is shifting the focus of the monitoring and evaluation unit from ad hoc monitoring to planned and structured non-compliance, compliance, training and technical support within a specified framework.

The programme also concentrates on implementing strategy to address issues raised by the Auditor-General in their audit reports. The purpose of the strategy is to ensure that departments are specifically addressing the internal control weaknesses and focus also on any issue that could affect their performance.

The risk management and internal audit units will be capacitated in the 2007-08 financial year to strengthen departments monitoring ability in terms of risk management and internal audit issues.

The sub-programme provides transversal systems user support to ensure accessibility to transactional and management information by all relevant stakeholders.

The other challenge is the knowledge and understanding of the different financial systems used by local municipalities taking into account the fact that different municipalities use different systems.

The knowledge and understanding of the systems will enable provincial treasury to effectively manage its responsibilities towards local municipalities. The Department is the custodian of the financial systems for departments in the province.

The programme provides IT End-user support, implement and manage the IT network infrastructure to ensure accessibility to financial and non-financial systems.

4.1.3 Analysis of constraints and measures planned to overcome them

Constraints

- Timeous submission of reports by departments, municipalities and public entities in terms of prescripts
- Correctness of information reflected in reports submitted by departments, municipalities and public entities
- Capacity constraints in departments, municipalities and public entities result in non-compliance with prescripts
- Perception by departments and municipalities that regard role of Provincial Treasury monitoring and evaluation as "policing"
- Capacity constraints in the Programme impacts on delivery
- Inappropriate planning in the Programme results in non-delivery
- Prevalence of fraud and corruption.
- Resource constraints in the Programme impacts on service delivery.
- Proliferation of usernames and passwords impacts on IT turnaround time.
- Increase in the volume of data in departments taking more time than is available in backups while slowing down searches for valuable information.
- Departments aren't meeting the minimum standards laid in the minimum information security standards (MISS)

Planned measures

- Improve communication and capacity;

- Employ relevant skilled and qualified staff
- Intensify staff training and development
- Implement assessment and feedback mechanism
- Compile a resource plan and needs analysis
- Link financial implications to the needs analysis
- Continuous audits to ensure segregation of duties and access verification.
- Implement identity management and resources management.
- Implement an information management system.
- Implement IT policies, procedures and standards

4.1.4 Description of planned quality improvement measures

The Programme makes provision for ongoing assessment, monitoring and evaluation of the situation in departments and municipalities to determine gaps/challenges. This is done in order to provide training and professional advice and assist with capacity building. The impact of training and capacity building is evaluated and measured to ensure that the gap identified is closed.

4.2 Sub-programme: Programme support

4.2.1 Specific policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
To monitor, support and capacitate stakeholders to improve the quality of outputs and utilisation of assets and resources	To facilitate, monitor, support and provide professional advice to ensure financial and non-financial compliance and to enable enhanced service delivery
	To promote accountability through substantive reflection of financial activities

4.2.2 Progress analysis

The sub-programme was able to oversee the overall performance of the programme in order to ensure that all planned objectives are achieved. This sub-programme was capacitated during the 2005/06 financial year.

4.2.3 Analysis of constraints and measures planned to overcome them

Constraints	Planned Measures
Timeous submission of reports by sub-programmes	Improve communication Improve capacity
Capacity constraints in the Programme impacts on delivery	Employ relevant skilled and qualified staff Intensify staff training and development Implement assessment and feedback mechanism
Inappropriate planning in the Programme results in non-delivery	Implement a planning framework that addresses constraints

4.2.4 Description of planned quality improvement measures

To direct and support the initiatives taken by the units in the Programme in order to improve service delivery.

4.2.5 Specification of measurable objectives and performance indicators

Strategic Objectives	Measurable Objective	Performance Measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To provide management support to improve programme operations	Monthly submission of reports according to prescribed departmental format to support governance	Number of reports submitted	12 reports submitted	12 reports to be submitted	12 reports to be submitted	12 reports to be submitted

4.3 Sub- Programme: Accounting Services

4.3.1 Specific policies, priorities and strategic objectives

The sub-programme ensures the effective implementation of accounting practices in line with Generally Recognised Accounting Practice. It also prepares consolidated financial statements that reflect the financial position of the Province.

Strategic Goals	Strategic Objectives
To monitor, support and capacitate stakeholders to improve the quality of outputs and utilisation of assets and resources	To facilitate, monitor, support and provide professional advise to ensure financial and non-financial compliance and to enable enhanced service delivery
	To promote accountability through substantive reflection of financial activities

4.3.2 Progress analysis

The sub-programme supports and monitors the implementation of and compliance with the Accounting Policies, Public Finance Management Act, Municipal Finance Management Act, Treasury Regulations and other legislation.

The provincial departments are currently operating on a modified cash basis of accounting. With this policy, expenditure is only accounted for when cash payment occurs. A process is spearheaded by National Treasury to move from cash to accrual accounting.

Municipalities are required to utilise the Accounting Standards as stipulated in the Municipal Finance Management Act Implementation Plan. This entails that all capacity municipalities must comply with Generally Recognised Accounting Practices by 2007/08.

4.3.3 Analysis of constraints and measures planned to overcome them

Constraints	Planned Measures
Timeous submission of Annual Financial Statements and annual reports by departments, municipalities and public entities in terms of prescripts	Improve communication Improve capacity
Correctness of information reflected in Annual Financial Statements and annual reports submitted by departments, municipalities and public entities	Improve communication Improve capacity
Capacity constraints in departments, municipalities and public entities result in non-compliance with prescripts and has an impact on the implementation of Accounting Standards and policies	Improve capacity
Capacity constraints in the sub-programme impacts on delivery	Employ relevant skilled and qualified staff Intensify staff training and development Implement assessment and feedback mechanism Compile a resource plan and needs analysis Link financial implications to the needs analysis
Inappropriate planning in the sub-programme results in non-delivery	Implement a planning framework that addresses constraints

4.3.4 Description of planned quality improvement measures

Treasury officials and the officials in departments, public entities and municipalities shall regularly attend training so as to improve on the quality of services to be rendered and to address the gap analysis. Quarterly assessment on training provided shall be continuously performed to ensure overall improvement.

4.3.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To facilitate, monitor, support and provide professional advise to ensure financial and non-financial compliance and to enable enhanced service delivery	Monitor the implementation of GRAP standards to achieve good accounting practice in departments.	Number of trial balance meetings in departments.	91 meetings	113 meetings	113 meetings	113 meetings
	Improve capacity of departments, public entities and municipalities by providing training	Date by which training will be provided financial statements	31 March for the departments and Public Entities 30 June for Municipalities	31 March for the departments and Public Entities 30 June for Municipalities	31 March for the departments and Public Entities 30 June for Municipalities	31 March for the departments and Public Entities 30 June for Municipalities
		Number of officials trained accounting standards	80 in departments	80 in departments 50 in municipalities	80 in departments 50 in municipalities	80 in departments 50 in municipalities
	To develop a step by step schedule for the departments to use for the timeous submission of financial statements to the Auditor General	Date by which to develop the schedule	15 March	15 March	15 March	15 March
To promote accountability through substantive reflection of financial activities	Prepare consolidated annual statements for the departments and Public Entities to enhance transparency	Date of Tabling of the consolidated annual financial statements	31 October 2007	31 October 2008.	31 October 2009.	31 October 2010.
To facilitate, monitor, support and provide professional advise to ensure financial and non-financial compliance and to enable enhanced service delivery	To facilitate the timeous submission of the financial statements by the municipalities to the Auditor General	Number of visits per municipality	3 visits	3 visits	3 visits	3 visits

4.4 Sub programme 3: Norms and Standards

This sub-programme is responsible for developing, and analysing norms and standards within the financial legislative framework to monitor and evaluate compliance.

Situation analysis

The sub-programme strives to pursue substantive compliance with the Public Finance Management Act and the Municipal Finance Management Act, which entail the setting of benchmarks for compliance management and standards. This is in line with the strategic focus of the unit to provide support and training rather than investigating non-compliance only.

4.4.1 Policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
To monitor, evaluate, support and capacitate stakeholders to improve the quality of outputs and utilisation of assets and resources.	To develop, and analyse financial and non-financial norms and standards in line with the PFMA, and MFMA to monitor, support and evaluate compliance.

4.4.2 Analysis of constraints and measures planned to overcome them

Constraints	Planned Measures
Timeous submission of reports by departments and municipalities in terms of prescripts	Improve communication Improve capacity
Correctness of information reflected in reports submitted by departments and municipalities.	Improve communication Improve capacity
Capacity constraints in departments and municipalities result in non-compliance with prescripts	Improve capacity
Perception by departments and municipalities that regard role of Provincial Treasury monitoring and evaluation as "policing"	Improve communication
Capacity constraints in the sub-programme impacts on delivery	Employ relevant skilled and qualified staff Intensify staff training and development Implement assessment and feedback mechanism
Inappropriate planning in the sub-programme results in non-delivery	Implement a planning framework that addresses constraints

4.4.3 Description of planned quality improvement measures

Treasury officials and the officials in departments and municipalities shall regularly attend training so as to improve on the quality of services to be rendered and to address the gap analysis identified through the monitoring and evaluation process. A conducive environment would be created to leverage efficient and effective monitoring and evaluation results. Quarterly assessment on training provided shall be continuously performed to ensure overall improvement.

4.4.4 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To develop, and analyse direct and indirect financial norms and standards in line with the PFMA, and MFMA to monitor, support and evaluate compliance.	Implement initiatives to address Auditor General's queries to improve compliance with audit requirements.	Date by which to complete the report	30 th November	30 th November	30 th November	30 th November
		Date by which to address short term queries which can be addressed within a year	31 st March	31 st March	31 st March	31 st March
	Draft and monitor implementation of norms and standards to contribute to improving financial management	Number of norms and standards developed in compliance with PFMA	4 per year	4 per year	4 per year	4 per year
		Number of norms and standards developed in compliance with MFMA	2 per year	2 per year	2 per year	2 per year

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
		Number of Departments and Municipalities monitored in compliance with both MFMA and PFMA	5 Departments	8 Departments and all low capacity Municipalities	12 Departments, low and all medium capacity Municipalities	12 Departments, low, medium and all high capacity Municipalities
		Number of infrastructure departments monitored	4 Departments	6 Departments	6 Departments	6 Departments

4.5 Sub programme: Risk management

4.5.1 Specific policies, priorities and strategic objectives

The sub-programme is responsible for the promotion of effective risk management processes in provincial departments and municipalities.

Strategic Goals	Strategic Objectives
To monitor, support and capacitate stakeholders to improve the quality of outputs and utilisation of assets and resources	To facilitate the establishment of risk management capacity within the Provincial Government. To promote risk management function within the province. To promote a uniform risk management approach within the province. To facilitate information sharing amongst provincial stakeholder.

4.5.2 Progress analysis

The sub-programme has been established during the 2004/05 financial year in terms of National Treasury's guidelines and has experienced capacity constraints since establishment. It is planned that the sub-programme would provide support, monitoring and reporting to enable effective risk management practices.

4.5.3 Analysis of constraints and measures planned to overcome them

Constraints	Planned Measures
Timeous submission of risk analysis reports and risk management strategies by departments and municipalities in terms of prescripts	Improve communication Improve capacity
Correctness of information reflected in risk analysis reports and risk management plans submitted by departments and municipalities	Improve communication Improve capacity
Capacity constraints in departments and municipalities result in non-compliance with prescripts	Improve capacity
Perception by departments and municipalities that regard role of Provincial Treasury monitoring and evaluation as "policing"	Improve communication
Capacity constraints in the sub-programme impacts on delivery	Employ relevant skilled and qualified staff Intensify staff training and development Implement assessment and feedback mechanism

4.5.4 Description of planned quality improvement measures

Treasury officials and the officials in departments and municipalities shall regularly attend training so as to improve on the quality of services to be rendered and to address the gap analysis identified through the

monitoring and evaluation process. A conducive environment would be created to leverage efficient and effective monitoring and evaluation results. Quarterly assessment on training provided shall be continuously performed to ensure overall improvement. Standardised procedures in terms of risk management and analysis need to be established in departments and municipalities in order to provide for effective monitoring and evaluation.

4.5.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To promote risk management function within the province.	To conduct the risk awareness workshops in departments to develop the risk management culture within departments.	Number of workshops conducted.	Nil workshops conducted	4 workshops	4 workshops	4 workshops
To facilitate the establishment of risk management capacity within the Provincial Government.	To develop the risk assessment methodology to have the standardised way of assessing the risk within departments and municipalities.	Date by which the assessment methodology document would be written.	Not applicable	30 June 2007	Review / revision date 30 June 2008	Review / revision date 30 June 2009
To facilitate information sharing amongst provincial stakeholder.	Risk management Forum targeted at departmental risk management facilitators to discuss risk management issues.	Number of risk management forums conducted	Not applicable	Six forums per annum.	Six forums per annum.	Six forums per annum.
To promote a uniform risk management approach within the province.	To provide training on risk management to municipalities to provide capacity.	Number of municipalities trained on risk management.	Not applicable	9 municipalities	9 municipalities	9 municipalities

4.6 Sub-Programme: Provincial Internal Audit

4.6.1 Specific policies, priorities and strategic objectives

The sub-programme provides for the evaluation of the processes of internal audit units and audit committees in provincial departments and municipalities and provides assistance and guidance for the implementation of policies and guidelines.

Strategic Goals	Strategic Objectives
To monitor, support and capacitate stakeholders to improve the quality of outputs and utilisation of assets and resources	To facilitate, monitor, support and provide professional advice to ensure financial and non-financial compliance to enable enhanced service delivery

4.6.2 Progress analysis

The sub-programme has been established during the 2004/05 financial year in terms of National Treasury's guidelines and has experienced capacity constraints since establishment. It is planned that the sub-programme would provide support, monitoring and reporting to enable effective internal audit and audit committee practices.

4.6.3 Analysis of constraints and measures planned to overcome them

Constraints	Planned Measures
Timeous submission of internal audit reports and plans by departments and municipalities in terms of prescripts	Improve communication Improve capacity
Correctness of information reflected in internal audit reports and plans submitted by departments and municipalities	Improve communication Improve capacity
Capacity constraints in departments and municipalities result in non-compliance with prescripts	Improve capacity
Perception by departments and municipalities that regard role of Provincial Treasury monitoring and evaluation as "policing"	Improve communication
Capacity constraints in the sub-programme impacts on delivery	Employ relevant skilled and qualified staff Intensify staff training and development Implement assessment and feedback mechanism

4.6.4 Description of planned quality improvement measures

Treasury officials and the officials in departments and municipalities shall regularly attend training so as to improve on the quality of services to be rendered and to address the gap analysis identified through the monitoring and evaluation process. A conducive environment would be created to leverage efficient and effective monitoring and evaluation results. Quarterly assessment on training provided shall be continuously performed to ensure overall improvement. Standardised procedures in terms of internal auditing need to be established in departments and municipalities in order to provide for effective monitoring and evaluation.

4.6.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance Measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
To provide support to departments and municipalities	Monthly submission of reports according to prescribed departmental format to support governance	Number of reports submitted	No reports submitted	4 reports to be submitted	4 reports to be submitted	4 reports to be submitted

4.7 Sub-programme: Supporting and Interlinked Financial Systems

4.7.1 Specified policies, priorities and strategic objectives

Strategic Goals	Strategic Objectives
Improved operational efficiency through ICT in the Province to accelerate service delivery	Provide, implement and manage IT Network
	Provide responsive IT End-user support

4.7.2 Progress analysis

The Province's data network has grown exponentially over the last several years. The integration of data network services into daily business operations of all provincial departments will continue to raise the level of expectations relative to network performance and capacity. The Province's Network must be positioned to

accept the challenges of increase reliance, especially in support of those initiatives pertaining to electronic access to government services.

4.7.3 Analysis of constraints and measures planned to overcome them

Increase in the volume of data in the departments spurred by such technology advance as Internet and e-mail which double the volume every year and also compliance requirements that apply to what data departments should keep.

End-user support is lengthy process; no remote access is available to speed up the process of assisting End-users with a problem .It just take too long to walk from one side of the campus to the other.

Budget amount are often in adequate to cater for End-user needs or IT business requirements

4.7.4 Description of planned quality improvement areas

The key problem areas is identified in the previous sections in the must be accepted as being detrimental to delivery of IT resources and services in the Province. It is also important to know that proven technology exist today that will be able to solve those key challenges for the Province.

The focus for 2007/2008 is to upgrade the network to incorporate future requirements.

This will facilitate growth in the network as well as improve reliability, availability and serviceability of the network.

The large scope of this exercise includes (but is not limited to) network security architecture and policies, monitoring of performance, put up to date records management policies and systems that capture all information that departments produce and stores it centrally and intrusion detection.

Maintain sufficient backup and disaster recovery to minimize the effect of catastrophic vents on the information technology infrastructure.

IT Support staff should be to automatically and transparently configure, update and troubleshoot workstations from whenever they are without having to visit each workstation.

The sub-programme will provide training on Information System Security and Fundamentals of IT to increase End-user productivity.

4.7.5 Specification of measurable objectives and performance indicators

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
Provide, implement and manage IT Network	Availability of IT Network to End-users to improve operational efficiency	Percentage Network uptime	Greater than 80% as per the network monitor	Greater than 80% as per the network monitor	Greater than 80% as per the network monitor	Greater than 80% as per the network monitor
	To perform maintenance on IT Network for 24/7 accessibility	Number of scheduled maintenance work	4	4	4	4
	Perform IT Network assessment to determine system needs	Date by which to complete report	N/A	30 Jun 2007	30 Jun 2008	30 Jun 2009
Provide responsive IT End-user support	To respond to End-User Enquiries to provide efficient service	Time to respond to End-user queries	48	36	24	12
	To provide training to End-users to increase End-user productivity	Number of individual End-user trained	300	380	400	450
Provide access to Personnel system to improve efficiency	Utilise all system functionalities to improve efficiency	Percentage utilisation of all system functionalities by all departments	Utilisation of system is 70%	Increase system functionalities utilisation by 13 departments from 70% to 80%	Increase system functionalities utilisation by 13 departments from 80% to 85%	Increase system functionalities utilisation by 13 departments from 85% to 90%

Strategic Objective	Measurable Objective	Performance measure	Year 0-1 2006/07 Est. Actual	Year 1 2007/ 08 Target	Year 2 2008/09 Target	Year 3 2009/10 Target
	Monthly closure of BAS to improve accountability	Number of departments that close books monthly and annually in time	13 departments closed books monthly and annually on time	13 departments close books monthly and annually in time	13 departments close books monthly and annually in time	13 departments close books monthly and annually in time
	To provide capacity building in departments through training on transversal financial systems.	Number of officials trained within a specific period.	300 officials to be trained on BAS, 200 officials to be trained on LOGIS, 45 officials on Vulindlela and 450 officials to be trained on PERSAL	300 officials to be trained on BAS, 200 officials to be trained on LOGIS, 45 officials on Vulindlela and 450 officials to be trained on PERSAL	300 officials to be trained on BAS, 200 officials to be trained on LOGIS, 45 officials on Vulindlela and 450 officials to be trained on PERSAL	300 officials to be trained on BAS, 200 officials to be trained on LOGIS, 45 officials on Vulindlela and 450 officials to be trained on PERSAL

4.8 Reconciliation of budget with plan

Programme4: Financial Governance

Sub-programme	Actual 2004/05	Actual 2005/06 (Base)	2006/07 Estimate	Average Annual change (%) ²	2007/08 Budget	2008/09 Target	2009/10 Target	Average annual change (%) ³
1. Programme Support	456	1236	1768	43%	2783	2852	3068	7.6%
2. Accounting Services	1344	1511	3779	150%	4258	4347	4694	8.0%
3. Norms and Standards	2597	1619	5056	212%	5859	6109	6452	5.6%
4. Risk Management	0	20	1396	6888%	799	839	881	5.0%
5. Provincial Internal Audit	0	0	306	100%	1424	1479	1667	12.7%
6. Supporting and interlinked financial systems	41398	42152	38581	(8%)	40131	40347	43454	7.7%
Total programme	45795	46538	50886	9%	55254	55973	60216	7.6%

5. MEDIUM-TERM REVENUE

5.1 Summary of revenue

The following sources of funding are used for the Vote:

Summary of revenue: Department of Finance

Revenue source	2005/06 Actual R'000	2006/07 Estimate R'000	2007/08 Target R'000	2008/9 Target R'000	2009/10 Target R'000
Voted by legislature	112 895	133 741	145 052	147 645	158 790
Conditional grants	-	-	-	-	-
Other (specify)	-	-	-	-	-
Total revenue	112 895	133 741	145 052	147 645	158 790

5.2 Departmental revenue collection

Departmental Revenue Collection

Revenue Source	2005/06 Actual R'000	2006/07 Estimate R'000	2007/08 Target R'000	2008/9 Target R'000	2009/10 Target R'000
Current revenue	-	-	-	-	-
Tax revenue	-	-	-	-	-
Non-tax revenue	65 090	24 160	28 244	29656	31 068
Capital revenue	-	-	-	-	-
Departmental revenue	65 090	24 160	28 244	29656	31 068

5.3 Conditional grants

None

5.4 Donor funding

None

6. CO-ORDINATION, CO-OPERATION AND OUTSOURCING PLANS

6.1 Interdepartmental linkages

The department facilitates the collection of revenue by departments through continuous interaction and support. The department is responsible for Treasury functions in the Provincial Administration.

6.2 Local government linkages

The municipal finance sub-programme has a direct link to local government as their function is to provide advice, support and monitor local government performance

6.3 Public entities

None.

6.4 Public, private partnerships, outsourcing, etc

None

6.5 Strategies to address audit queries

Audit queries are received and referred to relevant sections to respond to matters raised by the Auditor General. The responses are consolidated in the Office of the Chief Financial Officer. The Accounting Officer signs them off and submits to the Auditor General. Action plans are drawn up with assigned responsibilities on audit queries, these action plans are monitored by internal audit.

6.6 Implementation of PFMA

The Department strive to implement the PFMA in full.