

VOTE 14

GAUTENG TREASURY

To be appropriated by Vote	R104 292 000
Responsible MEC	MEC for Finance and Economic Affairs
Administering department	Gauteng Treasury
Accounting officer	Head of Department

1. OVERVIEW

The strategic intent of Gauteng Treasury is underpinned by the overall principles of promoting good governance as well as creating a suitable environment that will ensure that there is economic growth and that there are adequate strategies to address poverty alleviation in Gauteng through:

- Increased financial management capacity to achieve operational efficiency and promote accountability in government;
- Strategic leadership and technical support in financial management and budgeting;
- Development and implementation of efficient internal systems and processes; and
- Guidance and leadership in the implementation of financial management reforms for both provincial and local government.

Vision

Gauteng Treasury aspires to be pioneers in financial management and fiscal discipline within the public sector in South Africa.

Mission

To provide custodianship and distribution of Public Funds as well as Financial Management Services, through:

- Strengthening financial management to achieve operational efficiency and promoting accountability in government;
- Attracting and retaining an appropriate technical skills base at Gauteng Treasury;
- Providing technical assistance including analysing, monitoring, evaluating and advising customers to enable good financial planning and management;
- Developing and implementing efficient internal systems and processes;
- Investing in and empowering Gauteng Treasury employees.

Broad policies, priorities and strategic goals

The Gauteng Treasury main strategic goal is to support through its embedded powers derived from legislation and its influence through the budget process to:

- Promote good governance by providing stewardship on all financial matters in the province; and
- Ensure that strategies that are funded through projects and other initiatives are aligned to the provincial priorities and the principles of Batho Pele.

Gauteng Treasury has demonstrated and will continue to support the alignment to the provincial priorities in the manner in which it targets and balance the allocations of resources to areas that support economic development and job creation, as well as social services delivery in the province. Whilst there may not be direct action by Gauteng Treasury that can be correlated to each priority, but it will ensure that funds allocated to departments are effectively utilised and are aligned to the GPG priorities. Gauteng Treasury supports the alignment to Batho Pele Principles by allowing spending agencies to create value for money and providing technical assistance and analysis, some of these include the efficiency study, CIBA and Social Accounting Matrix. By promoting

transparency and access to information through publications such as the Medium Term Budget Policy Statement (MTBPS), the Budget Statement and the budget insert on the local newspapers during budget speech.

Legislative mandate

The following Acts govern the administration of government departments and for specific legislation pertaining to the administration of Gauteng Treasury, detail is provided:

- The Constitution (Act 108 of 1996): The Mandate of and environment within which National, Provincial and Local Government Financial Departments and Treasuries operate, is specifically described in Chapter 13: General Financial Matters;
- Division of Revenue Act that provides for the equitable division of revenue raised nationally, inclusive of conditional grants, amongst the three spheres of government and matters incidental thereto;
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997) that provides regulatory prescripts, in addition to the Public Service Act, 1994 and the Public Service Regulations, 2001, regarding the conditions of employment of staff in the Treasury;
- Borrowing Powers of Provincial Government Act, 1996 (Act 48 of 1996) that provides norms and conditions which the Treasury must adhere to in negotiating loans for the Provincial Government;
- Employment Equity Act, 1998 (Act 55 of 1998) that regulates the processes and procedures of the Treasury in achieving a diverse and competent workforce broadly representative of the demographics of Gauteng and eliminating unfair discrimination in employment towards implementing employment equity;
- Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997) that defines the role of the MEC of Finance and Economic Development and that of the Gauteng Treasury as representatives of the Provincial Government, in promoting co-operation between other spheres of government on fiscal, budgetary and financial matters; The Act also provides insight into the prescribed processes for the determination of the equitable share and allocation of revenue raised nationally and for matters in connection therewith;
- Labour Relations Act, 1995 (Act 66 of 1995) that regulates and guides the Gauteng Treasury in recognising and fulfilling its role in effecting labour harmony and the democratisation of the workplace;
- Municipal Finance Management Act (2004) that supports and monitors financial management in municipalities;
- Municipality Systems Act (2000) and Development Facilitation Act (1995) that supports and monitors municipal Integrated Development Planning (IDP) processes;
- Preferential Procurement Policy Framework Act (2000) that provides a framework for implementation of preferential procurement policy;
- Promotion of Access to Information Act, 2000 (Act 2 of 2000) that gives effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith;
- Public Finance Management Act, 1999 (Act 1 of 1999) that (1) regulates financial management in the Gauteng Treasury to ensure that all revenue, expenditure, assets and liabilities of the Gauteng Treasury are managed efficiently and effectively; (2) provides for the responsibilities of persons entrusted with financial management in the Gauteng Treasury and provides for matters connected therewith;
- Public Service Act, 1994 (Act 103 of 1994) that provides for the organisation and administration of the Gauteng Treasury and for human resource management which includes the regulation of conditions of employment, terms of office, discipline, retirement and discharge of staff members of the Gauteng Treasury and matters connected therewith.

Key policy areas and developments

An overview of the key policy areas and developments over the period being reported include the:

- Piloting of the Infrastructure Delivery Improvement Programme (IDIP) in the department of Education in 2004/05. This forms part of initiatives to address inadequate delivery of infrastructure throughout the country;
- Rolling out of the asset management reforms in the province in 2005/06 based on the National Treasury reforms towards accrual accounting;
- Promulgation of the Municipal Finance Management Act (MFMA) in 2005/06, which brought about an additional mandate for the Gauteng Treasury in terms of overseeing and guiding the implementation of the Act in all municipalities in Gauteng;
- Establishment of Gauteng Treasury as a separate vote from the Department of Economic Development in 2006/07 based on recommendations of the Technical Committee on Finance as gazetted by National Treasury in November 2004;
- Planned standardization of strategic and performance plans for provincial treasuries to ensure alignment of programmes, outputs and performance measures in all provinces for improved and comparable performance reporting.

2. REVIEW OF THE 2006/07 FINANCIAL YEAR

Programme 1: Administration

Sub-programme: Private Public Partnerships (PPPs)

The unit is still in its formation stage at present. Progress to date includes the recent finalization of the process of appointing advisers that performs the advisory role of the unit.

Programme 2: Sustainable Resource Management

Sub-programme: Budget Management

In the context of many social and development challenges facing the province, preparation of the budget is a formidable task. During the budget process, Gauteng Treasury faces many pressing claims on resources that could not be accommodated. The budgeting process for 2006 commenced with a Budget Lekgotla in July 2006, which reviewed the preliminary outcomes for the 2005/06 financial year and discussed some strategic priorities to be funded over the MTEF. The Lekgotla adopted the budget process to be undertaken for the 2006 MTEF. The unit introduced a comprehensive 2006 Treasury budget circular on CD to guide all departments in terms of the budget processes for the year. The CD included budget timelines, templates and explanations and was followed by a week of information workshops on the circular.

The infrastructure Model and Report piloted by National Treasury in 2004/05 has been implemented successfully in all departments dealing with infrastructure. The Activity Based Costing (ABC) project that was piloted in the department of Sport, Recreation, Arts and Culture has been completed during November 2005. The conclusion of the pilot assessment which includes the evaluation of the readiness of provincial departments for implementation is one of the factors that will inform the roll-out of the project to other departments. The new quarterly report for conditional grants was introduced with the 2005 Division of Revenue Act and was successfully implemented. The unit introduced the Expenditure Management Application Programme (emapp) to assist officials with departmental expenditure analysis. The non-compliance strategy was introduced as from 1 July 2006 to motivate departments to submit information accurately and timeously as per Treasury due dates.

Sub-programme: Public Finance

The Public Finance Unit was created to strengthen the oversight role of the Provincial Treasury on the quality of the public sector and to strengthen the analysis of public expenditure. In 2006/07 the unit's focus entailed establishing itself, defining its mandate and taking initial steps to implementing it. A concept paper with a diagnostic module was circulated to Gauteng departments under the cover of the letter from Head of Department. The unit took into account the findings from this exercise to inform interventions designed for the fulfilment of the Unit's mandate. Infrastructure delivery was placed on top of the agenda, and more attention and support given to relevant departments including the in-year IDIP support initiative. The IDIP will be implemented with high speed going forward. Going forward there will be a change in approach to the role of Public Finance, i.e. more emphasis was put on sectoral policy analysis, economic and technical evaluation.

Public Finance took initial steps to streamline regulatory matters, in particular the reporting requirements in terms of the applicable DORA. The in-year Monitoring and infrastructure reporting will henceforth constitute 10 percent of the Unit's outputs. Reporting must be done by programme managers at implementing and reporting departments. Gauteng Treasury's role would entail checking the credibility of the report and integrity of expenditure data reported on.

Sub-programme: Fiscal Policy and Economic Analysis

The Fiscal Policy and Economic Analysis unit has consolidated on some of the achievements for 2005/06 in terms of improving the structure and the approach of the Medium Term Budget Policy statement. A feasibility study on provincial taxation is nearing completion; the next phase will be consultations with different stakeholders. Revenue collecting departments have been trained in terms of how to budget for own revenue, also we have been able to ensure that departments align fee increases with the financial year.

A Provincial Economic Review and Outlook will be tabled before the end of the financial year. Reports on the provincial economic outlook will be on-going projects. Fiscal Policy and Economic Analysis unit is earnestly working with DBSA to introduce a provincial Social Accounting Matrix (SAM). An agreement has been reached with the University of Pretoria in the province to start developing an Economic model for the province.

Programme 3: Asset and Liabilities Management

Sub-programme: Norms and Standards

The unit managed to successfully spearhead the implementation of the MFMA in the 9 delegated municipalities. All the budgets for the 9 selected municipalities were tabled on time and in accordance with the newly legislated budget formats. The unit provided sterling support and assistance to municipalities around transitional issues brought about by the elections. The unit managed the process of transfers from the Provincial Government to municipalities, and the process was a general success. It should, however, be mentioned that this process needs to be refined further, going forward. The unit continues to support and assist municipalities on issues of general financial management skills and capacity. The unit also levelled a financial management intervention at the Kungwini Municipality due to the state of its Financial Management function.

The Financial Management Capacity plan was rolled out with emphasis on CFO structures. This project sought to financially assist departments with regard to enhancing capacity in their CFO offices. To this end, 10 departments participated in this particular project. The unit took-over the secretariat services for Audit Committees from GSSC, and this arrangement has worked out well towards ensuring that Treasury is informed of the operations of these Committees. The unit has begun to closely monitor the operations of the Public Entities listed in terms of schedule 3C of the PFMA. The unit may need to review its capacity to effectively execute this function going forward. Analysis and operations of Supply Chain Management (SCM) also took precedence as a fairly new function to the unit and capacity in this regard is a priority.

Furthermore, the unit being responsible for assisting municipalities with developing IDP's and credible budgets, more emphasis will be placed on issues of Financial Governance. The unit will therefore be expanding to concentrate more on assisting municipalities with executing their responsibilities which will include among other things risk management, asset management, internal audit, financial accounting and general information systems. The unit will continue to monitor compliance with the MFMA in all the delegated municipalities. It is anticipated that the unit's capacity will be adequately enhanced to be able to take on more responsibilities in terms of the Act.

Programme 4: Provincial Financial Management and Governance (FG)

Sub-programme: Financial Accounting

The Provincial Revenue Fund Financial Statements are currently in the process of being prepared. The consolidated Annual Financial Statements can only be prepared once all departments have been audited. Gauteng Treasury has identified that poor financial management within the province is partly attributable to the inadequate skills, training and capacity of the Chief Financial Officer's ("CFO") office. This is evident on the type of audit and internal audit reports that the province is receiving. A financial management capacity plan has therefore been developed to address this deficiency. The plan prioritizes capacity building within the CFO support structure as a key deliverable for 2006/07. Furthermore, the unit is planning to embark on a skills audit exercise, whereby the results will be used to determine the training needs of the incumbents of this office. The current development of an integrated Financial Management System at National Treasury that will facilitate the monthly management reporting will, in turn, enable the planned introduction of monthly management reporting within the province.

Sub-programme: Asset and Liabilities Management

The objectives of this sub-programme have not been met to date due to lack of capacity in this area. Progress regarding capacitating the sub-programme includes (1) the evaluation of the positions of the Director and the Deputy Director Asset Management and (b) recent appointment of a Deputy Director in Financial Accounting to act in the Director position. The Asset and Liabilities Management sub-programme has been successful in developing policies of cash management and developing Service Level Agreements (SLA) with departments. These documents have been discussed with departments and monthly cash management forums have been formed to address cash management issues.

An internal needs analysis is being conducted for the implementation of cash management system in the province during financial year 2007/08. Also in progress is planning for the implementation of a financial markets information feeder system (Reuters) that will enable sound decision making regarding investments, foreign Exchange (Forex) and future borrowings.

Sub-programme: Risk Management

The finalization of the Enterprise Risk Management feasibility study achieved the following objectives:

- Evaluation of the status of risk management within the 13 departments of Gauteng Provincial Government;
- Evaluation of current risk management capabilities;
- Identification of gaps between current and desired state;
- Determination of the existence, completeness and implementation of Risk Management strategy/ framework in departments;
- Formulation of an implementation plan to deal with any identified gaps.

3. OUTLOOK FOR THE 2007/08 FINANCIAL YEAR

Programme 1: Administration

Sub-programme: Management Services

The Management Services unit plans to focus on developing and implementing policies that will guide the activities of the department and give strategic direction.

Sub-programme: Corporate Services

In view of the growing department, the Corporate Services unit will be more involved in the recruitment of additional human resources required to carry out the mandate of the department.

Sub-programme: Office of the Chief Financial Officer

The office will focus on developing and implementing policies that will guide the activities of the department

Sub-programme: Private Public Partnerships (PPPs)

Provincial Treasury will undertake a regulatory and advisory role for private public partnerships. This unit will be tasked with promoting knowledge of Treasury Regulations (TR16) pertaining to PPPs through technical support to provincial and local government institutions.

Strategic Objectives for the Public Private Partnership Unit:

- Legal: Provide legal advice to all provincial and municipal PPPs, during planning and implementation phases;
- Financial: Undertake detailed financial analyses of planned projects; provide hands on technical assistance and direction to all PPP projects and conduct compliance auditing and report on such;
- Technical Liaison: Analyse project feasibility studies and provide economic analyses.

Programme 2: Sustainable Resource Management

Sub-programme: Budget Management

The Budget Management unit will focus at exploring more efficient methods of process management, improving backbone budget information and support systems and exploring possible funding models. The unit is planning to invest in a database management system that will capture all budget information, including historical data.

The unit will introduce monthly financial management meetings with departments to discuss improvements as well as to provide guidance on financial matters. The development of a new MTEF funding model for the province is under way to assist the province to do long-term planning for priorities, projects and programmes. The unit is planning to introduce an improved Budget Forum to provide guidance on budget process requirements and fiscal and financial matters affecting the province which will consist of Treasury officials and departmental budget and policy analysis staff.

The introduction of a knowledge management system, electronic filing system, budget consolidation database and a data warehousing system is to be implemented by the unit during the 2007/08 financial year.

Sub-programme: Public Finance

The Public Finance Unit will develop monitoring and evaluation systems to increase transparency and accountability and thus improve service delivery. The key mandate of the unit is to provide strategic support to departments and agencies to implement the budget. Alongside provision of support, the unit will work with departments and agencies to develop and strengthen in-house policy units.

Further reforms will involve the introduction of a set of measures to improve budget preparation, monitoring and implementation at a departmental level. Such measures would include a phased-in approach to the utilisation of analytical techniques such as cost benefit analysis and linear programming in budget preparation; it would involve the requirements for programme planning on the basis of business case for each proposal, its implementation and monitoring plan, analysis for its economic impact and value social gains expected.

Priorities of the Public Finance for the years ahead include:

- The Economic sector cluster will focus on providing support to departments to establish policy units, which will be responsible for conducting sector analysis, economic valuation, and policy analysis with a view to maximising efficiency gains and value for money for the Gauteng fiscus;
- Development of sound and effective information systems in the all sector departments to improve government ability to monitor impacts of Public Expenditure and further improve planning and budgeting;
- Value for money analysis and economic valuation for Public-Private-Partnerships;
- Alignment of all spending policies to the Accelerated and Shared Growth Initiative of South Africa (ASGISA), the Gauteng Development Strategy (GDS) and the five key provincial priorities;
- Active support for the implementation of the Infrastructure Delivery Improvement Programme at the Department of Public Works;
- Building in-house project appraisal capacity within infrastructure implementing departments and entities;
- Conduct systematic reviews of all agencies to assess the distinction between key policy imperatives;
- Streamlining reporting requirements that the governance sector impose on Gauteng departments and agencies to minimise bureaucratic and compliance costs;
- Support Gauteng Departments in their responsibilities required to host a successful 2010 World Cup;

Sub-programme: Fiscal Policy and Economic Analysis

The unit will continue to ensure that own revenue is appropriately budgeted, it will continue interacting with all revenue collecting departments in the province to ensure that departments collect all revenue that is due to the province. The unit will be creative and innovative to ensure that Medium Term Budget Policy statement (MTBPS) remain relevant in informing policy direction and budgets. The unit has embarked on producing a Provincial Economic Review and Outlook (PERO) which intend to give an outlook of a provincial economy as a distinct economy; work which has started in 2006/07 will be consolidated to ensure that the publication is well researched, evidence based and informative. The Social Accounting Matrix will be developed to ensure that projects in the province are well assessed to determine their impacts. Also we intend to develop a Gauteng Economic model together with the University of Pretoria.

Programme 3: Asset and Liabilities Management (ALM)

Sub-programme: Norms and Standards

The unit will be expanding to concentrate more on assisting municipalities with executing their responsibilities on the following:-

- Risk Management;
- Asset Management;
- Internal Audit/Audit Committees;
- General Information Systems.

The unit will continue to monitor compliance with the MFMA in all the selected municipalities. It is anticipated that the unit's capacity will be adequately capacitated in order to fully implement the Act. Asset and Liabilities Management continues to carry out its main function of leading the implementation financial management reforms in the Provincial Government (Departments and Public Entities). The policy setting and monitoring function in terms of Supply Chain Management will continue to gain momentum and be refined going forward.

Sub-programme: Municipal Budget Management

The unit is responsible for assisting municipalities with developing IDP's and credible budgets which include among others assisting municipalities in developing IDP's, monitoring the preparation of budgets by municipalities, monitoring the monthly outcomes of the municipalities budget and monitoring municipalities borrowings and investment.

Sub-programme: Municipal Accounting

The unit is responsible for assisting municipalities on matters that relates to financial accounting which includes monitoring and assessing annual financial statements of municipalities, assisting in development of accounting

practices that will promote effective and efficient capturing of transactions and ensuring integrity of financial data.

Sub-programme: Supporting and Interlinked Financial System

The unit provides for the oversight and management of existing financial systems and the transition to the Integrated Financial Management System enhancing compliance with the PFMA and other relevant legislation. It determine the requirements for and implement financial management systems and develop policy frameworks for the evolution of efficient financial management systems.

Programme 4: Provincial Financial Management and Governance (FG)

Sub-programme: Financial Accounting

In addition to striving for an unqualified audit opinion on the GPG consolidated annual financial statements, the unit plans to focus on the corroboration and analysis of compliance certificates. The planned additional human resources will be amongst the factors contributing towards this goal.

Sub-programme: Asset and Liabilities Management

For the 2007/08 financial year asset management will focus on ensuring that all departments have an Asset strategy approved by their Head of Department, comprising of the acquisition plans, operation and maintenance plans, disposal plans, funding plans and risk management plans. Asset Management will also ensure that departments develop implementation plans based on specific objectives, which clearly identify the milestones to be achieved, as discussed and agreed upon in the workshops. Reporting requirements on asset management will be introduced in 2007/08.

The financial year 2007/08 will see a restructured sub-programme in order to achieve optimal operation. The restructuring entails creation of three functions, namely; banking Services, cash management and investments and borrowings and foreign exchange.

Sub-programme: Risk Management

The coming financial year is set to see an establishment of a Risk Management Committee at provincial and departmental levels. Efficient execution of the Committee duties will be guided by relative terms of reference to be developed. An exercise of finalizing the outstanding risk assessments and of taking necessary measures to address gaps that were identified in the completed assessments will be commenced. Also planned for development are detailed action plans for departments with high residual risks. Progress on these action plans will be reported to relevant stakeholders such as management, provincial and departmental risk committees, audit committees and the Legislature through basic risk management reporting process that will also be developed.

4. REVENUE AND FINANCING

4.1 Summary of receipts

Gauteng Treasury is funded completely by equitable share funding. The history period shows financing from the equitable share that rises year-on-year from R22 million in 2003/04 to an average of R26 million over the next two financial years. The building of appropriate capacity for the implementation of the Municipal Finance Management Act underpinned this trend. Funding subsequently almost triples to R70 million in 2006/07 to accommodate some (support) functions that Gauteng Treasury would perform on its own after its establishment as a separate vote from the Department of Economic Development. Further increases in funding represent, amongst others, growth in capacity to fulfil the expanded mandate.

TABLE 1: SUMMARY OF RECEIPTS: GAUTENG TREASURY

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Equitable share	21,669	26,870	18,510	70,447	70,447	61,194	104,292	124,656	130,889
Total receipts	21,669	26,870	18,510	70,447	70,447	61,194	104,292	124,656	130,889

4.2 Departmental receipts collection

The years preceding 2005/06 shows healthy interest collection due to the fact that the province had healthy balances in provincial (accumulated) reserves; however interest collection after 2005/06 will be influenced by the depletion of part of the provincial reserves due to spending requirements by departments as well as the implementation of further phases of the intergovernmental cash coordination project which will place investment powers with the Corporation of Public Deposits which may vary the amount of interest earned over the MTEF.

TABLE 2: SUMMARY OF RECEIPTS: GAUTENG TREASURY

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Tax receipts									
Casino taxes									
Horse racing taxes									
Liquor licences									
Motor vehicle licences									
Sales of goods and services other than capital assets									
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land	191,630	176,063	223,189	133,210	133,210	133,210	152,184	151,810	148,580
Sales of capital assets									
Financial transactions in assets and liabilities									
Total departmental receipts	191,630	176,063	223,189	133,210	133,210	133,210	152,184	151,810	148,580

5. PAYMENT SUMMARY

5.1 Key Assumptions

The budget for Gauteng Treasury was compiled in accordance with the provincial budget guidelines. The departmental strategic plan and the Gauteng Provincial Government five-year strategic plan serve as the basis for finalizing the budget. Cost-saving strategies and inflation-related adjustments were taken into account, that is, a salary increase of 5 percent and other aspects of personnel policy.

5.2 Programme summary

The expenditure trend prior to 2005/06 is largely influenced by the introduction and completion of the support programme for the implementation of the PFMA. The increase of 65 percent in 2005/06 (between 2004/05 and the adjusted appropriation for 2005/06) introduces the responsibility of Gauteng Treasury in terms of the requirements of the MFMA. Funding substantially rose by 153 percent in 2006/07 to accommodate the separation of Gauteng Treasury as a vote from Economic Development. New programmes resulting from the separation are the Strategic Management Services programme (which houses the Office of the HoD, corporate services, internal finance and Public Private Partnerships). The 2007/08 financial year and the remainder of the MTEF further accommodates internal capacity building for Gauteng Treasury and the recruitment of skilled professionals as well as for financial management officials in the departments.

TABLE 3: SUMMARY OF PAYMENTS AND ESTIMATES: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
1 Administration	3,828	834	2,884	18,804	15,009	15,009	21,430	24,394	24,432
2 Sustainable Resource Management	3,823	4,985	6,201	18,573	18,665	18,665	29,925	28,925	28,925
3 Asset and Liabilities Management	199	621	3,534	17,380	11,830	11,830	32,009	50,765	56,909
4 Financial Governance	8,307	10,373	5,891	15,690	15,690	15,690	20,928	20,573	20,623
Total payments and estimates: Gauteng Treasury	16,157	16,813	18,510	70,447	61,194	61,194	104,292	124,657	130,889

TABLE 4: SUMMARY OF ECONOMIC CLASSIFICATION: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Current payments	16,157	15,500	17,257	69,983	56,708	56,708	102,137	123,500	129,631
Compensation of employees	8,189	6,901	10,439	32,646	31,199	31,199	59,451	66,422	68,602
Goods and services	7,968	8,599	6,818	37,337	25,509	25,509	42,686	57,079	61,029
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:		24	36	78	78	78			
Provinces and municipalities		24	36	78	78	78			
Departmental agencies and accounts									
Universities and technikons									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Public corporations and private enterprises Foreign governments and international organisations Non-profit institutions Households									
Payments for capital assets		1,289	1,217	386	4,408	4,408	2,155	1,156	1,258
Buildings and other fixed structures									
Machinery and equipment		1,289	1,217	386	4,288	4,288	2,155	1,156	1,258
Cultivated assets									
Software and other intangible assets					120	120			
Land and subsoil assets									
Total economic classification: Gauteng Treasury	16,157	16,813	18,510	70,447	61,194	61,194	104,292	124,657	130,889

5.3 Summary of economic classification

The expenditure trend prior to 2005/06 is largely influenced by the introduction and completion of the support programme for the implementation of the PFMA. The increase of 65 percent in 2005/06 (between 2004/05 and the adjusted appropriation for 2005/06) introduces the responsibility of Gauteng Treasury in terms of the requirements of the MFMA.

Funding substantially rose by 153 percent in 2006/07 to accommodate the separation of Gauteng Treasury as a vote from Economic Development. New programmes resulting from the separation are the Strategic Management Services programme (which houses the Office of the HoD, corporate services, internal finance and Public Private Partnerships). The funding increase in 2006/07 was channelled mainly to personnel cost (which tripled to R33 million) and goods and services (which rose by R30 million to R37 million).

A further departmental capacity building through the recruitment of skilled professionals as well as for financial management officials results in growth in the personnel cost to range of R59 million to R69 million (or an annual average of 32 percent) in the 2007 MTEF. A related growth in goods and services to a range of R43 million to R61 million (or an annual average of 18 percent) to partly accommodate the planned municipalities-related projects that aim at increasing financial management assistance to municipalities.

6. PROGRAMME DESCRIPTION

PROGRAMME 1: ADMINISTRATION

Programme description

To provide leadership, strategic management in accordance with legislation, regulations, policies and ensure appropriate support service to all other programmes.

Programme objectives

- To manage the financial wellness of the GT through budget control and cash flow management;
- To promote and maintain a condition of security awareness within the department;
- To manage the financial wellness of the GT through budget control and cash flow management;
- Attract, deploy and retain competent and focused employees;
- Create and promote an equitable and sound organizational culture and climate;
- Improve competence at all levels in the organization through ongoing growth and development;
- Ensure effective internal and external communications, through the development and implementation of an operational internal and external communication programme;
- Ensure an effective and efficient IT service.
- Promote knowledge of the Treasury Regulations (TR16) pertaining to PPPs through a level of excellence in technical support to provincial government institutions.

TABLE 5: SUMMARY OF PAYMENTS AND ESTIMATES 1: ADMINISTRATION

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
1 Management Services	2,389	834	2,884	4,217	4,434	4,434	3,864	2,544	2,544
2 Corporate Services	1,439			4,112	4,100	4,100	3,341	5,335	5,374
3 Office of the Chief Financial Officer							4,409	4,538	4,538
4 Public & Private Partnership				10,475	6,475	6,475	9,816	11,976	11,976
Total payments and estimates:									
Administration	3,828	834	2,884	18,804	15,009	15,009	21,430	24,393	24,432

* Gauteng Treasury was formed in 2006/07 without funding being exclusively allocated for the Office of the CFO

TABLE 6 : SUMMARY OF ECONOMIC CLASSIFICATION : ADMINISTRATION

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Current payments	3,828	811	2,863	18,619	14,434	14,434	20,752	24,077	24,096
Compensation of employees	3,508	763	2,546	9,578	8,336	8,336	12,541	13,168	13,723
Goods and services	320	48	317	9,041	6,098	6,098	8,211	10,909	10,373
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:		23		23	23	23			
Provinces and municipalities		23		23	23	23			
Departmental agencies and accounts									
Universities and technikons									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Public corporations and private enterprises Foreign governments and international organisations Non-profit institutions Households									
Payments for capital assets			21	162	552	552	678	316	336
Buildings and other fixed structures									
Machinery and equipment			21	162	552	552	678	316	336
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification:									
Strategic Management Services	3,828	834	2,884	18,804	15,009	15,009	21,430	24,393	24,432

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Programme description

- To provide provincial social and economic research and analysis that informs fiscal policy development and the annual budget process contributing to the provincial growth and development strategy;
- Allocate resources in line with provincial government priorities and 5 year plans to contribute to economic, efficient and effective service delivery (credible budgets);
- Maintain fiscal discipline through policies and the monitoring and evaluation of financial performance;
- Provide strategic leadership and technical and strategic support in financial management and budgeting.

Programme objectives

Sub-programme: Economic Analysis

- To determine and evaluate economic parameters and socio-economic imperatives within a provincial and macro economic context.

Sub-programme: Fiscal Policy

- To promote effective, optimal financial resource allocation and enable Government to finance its service delivery obligations;

Sub-programme: Budget Management

- Compile a credible and transparent budget for the Gauteng Provincial Government, according to the planned budget cycle;
- Ensure the implementation of budget reforms;
- Review the budget process to inform efficiency;

- Ensure the availability of high integrity budget information for decision making within the Gauteng Provincial Government budget process.

Sub-programme: Public Finance

- Plan, develop and analyse the Gauteng Provincial Government budget policies;
- Provide strategic support to departments to implement the budget;
- Work with departments to develop and strengthen in-house policy units;
- Introduce a set measures to improve budget preparation, monitoring and implementation at a departmental level.

TABLE 7: SUMMARY OF PAYMENTS AND ESTIMATES : SUSTAINABLE RESOURCE MANAGEMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
1 Programme Support	903	486		991	954	954	1,307	1,649	1,649
2 Budget Management	2,526	4,065	1,085	5,428	5,482	5,482	9,368	9,993	9,993
3 Fiscal Policy and Economic Analysis	394	434	736	7,249	7,249	7,249	6,309	9,847	9,847
4 Public Finance			4,380	4,905	4,980	4,980	12,941	7,436	7,436
Total payments and estimates: Sustainable Resource Management	3,823	4,985	6,201	18,573	18,665	18,665	29,925	28,925	28,925

TABLE 8: SUMMARY OF ECONOMIC CLASSIFICATION: SUSTAINABLE RESOURCE MANAGEMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Current payments	3,823	4,985	6,074	18,412	18,008	18,008	29,443	28,825	28,825
Compensation of employees	2,685	2,679	2,912	10,192	10,284	10,284	20,956	25,607	25,817
Goods and services	1,138	2,306	3,162	8,220	7,724	7,724	8,487	3,218	3,008
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:				12	12	12			
Provinces and municipalities				12	12	12			
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets			127	149	645	645	482	100	100
Buildings and other fixed structures									
Machinery and equipment			127	149	525	525	482	100	100
Cultivated assets									
Software and other intangible assets					120	120			
Land and subsoil assets									
Total economic classification:									
Sustainable Resource Management	3,823	4,985	6,201	18,573	18,665	18,665	29,925	28,925	28,925

SERVICE DELIVERY MEASURES

Programme: Sustainable Resource Management

Sub-programme: Budget Management

Measurable Objective	Performance Measure	Estimate 2006/07	Performance Target		
			2007/08	2008/09	2009/10
Ensure implementation of budget reforms	Treasury budget guideline circular developed, distributed & workshops Hosted	Within 2 weeks of 1st Budget Lekgotla	Within 2 weeks of 1st Budget Lekgotla	Within 2 weeks of 1st Budget Lekgotla	Within 2 weeks of 1st Budget Lekgotla
	Budget Lekgotla(s) hosted (to discuss budget related issues, finalise allocations & ratify decisions)	1st Lekgotla: during 1st Quarter 2nd Lekgotla: Latest during Nov	1st Lekgotla: during 1st Quarter 2nd Lekgotla: latest during Nov	1st Lekgotla: during 1st Quarter 2nd Lekgotla: latest during Nov	1st Lekgotla: during 1st Quarter 2nd Lekgotla: latest during Nov
	Departmental budget bilaterals hosted	14 budget bilaterals hosted during Sept/Oct	14 budget bilaterals hosted during Sept/Oct	14 budget bilaterals hosted during Sept/Oct	14 budget bilaterals hosted during Sept/Oct
	Accurate departmental Budget Statements produced and published	Bi-annually during March and November	Bi-annually during March and November	Bi-annually during March and November	Bi-annually during March and November
	Adjusted budget allocation letters distributed to departments	All Adjustment allocation letters distributed by Mid-October	All Adjustment allocation letters distributed by Mid-October	All Adjustment allocation letters distributed by Mid-October	All Adjustment allocation letters distributed by Mid-October
	Adjusted Appropriation Bill and departmental Budget Statements produced, tabled and published	Annually In November	Annually In November	Annually In November	Annually In November
	Implementation of reforms supported	All reforms supported by sessions, workshops, facilitated training or participation in CFO Forum	All reforms supported by sessions, workshops, facilitated training or participation in CFO Forum	All reforms supported by sessions, workshops, facilitated training or participation in CFO Forum	All reforms supported by sessions, workshops, facilitated training or participation in CFO Forum

Measurable Objective	Performance Measure	Estimate 2006/07	Performance Target		
			2007/08	2008/09	2009/10
Ensure availability of high integrity budget info for decision making within the GPG budget process	Provincial Budget Database (and Adjustment Budget Database) Set-up	Budget consolidation tool piloted	Budget consolidation tool refined	Budget consolidation tool refined	Budget consolidation tool refined
	IYM Data Consolidated Checked and Reported	Monthly and Quarterly	Monthly and Quarterly	Monthly and Quarterly	Monthly and Quarterly
	Stakeholder and Public Consultation	All 5 anticipated stakeholders consulted At least 1 Public Consultation conducted per Provincial Region	Consultation with stakeholders	Start implementing that identified tax	
	Deliver Evaluation Report on Provincial Tax.	Evaluation Report delivered		Implement an identified tax	
Plan, Develop and Analyse GPG Budget Policies	Oversight, Guidance And Input Into Budgetary Planning, Development, Implementation & Analysis	Budget Forum Meetings Held, Aligned with Budget Planning cycle	Budget Forum Meetings Held, Aligned with Budget Planning cycle	Budget Forum Meetings Held, Aligned with Budget Planning cycle	Budget Forum Meetings Held, Aligned with Budget Planning cycle
Provide strategic support to departments and agencies to implement the Budget.	Sectoral and departmental policy advise provided	Quarterly sector analysis meetings	Quarterly sector analysis meetings	Quarterly sector analysis meetings	Quarterly sector analysis meetings
	Expenditure and economic analysis conducted	Monthly and Quarterly expenditure reports analysis	Monthly and Quarterly expenditure reports analysis	Monthly and Quarterly expenditure reports analysis	Monthly and Quarterly expenditure reports analysis
	Infrastructure Delivery Improvement Support	IDIP implementation introduction	IDIP implementation	IDIP implementation	IDIP implementation
Work with departments to develop and strengthen in-house policy units.	Diagnostic exercise Conducted	Conduct diagnostic exercise	Monitor departmental challenges	Monitor departmental challenges	challenges
Introduce of a set of measures to improve budget preparation, monitoring and implementation at a departmental level.	Cost Benefit Analysis and Linear programming tools introduced	Introduce CBA tool guide for budget preparation	Phase in CBA tool guide for budget preparation	Introduce linear programming tool guide for budget preparation	Phase in linear programming tool guide for budget preparation
Advise on Fiscal Policy and Determine the Medium Term Fiscal Framework	Annual Reports Produced (Monitoring and evaluation)	A Report produced in terms of how fiscal policy will affect the budget.	A Report produced in terms of how fiscal policy will affect the budget.	A Report produced in terms of how fiscal policy will affect the budget.	A Report produced in terms of how fiscal policy will affect the budget
	Annual budget review publication	Annually	Annually	Annually	Annually
	Consultative Meetings With all GPG Departments	Assist departments to review their tariffs on a yearly basis	Assist departments to review their tariffs on a yearly basis	Assist departments to review their tariffs on a yearly basis	Assist departments to review their tariffs on a yearly basis
	HoD/Budget Lekgotla presentations	2 Presentations per year	2 Presentations per year	2 Presentations per year	2 Presentations per year
	Develop Borrowing Framework	Draft Framework Developed	Borrowing Framework Adopted	Update and review	Update and review
	MTBPS Compiled	Draft MTBPS produced prior to 2nd Lekgotla, Final MTBPS before end November	Draft MTBPS produced prior to 2nd Lekgotla, Final MTBPS before end November	Draft MTBPS produced prior to 2nd Lekgotla, Final MTBPS before end November	Draft MTBPS produced prior to 2nd Lekgotla, Final MTBPS before end November
Optimise Own Revenue (GPG)	Revenue Forum Meetings	Conduct and Facilitate 4 (Quarterly) Meetings per year	Conduct and Facilitate 4 (Quarterly) Meetings per year	Conduct and Facilitate 4 (Quarterly) Meetings per year	Conduct and Facilitate 4 (Quarterly) Meetings per year
	Revenue Forecasting Model Utilised	Customize NT Revenue Forecasting Model to GPG requirements	All Departmental Revenue Budgets Compiled Utilising GPG Customised Model	Revenue be budgeted appropriately through the use of the model	Revenue be budgeted appropriately through the use of the model

Measurable Objective	Performance Measure	Estimate 2006/07	Performance Target		
			2007/08	2008/09	2009/10
Produce Regular Provincial Economic Review and Outlook Reports	Partnerships with Expert Research Institutions	Meet with each Partner Institution at least 4 times per year (Quarterly)	Meet with each Partner Institution at least 4 times per year (Quarterly)	Meet with each Partner Institution at least 4 times per year (Quarterly)	Meet with each Partner Institution at least 4 times per year (Quarterly)
	Research Reports published	Annual Major Review Quarterly Reports published	Annual Major Review Quarterly Reports published	Annual Major Review Quarterly Reports published	Annual Major Review Quarterly Reports published
	Analyse the potential and Constraint for Growth & Development in the province	Bi-Annual Reports published	Bi-Annual Reports published	Bi-Annual Reports published	Bi-Annual Reports published
	SOCIAL ACCOUNTING MATRIX (SAM)	SAM being developed	Utilisation of SAM to assess the impact of different	Utilisation of SAM to assess the impact of different	Utilisation of SAM to assess the impact of different projects
	Econometric Modelling (Trend and forecast analysis) Reports	Bi-Annual Reports published	Bi-Annual Reports published	Bi-Annual Reports published	Bi-Annual Reports published

PROGRAMME 3: ASSET AND LIABILITIES MANAGEMENT

Programme description

Provision of guidance and leadership towards the implementation of financial management reforms brought about by the implementation of both the PFMA to provincial departments and the MFMA to municipalities.

Programme objectives

Provide guidance and lead the implementation of financial management reforms for both Provincial and Local Government. This Program exists to provide policy direction, facilitating the effective and efficient management of physical and financial assets, and liabilities, through the following strategic objectives:

Sub-programme: Norms and Standards

Ensures the development and implementation of norms and standards in terms of applicable laws and resultant policies and frameworks.

- Full compliance by accounting officers of normative standards;
- Implementation of financial management, DORA (Provincial allocations) compliance with financial requirements;
- Render and strengthen effective and efficient technical and strategic support to departments and other government stakeholders;
- Render and strengthen effective and efficient technical and strategic support to departments and other government stakeholders;
- Development, implement and monitor Provincial Treasury circulars for better financial management;
- Improve control weakness identified within departments;
- Render and strengthen effective and efficient technical and strategic support to departments and other government stakeholders.

Sub-programme: Municipal Budget Management

Ensure that the budgetary requirements of the Municipal Finance Management Act are complied with assisting municipalities in developing IDP's, monitoring the preparation of budgets by municipalities, monitoring the monthly outcomes of municipalities budget and monitoring municipalities borrowings and investment.

Sub-programme: Municipal Accounting

Ensure the development of accounting practices that will promote effective and efficient capturing of transactions:

- Monitor and Assess Annual Financial Statements of municipalities;
- Assist in ensuring the development of accounting practices that will promote effective and efficient capturing of transactions;
- Ensure integrity of financial data.

Sub-programme: Support and Interlinked Financial Systems

To provide for the oversight and management of existing financial systems and the transition to the Integrated Financial Management System enhancing compliance with the PFMA and other relevant legislation.

- Determine the requirements for and implement financial management systems;
- Develop policy frameworks for the evolution of and efficient financial management systems;

TABLE 9: SUMMARY OF PAYMENTS AND ESTIMATES: ASSETS AND LIABILITIES

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
1 Programme Support	171	621		12,721	4,425	4,425	2,943	4,180	4,389
2 Norms and Standards	28		332	1,339	2,307	2,307	11,527	15,672	16,430
3 Municipal Budget Management			3,202	3,320	5,098	5,098	9,252	9,883	10,332
4 Municipal Accounting							4,144	10,515	12,879
5 Support and Interlinked Financial Services									
Total payments and estimates: Asset and Liabilities Management	199	621	3,534	17,380	11,830	11,830	32,009	50,765	56,909

TABLE 10: SUMMARY OF ECONOMIC CLASSIFICATION: ASSETS AND LIABILITIES

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Current payments	199	621	3,524	17,327	9,101	9,101	31,469	50,125	56,237
Compensation of employees	171	621	2,129	5,409	5,112	5,112	11,648	12,626	13,290
Goods and services	28		1,395	11,918	3,989	3,989	19,821	37,499	42,947
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:				18	18	18			
Provinces and municipalities				18	18	18			
Departmental agencies and accounts									
Universities and technikons									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets			10	35	2,711	2,711	540	640	672
Buildings and other fixed structures									
Machinery and equipment			10	35	2,711	2,711	540	640	672
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification:									
Asset and Liabilities									
Management	199	621	3,534	17,380	11,830	11,830	32,009	50,765	56,909

SERVICE DELIVERY MEASURES

Assets and Liabilities Management

Measurable Objective	Performance Measure	2006/07 Estimate	Performance Target		
			2007/08	2008/09	2009/10
Ensure implementation of the MFMA in all municipalities in Gauteng	Budget and Treasury Office(s) in Municipalities Established	At 3 of 9 Municipalities, by year end	At 5 of 9 Municipalities, by year end	At All (9 of 9) Municipalities, by year end	
	Municipal Managers, CFO's and Senior Managers Appointed	At 3 of 9 Municipalities	At 5 of 9 Municipalities, by year end	At All (9 of 9) Municipalities, by year end	
	Delegation Schedules Evaluated & Reviewed	Annually	Annually	Annually	Annually
	Monitoring of Municipal Intern Programme	Quarterly progress assessment 15% compliance	Quarterly progress assessment 45% compliance	Quarterly progress assessment 65% compliance	Quarterly progress assessment 100% compliance
	Budget and Financial Policies reviewed and Adopted	Annually	Annually	Annually	Annually
Ensure timeous financial management interventions at municipalities as and when required	Municipal Budget and MFMA Returns Evaluated and Deviations Identified	NA	Monthly	Monthly	Monthly
	Constant monitoring and review of Financial Misconduct, Corrective measures and procedures institutionalised at municipalities	NA	Quarterly 15 % of Gauteng Municipalities	Quarterly 45 % of Gauteng Municipalities	Quarterly 80% of Gauteng Municipalities
	Interventions Designed and Implemented	NA	As and when required,	As and when required,	
	Intervention Impact Assessed	NA	As and when required,	As and when required,	
Establishment of Municipal Fora and all other Gauteng MFMA Initiatives	Municipal Banking Sector Imbizo	Annually	Annually	Annually	Annually
	Municipal Budget Council Forum	Bi-annually	Bi-annually	Bi-annually	
	CFO Forum	Quarterly	Quarterly	Quarterly	Quarterly
	Municipal Budget Lekgotla	Draft Budget Process	Draft and Adjustment Budget Process	Draft and Adjustment Budget Process	Draft and Adjustment Budget Process
	Annual Review on the application of Equitable Share for all Gauteng Municipalities and Publication of Provincial position paper on funding distribution through the Equitable Share	NA	Annual Assessment of Equitable Share Distribution for 15 % of Gauteng Municipalities	Annual Assessment of Equitable Share Distribution for 45 % of Gauteng Municipalities	Annual Assessment of Equitable Share Distribution for 80 % of Gauteng Municipalities
Ensure compliance with the MFMA by municipalities and municipal entities	MFMA Implementation Planned and Reviewed	Annually by October	Annually by October	Annually by October	Annually by October
	Budget Evaluation Checklist	Annually by June	Annually by June	Annually by June	Annually by June
Take the lead role in developing financial management skills and capacity in the province	Number of Departments with proper structure and capacity	13	14	14	
Ensuring that Internal Audit and Audit Committees are used effectively as risk management tools in departments	Monitor the implementation of recommendations of internal audit	Audit report from Auditor General and Internal Audit submitted to Audit Committee for follow up with departments, very good compliance reported	Annual evaluation of Audit Committees done and report submitted to NT and Auditor General	Annual evaluation of Audit Committees done and report submitted to NT and Auditor General	Annual evaluation of Audit Committees done and report submitted to NT and Auditor General
	Number of Public entities obtaining an unqualified Audit Opinion	NA	5 of 8	8 of 8	
Manage dispensation matters of GPG	Percentage Adherence to Service Level Agreement (SLA) turnaround times	100%	100%	100%	

Measurable Objective	Performance Measure	2006/07 Estimate	Performance Target		
			2007/08	2008/09	2009/10
Provide advice on the interpretation of the PFMA and the Treasury Regulations	Response time to departmental requests or queries.	Queries resolved timeously 80% of the time.	All queries resolved or finalized within 15 Days	All queries resolved or finalized within 15 Days	All queries resolved or finalized within 15 Days
	Number of outstanding requests or queries at month end	Not Measures	Max 2 outstanding	Max 2 outstanding	Max 2 outstanding
Monitor Governance Issues of Public Entities	Entities Listed in Schedules 3C & 3D of the PFMA	5 of 8 Entities Listed	3 Entities to be listed	All new Entities to be listed	All new Entities to be listed
	NT Governance Reporting Framework implemented & Adhered to	SNA	Framework Customised & Adapted for GPG Entities.	All Entities complies to Framework	
Provide Technical Assistance & Training to the Departments	Number of Financial Management Assistance training sessions, workshops and/or presentations conducted with the departments	Quarterly CFO Workshops undertaken	1 Event Quarterly	1 Event Quarterly	1 Event Quarterly
Monitor the monthly outcomes of Municipal budgets	Assessment of Quarterly Withdrawal Statements	3 of 9 municipalities	5 of 9 municipalities	7 of 9 municipalities	9 of 9 municipalities
Provide Municipal Budget and In Year Reports and Publications	Consolidated Statement on Monthly Budget outcomes submitted to Provincial Legislature	NA	Within 30 days of each Quarter's end	Within 30 days of each Quarter's end	
Provide Technical Assistance & Training to the Municipalities	Number of Financial Management Assistance training sessions, workshops and/or presentations conducted with the Municipalities	Budget Formats & In-Year Monitoring Tool Workshops presented at end November Provincial & Municipal Government Sector Alignment Workshop Presented (Pending)	At least 2 events/ workshops per year	At least 2 events/ workshops per year	At least 2 events/ workshops per year
Develop policy frameworks for the evolvement and efficient financial management systems	Financial Systems Policy Developed	Policy Drafted and Defined	Policy internally Adopted	Policy amended and adopted by all GPG departments	

PROGRAMME 4: FINANCIAL GOVERNANCE

Programme description

- Implement accounting practices that will promote effective capturing of revenue, expenditure, assets and liabilities;
- Ensure the effective management of risks to which the Gauteng Provincial Government (GPG) is exposed to by virtue of its assets, programs and operations;
- Optimise liquidity requirements and maximize returns within acceptable levels of risk for the GPG and to secure sound cash management;
- To ensure the efficient and effective management of assets for the GPG.
- To ensure that the financial systems of GPG are efficient to enable GPG to perform its operations effectively.

Programme objectives

Sub-programme: Financial Accounting

- Compile and submit Consolidated Financial Statements for the GPG;
- Compile the Provincial Revenue Fund Financial Statements on an annual basis;
- Submit reports to Legislature and National Treasury;
- Provide technical assistance & training to departments.

Sub-programme: Risk Management

- Develop and manage a GPG risk strategy and advise departments;
- Recommend and enforce effective processes to determine exposure to risk and develop plans to mitigate

- and prevent risks;
- Submit risk reports to Legislature and National Treasury to compare variances, actuals against the budget and forecasts;
- Provide technical assistance & training to departments.

Sub-programme: Asset and Liabilities Management

- Ensure effective and efficient management of assets for the province;
- Submit Asset Management reports to National Treasury;
- Provide asset management technical assistance & training to departments.
- Optimise cash flow management within the GPG;
- Ensure liquidity and that the province is adequately funded;
- Efficient management of the Provincial Revenue Fund;
- Invest funds efficiently and optimally on behalf of the province;
- Monitor the commercial banking SLA between GPG and its Banker and act as a banker for GPG Departments;
- Provide cash management assistance and training to GPG Departments;
- Submit cash flow reports to Legislature and National Treasury to compare variances, actuals against the budget and forecasts.

TABLE 11: SUMMARY OF PAYMENTS AND ESTIMATES: FINANCIAL GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
1 Programme Support	6,825	7,534		9,095	8,726	8,726	3,119	2,265	2,315
2 Assets & Liabilities Management	187	945	1,086	2,385	2,403	2,403	5,268	5,538	5,538
3 Accounting Services	1,295	1,894	4,805	4,210	4,561	4,561	7,845	7,809	7,809
4 Risk Management							4,696	4,961	4,961
5 Provincial Internal Audit									
Total payments and estimates: Financial Governance	8,307	10,373	5,891	15,690	15,690	15,690	20,928	20,573	20,623

* Risk management function has been accommodated under Programme support until 2006/07

TABLE 12: SUMMARY OF ECONOMIC CLASSIFICATION: FINANCIAL GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Current payments	8,307	9,083	4,796	15,625	15,165	15,165	20,473	20,473	20,473
Compensation of employees	1,825	2,838	2,852	7,467	7,467	7,467	14,306	15,021	15,772
Goods and services	6,482	6,245	1,944	8,158	7,698	7,698	6,167	5,452	4,701
Interest and rent on land									

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Financial transactions in assets and liabilities									
Transfers and subsidies to:		1	36	25	25	25			
Provinces and municipalities		1	36	25	25	25			
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets		1,289	1,059	40	500	500	455	100	150
Buildings and other fixed structures									
Machinery and equipment		1,289	1,059	40	500	500	455	100	150
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification:									
Financial									
Governance	8,307	10,373	5,891	15,690	15,690	15,690	20,928	20,573	20,623

SERVICE DELIVERY MEASURES

Programme Financial Governance Sub-programme: Accounting Services

Measurable Objective	Performance Measure	2006/07 Estimate	Performance Target		
			2007/08	2008/09	2009/10
Compile and submit Consolidated Financial Statements for the GPG	Submit consolidated Financial Statements to Legislature within 6 months of year end	Oct 2007	Oct 2008	Oct 2009	Oct 2010
	Submit consolidated Financial Statements to Auditors within 3 months of year end	June 2007	June 2008	June 2009	June 2010

Measurable Objective	Performance Measure	2006/07 Estimate	Performance Target		
			2007/08	2008/09	2009/10
Compile the Provincial Revenue Fund Financial Statements on an annual basis	Unqualified audit opinion on the statements	100% Unqualified	100% Unqualified	100% Unqualified	100% Unqualified
Submit reports to Legislature and National Treasury	Quarterly Financial Reports Produced and Submitted	4 Reports submitted	4 Reports submitted	4 Reports submitted	4 Reports submitted
Provide Technical Assistance & Training to the GPG Departments	Number of training sessions, workshops and/or presentations conducted with departments	At least 1 per quarter	At least 1 per quarter	At least 1 per quarter	At least 1 per quarter

Sub-programme: Risk Management

Measurable Objective	Performance Measure	2006/07 Estimate	Performance Target		
			2007/08	2008/09	2009/10
Develop and manage a GPG risk strategy and advise departments	GPG Risk Management Policy defined and implemented	Policy implemented by year end			
	Review all existing Risk Management Policies and Strategies in use in GPG departments and draft a Plan for the implementation and rollout of a provincial Risk Management Policy				
Recommend and enforce effective processes to determine exposure to risk and develop plans to mitigate and prevent risks	Facilitate the compilation of an Annual Risk Assessment Report for each GPG department, incl. recommendations & plans	13 Annual Reports within 2 months of Financial Year End	13 Annual Reports within 2 months of Financial Year End	13 Annual Reports within 2 months of Financial Year End	13 Annual Reports within 2 months of Financial Year End
Submit Risk reports to Legislature and National Treasury to compare variance Actual against Budget and Forecasts	Quarterly Risk Management Reports Produced	Quarterly Reports submitted	Quarterly Reports submitted	Quarterly Reports submitted	Quarterly Reports submitted
Provide Technical Assistance & Training to the GPG departments	Number of training sessions, workshops and/or presentations conducted with departments	At least 1 per quarter	At least 1 per quarter	At least 1 per quarter	At least 1 per quarter

Sub-programme: Asset and Liabilities Management

Measurable Objective	Performance Measure	2006/07 Estimate	Performance Target		
			2007/08	2008/09	2009/10
Ensure effective and efficient management of assets for the province	Asset Management Strategy Implemented.	Approved Asset Acquisition; Operations & Maintenance and Disposal Plan in place	All assets valued in terms of issued practice note		
		Updated asset register complies to all requirements as per Learner Guide			
		Updated asset policies as per framework	Asset Management Practices comply with asset management framework	All departments fully compliant with the set asset management framework	All departments fully compliant with the set asset management framework
Submit Asset Management reports to National Treasury	Quarterly Asset Management Reports Produced	Monthly Reports submitted	Monthly Reports submitted	Monthly Reports submitted	Monthly Reports submitted

Measurable Objective	Performance Measure	2006/07 Estimate	Performance Target		
			2007/08	2008/09	2009/10
Provide Asset Management Technical Assistance & Training to the GPG departments	Number of training sessions, workshops and/or presentations conducted with departments	At least 1 per quarter	At least 1 per quarter	At least 1 per quarter	At least 1 per quarter
Optimize Cash Flow Management within the GPG	Variance between funds requested & actual expenditure not to exceed 5%	Max. 5%	Max. 5%	Max. 5%	Max. 5%
		13 Departments complying	14 Departments complying	14 Departments complying	14 Departments complying
Variance between cash flow projections & actual expenditure not to exceed 5%	Max. 5%	Max. 5%	Max. 5%	Max. 5%	
		14 Departments complying	14 Departments complying	14 Departments complying	14 Departments complying
Ensure liquidity and that the province is adequately funded	Daily Cash Balances are maintained as planned not to exceed R200 Million	Maximum R200 Million	Maximum R150 Million	Maximum R100 Million	Maximum R100 Million
Invest funds efficiently and optimally on behalf of the province	Maintain a properly diversified portfolio of investments (not more than 30% of the portfolio to be held by any one bank)	Max. 30% per Financial Institution	Max. 30% per Financial Institution	Max. 30% per Financial Institution	Max. 30% per Financial Institution
Monitor the commercial banking SLA between GPG and its Banker and act as a banker for GPG Departments	Provide efficient banking Services to GPG Departments and maintain good relationship with the Incumbent GPG banker.	ALL GPG banking queries Resolved	ALL GPG banking queries Resolved	ALL GPG banking queries Resolved	ALL GPG banking queries Resolved
Efficient management of the Provincial Revenue Fund	Ensure compliance with PFMA.	100% Compliance	100% Compliance	100% Compliance	100% Compliance
Submit Cash Flow reports to Legislature and National Treasury to compare variance Actual against Budget and Forecasts	Quarterly Cash Flow Reports Produced	2 Reports submitted	4 Reports submitted	4 Reports submitted	4 Reports submitted

7. OTHER PROGRAMME INFORMATION

7.1. Personnel numbers and costs

TABLE 9: PERSONNEL NUMBERS AND COSTS: GAUTENG TREASURY

Personnel numbers	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010
1 Administration	2	2	2	10	23	23	23
2 Sustainable Resource Management	7	6	14	25	43	43	43
3 Asset and Liabilities Management	3	10	10	22	53	53	53
4 Financial Governance	2	10	12	23	65	71	81
Total personnel numbers	14	28	38	80	184	190	200
Total personnel cost (R thousand)	8,189	6,901	10,439	31,199	59,451	66,422	68,602
Unit cost (R thousand)	585	246	275	390	323	350	343

TABLE 10: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBERS AND COSTS

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07		2007/08
Total for the department									
Personnel numbers (head count)	14	28	38	80	80	80	184	190	200
Personnel cost (R thousands)	8,189	6,901	10,439	32,646	31,199	31,199	59,451	66,422	68,602
Human resources component									
Personnel numbers (head count)					1	2	6	6	6
Personnel cost (R thousands)					276	314	1,541	1,618	1,699
Head count as % of total for department					1%	3%	3%	3%	3%
Personnel cost as % of total for department									
Finance component									
Personnel numbers (head count)						4	9	9	9
Personnel cost (R thousands)						608	2,523	2,649	2,782
Head count as % of total for department						5%	5%	5%	5%
Personnel cost as % of total for department						2%	4%	4%	4%
Full time workers									
Personnel numbers (head count)	14	28	38	80	80	75	182	188	198
Personnel cost (R thousands)	8,189	6,901	10,439	32,646	31,199	30,949	59,368	66,335	68,511
Head count as % of total for department	100%	100%	100%	100%	100%	94%	99%	99%	99%
Personnel cost as % of total for department	100%	100%	100%	100%	100%	99%	100%	100%	100%
Part-time workers									
Personnel numbers (head count)									
Personnel cost (R thousands)									
Head count as % of total for department									
Personnel cost as % of total for department									

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07		2007/08
Contract workers									
Personnel numbers (head count)						5	2	2	2
Personnel cost (R thousands)						250	83	87	92
Head count as % of total for department						6%	1%	1%	1%
Personnel cost as % of total for department						1%			

7.2 Training

TABLE 11: PAYMENTS ON TRAINING: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
1 Administration of which	4		64	134	134	134	185	230	241
Subsistence and travel									
Payments on tuition									
2 Sustainable Resource Management	148	200	89	262	262	262	308	326	433
Subsistence and travel									
Payments on tuition									
3 Asset and Liabilities Management	11		287	170	170	170	188	198	208
Subsistence and travel									
Payments on tuition									
4 Financial Governance	126	23	81	102	102	102	135	141	148
Subsistence and travel									
Payments on tuition									
Total payments on training: Gauteng Treasury	289	223	521	668	668	668	816	895	1,030

7.3 Reconciliation of structural changes

TABLE 12: RECONCILIATION OF STRUCTURAL CHANGES

Programmes for 2006/07			Programmes for 2007/08		
	2007/08 Equivalent				
	Programme	Subprogramme		Programme	Subprogramme
Strategic Management Services	1		Administration	1	
			Office of the Chief Financial Officer	1	3
			Public and Private Partnerships	1	4
Economic and Fiscal Management	2		Sustainable Resource Management	2	
Provincial Financial Management Reforms	3		Asset and Liabilities Management	3	
Management Office	3	1	Programme Support	3	1
PFMA	3	2	Norms and Standards	3	2
MFMA	3	2	Municipal Budget Management	3	3
			Municipal Accounting	3	4
			Support and Interlinked Financial Services	3	5
Provincial Financial Management and Governance	4		Financial Governance	4	1
Management Office	4	1	Programme Support	4	2
Assets and Liabilities	4	2	Assets and Liabilities Management	4	3
Financial Governance and Accounting Services	4	3	Accounting Services	4	4
			Risk Management	4	5
Public and Private Partnerships	5		Public and Private Partnerships	1	4

