

# Provincial Treasury

## ANNUAL PERFORMANCE PLAN

2006/07 to 2008/09



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# Foreword

In last year's Foreword I stated that the Provincial Treasury should meet its responsibilities as a change agent in assessing the qualitative impact of provincial service delivery via social economic variables requiring analytical instruments to be designed to track and evaluate these variables. Furthermore, the importance and role of Local Government and the Provincial Treasury's responsibilities in terms of the Municipal Finance Management Act, 2003 (Act 56 of 2003) were new areas of emphasis to attain a seamless integration of the different spheres of government. Other areas that were also highlighted, included improving supply chain management service delivery in all departments, stabilising and enhancing financial systems and to assume increasing responsibility with respect to National Treasury in managing provincial public private partnerships (PPP's). 2005/06 was a tough year, but I am proud to say that all the above areas did receive dedicated attention and established a better base to deal with challenges that 2006/07 may bring.

The Provincial Treasury operates in a very dynamic environment and what may be applicable to one financial year may change in the next. Therefore the nineteen five year strategic goals that were formulated for 2004/05 have necessitated amendments for 2006/07. This was necessary as new sub-components became fully fledged with newly appointed leadership and greater outputs. This combination impacted positively on how Provincial Treasury should run its business and approach these goals.

Looking at the year ahead, the main challenges we face for 2006/07 can be summarised as follows:

- ❑ Increasing substantive change in governance and service delivery output, both quantitatively and qualitatively;
- ❑ The ability to put together fiscal policy frameworks that succeeds, amongst others, in addressing the different sub-regions' socio-economic needs and their interaction with the rest of the national economy;
- ❑ Alignment of national, provincial and municipal fiscal policy; and
- ❑ Improving spending efficacy, inclusive of allocation processes.

As head of the Provincial Treasury I fully endorse the service delivery targets as set out in the Annual Performance Plan for 2006/07 to 2008/09 and accept the challenge to bring about those changes that are consistent with the goals that the Provincial Treasury has chosen to follow.

A handwritten signature in blue ink, appearing to read 'Lynne Brown', is positioned above the typed name.

**Lynne Brown**  
**Minister of Finance and Tourism**

**Date: 24 March 2006**

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# Abbreviations

Abet:	Adult Basic Education and Training
AC:	Audit Committee
AFR:	Asset Financing Reserve
AG:	Auditor-General
AO:	Accounting Officer
ASB:	Accounting Standards Board
BAS:	Basic Accounting System
BBBEE:	Broad Based Black Economic Empowerment
BEE:	Black Economic Empowerment
BER:	Bureau for Economic Research
BIF:	Business Insight Folder
BPO:	Business Process Outsourcing
CASIDRA:	Cape Agency for Sustainable Development in Rural Areas
CeI:	Centre for e-Innovation
CFO:	Chief Financial Officer
CG:	Conditional grant
CIDB:	Construction Industry Development Programme
CPD:	Corporation for Public Deposits
DBC:	Departmental Bid Committee
DBSA:	Development Bank of Southern Africa
DORA:	Division of Revenue Act
EDU:	Economic Development Unit
EOC:	Employer of Choice
EPS:	Electronic Purchasing System
EPWP:	Expanded Public Works Programme
FET:	Further Education Training
FETC:	Further Education and Training Certificate
FMS:	Financial Management System
GAMAP:	Generally Accepted Municipal Accounting Practice
GDPR:	Cross Domestic Product per Region
GEPF:	Government Employees Pension Fund
GRAP:	Generally Recognised Accounting Practice
HDI:	Historically Disadvantaged Individual
HOT:	Head Official Treasury
HRD:	Human Resource Development
HRDS:	Human Resource Development Strategy
HSRC:	Human Sciences Research Council
IA:	Internal Audit
ICS:	Improvement in Conditions of Service
ICT:	Information Communication Technology
IDIP:	Infrastructure Delivery Improvement Programme
IDP:	Infrastructure Delivery Plan

IDP:	Integrated Development Plans
IDP:	Individual Development Plans
IFMS:	Integrated Financial Management System
IGCC:	Intergovernmental Cash Co-ordination
IE:	iKapa Elihlumayo
IIA:	Institute for Internal Auditors
IMLC:	Institutional Management and Labour Committee
IPMU:	Infrastructure Programme Management Unit
IT:	Information Technology
IYM:	In-Year Monitoring
LOGIS:	Logistical Information System
MEC:	Member of Executive Council
MEDS:	Micro Economic Development Strategy
MEDSAS:	Medical Stores Administration System
MFMA:	Municipal Finance Management Act, 2003 (Act 56 of 2003)
MSP:	Master Systems Plan
MTBPS:	Medium Term Budget Policy Statement
MTEF:	Medium Term Expenditure Framework
MTEFF:	Medium Term Fiscal Framework
NMIR:	National Minimum Information Requirements
NT:	National Treasury
NTR:	National Treasury Regulations
PDC:	Provincial Development Council
PERSAL:	Personnel and Salary Administration System
PER&O:	Provincial Economic Review and Outlook
PES:	Provincial Equitable Share
PFMA:	Public Finance Management Act, 1999 (Act 1 of 1999)
PGDS:	Provincial Growth and Development Summit
PGWC:	Provincial Government Western Cape
PMDS:	Performance Management Development System
PMU:	Programme Management Unit
PPP:	Public Private Partnership
PPSC:	Provincial Portfolio Steering Committee
PSCBC:	Public Service Commission Bargaining Council
PSDF:	Provincial Spatial Development Framework
PT:	Provincial Treasury
REAL:	Revenue, Expenditure, Assets, Liabilities
RFP:	Request for Proposal
RFQ:	Request for Qualification
SARS:	South African Revenue Services
SCM:	Supply Chain Management
SCoA:	Standard Chart of Accounts
SCOF:	Standing Committee on Finance
SDBIP:	Service Delivery Business Information Plan
SDR:	Service Delivery Review
SER:	Socio-economic Review
SETA:	Sector Education and Training Authority
SITA:	State Information Technology Agency

SME:	Small and Medium Enterprises
SMME:	Small Medium and Micro Enterprise
SMS:	Senior Management Service
SPMS:	Staff Performance Management System
TCF:	Technical Committee on Finance
TCO:	Total Cost of Ownership
TELKOM:	Telecommunication
TQM:	Total Quality Management
URS:	User Requirement Statement
WCED:	Western Cape Education Department
WC-MTBPS:	Western Cape Medium Term Budget Policy Statement
WCSD:	Western Cape Supplier Database
WSP:	Workplace Skills Plan



## Overview and Strategic plan updates

### 1. Overview

The Treasury will continue to accept the challenge to act as fiscal catalyst for the departments of the Province with the following key deliverables in mind:

- To create an enabling internal operating environment within Treasury itself that promotes efficient financial management and associated services. The development of a human capital strategy resulting in the desired capabilities and the recruitment, development and retention of competent employees.
- A credible medium term fiscal framework that finances the Province's key deliverables over the next MTEF with informing provincial and local (at district level) socio-economic analyses leading to sustainable medium term expenditure budgets that give effect to provincial and national policy priorities.
- Improved in-year expenditure management practices, the development of efficiency parameters and analyses and improvement of intergovernmental financial management, municipal oversight and capacity building responsibilities.
- Fostering prudent management of the Provincial Government's built environment responsibilities and its physical and financial assets, financial systems and arising liabilities.
- Proper recording of all financial transactions, substantive compliance with financial management norms and standards, effective provincial risk management capacity and correlated therewith, professional internal audit services.

In essence we should continue to ask the question whether our investment in what we are setting ourselves to do, are in fact resulting in the desired contribution towards accelerated and shared growth for the Province.

### 2. Strategic plan update analysis

For this financial year the Provincial Treasury did not compile new strategic objectives as the current ones will remain relevant up to 2009 at least. However, a few alterations have been made to the existing ones where such changes were necessitated. The management team within Treasury did a review and updated their Annual Performance Plans against

the background of a strategic planning session that was held on 28 and 29 November 2005. During this session each sub-programme manager within the Provincial Treasury was provided with rephrased summarised questions aimed at testing and improving on their measurable objectives. This was to ensure that the resources invested in Treasury will contribute to accelerated and shared economic growth in the Province. 2006/07 formalises quarterly reporting in line with the Annual Performance Plan. This builds on the pilot run in 2005/06 but as a management team agreement was reached on better quality and a quicker turnaround for 2006/07, as well as better integration and correlation with the staff performance management system and other reviews produced by Treasury. That would make the fourth quarterly report nearly synonymous with the final Annual Report.

## Programme and sub-programme performance targets

### 1. Programme 1: Administration

This programme's aim is to provide and maintain high quality support services to the Minister and within the Provincial Treasury pertaining to sound financial administration, supply chain management, auxiliary services and corporate services.

The programme structure is as follows:

#### **Office of the Minister**

To render secretarial, administrative and office support services to enable the Minister to realise her Treasury and Tourism priorities.

#### **Management Services**

To render strategic support and conduct overall planning.

#### **Corporate Services (Human Resource Management)**

To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees, aligned with the business objectives.

#### **Financial Management (Office of the CFO)**

To deliver high quality financial management and specialised auxiliary services to the Treasury.

#### **a. Specified policies, priorities and strategic objectives**

The strategic objectives are specified under the sections below.

#### **b. Progress analysis**

Greater synergy and consolidation within the four sub-programmes of Programme 1 should ensure a higher-level administrative performance of the Provincial Treasury over the coming financial year, now that it has reached the end stages of its extensive transformation process that formally started three years ago.

**c. Analysis of constraints and measures planned to overcome them**

Concerted efforts will be taken further to optimise service delivery to all components and co-ordinate efforts to benefit Treasury as a whole.

**d. Description of planned quality improvement measures**

Improved control measures have been implemented within several areas to enhance service delivery and reporting within Treasury. Several circulars to improve budget control, In-Year Monitoring (IYM), non-financial performance reporting, payments control and risk management have already been compiled and distributed and it is expected that the Provincial Treasury will reap the benefits in future.

**1.1 Sub-programme 1.1: Office of the Minister**

**1.1.1 Specified policies, priorities and strategic objectives**

The optimisation of the services rendered by the office to assist the Minister in enhancing tourism, broadening the economic base of the Province through its fiscal policies, reducing economic and social inequalities and the redirecting of resources and opportunities to that part of the population that needs it most.

**Strategic goal 1:** To render secretarial, administrative and office support services to enable the Minister to realise her Treasury and Tourism priorities.

**Strategic objectives:**

1. Ensure the rendering of secretarial, administrative and office support services.
2. Assist with tourism functions vested under the Minister.
3. Ensure an efficient public profile for the Minister.
4. Enable the Minister to realise her executive responsibilities.

**1.1.2 Progress analysis**

Greater coordination and integration of the Minister's office with the other three sub-programmes of Programme 1 should ensure higher-level support and functional results.

**1.1.3 Analysis of constraints and measures planned to overcome them**

The day-to-day running of the office should be strengthened to achieve proper functional and coordinated arrangements.

To overcome these constraints a fully functional organisational structure will be implemented and the applicable staff members will be sensitised to their different roles within such a structure.

**1.1.4 Description of planned quality improvement measures**

Defining the roles of the different staff members within the office, upgrading the level of general administrative and document management services and the reduction of the turnaround time of documents submitted to the Minister.

### **1.1.5 Specification of measurable objectives and performance indicators**

Please see Table 1.1.

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

### **1.2.1 Specified policies, priorities and strategic objectives**

The developing, consolidating, evaluation and maintaining of general effective internal and external communication strategies and information management (maintenance of Treasury's two websites) that will be evolved over time in pursuit of Treasury's overall priorities and strategic goals.

**Strategic goal 2:** To render strategic support and conduct overall planning.

**Strategic objective:**

1. A well functioning and coordinated institution that delivers on its responsibilities.

### **1.2.2 Progress analysis**

At conceptual stage, the communication (including language services) and its share of information management should come into place during the first quarter of 2006/07.

### **1.2.3 Analysis of constraints and measures planned to overcome them**

This is a newly created sub-programme that must still evolve.

### **1.2.4 Description of planned quality improvement measures**

This sub-programme is still under development.

### **1.2.5 Specification of measurable objectives and performance indicators**

Please see Table 1.1.

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

### **1.3.1 Specified policies, priorities and strategic objectives**

In order to meet the key challenges stated above, the following priorities have been identified:

- Build high level skills and competencies within Treasury to deal with the changing environment and associated challenges.
- Implement quality improvement and process improvement measures.
- Develop, implement and maintain an effective two-way staff communication and liaison mechanism.
- Develop, implement and maintain a relevant paper-based and electronic record management system.
- Develop, implement and maintain clear HR performance measures and standards.
- Facilitate structural reviews and fine-tuning of the staffing establishment and implement conclusions.
- Implement measures to enhance and optimise recruitment processes and succession planning.
- Implement measures to attract and retain scarce skills.

- Implement measures to address and manage audit and risk reviews.
- Develop strategies to enhance cohesion and a shared corporate culture.

**Strategic goal 3:** To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees, aligned with the business objectives.

**Strategic objective:**

1. To attract and acquire the desired employee profile.
2. To develop and maintain a learning organisation in order to produce a competent workforce.
3. To develop appropriate interventions to transform the culture of Provincial Treasury to create an environment of optimum employee performance in relation to Treasury's strategic objectives.
4. Refining work systems for the optimal delivery of all Transactional Human resource management.

### 1.3.2 Progress analysis

The Provincial Treasury has embarked on key performance improvement processes in all the human resource functions including:

- Measures to improve the reliability and accuracy of information and advice.
- Improvement in customer and line function responsiveness and communication e.g. deployment of skilled practitioners to manage communication and processes with line managers.
- Concerted efforts to build and strengthen internal capacity.

### 1.3.3 Analysis of constraints and measures planned to overcome them

The following external and internal constraints were identified:

- External
  - Highly competitive environment and demand for professional skills.
  - Highly regulated environment.
  - Socio-economic factors.
  - Lack of prepared potential candidates for the complex world of human resource work.
- Internal
  - High turnover rate.
  - Limited knowledge and application of human resource processes.
  - Ineffective communication.
  - Operating capacity inadequate for the complexity of the human resource function.
  - Slow and unproductive processes.

The implementing of effective and efficient recruitment and acquisition processes, the developing and implementing of human capital investment programmes, the developing of an integrated communication system and optimising capacity with clarified roles and accountability are planned measures to overcome above-stated constraints.

### **1.3.4 Description of planned quality improvement measures**

As quality improvement measure the Provincial Treasury will be marketed as an employer of choice with a strong focus on learning and development, a conducive working environment, broad exposure to its unique and diverse nature of work and the building of a dynamic team.

### **1.3.5 Specification of measurable objectives and performance indicators**

Please see Table 1.1.

## **1.4 Sub-programme 1.4: Financial Management**

### **1.4.1 Specified policies, priorities and strategic objectives**

The following challenges have been set for Financial Management:

- Maintaining proper management over ledgers and clearing inherited ledgers of previous structures and old systems.
- Improved accounts control.
- Provide and develop SCM databases for stock, IT equipment, stores, assets and BBBEE purposes.
- Manage risk management strategies and improve internal control management.
- Accommodation planning for offices and working areas conducive to productive service delivery.

**Strategic goal 4:** To deliver financial management, supply chain management and specialised auxiliary services for the Treasury.

**Strategic objectives:**

1. Budget management to remain within prescribed budget limits.
2. Timely and accurate reflection of the status of Provincial Treasury's ledger accounts and inherited accounts of previous structures.
3. Effective supply chain management services.
4. Proper internal control measures and risk management in the Provincial Treasury.
5. Determine and maintain good administrative standards and reporting.
6. Provide high level auxiliary services.

### **1.4.2 Progress analysis**

Maintain a high level of Financial Management (inclusive of Risk Management and Internal Control), Supply Chain Management and Auxiliary Services to attain the set objectives linked to this sub-programme.

### **1.4.3 Analysis of constraints and measures planned to overcome them**

Compliance procedures used when performing inspections by Internal Control are often cumbersome and outdated.

A tighter fiscal framework over the new MTEF will require more sophisticated financial management measures.

The following corrective measures will be put in place:

- Capacity building in Management Accounting and the SCM unit will receive attention.
- Internal Control should revise and improve compliance procedures and risk management.
- CFO to assist with training and focused guidance in all his sections.
- Budget control measures will have to be sharpened within Financial Management and the different components within Provincial Treasury as a result of a tighter budget for 2006/07.

#### **1.4.4 Description of planned quality improvement measures**

Continued focus will be placed on skills development within Financial Management to ensure a higher level of professional support services and attain the set objectives linked to this sub-programme.

#### **1.4.5 Specification of measurable objectives and performance indicators**

Please see Table 1.1.



**Table 1.1: Programme 1: Administration**

Sub-programme 1.1: Office of the Minister		Strategic Goal 1: To render secretarial, administrative and office support services to the Minister to enable the Minister to realise her treasury and tourism priorities.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target	
1. Ensure the rendering of secretarial, administrative and office support services.	1.1 Smooth and effective functioning of the Minister's office.	Percentage satisfaction by the Minister.	60%	80%	95%	98%	99%	99%	
	1.2 Fulfillment of Minister's legislative and political functions.	Days turnaround time on documents submitted to the Minister.	7 days	5 days	6 days	5 days	4 days	4 days	
2. Assist with tourism functions vested under the Minister.	2.1 Assist Minister to manage her tourism portfolio.	Good integration with departmental function.	Not applicable.	50%	65%	75%	98%	98%	
3. Ensure an efficient public profile for the Minister.	2.1 Assist Minister to manage her tourism portfolio.	Establish a sound relationship and support services.	Not applicable.	68%	72%	80%	95%	95%	
	3.1 Ensure good public profile for Minister.	Improved public image.	Not applicable.	70%	85%	90%	95%	95%	
4. Enable Minister to realise her executive responsibilities.	4.1 Enable Minister to realise both her treasury and tourism responsibilities.	Provincial state of affairs in good shape.	Not applicable.	60%	75%	88%	97%	97%	

Sub-programme 1.2: Management Services		Strategic Goal 2: To render strategic support and conduct overall planning.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
1. A well functioning and co-ordinated institution that delivers on its responsibilities.	1.1 Ensure good strategic support to the HoD and his management team.	Percentage satisfaction.	Not applicable.	Not applicable.	30%	75%	85%	85%
	1.2 Conduct overall planning to ensure that remaining management functions are conducted on such a level that the Provincial Treasury delivers on its responsibilities.	Percentage of planning mechanisms resulting in the correct deliverables.	Not applicable.	Not applicable.	Not applicable.	30%	60%	80%

Sub-programme 1.3: Corporate Services		Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
1. To attract and acquire the desired employee profile.	1.1 Ensure an optimal staff establishment.	Reduced vacancy rate to 10%	24% vacancy rate.	22% vacancy rate.	Reduce vacancy rate to 15%.	Reduce vacancy rate to 10%.	Reduce vacancy rate to 8%.	Reduce vacancy rate to 8%.
	1.2 Appropriate strategies and mechanisms for attracting and acquiring the desired employees developed.	Effective Recruitment and Selection Service providers in place.	Not applicable.	Not applicable.	Head hunting agent in place.	SLA reviewed with other service providers identified.	Service providers in place.	Service providers in place.

Sub-programme 1.3: Corporate Services		Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
1. To attract and acquire the desired employee profile. <i>(continued)</i>	1.2 Appropriate strategies and mechanisms for attracting and acquiring the desired employees developed. <i>(continued)</i>	Recruitment process reviewed for effectiveness.	Not applicable.	Recruitment policy reviewed.	Recruitment policy in place.	Review the policy for applicability to HR strategic plan.	Implement and maintain policy effectiveness.	Maintain policy effectiveness.
	1.3 Employee profiles determined per directorate to analyse and understand their core functions.	Promote PT at various identified institutions. Employee profiles in place per directorate. Treasury scarce skills to be determined.	Not applicable.	Not applicable.	Development of external graduate program. Continuous update of profiles.	Awareness campaigns held at various identified institutions. Continuous update of profiles.	Implement external bursary program and implement awareness. Continuous update of profiles.	Maintain awareness. Continuous update of profiles.
2. To develop and maintain a learning organisation in order to produce a competent workforce.	2.1 To design and develop a comprehensive training and development strategy.	Training needs identified and service providers sourced.	Training needs identified.	Training needs identified.	Review of training needs and service providers.	Review of training needs and service providers.	Implement training needs and approve accredited service providers.	Maintain training needs and approve accredited service providers.
			Not applicable.	Not applicable.	Determine the profiles.	Source for desired scarce skills i.t.o. medium and agencies.	Source for desired scarce skills i.t.o. medium and agencies.	Source for desired scarce skills i.t.o. medium and agencies.

Sub-programme 1.3: Corporate Services		Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
2. To develop and maintain a learning organisation in order to produce a competent workforce. <i>(continued)</i>	2.1 To design and develop a comprehensive Training and development strategy. <i>(continued)</i>	Employees developed according to Workplace skills plan (WSP).	Trained according to WSP.	Trained according to WSP.	Skills audit conducted.	80% of WSP plan.	100% of WSP plan.	100% of WSP plan.
	2.2 To integrate SPMS into the development strategy of Human Resources (include career pathing/ succession planning).	SPMS reviewed and integrated into HRD strategy.	Non-existent.	Develop a SPMS policy unique to PT circumstances.	Performance feedback and assessments concluded.	Develop HRD strategy to incorporate career and succession planning with SPMS.	Implement HRD strategy.	HRD strategy maintained.
	2.3 Develop and design an alternative capacity building strategy.	Strategy for internships, learnerships / ABET and job shadow in place.	Financial Management certificate in place/ABET and CAA internship in place.	Financial Management certificate in place/ABET and CAA interns maintained.	Financial Management Diploma finalised/ ABET and CAA interns maintained.	Reviewing strategy for new intakes on internships/ ABET/ learnerships.	Implement strategy.	Maintain strategy.
	2.4 To provide a formal learning strategy.	Bursary management in place.	Not applicable.	Bursary policy reviewed.	Bursary policy reviewed	Effective Bursary management.	Maintain effective bursary management.	Maintain effective bursary management.

<b>Sub-programme 1.3: Corporate Services</b>		<b>Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
3. To develop appropriate interventions to transform the culture of PT to create an environment of optimum employee performance in relation to Treasury's strategic objectives.	3.1 Ensure an established, diverse and integrated workforce and environment.	Promote transformation and human rights ethos.	Develop transformation initiatives unique to PT.	Mainstream transformation programmes.	Review and monitor progress.	80% achieved.	100% achieved.	100% achieved.
	3.2 To analyse and understand the culture of the organisation by conducting the cultural assessment.	Organisational culture assessment to be determined.	Not applicable.	Not applicable.	Pilot of culture assessment in Treasury.	Actual cultural assessment conducted for PT integrated into HRD strategy.	HRD strategy implemented.	HRD strategy implemented.
	3.3 To make PT the employer of choice (EoC).	Internal promotion of PT as an EoC.	Not applicable.	Not applicable.	Not applicable.	Develop and implement a communication and awareness strategy internally.	Monitor and evaluate effectiveness.	Monitor and evaluate effectiveness.

<b>Sub-programme 1.3: Corporate Services</b>		<b>Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
4. Refining work systems for the optimal delivery of all transactional human resource management.	4.1 Deliver an effective and efficient operational service.	Positive client evaluation with respect to service conditions, policy evaluation, labour relations, maintaining the establishment and credible PERSAL records and functioning.	Not applicable	Not applicable.	Not applicable.	Develop and implement improvement measures.	100% improved.	100% maintained.
	4.2 Ensure that monitoring and evaluation systems are in place.	Work plans and performance plans met	Not applicable.	Not applicable.	Performance measures in place.	Monitoring and evaluation mechanisms in place.	Monitoring and evaluation 100% improved.	Monitoring and evaluation 100% maintained.

<b>Sub-programme 1.4: Financial Management</b>		<b>Strategic Goal 4: To deliver financial management, supply chain management and specialised auxiliary services for the Treasury.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
1. Good budget management to remain within prescribed budget limits.	1.1 Efficient and effective planning and budget management.	Percentage variance between actual and approved budget.	37%	6.1%	4%	2%	2%	2%
	1.2 Effective application of resources in realising strategic goals of the Provincial Treasury.	Lower adjustments estimate.	Not applicable.	Not applicable.	Not applicable.	R7 million	R5 million	R2 million

<b>Sub-programme 1.4: Financial Management</b>		<b>Strategic Goal 4: To deliver financial management, supply chain management and specialised auxiliary services for the Treasury.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
2. Timely and accurate reflection of status of Provincial Treasury's ledger accounts.	2.1 Ledger accounts that accurately reflect the financial position of the Provincial Treasury.	Number of days for clearing of ledger control accounts.	90 days.	70 days.	60 days.	45 days.	30 days.	30 days.	
		Number of days to complete reconciliations after month close.	180 days.	60 days.	30 days.	20 days.	15 days.	15 days.	
		Number of management information tools to reflect the Provincial Treasury's records.	Not applicable.	Nil.	12	14	14	14	
3. Good supply chain management services.	2.2 Ensure fully functional payment system.  3.1 Efficient and effective supply chain management services.	Turnover time to process accounts received.	Not applicable	30 days.	20 days.	15 days.	12 days.	10 days.	
		Percentage of bids successfully administered to contract phase.	60%	80%	80%	85%	90%	90%	
		Compliance with conditions of contract.	90%	90%	90%	95%	98%	98%	
		Assets accurately recorded on inventory.	Not applicable.	Not applicable.	70%	80%	90%	90%	

<b>Sub-programme 1.4: Financial Management</b>		<b>Strategic Goal 4: To deliver financial management, supply chain management and specialised auxiliary services for the Treasury.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
4. Proper internal control measures and risk management in the Provincial Treasury.	4.1 Financial inspections to improve internal control.	Number of inspections successfully completed.	3	10	12	8	8	8	
	4.2 Communicating guidelines on compliance with prescripts.	Percentage improvement in the quality of inspection reports.	40%	60%	70%	80%	90%	90%	
	4.3 Improved Provincial Treasury's risk profile.	Review guidelines on compliance with prescripts. Developmental level of risk profile. Percentage checking of high risk per component.	Annually 10% 10%	Annually 30% 20%	Annually 50% 30%	Annually 70% 50%	Annually 90% 70%	Annually 90% 70%	
5. Determine and maintain good administrative standards.	5.1 Compliance with financial prescripts pertaining to management accounting.	Percentage compliance with regard to quality output and timeliness.	85%	90%	90%	92%	95%	95%	
	5.2 Efficient control over debtors and creditors.	Days to follow-up debtors. Days to pay creditors.	180 days. 50 days.	60 days. 35 days.	30 day cycles. <30 days.	30 day cycles. <30 days.	30 day cycles. <30 days.	30 day cycles. <30 days.	
	5.3 Efficient system management (Syscon).	Regular maintenance checks on BAS. Regular maintenance checks on LOGIS.	60 days. Annually	45 days. Annually	Monthly Quarterly	Monthly Quarterly	Monthly Quarterly	Monthly Quarterly	



<b>Sub-programme 1.4: Financial Management</b>		<b>Strategic Goal 4: To deliver financial management, supply chain management and specialised auxiliary services for the Treasury.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
5. Determine and maintain good administrative standards. <i>(continued)</i>	5.4 High quality delivery of auxiliary services.	Establish measures for a vehicle fleet that will cater for the changing needs of the Provincial Treasury.	Non-existent.	50%	80%	80%	90%	95%	
		Good operative document control.	Non-existent.	Non-existent.	50%	75%	85%	95%	
		Percentage of high quality and timely delivery of all other auxiliary services.	60%	80%	85%	90%	94%	98%	
	5.5 Good communication and co-ordination within the sections of Financial Management and other components within Provincial Treasury.	Number of staff members trained in customer care.	Nil	Nil	Nil	15	15	15	15
		Number of staff members trained in communication skills and group dynamics.	Nil	Nil	Nil	15	15	15	15
	5.6 Ensure a full complement of competent staff.	Ensure low vacancy rate.	25%	15%	25%	<10%	<5%	<5%	<5%
		Review of identified staff suitably trained.	Annually	Quarterly	Quarterly	Quarterly	Bi-annually	Bi-annually	Bi-annually
5.7 Proper high level management information timeously.	Determine information needs on Directorate's meeting.	Non-existent.	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	
	Percentage of measures in place to have information available.	20%	50%	60%	70%	80%	90%	90%	

## 1.5 Reconciliation of budget with plan

**Table 1.2: Programme 1: Administration budget by sub-programme (R' 000)**

Programme 1: Administration								
Sub-programme	Year - 2 2003/04 (actual)	Year - 1 2004/05 (actual)	Base year 2005/06 (estimate)	Average annual change (%)	Year 1 2006/07 (budget)	Year 2 2007/08 (MTEF projection)	Year 3 2008/09 (MTEF projection)	Average annual change (%)
Office of the Minister	3,015	2,919	3,585	9.04%	3,874	4,217	4,431	7.32%
Management Services			1,756	0.00%	2,209	2,129	2,240	8.45%
Corporate Services	4,681	5,474	7,399	25.72%	8,362	8,831	9,245	7.71%
Financial Management	12,491	12,925	12,002	0.00%	13,160	14,247	14,988	7.69%
<b>Total</b>	<b>20,187</b>	<b>21,318</b>	<b>24,742</b>	<b>10.71%</b>	<b>27,605</b>	<b>29,424</b>	<b>30,904</b>	<b>7.69%</b>

The average increase of almost 11% in the spending trends for the financial years 2003/04 to 2005/06 of this programme is mainly attributed to the increase in expenditure under the sub-programme: Corporate Services, which is related to increased expenditure on recruitment costs. Furthermore, inflation adjustments over the MTEF are the main causes for the average increase with the exception of the sub-programme: Management services for which provision of a communication unit was only made in the Office of the Accounting Officer as from 2005/06.

## 2. Programme 2: Sustainable Resource Management

Sustainable Resource Management comprises of eight sub-programmes, two Programme support: sub-programmes, Economic Analysis, Fiscal Policy: Provincial Government, Fiscal Policy: Local Government, Budget Management, Provincial Government Finance and Local Government Finance.

### **Economic Analysis**

The Economic Analysis sub-programme comprises of one director and six economists determining and evaluating economic parameters and socio-economic imperatives within a provincial and national macroeconomic context.

### **Fiscal Policy: Provincial Government**

The Fiscal Policy: Provincial Government sub-programme comprises of one director and six economists. The unit is responsible for the optimisation of existing revenue sources (which include national transfers and own sourced revenue) and also to consider new revenue sources available to the Province.

### **Fiscal Policy: Local Government**

This component comprises one director and ten staff (four local government revenue coordinators, six local government revenue analysts and an administrative assistant). The unit aims to provide professional advice and support on local government revenue collection and fiscal policy (that informs the annual budget process, thereby contributing to the achievement of iKapa Elihlumayo).

### **Budget Management**

The Budget Management sub-programme comprises of one director and nine staff members. The office drives the annual budget process inclusive of the medium term budget policy statement and the medium term expenditure framework of the Province.

### **Provincial Government Finance**

The Provincial Government Finance sub-programme takes care of public finance related to provincial government matters and comprises of one director.

### **Local Government Finance**

This sub-programme comprises of one director and deals with local government finance related to municipal matters inclusive of the implementation of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

#### **a. Specified policies, priorities and strategic objectives**

Apart from the specific objectives and priorities, which will be discussed below, two generalised priorities will be pursued and they are:

- To foster professionalism in attitudes, values, ethics, management and supervision, coaching, mentoring and career development.
- To create synergy and integration within and between components.

In aligning its daily operations and activities with the achievement of the iKapa Elihlumayo lead strategies this programme has redirected its strategic objectives, within the relevant sub-programmes, as follows:

### **Economic Analysis**

Its objective is to conduct macroeconomic analysis and render policy advice, i.e. to determine and analyse key economic variables, their interrelation and relevance to the budget, the potential for growth and development and the interaction with governmental and revenue patterns, alternative budgeting and other revenue and expenditure scenarios on selected key economic growth and development indicators.

### **Fiscal Policy: Provincial Government**

The Fiscal Policy unit is tasked with the objective to enable the provincial government to finance its service delivery obligations over the medium term. These tasks include optimising the current revenue base and exploiting the revenue potential of sources that have as yet not been included into the Provincial Revenue base.

### **Fiscal Policy: Local Government**

This newly established unit is tasked with the responsibility of providing advice, guidance and to facilitate equitable and sustainable local government institutions.

### **Budget Management**

Through a range of consultations and discussions, iKapa Elihlumayo was born, and this was further concretised by the agreements taken at the Provincial Growth and Development Summit. The eight lead strategies as per iKapa Elihlumayo are currently being developed and full implementation is expected in 2006/07. The WC-MTBPS of 2006/07 will begin to shed light on the progress that will have been made and identify any challenges that are anticipated.

### **Provincial Government Finance**

This sub-programme is task with the objectives to ensure efficient budget management in provincial departments. This include the development of the effectiveness of in-year expenditure monitoring systems towards monitoring financial and non-financial performance indicators.

### **Local Government Finance**

The Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) in relation to the responsibilities of provincial treasuries became effective 1 July 2005. Readiness to accept the responsibilities relating to the said legislation is a key priority.

This sub-programme is also tasked with the facilitation of the provincial position on the placement of functions between the provincial and local spheres of government as well as the evolvement of the IYM expenditure and revenue reports into performance reports that contain financial and non-financial information.

## **b. Progress analysis**

### **Economic Analysis**

This sub-programme has made progress in attaining some of its strategic objectives such as:

- Analysing the sources of provincial economic growth and employment by analysing key and upcoming sectors in respect of historical and projected contribution to GDP and employment.
- Analysing the constraints to provincial economic growth and employment in respect of cross-cutting concerns such as state of the global economy and SMME development.
- Providing a socio-economic scan on local government.

### **Fiscal Policy: Provincial Government**

This sub-programme has made considerable progress in the attainment of its strategic objectives, some of these, which have been successfully initiated, include:

- Review of the Provincial Equitable Share.
- A quantitative analysis of provincial own revenue.
- Investigating the introduction of a revenue estimation and forecasting model.
- Ensuring effectiveness and efficiency of the own revenue retention models.
- Reporting on the effectiveness of Provincial debt management practices.
- Investigating the feasibility, efficiency and effectiveness of motor vehicle licence fees in the Western Cape.
- Investigating the feasibility and the introduction of a fuel tax.

### **Fiscal Policy: Local Government**

The unit has started with the filling of critical positions. It is required to stay at the forefront of developments in the intergovernmental fiscal governance system. The following strategic objectives have been identified:

- Assess and optimise local government's share of nationally raised revenue in respect of the vertical division of revenue – between national, provincial and local level – and of the horizontal division of revenue in respect of the local equitable share and conditional grant transfers from national and provincial levels to the local government level;
- Assess and optimise local government's own revenue base, in respect of revenue collected from tariffs levied on water, electricity, sanitation and refuse removal services, property rates, regional service council levies, and other sources (traffic fines, sale of property, goods and services, developer levies, etc.);
- Assess the effective and efficient management of debtors in respect of local government's own revenue base in relation to their credit control policies and procedures;
- Assess the effective and efficient management of local government borrowing to finance capital (infrastructure) commitments, including capacity to service loan commitments, and its capacity to access the various

borrowing and financing instruments in the capital market in line with national legislation, policies and procedures;

- Determine an overall financing envelope for local government that will enable it to finance its service delivery obligations under the IDPs; and
- Provide technical assistance and training in respect of local government revenue acquisition and revenue analysis.

### **Provincial Government Finance**

This sub-programme made substantive progress to improve the quality of financial management which includes:

- The implementation of the Public Finance Management Act, 1999 (Act 1 of 1999).
- The institutionalisation of in-year expenditure monitoring systems, the focus now on substantive matters such as the efficiency of budget programmes of provincial departments.
- An assessment of the draft annual Budget 2006 contributed towards ensuring that the distributions of budget allocations within votes are aligned with policy priorities and that the budget is technically sound.
- A credible Budget 2006 by linking national and provincial priorities with budget allocations.
- Nationally prescribed IYM reporting information has been augmented with deepened analytical and explanatory narrative reports to encourage the development of interpretive skills in Treasury and provincial departments and to promote and enforce effective management of expenditure.

### **Local Government Finance**

The Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) became effective 1 July 2004 with a phased implementation and compliance approach based on the capacity of municipalities. The Provincial Treasury's roles and responsibilities became effective 1 July 2005. In this regard, National Treasury delegated 24 municipalities to the Province while retaining six out of the 30 municipalities. This sub-programme is actively involved with the implementation process of the MFMA by facilitating implementation initiatives and creating a conducive environment for the smooth implementation.

In relation to the municipal/provincial interface the sub-programme has undertaken pioneering research on functions rendered by municipalities on behalf of the province and or visa versa to ultimately resolve the vesting of the affected functions and the most appropriate mechanisms to do so. The Position Papers, Report and Cabinet submission have been submitted to the Provincial Cabinet. On instruction of Cabinet the said documents are being circulated to all relevant stakeholders for final comments.

The Provincial Cabinet at a recent Cabinet Lekgotla, resolved that a similar Medium Term Expenditure Committee (MTEC) process be facilitated between provincial departments and municipalities. This resolution was apart from complying with the legislative provisions, informed by findings of the municipal budget assessments and subsequent visits to municipalities during May and June 2005, which revealed, amongst others, that there exists a need for greater

consultation and interaction between provincial departments and municipalities in aligning planning priorities, development strategies and resources, particularly so in a spatial context.

Based on the Cabinet resolution, the Provincial Treasury together with the Department of Local Government and Housing has as part of the annual financial calendar scheduled a series of engagements between provincial departments and municipalities. In brief, the following provisional cycle of Local Government Medium Term Expenditure Committee Team (LG MTEC) engagements, has been identified and scheduled:

- LG MTEC 1: High level and overarching discussion on the alignment of provincial and local government planning priorities (District level)  
One-on-ones between provincial departments and municipalities: In depth discussions between provincial departments and municipalities.
- LG MTEC 2: Specific discussions on budgets, allocations by departments to municipalities, and frameworks over the 2006/07 MTEF
- LG MTEC 3: 2006/07 Municipal budget assessments and visits: Assessment of IDPs, LED and Plans, financial health and budgets to determine whether the planning and budgets reflect the priorities and resource alignment desired.

**c. Analysis of constraints and measures planned to overcome them**

Major constraints experienced throughout the Sustainable Resource Management component are capacity constraints, ranging from high vacancy rates to limited analytical and technical capacity and inter and intra departmental silos within the province. Constraints per component are discussed in more detail in the following sections.

**d. Description of planned quality improvement measures**

**Fiscal Policy**

This sub-programme has taken a number of steps to improve the quality of services provided by the component. These services include the introduction of a provincial tariff register, timely approval of tariffs adjustments and the retention of revenue collected above the Adjusted Budget. Further of importance to the functioning of the unit is the creation of partnerships, both internal and external. These partnerships aim to improve services through leveraging of technical expertise and capacity; streamlined departmental revenue expenditure analysis and advice; and the building of dialogue and debate amongst and between the various spheres of government.

**Public Finance** aims to:

- Encourage the development of human capital through, inter alia, the internal bursary scheme and accredited training offered by the National Treasury in connection with municipal financial management.

- Create partnerships and networks that will strengthen the links between various components within the Provincial Treasury, provincial departments, municipalities and national counterparts that will improve expenditure analysis.
- Interact regularly and robustly with departments on their IYM expenditure and revenue reports.
- Build relationships between the Provincial Treasury and municipalities one-on-one and through intergovernmental relation structures.
- Build the analytical capacity in the Provincial Treasury and extend that to the offices of chief financial officers in provincial departments.
- Do field trips to do site monitoring.
- Institutionalise the principles/objectives of iKapa Elihlumayo.



## **2.1 Sub-programme 2.1: Programme Support: Resource Management**

### **2.1.1 Specified policies, priorities and strategic objectives**

**Generic Strategic goal:** To facilitate the efficient and co-ordinated administration and management of the programme.

**Strategic objectives:**

1. Rendering administrative support services to ensure the effective operational management of the unit.
2. Capacitate and train administrative support and line function staff.
3. Support and promote BBBEE initiatives through administrative functions.

### **2.1.2 Progress analysis**

Not applicable as post is still to be filled.

### **2.1.3 Analysis of constraints and measures planned to overcome them**

This sub-programme will only be established and capacitated during the 2006/07 financial year and will be mainly responsible for administrative support regarding the human resources, financial, logistical and related administrative management activities of the relevant programme.

### **2.1.4 Description of planned quality improvement measures**

Appoint and train suitable candidates and ensure proper procedure and process mapping of all activities within Sustainable Resource Management.

### **2.1.5 Specification of measurable objectives and performance indicators**

Please see Table 2.1.

## 2.2 Sub-programme 2.2: Economic Analysis (EA)

### 2.2.1 Specified policies, priorities and strategic objectives

**Strategic goal 5:** To provide for provincial and local government economic analysis and advice that informs fiscal policy development, and annual budget process, thereby contributing to the achievement of iKapa Elihlumayo.

**Strategic objectives:**

1. Describe the Western Cape economy by determining and analysing key provincial and, where possible, district economic variables and their interrelation.
2. Determine the sources, potential and constraints for enhanced growth and development in the Western Cape, as framed within iKapa Elihlumayo.
3. Provide technical assistance and training in the application of provincial and local level economic analysis.
4. Disseminate information to other government and external key stakeholders in the provincial economy and labour market in order to foster and enhance economic growth and reduce inequalities within the Province.

### 2.2.2 Progress analysis

The Economic Analysis component was set up four years ago to determine the macroeconomic and socio-economic environment within which the provincial budget is formulated and implemented, the latter contributing towards the achievement of iKapa Elihlumayo.

The first three years were spent recruiting personnel with an emphasis on those trained in economics, a scarce resource, contracting academic researchers and developing its analytical instruments. The unit has succeeded in ensuring leadership and commissioning researchers, thereby forging relationships with various role players. Towards the end of the year, a Senior Manager was appointed and the unit had four economists. The key challenges over the next two years will be to ensure stability within the team as the team is consolidating while undertaking appropriate analytical and economic policy research building on the baseline research.

Presently, there are the following research foci identified:

- Developing a Provincial Macroeconomic Model that provides 3-year forward looking estimates on key provincial economic variables and supporting analysis on the interrelations between such variables.
- Analysing the sources of provincial economic growth and employment by detailed analysis of the key and upcoming economic sectors, in respect of their historical and projected contribution to GDP and employment in the Western Cape. This includes analysing labour market developments, sectoral competitiveness concerns and poverty analysis.
- Undertaking a growth diagnosis that analyses the key constraints to accelerated, broad-based growth in the Western Cape

- Undertaking socio-economic profiling of municipalities that enhances understanding of the existing socio-economic trends and dynamics at the local level

### **2.2.3 Analysis of constraints and measures planned to overcome them**

The major constraints that EA will face over the next three years are:

- The lack of analytical capacity, the paucity of data and the absence of an interpretative framework to order and channel socio-economic data into the budget process.
- Team stability. The fact that the unit is in direct competition with the private sector is a major threat to the team's stability.
- Targeting and building a pool of economists from different levels with clear goals of career pathing.
- Consolidating and expanding the network of academic and private sector researchers as well as capacity building programme for permanent staff will address the lack of capacity.
- Deepening internal analytical capacity.

### **2.2.4 Description of planned quality improvement measures**

Since this component was only established in 2003/04, it has only started a cycle of quality improvement measures in 2005/06. The key improvement that EA will constantly pursue is the alignment of departmental activities to the socio-economic goals of iKapa Elihlumayo. Refining the reporting requirements and resource allocation process of the annual budget process will pursue this alignment. Related operational improvements may include:

- Improved co-ordination of researchers through peer review and more intensive oversight.
- Development of more targeted briefs for researchers.
- Acquire and obtain reliable sources of data and relevant software to enhance research capabilities.
- Improve relationship with external and internal stakeholders to work towards a common goal (improved service delivery and economic growth).

### **2.2.5 Specification of measurable objectives and performance indicators**

Please see Table 2.1.

## 2.3 Sub-programme 2.3: Fiscal Policy: Provincial Government

### 2.3.1 Specified policies, priorities and strategic objectives

**Strategic goal 6:** To enable the provincial government to finance sustainable service delivery and economic growth

**Strategic objectives:**

1. Administer the medium-term revenue planning process.
2. Analyse and optimise national transfers in line with the evolving intergovernmental architecture and in support of accelerated and shared growth.
3. Analyse and Optimise Provincial Own Sourced Revenue.
4. Expansion of provincial own sourced revenue options.
5. Evaluate and develop provincial financing instruments.
6. Administer gambling and racing matters.

### 2.3.2 Progress analysis

The development of a position paper on a new national allocation formula, based on principles, which are more in line with National Spatial Development Perspective and the Western Cape Provincial Spatial Development Framework are being undertaken.

Despite research into alternative mechanisms to allocate national revenue, processes to evaluate the current national allocation formulae are underway.

Discussion with departments to improve the management of provincial debtors and to have better coordination of Donor Funding is underway.

#### **National Revenue Transfers**

- Analysing the provincial equitable share formula and transfers from the Western Cape's perspective as a key input into the Fiscal Framework Review being conducted by the Technical Committee on Finance.
- Analysing the conditional grant framework and transfers from the Western Cape's perspective as a key input into the Fiscal Framework Review being conducted by the Technical Committee on Finance.
- Evaluating the evolution of the fiscal governance model in respect of vertical balance (or imbalance as at present) and provincial taxation and borrowing powers, functions and options.

## **Provincial Own Revenue**

In respect of current sources of provincial own revenue:

- Quantitative analysis of the state of own revenue.
- Effectiveness and efficiency of own revenue retention policies.
- Developing a revenue estimation model to provide more accurate and robust estimates of revenue to be collected from current sources of provincial own revenue – motor vehicle licenses, hospital fees, interest revenue, and gambling and betting taxes.
- Analysing debtor management, sources and trends in respect of the present revenue base.
- Investigating the improved synergy and coordination of Donor Funding within the Province.
- Analysing the socio-economic incidence/impact of recent (2001 – 2003) escalations in motor vehicle license fees in the Western Cape.
- Investigating the feasibility, efficiency and effectiveness of alternative collection mechanisms and rate structures for motor vehicle license fees in the Western Cape.
- Investigating the feasibility, efficiency and effectiveness of alternative rate structures for gambling taxes in the Western Cape.

In respect of new sources of provincial own revenue:

- Investigating the feasibility of a tourism levy for the Western Cape Province in respect of constitutional, legal, economic, financial and enforcement and collection feasibilities and capabilities.
- Investigating additional sources of provincial own revenue through user charges or provincial taxes, levies and duties in line with the new Provincial Tax Regulation Process Act.

## **Provincial Borrowing**

Evaluating the range of borrowing and financing instruments in the capital market that are appropriate for Provincial Government borrowing in line with national legislation, policies and procedures as framed by the Provincial Borrowing Powers Act, 1996.

Partake in discussion on the development of a provincial borrowing framework.

The Fiscal Policy Unit produces and/or delivers – regular revenue reports, policy recommendations/ reports and revenue planning services/reports.

In respect of regular revenue reports, these are:

- Compiling a monthly/quarterly report on national revenue transfers that reflects provincial equitable share transfers and conditional grant transfers.
- Compiling a monthly IYM revenue report that assesses provincial own revenue trends.
- Compiling a monthly/quarterly report on provincial debtors, in particular for report to the Provincial Public Accounts Standing Committee.

The unit draft reports and make policy recommendations to the Minister of Finance and Tourism in respect of:

- The provincial equitable share formula and transfers from the Western Cape's perspective as a key input into the Fiscal Framework Review recommendations that the Technical Committee on Finance will present to the Budget Council.
- The conditional grant framework and transfers from the Western Cape's perspective as a key input into the Fiscal Framework Review recommendations that the Technical Committee on Finance will present to the Budget Council.
- Provincial taxation and borrowing powers, functions and options.
- An analysis of provincial revenue management, sources and trends in respect of the present revenue base.
- An analysis of debtor management, sources and trends in respect of the present revenue base.
- The socio-economic incidence/impact of recent (2001 – 2003) escalations in motor vehicle license fees in the Western Cape.
- The feasibility, efficiency and effectiveness of alternative collection mechanisms for motor vehicle license fees in the Western Cape.
- Cabinet approval for the implementation of the fuel levy and the furtherance of the process going forward.
- The feasibility of a tourism levy for the Western Cape Province.
- An assessment of additional sources of provincial own revenue through user charges or provincial taxes, levies and duties in line with the new Provincial Tax Regulation Process Act.
- Feasibility, efficiency, effectiveness as well as the socio-economic impact of gambling and the Western Cape Gambling and Racing Board.

In respect of revenue planning services/reports, these are:

- Determining the Medium Term Fiscal Framework (MTFF) or overall financing envelope for the Western Cape's MTEF.
- Compiling and publishing the annual Revenue Estimates.
- Compiling the revenue inputs for the annual Medium Term Budget Policy Statement and Budget Statement No. 1 (Provincial Budget Overview).

### **2.3.3 Analysis of constraints and measures planned to overcome them**

The establishment of various intergovernmental forums to improve the interaction between provincial and local government is a good starting point for improved intergovernmental relations and service delivery.

A lack of sufficient knowledge of the local government sphere and the socio-economic conditions poses a constraint. This would require extraordinary measures to successfully and cooperatively drive the implementation and evolution of the MFMA.

A number of constraints are being addressed:

- Recruiting adequately trained and skilled staff.
- Upskilling current staff capacity within the component.
- Improving communication within and across the various components within the Provincial Treasury is aimed at improving communication within the Province.

- Fostering a paradigm shift in respect of financing for development and the need to generate innovative financing solutions, contributing towards growth and development in the Province.
- Treasury approved process for the imposition of a provincial fuel and bed levy. Thoroughly researched and consulted proposals to assist with the approval process.
- Departmental co-operation to ensure effective focus on efficient debt collection.
- Quarterly assessment and reporting on the state of debtors and fostering co-operation with departments primarily through CFO structure interactions.

Measures taken to overcome constraints are:

- Innovative ways of advertising vacancies.
- Strategies to attract appropriate skill.
- Build in-house capacity by mentoring.
- Ensuring that the Fiscal Policy unit personnel undertake appropriate training that enhances their exposure to the latest developments in intergovernmental revenue and taxation management.
- Developing robust engagement and interaction on provincial revenue and taxation management within the Technical Committee of Finance Revenue and Taxation Working Group.
- Inter and intra departmental relationship will be forged, in particular with senior managers within departments to ensure cooperation and the timeous delivery of information, working together to attain iKapa Elihlumayo.
- Develop internal revenue and taxation analytical capacity and contribute towards a larger pool of provincial revenue and taxation analysts.
- Raise awareness of leveraging technical expertise and capacity through a broader network, extending and deepening the Fiscal Policy unit's output reach and transferring knowledge base and skills into the public sector.

#### **2.3.4 Description of planned quality improvement measures**

The Fiscal Policy unit aims to forge partnerships, which will:

- Broaden ownership of revenue collection and management across key partners, ensuring a deepening and expansion of the revenue envelope financing iKapa Elihlumayo.
- Raise awareness of the paradigm shift in respect of financing for development and the need to generate innovative financing solutions, contributing towards growth and development in the Province.
- Leverage technical expertise and capacity through a broader network, extending and deepening the Fiscal Policy unit's output reach and transferring knowledge base and skills into the public sector.

Partnership outcomes involve the following:

- Presently, there are four key partnership foci identified:
- Levering technical expertise and capacity through a broader research and technical expertise network, extending and deepening the Fiscal Policy unit's output reach and transferring knowledge base and skills into the public sector.

- Strengthening and deepening the iKapa Elihlumayo revenue partnership, centering on:
  - Improved linkages between the Fiscal Policy unit, Budget Management, Economic Analysis, Asset Management and the Public Finance expenditure analysts, thereby streamlining departmental revenue and expenditure analysis and advice.
  - Robust interaction and liaison with those departments that collect revenue on behalf of the Province, namely, the Departments of Transport and Public Works, Health, Education, Economic Development, Social Services and Poverty Alleviation as well as the Western Cape Gambling and Racing Board.
  - Enhanced engagement within the intergovernmental system, building dialogue and debate at the horizontal level between provinces, and at the vertical level between provinces and the national and local spheres.
- Increased revenue flows enabling systematic lessening of socio-economic disparities as a desired end result.

### **2.3.5 Specification of measurable objectives and performance indicators**

Please see Table 2.1.

## **2.4 Sub-programme 2.4: Fiscal Policy: Local Government**

### **2.4.1 Specified policies, priorities and strategic objectives**

**Strategic goal 7:** To facilitate local government with financing its service delivery obligations.

**Strategic objectives:**

1. Determine an overall financing envelope for municipalities over MTEF.
2. To assess viability of municipal revenue budgets.
3. Analyse and optimise local government own revenue base.
4. Analyse and optimise local government debtors.
5. Analyse and provide advice on municipal long term debt.
6. Analyse and provide policy advice with regard to tariffs, debtor and credit control, property rates.
7. Provide technical assistance and training.

### **2.4.2 Progress analysis**

The unit is newly established and aims to amongst others: Research and analyses municipal budgets; compile reports on services; establish partnerships; and foster capacity building.



## **Research and Analyses**

Presently, there are three main research areas – national & provincial revenue transfers (Local Government Equitable Share and Conditional Grants), local government own revenue and borrowing.

National and Provincial Revenue Transfers

- Analysing the Local Government Equitable Share Formula and Transfers Local Government Fiscal Framework Review.
- Analysing the Conditional Grant Framework and Transfers from the Western Cape's perspective as a key input into the Fiscal Framework Review being

Local Government Own Revenue

In respect of current sources of local government own revenue:

- Analysing Local Government Revenue Management, Sources and Trends in respect of the present revenue base.
- Analysing Debtor Management, Sources and Trends in respect of the present revenue base.

Local Government Borrowing

Assessing the effective and efficient management of local government borrowing to finance capital (infrastructure) commitments, including capacity to service loan commitments, and its capacity to access the various borrowing and financing instruments in the capital market in line with national legislation, policies and procedures.

## **Reports and Services**

At present, there are three main Reports and Services that the Resource Acquisition Unit produces and/ or delivers – Regular Revenue Reports, Policy Recommendations/ Reports and Revenue Planning Services/ Reports.

In respect of Regular Revenue Reports, these are:

- Compiling a monthly/quarterly Report on National Revenue Transfers that reflects Local Government Equitable Share Transfers and Conditional Grant Transfers.
- Compiling a monthly/ quarterly In-Year Monitoring (IYM) Revenue Report that assesses local government own revenue trends.
- Compiling a monthly/quarterly Debtor Management Report.

In respect of Revenue Planning Services/Reports, these are:

Determining the *Medium Term Fiscal Framework for local government*

## **Partnerships**

Presently, there are five key partnership foci identified:

Levering technical expertise and capacity through a broader research and technical expertise network, extending and deepening the Local Government Revenue Acquisition Unit's output reach and transferring knowledge base and skills into the public sector.

Strengthening and deepening the iKapa Elihlumayo local government partnership, centering on:

Improved linkages between the Local Government Revenue Acquisition Unit, the Economic Analysis team, the Fiscal Policy Unit the Budget Office, and the Municipal Finance expenditure analysts, thereby streamlining local government budget, revenue and expenditure analysis and advice.

Enhanced engagement within the intergovernmental system, building dialogue and debate at all levels.

#### **Capacity Building**

Presently, there are two key capacity building foci identified:

Ensuring that the Local Government Revenue Acquisition Unit personnel undertake appropriate training that enhances their exposure to the latest developments in intergovernmental revenue and taxation management.

Developing robust engagement and interaction on local government revenue concerns within the provincial and across local government.

#### **2.4.3 Analysis of constraints and measures planned to overcome them**

Big challenges relate to the filling of critical posts to implement the MFMA, recruiting adequately skilled capacity, building good interpersonal relations and to positively influence the decisions of both municipal officials and politicians.

#### **2.4.4 Description of planned quality improvement measures**

This is a new component and the service delivery measures must first be tested.

#### **2.4.5 Specification of measurable objectives and performance indicators**

Please see Table 2.1.

## 2.5 Sub-programme 2.5: Budget Management

### 2.5.1 Specified policies, priorities and strategic objectives

Budget Management continues to support the finalisation of the iKapa Elihlumayo strategies and their subsequent implementation, while also introducing innovations to the budget process which aim to enhance interdepartmental cooperation and the alignment of policy and budget priorities between the three spheres of government.

**Strategic goal 8:** To promote effective financial resource allocation.

**Strategic objectives:**

1. To coordinate and guide the process to determine provincial priorities and recommend financial resource allocation which effectively contribute to accelerated and shared economic growth in the province.
2. Promote overall strategic goals of Treasury to understand line departments' core business, functions, and progress.
3. Fulfill role of the Provincial Treasury as prescribed by the MFMA, with regard to the review of municipal budgets and IDPs and oversight of the municipal budget process.

### 2.5.2 Progress analysis

In the last financial year, Budget Management has consolidated and deepened its analysis and support to provincial departments and also facilitated and coordinated various improvements in the budget process.

In 2006/07 financial year, Budget Management will be appointing additional economists so that the office has better capacity to fulfil its role with regard to the MFMA. As the office expands and sufficient capacity is acquired, Budget Management will progressively take on this function.

In 2006/07 the Service Delivery Review, a key feature of the provincial budget process, will be further improved in format and content.

### 2.5.3 Analysis of constraints and measures planned to overcome them

The major challenges that Budget Management will be facing over the next three years are:

- To acquire skilled persons for municipal budget analysis and to set up this new component of the Budget Management team (including institutional and human resource issues).
- The quality of IDPs and their linkages with municipal budgets, as well as the linkages between municipal budgets and the provincial budget.
- Access to service delivery data.

Considerable attention will be given to developing systems, support and capacity-building strategies to enable Budget Management to fully perform its functions with regard to the MFMA. Staff will work to develop relationships with municipalities and

provincial departments to improve communication, alignment, quality of budget information and access to data.

#### **2.5.4 Description of planned quality improvement measures**

Budget Management continuously strives towards a better-integrated and better-informed process of allocations to departments. These improvements will be addressed through budget reforms that will be communicated to role players by means of Budget Circulars.

#### **2.5.5 Specification of measurable objectives and performance indicators**

Please see Table 2.1.

### **2.6 Sub-programme 2.6: Programme Support: Public Finance**

#### **2.6.1 Specified policies, priorities and strategic objectives**

**Generic Strategic goal:** To facilitate the efficient and co-ordinated administration and management of the programme.

**Strategic objectives:**

1. Rendering administrative support services to ensure the effective operational management of the unit.
2. Capacitate and train administrative support and line function staff.
3. Support and promote BBBEE initiatives through administrative functions.

#### **2.6.2 Progress analysis**

Not applicable as post has to be filled.

#### **2.6.3 Analysis of constraints and measures planned to overcome them**

Not applicable at this stage.

#### **2.6.4 Description of planned quality improvement measures**

Appoint and train suitable candidates and ensure proper procedure and process mapping of all activities within Sustainable Resource Management.

#### **2.6.5 Specification of measurable objectives and performance indicators**

Please see Table 2.1.

## 2.7 Sub-programme 2.7: Provincial Government Finance

### 2.7.1 Specified policies, priorities and strategic objectives

**Strategic goal 9:** To ensure efficient budget management in provincial departments.

**Strategic objectives:**

1. Provide policy advice, effective technical and strategic support and a change agent service to provincial departments.
2. Improve input-output sequencing of information and the quality of the latter within the budget processes.
3. Develop the effectiveness of in-year expenditure monitoring systems towards monitoring financial and non-financial performance indicators.
4. Strengthen the institutional capacity, inclusive of professionalism, skills, knowledge, motivation, attitudes, integration, and values.
5. Develop intra departmental, intra provincial, inter provincial and government co-ordinating structures and systems.
6. Deepen the analysis of budget votes, i.e. in content and profile.

### 2.7.2 Progress analysis

The Public Finance Management Act, 1999 (Act 1 of 1999) assumes a phased approach towards improving the quality of financial management. Implementation in the first phase focused mainly on the basics, like the institutionalisation of in-year expenditure monitoring systems the progress of which have been above expectations. Subsequently, the focus is on substantive matters such as the efficiency of budget programmes of provincial departments.

An assessment of the draft annual Budget 2006 contributed towards ensuring that the distributions of budget allocations within votes are aligned with policy priorities and that the budget is technically sound. National Treasury deemed Budget 2006 credible as per the last Budget Council meeting and commended the Province on being able to link national and provincial priorities with budget allocations..

Nationally prescribed IYM reporting information has been augmented with deepened analytical and explanatory narrative reports to encourage the development of interpretive skills in Treasury and provincial departments and to promote and enforce effective management of expenditure.

Key challenges are: -

- The development and introduction of quarterly performance reports integrated with the current financial reporting and the institutionalisation thereof.
- Building analytical capacity both in the Provincial Treasury and provincial departments to gain a deepened understanding from a service delivery perspective of what expenditure performance and budget allocations actually mean. Responses thereto will translate into improved expenditure management because of early detection of issues requiring appropriate intervention.

- In an economic classification context:
  - Compensation of employees – Tighter control to limit mid-year, ad hoc shifts which undermine good planning practices.
  - Transfer payments – Monitor that gains are affected to the extent that receiving entities provide greater efficiency, economy and efficacy than would be possible in the transferring department.
  - Goods and services – Undertaking efficiency parameter testing (least cost analysis).
- Maintaining of a credible database, inclusive of the roll-out and institutionalization of the Business Insight Folders (BIF's) which will assist the Treasury in understanding the core business of departments, ultimately to implement financial management reforms to improve efficiency of spending.

### **2.7.3 Analysis of constraints and measures planned to overcome them**

The introduction of performance reports in the IYM system may place an additional burden on existing staff and a job evaluation process needs to be instituted to determine the impact thereof. Analytical capacity will be built during 2006/07.

A deeper understanding of efficiency parameters (least cost analysis) within the government sector and how it can be used to achieve value for money spending. Tertiary institutions will be contracted to assist in compiling least cost analyses, inclusive of efficiency ratios.

### **2.7.4 Description of planned quality improvement measures**

The following quality improvement measures are planned:

- Site visits / field trips to bring greater amount of evidence and understanding to our analysis.
- Intimate networks with programme managers and key drivers of important activities as well as CFOs within votes in order to form part of departmental proceedings and play an advocacy role.
- Strong networks, interaction with, and analysis of relevant work performed by other Treasury components.
- Building of internal analytical (numerical and written) skills base and teamwork ethos.
- Interact regularly and robustly with departments on their IYM expenditure reports.
- Smoothing of expenditure and as a consequence reduce the "March Spike" phenomenon.
- Improved expenditure management resulting in no over-expenditure and limiting under-expenditure to 1% overall.

### **2.7.5 Specification of measurable objectives and performance indicators**

Please see Table 2.1.

## 2.8 Sub-programme 2.8: Local Government Finance

### 2.8.1 Specified policies, priorities and strategic objectives

**Strategic goal 10:** To ensure efficient budget management in municipalities.

**Strategic objectives:**

1. Provide policy advice, effective technical and strategic support and a change agent service to municipalities.
2. Improve input-output sequencing of information and the quality of the latter within the budget processes.
3. Develop the effectiveness of in-year expenditure monitoring systems towards monitoring financial and non-financial performance indicators.
4. Strengthen the institutional capacity, inclusive of professionalism, skills, knowledge, motivation, attitudes, integration, and values.
5. Develop intra departmental, intra provincial, inter provincial and government co-ordinating structures and systems.
6. Facilitate the optimal vesting of functions between the provincial and local spheres of government and across Provincial Treasury components.
7. Deepen the analysis of municipal budget votes, i.e. in content and profile.

### 2.8.2 Progress analysis

The Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) became effective 1 July 2004 with a phased implementation and compliance approach based on the capacity of municipalities. The Provincial Treasury's roles and responsibilities became effective 1 July 2005. In this regard, National Treasury delegated 24 municipalities to the Province while retaining six out of the 30 municipalities. This sub-programme is actively involved with the implementation process of the MFMA by facilitating implementation initiatives and creating a conducive environment for the smooth implementation.

In relation to the municipal/provincial interface the sub-programme has undertaken pioneering research on functions rendered by municipalities on behalf of the province and or visa versa to ultimately resolve the vesting of the affected functions and the most appropriate mechanisms to do so. The Position Papers, Report and Cabinet submission have been submitted to the Provincial Cabinet. On instruction of Cabinet the said documents are being circulated to all relevant stakeholders for final comments.

The Provincial Cabinet at a recent Cabinet Lekgotla, resolved that a similar Medium Term Expenditure Committee (MTEC) process be facilitated between provincial departments and municipalities. This resolution was apart from complying with the legislative provisions, informed by findings of the municipal budget assessments and subsequent visits to municipalities during May and June 2005, which revealed, amongst others, that there exists a need for greater consultation and interaction between provincial departments and municipalities in aligning planning priorities, development strategies and resources, particularly so in a spatial context.

Based on the Cabinet resolution, the Provincial Treasury together with the Department of Local Government and Housing has as part of the annual financial calendar scheduled a series of engagements between provincial departments and municipalities. In brief, the following provisional cycle of Local Government Medium Term Expenditure Committee (LG MTEC) engagements, has been identified and scheduled:

- LG MTEC 1: High level and overarching discussion on the alignment of provincial and local government planning priorities (District level)  
One-on-ones between provincial departments and municipalities: In depth discussions between provincial departments and municipalities.
- LG MTEC 2: Specific discussions on budgets, allocations by departments to municipalities, and frameworks over the 2006/07 MTEF
- LG MTEC 3: 2006/07 Municipal budget assessments and visits: Assessment of IDPs, LED and Plans, financial health and budgets to determine whether the planning and budgets reflect the priorities and resource alignment desired.

Key challenges in collaboration with others are: -

- Developing a competent Provincial Treasury with the ability to fulfill its responsibilities in terms of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003).
- Optimal placement of functions between the provincial and local spheres of government and across Provincial Treasury components.

### **2.8.3 Analysis of constraints and measures planned to overcome them**

A policy intervention which will directly influence the sub-programme's performance and put pressure on its resources is the roll-out of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) (MFMA) and the additional responsibilities to be assigned in terms thereof as well as the development of associated functions in other units within Treasury. Simultaneously it needs to be ensured that required capacity is in place throughout Treasury to fully take up the assigned roles and responsibilities. Synergy and strong internal relations will be key in obtaining the desired results.

Limited skills and knowledge levels of existing staff in municipal financial matters are constraining factors in relation to the implementation of the MFMA. Staff across the different disciplines will be participating in training programmes offered by the national and provincial treasuries.

### **2.8.4 Description of planned quality improvement measures**

The following quality improvement measures are planned:

- Encourage the development of human capital through, inter alia, the internal bursary scheme, Provincial Treasury specific training and accredited training offered by the National Treasury regarding municipal financial management.
- Create partnerships and networks that will strengthen the links between various components within the Provincial Treasury, provincial departments, municipalities and national counterparts that will improve expenditure analysis.



- Interact regularly and robustly with municipalities on their in-year-monitoring reports and financial management issues.
- Strengthen relationships between the Provincial Treasury and municipalities through intergovernmental relation structures.
- Increased visits to municipalities to improve the understanding of the business processes of municipalities.
- Institutionalise the principles/objectives of iKapa Elihlumayo and the “Home for All” vision.
- Co-ordination role in respect of the MFMA matters across Treasury disciplines.
- Maintaining and improve database on municipal information and the implementation of the Business Insight Folders (BIFs).
- A Provincial Treasury specific training programme on the MFMA will be developed and rolled out to Treasury, departmental and municipal officials.

#### **2.8.5 Specification of measurable objectives and performance indicators**

Please see Table 2.1.

**Table 2.1: Programme 2: Sustainable Resource Management**

Sub-programme 2.1: Programme Support: Resource Management		Generic Strategic Goal: To facilitate the efficient and co-ordinated administration and management of the sub-programme: Programme Support: Resource Management.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target	
1. Rendering administrative support services to ensure the effective operational management of the unit.	1.1 Smooth and effective functioning of the component.	Percentage compliance with rules and regulations.  Percentage compliance to acceptable norms/ standards of service delivery.	Not applicable.	Not applicable.	100% compliance.  70% achieved.	100% compliance.  100% achieved.	100% compliance.  100% achieved.	100% compliance.  100% achieved.	
2. Capacitate and train administrative support and line function staff.	2.1 Trained and capacitated administrative support and line function staff.	Hours turn around time for management of operational finances, human resources and logistical issues.	Not applicable.	Not applicable.	48 hours.	24 hours.	24 hours.	24 hours.	
3. Support and promote BBBEE initiatives through administrative functions.	3.1 Achievement of ikapa Eihlumayo goals.	Percentage of vacant posts filled.  Percentage of staff complement trained according to IDPs.  Percentage support and promotion of goals in work environment.  Percentage procurement in terms of BBBEE.	Not applicable.	Not applicable.	50% achieved.  50% achieved.	100% achieved.  100% achieved.	100% achieved.  100% achieved.	100% achieved.  100% support achieved.  60%	

Sub-programme 2.2: Economic Analysis	Strategic Goal 5: To conduct macroeconomic analysis and render policy advice, i.e. to determine and analyse key economic variables, their interrelation and relevance to the budget (provincial and municipal), the potential for growth and development and the interaction with governmental and revenue patterns, alternative budgeting and other revenue and expenditure scenarios on selected key economic growth and development indicators.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
1. Describe the Western Cape economy by determining and analysing key provincial and, where possible, district economic variables and their interrelation.	1.1 Describe the provincial economy.	Timely published PER&O before budget.	Forerunner, the SER, published.	The 2005 PER&O was published on budget day.	PER&O published.	PER&O to be published on 31 March 2007.	PER&O published.	PER&O published.
2. Determine the sources, potential and constraints for enhanced growth and development in the Western Cape, as framed within iKapa Elihlumayo.	2.1 Determine the sources, potential and constraints for enhanced growth and development in WC.	Timely published PER&O.	Forerunner, the SER, published.	The 2005 PER&O was published on budget day.	PER&O published.	PER&O to be published on 31 March 2007.	PER&O published.	PER&O published.
3. Assess the impact of various budget (municipal and provincial) policy objectives on selected economic variables, providing a link between the macro, meso and municipal spheres.	3.1 Assess the impact of various budget policy objectives on selected economic variables.	Alignment of departmental activities to iKapa Elihlumayo.	PER&O published on budget day.	PER&O published on budget day.	PER&O framing Budget 2005.	PER&O framing Budget 2006.	PER&O framing Budget 2007.	PER&O framing Budget 2008.
4. Provide technical assistance and training in the application of macroeconomic analysis.	4.1 Provide technical assistance and training.	Planning social dialogue events.	Publication delayed to March 2005.	Social dialogues.	Social dialogues.	Social dialogues.	Social dialogues.	Social dialogues.

Sub-programme 2.2: Economic Analysis	Strategic Goal 5: To conduct macroeconomic analysis and render policy advice, i.e. to determine and analyse key economic variables, their interrelation and relevance to the budget (provincial and municipal), the potential for growth and development and the interaction with governmental and revenue patterns, alternative budgeting and other revenue and expenditure scenarios on selected key economic growth and development indicators.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
5. Disseminate information to other government and external key stakeholders in the provincial economy and labour market to foster understanding of economic variables and promote steps to enhance economic growth and reduce inequalities.	5.1 Disseminating information to other stakeholders in the provincial economy and labour market.	Publishing of PER&O.	Not applicable.	The 2005 PER&O was published on budget day.	PER&O published.	PER&O published.	PER&O published.	PER&O published.
	5.2 Assessing socio-economic relevance of municipal IDPs.	Engaging in social dialogues.	Not applicable.	The 2005 PER&O was published on budget day.	Social dialogues.	Social dialogues.	Social dialogues.	Social dialogues.
		Hosting events launch and media briefing.	Not applicable.	The 2005 PER&O was published on budget day.	Key events launch and media briefing for the 2006 PER&O.	Social dialogues.	Social dialogues.	Social dialogues.
		Developing iKapa Elihlumayo web-page.	Not applicable.	Not applicable.	50% completed.	100% completed.	100% completed.	100% completed.
		IDPs that reflect the true socio-economic needs in each municipality.	Not applicable.	Not applicable.	Progress made on socio economic profiling on local government.	70%	100%	Monitoring framework development.

<b>Sub-programme 2.3:</b> Fiscal Policy: Provincial Government		<b>Strategic Goal 6:</b> To enable the provincial government to finance its service delivery obligations.						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
1. Administer the medium-term revenue planning process.	1.1 Robust participation on the TCF, PES and CG working groups.	Position papers, policy briefs, reports and memos.	100%	100%	100%	Optimised transfers from National government.	Optimised transfers from National government.	Optimised transfers from National government.
2. Analyse and optimise national transfers in line with the evolving intergovernmental architecture and in support of accelerated and shared growth.	2.1 Analytical position paper analysing PES and CG transfers.	Timeous submission of informative and accurate reports to HoPT and MEC.	Not applicable.	Quarterly reports. Memos.	Quarterly reports. Memos.	1 Position Paper. 4 Quarterly reports on Equitable Share and Conditional Grants.	1 Position Paper. 4 Quarterly reports on Equitable Share and Conditional Grants.	1 Position Paper. 4 Quarterly reports on Equitable Share and Conditional Grants.
	2.2 Framework position paper with respect to Fiscal Governance.	Position papers, policy briefs, reports and memos.	Not applicable.	Proposals submitted and accepted.	Final report.	1 Final report.	1 Final report.	1 Final report.
3. Analyse and optimise provincial own sourced revenue	3.1 Analytical provincial own revenue position papers.	Own revenue paper, memoranda and quarterly reports timeously submitted.	Not applicable.	Revenue paper (inclusive of reports and memos).	4 Quarterly own revenue reports.	4 Quarterly own revenue reports.	4 Quarterly own revenue reports.	4 Quarterly own revenue reports.

<b>Sub-programme 2.3: Fiscal Policy: Provincial Government</b>		<b>Strategic Goal 6: To enable the provincial government to finance its service delivery obligations.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
3. Analyse and optimise provincial own sourced revenue. <i>(continued)</i>	3.2 Introduction and implementation of a Provincial Revenue Estimation and Forecasting Model for improved planning, forecasting and service delivery.	Initiation of revenue estimation model proposal. Develop and implement a revenue estimation and forecasting model.	Not applicable.	Not applicable.	Not applicable.	1 Proposal on the development of a Revenue forecasting model. Implementation of the model.	Further refinement to model.	Further refinement to model.
	3.3 Systemising the management, approval and implementation of tariffs.	Established Provincial Tariff database. Maintain tariff approvals.	Not applicable.	Not applicable.	Not applicable.	1 Database developed. Tariff approvals.	Maintenance. Tariff approvals.	Maintenance. Tariff approvals.
	3.4 Ensure effective and efficient management of debtors.	Develop a provincial debtor position paper – Debt Management Policy, write-offs. Quarterly IYM debtors reports to monitor and analyse provincial debtors to improve efficiencies in the use of resources. Develop position paper.	Not applicable.	Final report on analysis of debtors. 4 Quarterly reports on debtors.	Training staff and departments. 4 Quarterly reports on debtors.	1 Debt management Policy developed. 4 Quarterly Debt management Report.	Further refinement. 4 Quarterly Debt management Reports.	Further refinement. 4 Quarterly Debt management Reports.
3.5 Compile provincial Donor Funding policy.	Develop position paper.	Not applicable.	Not applicable.	Not applicable.	Developed Provincial Donor Fund database. Submit quarterly funding reports.	Developed Provincial Donor Fund database. Submit quarterly funding reports.	Developed Provincial Donor Fund database. Submit quarterly funding reports.	

<b>Sub-programme 2.3: Fiscal Policy: Provincial Government</b>		<b>Strategic Goal 6: To enable the provincial government to finance its service delivery obligations.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
4. Expansion of provincial own sourced revenue options.	4.1 Presentation of fuel levy proposal to the various stakeholders.	Presentation to all stakeholders.	Not applicable.	Not applicable.	Not applicable.	Finalisation of fuel levy proposal and presentations.	Not applicable.	Not applicable.	
	4.2 Technical and Political approval process of revenue options.	Presentations to the FFC and Budget Council Confirmation from the Minister of Finance.	Not applicable.	Not applicable.	Presentations to the FFC and Budget Council.	Confirmation from the Minister of Finance.	Implementation of fuel tax.	Implementation of fuel tax.	
	4.3 Implementation of fuel levy.	Legal and last public participation process to start.	Not applicable.	Not applicable.	Not applicable.	Legal drafting. Final Public Participation.	Implementation of fuel tax.	Implementation of fuel tax.	
	4.4 Research and implementation of tourism levy.	Workable contract in place.	Not applicable.	Not applicable.	Not applicable.	First report delivered. Implementation of contract.	Not applicable.	Not applicable.	
5. Evaluate and develop provincial financing instruments.	5.1 Provincial Borrowing Framework developed.	Report on the feasibility completed.	Not applicable.	Not applicable.	Not applicable.	Submit feasibility report.	Not applicable.	Not applicable.	
		Presentation of tourism levy proposal to the various stakeholders. Legal and last Public Participation Process to start.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Presentation to stakeholders.	Legal and participation process to start.	
		Established framework.	Not applicable.	Not applicable.	Not applicable.	1 Provincial Borrowing Framework completed.	Evaluation of borrowing proposals.	Evaluation of borrowing proposals.	

<b>Sub-programme 2.3:</b> Fiscal Policy: Provincial Government		<b>Strategic Goal 6:</b> To enable the provincial government to finance its service delivery obligations.						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
6. Administer gambling and racing matters.	6.1 Monthly liaison with gambling board including monthly engagements.	Meetings on the Revenue, challenges in the Gambling industry and social responsibility.	12 Monthly meetings with the Gambling Board.	12 Monthly meetings with the Gambling Board.	12 Monthly meetings with the Gambling Board.	12 Monthly meetings with the Gambling Board.	12 Monthly meetings with the Gambling Board.	12 Monthly meetings with the Gambling Board.
		Amendment to legislation.	1 Amendment proposed.	1 Amendment proposed.	1 Amendment proposed.	2 Amendments proposed.	1 Amendment proposed.	1 Amendment proposed.
		Appointment to the Board.	Not applicable.	3 members appointed.	Appointment of 1 Board Member.	Appointment of 4 Board Members.	Appointment of 2 Board Members.	Appointment of 1 Board Member.
		Budget approval and documentation to the MEC.	1 Budget submission and approval.	1 Budget submission and approval.	1 Budget submission and approval.	1 Budget submission and approval.	1 Budget submission and approval.	1 Budget submission and approval.
	6.2 Liaison with SCOF and MEC regarding the Western Cape Gambling and Racing Board.	Quarterly meetings.	4 Quarterly meetings each with SCOF and the MEC.	4 Quarterly meetings each with SCOF and the MEC.	4 Quarterly meetings each with SCOF and the MEC.	4 Quarterly meetings each with SCOF and the MEC.	4 Quarterly meetings each with SCOF and the MEC.	4 Quarterly meetings each with SCOF and the MEC.



<b>Sub-programme 2.4: Fiscal Policy: Local Government</b>		<b>Strategic Goal 7: To facilitate local government with financing its service delivery obligations.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
1. Determine an overall financing envelope for municipalities over MTEF.	1.1 Analyse the financing envelope of all municipalities in the Province.	Number of reports on each source of revenue and available financing.	Not applicable.	Not applicable.	Preliminary reports compiled.	4 reports.	4 reports.	4 reports.	
		Number of reports on each source of revenue and available financing.	Not applicable.	Not applicable.	Preliminary reports compiled.	4 reports.	4 reports.	4 reports.	
2. To assess viability of municipal revenue budgets.	2.1 Assess viability of municipal revenue budgets to ensure sustainability.	In year monitoring reports on revenue collections.	Not applicable.	Not applicable.	Preliminary reports compiled.	12 reports.	12 reports.	12 reports.	
		Reports in respect of current sources of municipal own revenue.	Not applicable.	Not applicable.	Preliminary reports compiled.	1 report.	1 report.	1 report.	
3. Analyse and optimise local government own revenue base.	3.1 Compile analytical position paper that evaluates local government own revenue sources in Western Cape.	Quantitative analysis of the state of own revenue.	Not applicable.	Not applicable.	Preliminary reports compiled.	4 reports.	4 reports.	4 reports.	
		Measure the effectiveness and efficiency of own revenue collection.	Not applicable.	Not applicable.	Preliminary reports compiled.	4 reports.	4 reports.	4 reports.	
		Analysis of debtor, creditor and indigent policies.	Not applicable.	Not applicable.	Preliminary reports compiled.	4 reports.	4 reports.	4 reports.	
		Provide reports on the status of revenue collected on each source of revenue which include: - Water	Not applicable.	Not applicable.	Preliminary reports compiled.	1 report.	1 report.	1 report.	
			Not applicable.	Not applicable.	Preliminary reports compiled.	4 reports.	4 reports.	4 reports.	

<b>Sub-programme 2.4: Fiscal Policy: Local Government</b>		<b>Strategic Goal 7: To facilitate local government with financing its service delivery obligations.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
3. Analyse and optimise local government own revenue base. <i>(continued)</i>	3.1 Analytical position paper that evaluates local government own revenue sources in WC. <i>(continued)</i>	- Property Rates  - Electricity, and  - Refuse Removal.	Not applicable.	Not applicable.	Preliminary reports compiled.	4 reports.	4 reports.	4 reports.
4. Analyse and optimise local government debtors.	4.1 Analyse municipal debtors, age analysis, trends, payments and collection information.	Track debt collection, policies and credit policy performance.	Not applicable.	Not applicable.	Preliminary reports compiled.	4 reports.	4 reports.	4 reports.
5. Analyse and provide advice on municipal long-term debt.	5.1 Analyse the ability of municipalities to enter into long-term debt.	Develop a credit rating system for municipalities together with a database for ratio-analysis.	Not applicable.	Not applicable.	Preliminary reports compiled.	30	30	30
6. Analyse and provide policy advice with regard to tariffs, debt and credit control and property rates.	6.1 Develop Best Practice Guides and Advice on tariffs, debt and credit control and property rates.	Number of guides developed.	Not applicable.	Not applicable.	Preliminary reports compiled.	4 guides.	4 guides.	4 guides.
7. Provide technical assistance and training.	7.1 Interaction with municipalities.	Number of people trained and frequency of assistance rendered.	Not applicable.	Not applicable.	Preliminary reports compiled.	Ad hoc.	Ad hoc.	Ad hoc.

Sub-programme 2.5: Budget Management		Strategic Goal 8: To promote effective financial resource allocation.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target	
1. To coordinate and guide the process to determine provincial priorities and recommend financial resource allocation which effectively contribute to accelerated and shared economic growth in the province.	1.1 Contribute to the determination of provincial priorities, assess whether the right policies are in place, and contribute to the development of appropriate policies.	Medium Term Fiscal policy in line with national and provincial policy goals and executive approval and tabling of MTBPS (Nov).	WC-MTBPS accepted by executive during November 2003.	WC-MTBPS 2005 – 2008 accepted by executive and tabled during November 2004.	WC-MTBPS 2006 - 2009.	WC-MTBPS 2007 - 2010.	WC-MTBPS 2008 - 2011.	WC-MTBPS 2009 - 2012.	
		Findings from written reports/impact assessments by BO on departmental or provincial policies (as needed) fed into budget process.	Completed.	Completed.	Completed and incorporated into budget process.	As necessary.	As necessary.	As necessary.	
1.2 Recommend financial resource allocation (within departments and between departments) which activates/enables implementation of national, provincial and departmental policy priorities and achievement of desired socioeconomic outcomes.	1.2 Recommend financial resource allocation (within departments and between departments) which activates/enables implementation of national, provincial and departmental policy priorities and achievement of desired socioeconomic outcomes.	Bilateral MTEC 1 and 2 engagements with provincial departments.	Completed.	Completed.	MTEC reports.	MTEC reports.	MTEC reports.	MTEC reports.	
		Executive approval of preliminary and final allocations for Main Budget (Nov; Feb).	2004/05 preliminary allocation letters to departments.	2005/06 preliminary and final allocation letters to departments.	2006/07 preliminary and final allocation letters to departments.	2007/08 preliminary and final allocation letters to departments.	2008/09 preliminary and final allocation letters to departments.	2009/10 preliminary and final allocation letters to departments.	
		Annual budget in line with national and provincial policy goals (March).	2004/05 Budget tabled.	2005/06 Budget tabled.	2006/07 Budget tabled.	2007/08 Budget tabled.	2008/09 Budget tabled.	2009/10 Budget tabled.	

Sub-programme 2.5: Budget Management		Strategic Goal 8: To promote effective financial resource allocation.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target	
1. To coordinate and guide the process to determine provincial priorities and recommend financial resource allocation which effectively contribute to accelerated and shared economic growth in the province. <i>(continued)</i>	1.3 Assess, research, recommend and promote appropriate performance indicators for departments.	Findings from written reports/impact assessments by BO on departmental or provincial policies (as needed) fed into budget process.	Completed.	Completed.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	
		Participation in intergovernmental and interdepartmental forums and liaison with National Treasury to provide input into national and provincial processes.	Completed.	Completed.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	
2. Promote overall strategic goal of PT to understand line departments' core business, functions, and progress.	2.1 Assess progress of departments and municipalities in implementing policies.	Tabling of Service Delivery Review (July).	Efficacy Review 2003 internally published.	Incomplete.	2004 Service Delivery Review.	2005 Service Delivery Review.	2006 Service Delivery Review.	2007 Service Delivery Review.	
		Submission of non-financial quarterly IYM reports to NT on deadline (July, Oct, Jan, April).	Not applicable.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	
2.2 Promote processes and electronic systems which facilitate integration of Provincial Treasury components in order to improve understanding of departmental business.	2.2 Promote processes and electronic systems which facilitate integration of Provincial Treasury components in order to improve understanding of departmental business.	Established functioning Business Insight Folders (BIF) system which produces regular analysis on departments and makes available departmental information on ongoing basis.	Not applicable.	Not applicable.	Initial planning and consultation.	50% implementation.	Full implementation.	Full implementation.	
		Short analyses contributed to BIF system from Budget Office.	Not applicable.	Not applicable.	Further developed.	Functioning.	Functioning.	Functioning.	
2.3 Ensure proper electronic filing system managed efficiently.	2.3 Ensure proper electronic filing system managed efficiently.	Fully functioning electronic filing system.	Not applicable.	Initiated.	Further developed.	Functioning.	Functioning.	Functioning.	

Sub-programme 2.5: Budget Management		Strategic Goal 8: To promote effective financial resource allocation.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
2. Promote overall strategic goal of PT to understand line departments' core business, functions, and progress. <i>(continued)</i>	2.4 Promote processes and electronic systems, which facilitate integration of Provincial Treasury components in order to improve understanding of municipalities.	Established functioning BIF system, which produces regular analysis on municipalities and makes available municipal information on ongoing basis.	Not applicable.	Not applicable.	Not applicable.	Initial planning and consultation.	25% implementation.	50% implementation.
3. Fulfill role of PT as prescribed by the MFMA, with regard to the review of municipal budgets and IDPs and oversight of the municipal budget process.	3.1 Provide analysis and support to municipalities in the drafting of their budgets in order to improve quality and assure alignment between municipal and provincial budgets.	Consultation increased between Provincial Treasury, provincial departments and municipalities via MTEC engagements, municipal visits and other initiatives.	Not applicable.	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	75% implementation.	100% implementation.
		Reviews conducted on draft budget of each municipality against completed budget evaluation checklist and comments provided to municipalities via LG MTEC 3 process (April).	Not applicable.	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	75% implementation.	100% implementation.
		Monitor linkage of municipal budgets with IDP's, SDBIP, performance contracts of senior managers and provincial budget.	Not applicable.	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	75% implementation.	100% implementation.

Sub-programme 2.5: Budget Management		Strategic Goal 8: To promote effective financial resource allocation.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
3. Fulfill role of PT as prescribed by the MFMA, with regard to the review of municipal budgets and IDPs and oversight of the municipal budget process. <i>(continued)</i>	3.2 Provide oversight of municipal budget process.	Timely receipt of tabled and adopted budgets and on-line publication of adopted budget.	Not applicable.	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	75% implementation.	As per municipal budget schedule.
		Bilateral MTEC 1 and 2 engagements with provincial departments and municipalities.	Not applicable.	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	75% implementation.	As per municipal budget schedule.

<b>Sub-programme 2.6:</b> Programme Support: Public Finance		<b>Generic Strategic Goal:</b> To facilitate the efficient and co-ordinated administration and management of the sub-programme: Programme Support: Public Finance							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
1. Rendering administrative support services to ensure the effective operational management of the unit.	1.1 Smooth and effective functioning of the component.	Percentage compliance with rules and regulations.	Not applicable.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	
		Percentage compliance to acceptable norms/standards of service delivery.	Not applicable.	Not applicable.	70% achieved.	100% achieved.	100% achieved.	100% achieved.	
2. Capacitate and train administrative support and line function staff.	2.1 Trained and capacitated administrative support and line function staff.	Hours turn around time for management of operational finances, human resources and logistical issues.	Not applicable.	Not applicable.	48 hours.	24 hours.	24 hours.	24 hours.	
		Percentage of vacant posts filled.	Not applicable.	Not applicable.	50% achieved.	100% achieved.	100% achieved.	100% achieved.	
3. Support and promote BBBEE initiatives through administrative functions.	3.1 Achievement of iKapa Elihlumayo goals.	Percentage of staff complement trained according to IDPs.	Not applicable.	Not applicable.	50% achieved.	100% achieved.	100% achieved.	100% achieved.	
		Percentage support and promotion of goals in work environment.	Not applicable.	Not applicable.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.	
		Percentage procurement in terms of BBBEE.	Not applicable.	Not applicable.	40%	50%	60%	60%	

<b>Sub-programme 2.7: Provincial Government Finance</b>		<b>Strategic Goal 9: To ensure efficient budget management in provincial departments.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
1. Provide policy advice, effective technical and strategic support and a change agent service to provincial departments.	1.1 Relevant and effective advisory service.	Quality of and feedback on advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.
2. Improve input-output sequencing of information and the quality of the latter within the budget processes.	2.1 Credible MTEF and Adjustments Budget.	Compliance to National Treasury norms and standards. Budget alignment with national and provincial policy priority goals.	Technically sound MTEF budget, bill and schedules. Bilateral MTEC hearings. 2 Assessments per department.	Technically sound MTEF budget, bill and schedules. Bilateral MTEC hearings. 2 Assessments per department.	Technically sound MTEF budget, bill and schedules. Bilateral MTEC hearings. 2 Assessments per department.	Technically sound MTEF budget, bill and schedules. Bilateral MTEC hearings. 3 Assessments per department.	Technically sound MTEF budget, bill and schedules. Bilateral MTEC hearings. 3 Assessments per department.	Technically sound MTEF budget, bill and schedules. Bilateral MTEC hearings. 3 Assessments per department.
		Compilation and submission of adjustments budget documentation in line with prescribed formats and timelines to the Provincial Parliament.	Adjustment budget tabled in November.	Adjustment budget tabled in November.	Adjustment budget tabled in November.	Adjustment budget, bill and schedules tabled within one month of national adjustments.	Adjustment budget, bill and schedules tabled within one month of national adjustments.	Adjustment budget, bill and schedules tabled within one month of national adjustments.



Sub-programme 2.7: Provincial Government Finance		Strategic Goal 9: To ensure efficient budget management in provincial departments.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
3. Develop effectiveness of in-year expenditure monitoring systems towards monitoring financial and non-financial performance indicators.	3.1 Improved in-year expenditure management together with the development of efficiency parameters.	Compliance with PFMA and NTRs.  Lower levels of underspending, spending in line with budget, projected cash flow and improved efficiency. Functional database and business insight folders.	Monthly (section 40) and quarterly (section 32) IYM reports.	Monthly (section 40) and quarterly (section 32) IYM reports.	Monthly (section 40) and quarterly (section 32) IYM reports.	Monthly (section 40) and quarterly (section 32) IYM reports.	Monthly (section 40) and quarterly (section 32) IYM reports.	Monthly (section 40) and quarterly (section 32) IYM reports.
			Quarterly and annual trend analysis reports.	Quarterly and annual trend analysis reports.	Quarterly and annual trend analysis reports.	Quarterly and annual performance analysis reports to ensure no over-spending, smoothing of expenditure and limit under-spending to 1% overall.	Quarterly and annual performance analysis reports to ensure no over-spending, smoothing of expenditure and limit under-spending to 1% overall.	Quarterly and annual performance analysis reports to ensure no over-spending, smoothing of expenditure and limit under-spending to 1% overall.
			Not applicable.	Not applicable.	Quarterly expenditure reports to Cabinet.	Quarterly expenditure and performance reports to Cabinet.	Quarterly expenditure and performance reports to Cabinet.	Quarterly expenditure and performance reports to Cabinet.

Sub-programme 2.7: Provincial Government Finance		Strategic Goal 9: To ensure efficient budget management in provincial departments.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
3. Develop effectiveness of in-year expenditure monitoring systems towards monitoring financial and non-financial performance indicators. <i>(continued)</i>	3.1 Improved in-year expenditure management together with the development of efficiency parameters. <i>(continued)</i>	Lower levels of under-spending, spending in line with budget, projected cash flow and improved efficiency. Functional database and business insight folders. <i>(continued)</i>	Not applicable.	Not applicable.	Not applicable.	Commence efficiency initiatives (least cost analysis), focusing on research, compensation of employees, consultants and transfers.	Ongoing sectoral efficiency initiatives focusing on goods and services, capital, etc.	Further refinement.
4. Strengthen the institutional capacity, inclusive of professionalism, skills, knowledge, motivation, attitudes, integration, and values.	4.1 Capacitated staff.	Quality of report-writing and analysis.	Not applicable.	Not applicable.	Not applicable.	Good analytical reports. Regular site visits.	Good analytical reports.	Regular site visits.
5. Develop intra department, intra provincial, inter provincial and government co-ordinating structures and systems.	5.1 Intimate networks established within Treasury and with departments, both provincially and nationally.	Quality of report-writing and analysis.	Participation and contribution in provincial and national fora (TCF, CFO forum, Budget Council, etc).	Participation and contribution in provincial and national fora (TCF, CFO forum, Budget Council, etc).	Participation and contribution in provincial and national fora (TCF, CFO forum, Budget Council, etc).	Networks established with departments and Treasury components. Participation and contribution in provincial and national fora (TCF, CFO forum, Budget Council, etc).	Networks with departments and Treasury components maintained. Participation and contribution in provincial and national fora (TCF, CFO forum, Budget Council, etc).	Networks with departments and Treasury components maintained. Participation and contribution in provincial and national fora (TCF, CFO forum, Budget Council, etc).

<b>Sub-programme 2.7: Provincial Government Finance</b>		<b>Strategic Goal 9: To ensure efficient budget management in provincial departments.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
6. Deepen the analysis of budget votes, i.e. in content and profile.	6.1 Improved in-year expenditure management.	Reports are available per sector.	Monthly IYM reports, MTEC and budget credibility assessments.	Monthly IYM reports, MTEC and budget credibility assessments.	Monthly IYM reports, MTEC and budget credibility assessments.	Quarterly sectoral analytical reports, Monthly IYM reports, MTEC and budget credibility assessments.	Quarterly sectoral analytical reports, Monthly IYM reports, MTEC and budget credibility assessments.	Quarterly sectoral analytical reports, Monthly IYM reports, MTEC and budget credibility assessments.

Sub-programme 2.8: Local Government Finance		Strategic Goal 10: To ensure efficient budget management in municipalities.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
1. Provide policy advice, effective technical and strategic support and a change agent service to municipalities and co-ordinating role within Treasury.	1.1 Relevant and effective advisory service.	Quality of and feedback on advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.
	1.2 Effective and efficient co-ordinating service.	Completion and quality of co-ordinating tasks and initiatives.	Relevant and effective co-ordination.	Relevant and effective co-ordination.	Relevant and effective co-ordination.	Relevant and effective co-ordination.	Relevant and effective co-ordination.	Relevant and effective co-ordination.
2. Improve input-output sequencing of information and the quality thereof within the budget processes.	2.1 Credible MTIEF and Provincial/Local Interface.	Compliance to MFMA and MFMA circulars.	Not applicable.	Not applicable.	Technically sound MTEF budget.	Technically sound MTEF budget.	Technically sound MTEF budget.	Technically sound MTEF budget.
		Planning and budget alignment between provincial and local government priorities.	Not applicable.	Not applicable.	LG MTEC and LG allocations. 1 Assessment per municipality.	LG MTEC 1, One-on-Ones, LGMTEC2, LGMTEC 3 and LG allocations. 1 Assessment per municipality.	LG MTEC 1, One-on-Ones, LGMTEC2, LGMTEC 3 and LG allocations. 1 Assessment per municipality.	LG MTEC 1, One-on-Ones, LGMTEC2, LGMTEC 3 and LG allocations. 1 Assessment per municipality.

Sub-programme 2.8: Local Government Finance		Strategic Goal 10: To ensure efficient budget management in municipalities.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target	
3. Develop the effectiveness of in-year expenditure monitoring systems towards monitoring financial and non-financial performance indicators.	3.1 Improved in-year expenditure management together with the development of efficiency parameters.	Compliance with MFMA and MFMA circulars.	Not applicable.	Not applicable.	Monthly IYM reports, quarterly publications and quarterly reports to legislature (section 71).	Monthly IYM reports, quarterly publications and quarterly reports to legislature (section 71).	Monthly IYM reports, quarterly publications and quarterly reports to legislature (section 71).	Monthly IYM reports, quarterly publications and quarterly reports to legislature (section 71).	Monthly IYM reports, quarterly publications and quarterly reports to legislature (section 71).
		Lower levels of underspending, spending in line with budget, projected cash flow and improved efficiency. Functional database and business insight folders.	Not applicable.	Not applicable.	Quarterly and annual trend analysis reports.	Quarterly and annual performance analysis reports to ensure limited over-spending and, smoothing of expenditure.	Quarterly and annual performance analysis reports to ensure limited over-spending and, smoothing of expenditure.	Quarterly and annual performance analysis reports to ensure limited over-spending and, smoothing of expenditure.	Quarterly and annual performance analysis reports to ensure limited over-spending and, smoothing of expenditure.

Sub-programme 2.8: Local Government Finance		Strategic Goal 10: To ensure efficient budget management in municipalities.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
4. Strengthen the institutional capacity, inclusive of professionalism, skills, knowledge, motivation, attitudes, integration, and values.	4.1 Implementation of the MFMA.	Readiness to perform the Provincial Treasury responsibilities. Assist with monitoring nominal and substantive compliance in accordance with National Treasury guidelines.	Not applicable.	Not applicable.	Central	Partly central.	Desentralised.	Desentralised.
5. Develop intra Department, intra provincial, and government co-ordinating structures and systems.	5.1 Functional intra and inter governmental co-ordinating structures and institutions (forums) that relate to planning and financial matters.	Percentage development to establish fully functional structures.	20% functional Municipal budgeting and Technical forum.	50% functional Municipal budgeting and Technical forum.	70% functional Municipal budgeting and Technical forum.	80% functional Municipal budgeting and Technical forum.	100% functional Municipal budgeting and Technical forum.	100% functional Municipal budgeting and Technical forum.
6. Facilitate the optimal vesting of functions between the provincial and local spheres of government.	6.1 Facilitated vesting of functions between provincial and local government.	Appropriate authorisation.	Not applicable.	Not applicable.	20% functional Municipal CFO forum.	50% functional Municipal CFO forum. 50% Intra departmental forum.	70% functional Municipal CFO forum. 100% Intra departmental forum.	70% functional Municipal CFO forum. 100% Intra departmental forum.
			Not applicable.	Not applicable.	28 functions w.r.t. position statement.	Cabinet approved framework for functions and powers.	Optimal placement of functions and powers.	Optimal placement of functions and powers.

Sub-programme 2.8: Local Government Finance		Strategic Goal 10: To ensure efficient budget management in municipalities.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
7. Deepen the analysis of budget votes, i.e. in content and profile.	7.1 Effective monitoring of monthly outcome of municipal budgets.	Prescribed reporting.	Not applicable.	Not applicable.	24-30 municipality reports x 9.	24-30 monthly assessment reports, 4 quarterly consolidated reports and a publication.	29-30 monthly assessment reports, 4 quarterly consolidated reports and a publication.	29-30 monthly assessment reports, 4 quarterly consolidated reports and a publication.
	7.2 Determine extent to which municipal budgets are aligned with broad national and provincial priorities.	Analysis of municipal budgets. Local Government Review.	Not applicable. 1 review.	Not applicable. 1 review.	24-30 budgets. 1 review.	24-30 budgets. 1 review.	29-30 budgets. 1 review.	29-30 budgets. 1 review.

## 2.9 Reconciliation of budget with plan

**Table 2.2: Programme 2: Sustainable Resource Management budget by sub-programme (R'000)**

Programme 2: Sustainable Resource Management								
Sub-programme	Year - 2 2003/04 (actual)	Year - 1 2004/05 (actual)	Base year 2005/06 (estimate)	Average annual change (%)	Year 1 2006/07 (budget)	Year 2 2007/08 (MTEF projection)	Year 3 2008/09 (MTEF projection)	Average annual change (%)
Programme Support: Resource Management			757	0.00%	830	995	1,048	11.45%
Economic Analysis	1,755	1,127	2,704	24.13%	3,598	4,370	4,597	19.35%
Fiscal Policy: Provincial Government	6,942	2,701	3,219	-31.90%	2,592	2,796	2,939	-2.99%
Fiscal Policy: Local Government				0.00%	2,342	3,546	3,730	0.00%
Budget Management	1,725	2,177	6,397	92.57%	7,559	9,008	9,463	13.94%
Programme Support: Public Finance			513	0.00%	1,080	1,131	1,190	32.38%
Provincial Government Finance	4,015	3,072	2,641	-18.90%	2,963	3,386	3,544	0.00%
Local Government Finance		1,990	2,072	0.00%	3,166	3,915	4,124	25.79%
<b>Total</b>	<b>14,437</b>	<b>11,067</b>	<b>18,303</b>	<b>12.60%</b>	<b>24,130</b>	<b>29,147</b>	<b>30,635</b>	<b>18.73%</b>

For the financial years 2003/04 to 2005/06 the average spending trend indicated an increase of over 12%. This is the result of mainly two factors, namely a decline in the average spending trend of Fiscal Policy: Provincial Government due to the Western Cape Gambling and Racing Board not requiring any transfer payments since 2004/05 and the shift in the budget marketing function from Norms and Standard to Budget Management which realised a substantial average spending trend of over 92% over this period. The total average increase of almost 19% over the MTEF is mainly due to the establishment and expansion of Local Government Finance's functions related to the implementation of the MFMA as well as the establishment of the two Programme Support sub-programmes.



### **3. Programme 3: Asset and Liabilities Management**

This programme's aim is to provide policy direction, facilitating the effective and efficient management of physical and financial assets, PPPs and liabilities.

The programme is structured in the following four sub-programmes:

#### **Programme Support**

To facilitate the efficient and co-ordinated administration and management of the programme.

#### **Financial Asset Management**

To facilitate the effective and efficient management of financial assets

#### **Moveable Asset Management**

To facilitate the effective and efficient management of moveable assets.

#### **Immovable Asset Management**

To facilitate the effective and efficient management of immovable assets and to elicit sustainable PPP projects.

#### **Liabilities Management**

To facilitate the effective and efficient management of liabilities.

#### **Supporting and Interlinked Financial Systems**

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

The detailed review for this programme: Asset and Liabilities Management is included in the Financial Management Review, 2005. This Management Review provides in-depth information and insight on what was achieved during this financial year, and the strategic thrust of the various sub-programmes within this programme.

#### **a. Specified policies, priorities and strategic objectives**

In the main the programme's strategic objectives have to do with facilitating the optimisation of Provincial Asset Management and obtaining full value from the Province's physical assets.

This includes:

- The effective and efficient management of financial assets and eliciting of sustainable PPP projects, including technical, strategic support and training to provincial departments and municipalities where applicable.
- Provision of strategic leadership and support and development of guidelines to ensure effective supply chain management (SCM) of goods and services and immovable assets. The aspired center of excellence in SCM will be the change agent in this regard.

- Building the necessary capacity in the Provincial Treasury for PPP assessment and to facilitate and provide developmental technical assistance and support to departments on all PPP projects in progress.
- Establishment of the necessary structures to service loans and guarantees and the implementation of policies for effective management of assets and liabilities, and to strengthen and provide technical and strategic support to provincial departments and municipalities.
- To provide for the effective and efficient management and implementation of existing financial systems, management of SITA costs and the transition to the IFMS, enhancing compliance with the PFMA and other relevant legislation.

## **b. Progress analysis**

The Programme Support unit will only be established during the 2006/07 financial year.

Financial Asset Management is responsible for the management and control of the Provincial Revenue Fund, ensuring all departmental bank accounts remain minimally cash positive on a daily basis and optimising on interest revenue derived from prudent investments with financial banking institutions. The intergovernmental cash co-ordination (IGCC) was implemented by National Treasury on 1 April 2005, whereby equitable share and conditional grants are credited directly to an account held at the Corporation for Public Deposits (CPD).

Physical Asset Management encompasses both movable assets (goods and services), previously known as Supply Chain Management (SCM) and immovable assets. The Movable Assets unit, during the 2005/06 financial year, was responsible for performing SCM assessments in provincial departments, engaged municipalities regarding the implementation of SCM, developed Provincial Treasury Instructions, facilitated the arrangements of transversal contracts, and facilitated the implementation of asset management requirements within the Province.

The Immovable Assets unit during the 2005/06 financial year provided support for the implementation of the new framework “toolkit” for infrastructure best practices. It also engaged Public Works on specific areas on Property Management to be monitored by Provincial Treasury.

Further, this unit coordinated discussions with the respective MEC’s and heads of departments for Education, Public Works and Provincial Treasury on infrastructure and related issues. These meetings are scheduled on a quarterly basis.

During the 2005/06 financial year the PPP unit facilitated, provided assistance, advice, guidance and support to departments (particularly the department of Health) during the various stages of the PPP processes. This unit held numerous meetings with the department of Education, on the possibility of the construction of schools via the PPP initiatives.

During 2005/06, the Financial Systems unit was responsible for the implementation of LOGIS at 7 institutions, and rendered user support and training to core and non-core users in excess of 7000 users.

### **c. Analysis of constraints and measures planned to overcome them**

The credibility of departmental cash projections is a major constraint faced by the Financial Asset Management sub-programme. To address this constraint the sub-programme on a continuous basis ensures that departments are guided by previous expenditure trends, outstanding commitments and new projects, etc. when compiling their annual projections for the Provincial Treasury.

The capacitation of provincial departments SCM units with appropriately skilled persons is a constraint currently faced by the Movable Assets unit. Ongoing support, guidance and facilitation of accredited ad hoc courses to address inefficiencies will be a part of the provincial drive to combat this problem.

With the implementation of the MFMA, this unit will continue to provide assistance, guidance and advice to municipalities from the 2006/07 financial year. Capacitation in this regard is dependent on available funding.

The time consuming process currently experienced in the awarding of contracts together with the inadequacy of proper feasibility studies are major concerns for the Immoveable Assets unit. An assessment of existing procedures to identify systemic problems will need to be undertaken and alignment to the Infrastructure Development Improvement Programme (IDIP) could further contribute to alleviating such concerns.

The PPP unit faces an ongoing challenge to acquire the appropriate skills required in this particular field of work. To address the skills gap, the unit has compiled a training programme to be implemented during 2006/07. This programme will also be shared with the National Treasury PPP unit to obtain approval for the required PPP delegations.

The supporting and interlinked financial systems component is confronted with the lack of skills and competencies of users utilising the online systems of BAS and PERSAL, the limited capacity of the network to accommodate high volumes of data and the availability of appropriate staff and funds to implement LOGIS at the remaining sites. The unit will provide continuous training, re-training and assistance where necessary, and monitor on a daily basis the network in conjunction with the Centre for e-Innovation and SITA. Pre-implementation assessments and management meetings of further LOGIS sites will also be held to identify and address shortcomings.

### **d. Description of planned quality improvement measures**

The lowering of the existing 2% deviation between the funding and the actual expenditure flowing through departmental bank accounts, will further enhance cash flow management.

Ongoing refinement of best procurement practices, use of service level agreements to elevate contract management to reduce risk for government, compliance monitoring procedures to address non-compliance and restructuring of the Movable Asset unit to address the additional responsibilities of local and provincial government, will be embarked upon as quality improvement measures.

The roll-out of the Infrastructure Delivery Improvement Programme (IDIP) – Phase II and monitoring thereof, will be the main contributing factor for quality improvement measures.

The continuous fostering and exchange of ideas on PPPs with key role players, visits to other provinces involved with PPPs of a similar nature, and the proposed training programme to be embarked upon by this unit, will contribute to alleviate existing constraints.

Bridging finance, if required through the sub-programme: Liabilities Management, could be obtained with relative ease from the CPD with a much lower interest rate than at other financial institutions.

The sub-programme: Supporting and Interlinked Financial Systems will continuously pursue the daily monitoring of the various transversal systems to ensure functionality, availability, smooth and timeous interfacing of various sub-systems, proper maintenance and acceptable up-time of the networks with appropriate action and effective address of problems where necessary.

### **3.1 Sub-programme 3.1: Programme Support**

#### **3.1.1 Specified policies, priorities and strategic objectives**

**Generic Strategic goal:** To facilitate the efficient and co-ordinated administration and management of the programme.

**Strategic objectives:**

1. Render administrative support services to ensure the effective and efficient operational management of the programme.
2. Capacitate and train administrative support to fulfill line function responsibilities.
3. Support and promote BBBEE initiatives through administrative functions.

#### **3.1.2 Progress analysis**

Not applicable.

#### **3.1.3 Analysis of constraints and measures planned to overcome them**

This sub-programme will possibly only be established and capacitated during the latter part of 2006/07 financial year and will mainly be responsible for administrative support regarding the human resources, financial, logistical and related administrative management activities of the relevant programme.

#### **3.1.4 Description of planned quality improvement measures**

Appoint and train suitable candidates and ensure proper procedure and process mapping of all activities within Asset and Liabilities Management.

#### **3.1.5 Specification of measurable objectives and performance indicators**

Please see Table 3.1.

## 3.2 Sub-programme 3.2: Financial Asset Management

### 3.2.1 Specified policies, priorities and strategic objectives

**Strategic goal 11:** To facilitate the effective and efficient management of financial assets.

**Strategic objectives:**

1. Ensure effective control and management of the Provincial Revenue Fund.
2. Render effective technical, strategic support and training to provincial departments and local government where applicable.
3. Compliance with the PFMA, MFMA, accounting policies, regulations and guidelines.

### 3.2.2 Progress analysis

This sub-programme is responsible for the management and control of the Provincial Revenue Fund that consists of the Provincial Exchequer Account and fourteen departmental banking accounts known as Paymaster General Accounts including the Provincial Parliament. Each provincial department has a Paymaster General Account, which is funded on a daily basis from the Provincial Exchequer Account in terms of daily cash flow inputs from the various departments.

During the past financial year, the group of banking accounts remained cash positive, capital and interest were repaid on maturities and interest on investments exceeded the appropriated budget figures.

Theoretically the existing bank contract expires on 31 March 2007, and the challenge facing this sub-programme is the implementation process involved, should a different financial institution be the successful tenderer.

In terms of the MFMA, a database of primary banking account details, contact names and details of each municipality was established and it is envisaged that this sub-programme will play an integral role in cash flow management in the future.

With effect from 1 April 2005, National Treasury implemented the Intergovernmental Cash Coordination (IGCC) initiative, whereby the equitable share and conditional grants earmarked for Provinces are credited directly to an account held at the Corporation for Public Deposits (CPD). This transition was smoothly implemented in the Province.

### 3.2.3 Analysis of constraints and measures planned to overcome them

The major challenge facing this sub-programme is to ensure that departments, in terms of section 40(4) (a) of the Public Finance Management Act, 1999 submit annual credible projections of expenditure. If departmental projections are not credible i.e. more funds are expended than actually projected, an overdrawn situation could occur. In contrast, if projections are inflated, it may necessitate borrowing funds in the form of bridging finance from the CPD or utilising an overdraft facility from the provincial banker at higher interest rates. Although a daunting task, departments

will be encouraged to utilise previous expenditure trends, outstanding commitments and new projects when compiling and submitting their annual projections to the Provincial Treasury.

Another challenge is that the bank accounts within the provincial departments remain minimally cash positive on a daily basis, which ensures that no overdrawn situation occurs at any time.

Remedial measures will include the daily monitoring of projections versus actual drawings.

Further, a request will be made to departments to make prior arrangements with the Provincial Treasury in the event of expected variances.

### **3.2.4 Description of planned quality improvement measures**

- The following quality improvement measures are envisaged:
- To further enhance cash flow management, the current 2% deviation between the funding and the actual expenditure flowing through the departmental banking accounts be further decreased.
- The limitation of PERSAL supplementary runs from four to two per month will further enhance cash flow management.
- Payments in general, will be executed in terms of a payment schedule issued by the Provincial Treasury, in co-operation with departments.

### **3.2.5 Specification of measurable objectives and performance indicators**

Please see Table 3.1.

## **3.3 Sub-programme 3.3: Movable Asset Management**

### **3.3.1 Specified policies, priorities and strategic objectives**

**Strategic goal 12:** To facilitate the effective and efficient management of movable assets.

**Strategic objectives:**

1. To ensure that departments / municipalities embrace SCM as a strategic directive that delivers continual cost and value improvements resulting in effective future planning, mitigation of risk in SCM, leveraged buying power and a smoother acquisition process.
2. To provide strategic leadership and guidance in strategic sourcing for the procuring of goods and services in Provincial Departments.
3. To ensure the strategic use of available technology tools to improve knowledge base and operations.
4. The development of a supplier network through value added partnerships and the promotion of BEE.
5. The development of a balanced centre led SCM management system that maximises departmental-wide leverage.

### **3.3.2 Progress analysis**

Supply Chain Management (SCM) is an integral part of financial management and seeks to address the gap between the traditional methods of procuring goods and services, the control thereof and obsolescence planning.

#### **Departments rely on the unit to:**

- Provide strategic direction for Supply Chain Management and Asset Management (movable).
- Develop and implement Provincial Treasury Instructions and guidelines to ensure effective supply chain management of goods and services.
- Strengthen and render effective technical and strategic support.
- Facilitate the arrangement of transversal contracts to ensure uniformity and to take full advantage of economies of scale.
- Develop the necessary norms and standards to facilitate efficient physical asset management.
- To build capacity within the respective SCM units.

#### **During the 2005/06 financial year the sub-programme was responsible to:**

- Maintain the Western Cape Supplier Database in conjunction with the Unicity.
- Maintain the Electronic Purchasing Systems for RFQ's.
- Develop further Provincial Treasury Instructions.
- Established and implemented the Asset Management Forum (which also incorporates Supply Chain Management issues).
- Established and implemented an Asset Management Steering Committee to facilitate and monitor the Asset Management Reform Strategy.
- Performed SCM assessments (which also included compliance tests) on all provincial departments.
- Undertook a "value- for- money" assessment as a part of the SCM Assessment on one specific department.
- Facilitated SCM training for provincial departmental and local government officials.
- Engaged municipalities with regards to the implantation of SCM.

#### **Main challenges facing the sub-programme include the following:**

- Minimise procurement related costs.
- Develop skillful SCM practitioners on Provincial and Local spheres of government level.
- Monitor departments, public entities and municipalities' adherence to SCM norms and standards.
- Develop and implement a complaints mechanism for the Province.
- Implement/introduce the regulatory framework on SCM in municipalities.
- Implement, upgrade or develop an interim E-procurement solution for the Province.

### **3.3.3 Analysis of constraints and measures planned to overcome them**

The current staff complement in the directorate will not be sufficient to achieve both the provincial and local government objectives. The office will endeavour to timeously fill all existing vacancies within this unit.

The present levels of expertise in Supply Chain Management units within departments are not at an acceptable standard. To this end, the Provincial Treasury will assist departments with capacity building. Ad-hoc courses for SCM practitioners at departments have already been arranged as an interim measure. Accredited service providers will provide the formal courses.

In addition, the Provincial Treasury will provide support to departments and municipalities, on enhancing and/or establishing SCM units.

A further constraint is the lack of an integrated SCM system, and the "delay" in the development of the new Integrated Financial Management System (IFMS), by National Treasury.

The delay in the development of the codes of good practice of BEE and the realignment of the PPPFA Regulations thereto, stifles the promotion and development of BEE within the Province. The Provincial Treasury will assist in the development of a Provincial BEE Policy Programme and Supplier Development Programme.

### **3.3.4 Description of planned quality improvement measures**

The following quality improvement measures are envisaged:

- The establishment of a center of excellence to render strategic support and drive best practices in the SCM units.
- Implementation of monitoring/compliance procedures to address any non-compliance with minimum norms and standards.
- Introduction of a mechanism to adequately address concerns from the public with regard to the awarding of bids.
- Restructuring of SCM component to address the additional responsibilities of local and provincial government.
- Uniformity of norms and standards within provincial government, public entities and municipalities.
- Timeous filling of vacancies with competent personnel.
- Assistance in the development of a Provincial BEE policy.
- The promotion of a supplier development programme.
- The development or implementation of an efficient E-procurement system / tools.
- The facilitation of training of officials from Provincial departments and municipalities on SCM principles, guidelines and prescripts.
- Establishment of a complaints unit within Provincial Treasury.
- Promotion and facilitation of the Asset Management Reform Strategy in conjunction with National Treasury.
- Facilitate the arrangement of transversal contracts.
- Promotion of a strategic sourcing business model.



### 3.3.5 Specification of measurable objectives and performance indicators

Please see Table 3.1.

## 3.4 Sub-programme 3.4: Immovable Asset Management

### 3.4.1 Specified policies, priorities and strategic objectives

**Strategic goal 13:** To facilitate the effective and efficient management of immovable assets (including the built environment and housing) and to facilitate and enhance quality public service delivery by being a catalyst for effective, efficient and value for money best practice solutions.

**Strategic objectives:**

**Immovable Assets**

1. Establish Infrastructure Programme Units.
2. To strengthen and render effective, technical and strategic support to departments, public entities, municipalities and municipal entities.
3. Provide strategic leadership and guidance on immovable assets.

**Public Private Partnerships (PPPs)**

1. Build the necessary capacity in the Provincial Treasury to take over all PPP assessment related responsibilities from the National Treasury.
2. Assess PPP projects in progress; monitor and enforce compliance with legislation.
3. Facilitate and provide developmental technical assistance and support to departments on all PPP projects in progress.

### 3.4.2 Progress analysis

The quality and extent of infrastructure delivery are primary determinants of the efficiency of business activities and the degree to which the social fabric of our communities is improved to the benefit of all. The Infrastructure budget for the period under review amounted to R1,7 billion.

The Infrastructure Delivery Improvement Programme (IDIP), an initiative of National Treasury, to improve infrastructure spending and delivery, was introduced and implemented with some success in the Department of Education. This also encompassed the finalisation and the acceptance of the Service Delivery Agreement between the implementing agent (Department of Transport and Public Works) and the respective client departments (Health and Education).

IDIP Phase II, which included assess and design, was further rolled-out to the Department of Transport and Public Works.

The extensive and diversified immovable asset portfolio has potentially significant impact on the overall macro-economic, socio-political and physical landscape of the

Province. Immovable assets are important resources for service delivery and cannot be ignored.

Departments rely on the unit to:

- Provide strategic direction to the management and implementation of immovable asset management.
- Develop best practice guidelines on infrastructure procurement and delivery management.
- Provide guidance to the management and implementation of the Infrastructure Delivery Improvement Programme (IDIP).
- Co-ordinate and promote alignment of IDIP activities.
- Develop the necessary norms and standards to facilitate efficient immovable asset management.
- Promote good governance and socio-economic outcomes.
- Support the new framework “toolkit” for best practice guidelines.
- Monitor reports on spending on infrastructure projects.
- Facilitate Provincial Programme Steering Committee (PPSC).
- Engage with Public Works on specific areas indicated in the White Paper on Property Management, Government Immovable Asset Management Bill and Asset Management Guidelines.
- Facilitate refinement processes on infrastructure reporting.
- Evaluate submissions for property disposal, acquisitions, transfers and donations.

Main challenges facing the sub-programme include:

- The alignment of infrastructure plans with Provincial Spatial Development Framework (PSDF), Micro Economic Development Strategy (MEDS), Strategic infrastructure Plan (SIP) and with the other spheres of government.
- Strategic principles for infrastructure investment and development spending.
- Timeous and accurate infrastructure expenditure reports to National Treasury.
- Effective monitoring mechanisms to ensure efficient infrastructure delivery.
- Delayed completion and poor quality control.
- Attainment of socio-economic objectives.
- Lack of appropriate management systems.

### **Public Private Partnerships (PPPs)**

The gradual increase in the formation of PPP's suggest that the public and private sectors are now working more closely, in the provision of services and infrastructure. The pursuance of PPP initiatives is necessary to address the socio-economic imperatives and infrastructure backlogs, contributing to enhanced service delivery in the Province.

During the 2005/06 financial year this unit was responsible to:

- Provide a means by which effective PPP flow can be co-ordinated within the province.
- Play an active role in streamlining and dedicating the flow of funds originating from different departments.
- Facilitate knowledge and information exchange across the Western Cape provincial departments and public entities through the maintenance of close working relationships with the procuring department across the full range of PPP procurement activity.
- Provide assistance and support to departments at various stages of the PPP procurement process for the following projects: Lentegeur Rehabilitation Hospital; Swellendam Hospital; and Hermanus Hospital.
- Build the full range of functional and developmental technical skills necessary to take over all PPP functional and assessment related responsibilities from the National Treasury in the near future.

Key challenges facing the unit are:

- Building capacity and skills required for PPP implementation.
- Creation of an optimal and dedicated structure in the Provincial Treasury, for the facilitation and management of PPP, to align with National Treasury's new reporting structures and to supplement the Infrastructure component.
- Facilitate and promote the developmental issues in conjunction with relevant role-players, for new PPP opportunities.

### **3.4.3 Analysis of constraints and measures planned to overcome them**

#### **Immovable Assets**

The constraints faced by the component include:

- The lack of skilled immovable asset practitioners. Developing staff with the full range of functional and technical skills necessary, aligned to a focused training programme, addressing the skills gap. Further, the recruiting of experienced property management practitioners will also take high priority in the filling of vacancies.
- The alignment of infrastructure planning to the budget cycle. It is envisaged that the implementation of the IDIP Phase II will contribute to improved infrastructure planning and aligned to the budgeting cycle

#### **Public Private Partnerships (PPPs)**

One of the major constraints facing this unit is the lack of capacity and skills required for PPP implementation. This will be addressed by timeous filling of vacancies with the experienced and skilled personnel and focused training initiatives, addressing the skills gap.

### **3.4.4 Description of planned quality improvement measures**

The following quality improvement measures are envisaged:

#### **Immovable Assets**

- Development and recruiting of experienced and skillful property management practitioners.
- The roll-out of IDIP Phase II in the Department of Public Works, to improve infrastructure spend and delivery.
- The established Provincial Portfolio Steering Committee (PPSC) to monitor the performance in the processes and outputs envisaged by IDIP. The PPSC will also review and endorse inception reports compiled by the provincial technical assistant team, appointed by the National Treasury.
- A further initiative in conjunction with Public Works will be to monitor the data clean-up process pertaining to the asset register and MDA (leasing) system.

#### **Public Private Partnerships (PPPs)**

- Dedicated PPP unit structure to engage in all current provincial PPP projects to broaden the knowledge of the PPP concept and build capacity through exposure.
- Foster the exchange of ideas and the growth of PPP knowledge through conferences and meetings across the country.
- Actively link with National Treasury PPP unit, Provincial Treasury PPP units, departments, and private sector specialists for purposes of skills transfer and development of best practices.
- Market PPPs externally to promote the involvement of private sector skills, management capacity and financing in the provision of services and infrastructure procurement through the invitation of request for proposals – unlocking the potential in the provincial property portfolio.
- Engage in discussions with core departments on problem areas around PPP projects to dispel fears and reluctance and to share experiences.
- Monitor completed PPP projects on actual performance against budget to determine value-for-money and affordability aspects.
- Concerted effort to align to the training programme compiled for Treasury, addressing the skills gap.

### **3.4.5 Specification of measurable objectives and performance indicators**

Please see Table 3.1.

### **3.5 Sub-programme 3.5: Liabilities Management**

#### **3.5.1 Specified policies, priorities and strategic objectives**

**Strategic goal 14:** To facilitate the effective and efficient management of liabilities.

**Strategic objectives:**

1. Establish and ensure implementation of policies for effective management of assets and liabilities.
2. To strengthen and provide technical and strategic support for the institutional capacity of provincial and local government.
3. Monitor compliance with the PFMA, MFMA and regulations.
4. Establishment of the necessary structures to service loans and guarantees.

#### **3.5.2 Progress analysis**

To date, no request has existed for the procurement of loans/guarantees. It is envisaged however, that should the need arise in future, this sub-programme will be responsible for the administration and monitoring thereof.

The main challenges will be to maintain a database of all loans/guarantees which have been negotiated, ensure the timeous repayment thereof and the effective monitoring of such loans/guarantees.

#### **3.5.3 Analysis of constraints and measures planned to overcome them**

A possible constraint for the future could be that insufficient funds are available to service loans/guarantees. The repayment of these loans/guarantees will have to be included in departmental cash flow projections in terms of Section 40(4)(a) of the PFMA to ensure improved cash flow planning.

#### **3.5.4 Description of planned quality improvement measures**

Bridging finance, if required, could be obtained with relative ease from the CPD with a much lower interest rate than from other financial institutions. Repayment thereof is expected to be deducted from the following equitable share allocation.

#### **3.5.5 Specification of measurable objectives and performance indicators**

Please see Table 3.1.

## **3.6 Sub-programme 3.6: Supporting and Interlinked Financial Systems**

### **3.6.1 Specified policies, priorities and strategic objectives**

**Strategic goal 15:** To provide for the oversight, enhancement and management of existing financial systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with the PFMA and other relevant legislation.

**Strategic objectives:**

1. To provide for the management, improvement and implementation of existing financial systems and eventual transition to the IFMS, ensuring compliance with the PFMA and other relevant legislation.
2. Monitor and report on financial management system's performance.
3. Render effective technical, strategic support and training to departments.
4. Monitor and verify monthly SITA costs relating to transversal financial systems ensuring optimal management of cost drivers.

### **3.6.2 Progress analysis**

#### **Basic Accounting System (BAS)**

The Basic Accounting System (BAS) is an on-line Windows based accounting system that encompasses government's basic accounting requirements on a cash basis. This system is in stark contrast to its predecessor, the Financial Management System (FMS) that had to be phased out due to non-compliance to current accounting prescripts.

Therefore, the National Treasury took a policy decision to migrate all national and provincial departments from FMS to BAS by no later than 01 April 2004. As a proactive measure to obtain the necessary practical and technical knowledge, the Provincial Treasury successfully piloted BAS implementation in two provincial departments namely, the Provincial Parliament and the Provincial Treasury on 01 April 2003. This task was performed mainly with own resources resulting in a substantial reduction in the cost of implementation.

The migration from FMS to BAS utilising the SCOA items for the remaining provincial departments took place successfully on 01 April 2004. The conversion of the two pilot departments and the Provincial Revenue Fund from FMS (standard items) to BAS (SCOA items) took place simultaneously. An additional department namely, the South African Social Security Agency was subsequently successfully implemented on BAS on 01 April 2005.

#### **Additional enhancements since 1 April 2004**

The financial year closure of March/April 2005 on BAS was characterised by extremely slow response times due to an increased number of users (nationally and provincially) utilising the system and the resulting increase in the volume of data created a backlog in the processing and extraction of reports.

In an attempt to prevent a re-occurrence of such unacceptably slow response times particularly at financial year-end, the Provincial Treasury held a number of meetings with senior management of the National Treasury and SITA to address the problems.

In this regard, the Provincial Treasury applied relentless pressure on all the role players that finally resulted in a mainframe upgrade on 16 January 2006.

Since the mainframe upgrade, a significant improvement in response times has been noted but the real proof will only become evident whether the upgrade was sufficient or not at year-end closure. The added advantage of the new mainframe is that it can be further upgraded should any further problems be encountered with slow response times.

As can be expected from the implementation of any new system of which BAS is no exception, certain enhancements are required to cater for an increased level of accountability. In view of this, the National Treasury arranged for the following system enhancements:

- A report was developed which displays all entity information. (name, address & banking details)
- The function for the manual release of payments was piloted at the Department of Health on 05 September 2005 while all remaining departments received the function on 05 December 2005.
- An online mechanism was created to register requests for departments who require to work overtime on BAS.
- A new procurement integration report was created
- The credit transfer report was enhanced to cater for rand denominations of billions.
- An interface to BAS for a sub-system known as E-Works designed to facilitate and expedite payments for the Department of Transport and Public Works was implemented in August 2005.

## **Technical Support and Training**

### **Training**

During the report period 551 officials were nominated for the seven training modules presented by the Provincial Treasury. Due to their user profiles some users attended more than one BAS training modules.

### **Helpdesk (User support)**

The Provincial Treasury provides a comprehensive BAS helpdesk function. Calls relating to BAS queries are received via the departmental system controllers and are either solved locally or are referred to National Treasury for resolution and advice.

For the period April to September 2005, 1350 calls were logged with the Provincial Treasury of which 484 calls were logged at National Treasury.

Currently CeI personnel support the Provincial Treasury with technical aspects regarding maintenance and support by:

- Collecting of technical data (name of user, IP address, location, etc.)
- Registering of users on the terminal server
- Access to BAS (icon on desk top)
- Setup of printers
- Creation of a web page giving access to the terminal server

- Updating of internet explorer
- Replacing of hardware and software where required
- Updating of codes tables (new releases) on the 3 terminal servers.

#### **Establishment of a National and Provincial BAS User Forum**

The BAS User Forum is well established in the Western Cape with the following main objectives in mind:

- To implement the provisions of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Public Service Act, 1994 & Public Service Amendment Act, 1996, Employment of Educators Act, 1998 and other statutory enactments, in so far as they relate to BAS.
- To promote the effective, efficient and economic utilisation of BAS.
- To promote effective and efficient coordination between BAS Controllers.
- To share and discuss BAS related issues and new enhancement of the System to be advised to National Treasury.
- To promote uniformity and consistency amongst BAS users in the interpretation of policy and prescripts.
- To undertake such task, activities and projects which will benefit BAS in general.

#### **Personnel and Salary Administration System (PERSAL)**

PERSAL is an integrated Human Resource, Personnel and Salary System that was designed and written to cater for all aspects of government regulations, prescripts, treasury instructions and policy. Currently all 12 departments and the Provincial Parliament are utilising the system.

#### **Enhancements:**

The Persal system has also undergone changes to facilitate the pay progression rules.

The implementation of a deduction register for insurance and micro lending took place to comply with regulations issued by National Treasury in this regard.

A new Middle Management System (MMS) was developed and implemented on Persal for personnel on salary levels 11 and 12.

Changes were made to the validation rules of Persal to prevent overpayment of service benefits to contract personnel.

The leave function on Persal was changed to accommodate the new 8 week rule with regards to sick leave.

The housing functions on Persal were revamped to accommodate the payment of the new R100 subsidies.

Persal was also enhanced to accommodate the new tax tables for 2005 tax year.

A Persal/BAS facility was enhanced to ensure a standard method of reconciliation between said Systems.

A facility enabling users to access and print reports generated during salary runs (Control D) was deployed to the various user organisations.

A new function was developed on Persal to report on any rejected transactions on the Basic Accounting System (BAS).



On request from National Treasury, a new reset access security form was developed to have better control over reset of user identifications.

### **Training**

An integrated training course with the Premier's office was developed and implemented as from 1 October 2005 to ensure more effective and efficient utilisation of the system.

Currently three (3) fully equipped training venues situated in Cape Town, George and Worcester are utilised for the presentation of Persal training.

Due to new appointees during 2005, training could only be presented in selected courses.

### **User Support**

Although most of the technical development and maintenance of the Persal System is conducted in the Persal component at National Treasury, certain functions pertaining to the Western Cape have been decentralised to the Persal component of the PT.

Due to the dynamic nature of the Public Service and the continuous need for innovative statistical and audit reporting, numerous amendments to existing and development of new reports have been done over the reporting period.

A total number of 483 system change requests to e.g. change the termination reasons, merge Persal records, rectify appointment dates and service records etc. were received and rectified by the Persal component.

Although user support also includes visits by Treasury officials to organisations, most support is done telephonically. During the reporting period 11 535 calls were received by the Persal user support component.

### **Persal User Forum**

The Persal User forum is well established in the Western Cape. Meetings are held on a quarterly basis.

### **The Logistical Information System (LOGIS)**

The Logistical Management System (LOGIS) is a computerised system that facilitates two of the core functions of Supply Chain Management, Logistical and Disposal Management. The system further assists Accounting Officers in their responsibilities with regard to the management, including the safeguarding and the maintenance of assets.

### **Current Status**

LOGIS is currently implemented at 61 institutions (47 Health Institutions) and utilized by 2 646 users in the Western Cape. A total of R1, 1415 billion worth of assets are managed. The Provincial Treasury is currently busy rolling out LOGIS at a further 4 provincial institutions and envisages the further roll-out to the remaining 5 institutions during the 2006/2007 financial year.

LOGIS was enhanced to accommodate the requirements of current standards set by National Treasury (depreciation, asset categories, increase in capacity, replacement, etc.) and is also the first financial system to fully integrate with the Basic Accounting

System (BAS). Integration holds the promise that the budget can now be controlled at the point of placing a requisition.

These enhancements required training and re-training of 800 core users and a further 1846 non-core users, which included various presentations and workshops as well as person to person training sessions throughout the Province in supporting these institutions, in the transformation process.

Training material was also updated with the latest enhancements and new courses were developed by the Provincial Treasury to assist managers to interpret and analyse the various financial reports available on LOGIS.

#### **Additional Enhancements:**

Even though not originally developed as an Asset Management System, new standards and requirements necessitated the following further enhancements of LOGIS, to comply with current national requirements, for asset management:

Information on serial number (individual item number), location receipt documentation, order and payment detail.

- Transaction history on:
  - Performance condition
  - Performance useful life
  - Disposal - remaining useful life
  - Accounting - Accumulated depreciation

#### **Procurement Integration availability and response times:**

The new web-based application was implemented on 5 April 2004, after thorough testing of the functionalities, by National Treasury and the Provincial Treasury of the Western Cape.

Workshops and training sessions commenced as early as September 2003, to train and re-train more than 1300 users.

The following sporadic problems were experienced during 2005:

- Extremely slow response times when utilizing the LOGIS on line functionality, due to national and local network problems being experienced
- BAS System Controllers not making the new SCOA items available to LOGIS on line users,
- National Treasury that incorrectly registered some gate keeper ID's,
- A large number of orders printed and payments were made during the last two months of the 2004/2005 financial year resulting in slow response times.

The steps taken to rectify the situation:

All these problem areas, with the exception of the slow response times could be adequately addressed.

#### **Technical support and training**

##### **Growth in training needs**

The number of institutions to whom LOGIS has been rolled out has increased during 2005/06 from 55 to 65 resulting in a greater need for more decentralised training.

Notwithstanding the high level and standard of the training material being utilised, it is continuously updated, with additional needs identified as well as system enhancements released by National Treasury, to ensure an even higher level of skills and performance.

A further need was identified in terms of the skills level of LOGIS managers, resulting in an advance course being created and presented with great success.

#### **User support:**

Support is rendered to 2646 users utilising LOGIS throughout the Provincial Government Western Cape. The following services have been rendered:

- Identify various problems with LOGIS/BAS integration and made proposals to NT for rectification.
- Monitor the response time of the system on a daily basis.
- Upgrade insufficient networks and equipment in an effort to increase the processing time of transactions.
- Done research in conjunction with Centre for e-Innovation (CeI) to bypass local servers on the internet access and monitor the implementation thereof at all 2 646 users.
- Assist all 800 core users in the new functionalities on the LOGIS/BAS integration system access and network problems.
- A total of 1073 calls were logged and various calls were logged at LOGIK (call centre at National Treasury) on behalf of users.
- Site visits were done to assist with critical functional problems (response time, printers, access to LOGIS/BAS integration and software).
- Fax, telephone, electronic mail and all other possible communication instruments were utilised to their full potential to communicate with National Treasury, SITA, 10 project team members and 2646 users.
- Performed monitoring at 33 of the 61 sites with regard to the sites' performance on LOGIS.
- Developed and distributed a management tool to evaluate each site's Balanced Score Card performance and provided guidance for rectification of problem areas.

#### **Establishment of a LOGIS User Form**

LOGIS User Forums were established on a decentralised basis situated at, the Metropole Region, Worcester, Citrusdal and Oudtshoorn. Three user forum workshops were held per venue during 2005.

### **State Information Technology Agency (SITA)**

As from 1 April 2004 the maintenance (SITA costs) of transversal systems were transferred from Vote 1 to Vote 3. Since 1 April various controls and initiatives were successfully initiated to reduce SITA costs. Due to the high SITA costs especially for BAS the Provincial Treasury requested the National Treasury to engage in discussions with SITA to reduce costs. The discussion took place during August 2004 and resulted in a reduction of 73% of BAS SITA costs as well as a smaller deduction in the cost of LOGIS and PERSAL backdated to 1 April 2004. During 2005/06 special attention was given to reduce the requesting of unnecessary reports which is one of the main cost drivers of SITA costs.

#### **3.6.3 Analysis of constraints and measures planned to overcome them**

The main risk with regard to the utilisation of the online systems (BAS and PERSAL) is the lack of skills and competencies. This will be addressed on a continuous basis by means of training, re-training and assistance. Additional to this, is the limited capacity of the network to accommodate the high volume of data. This will be addressed by the daily monitoring of the network in co-operation with the CeI and the SITA and where required the upgrade of the infrastructure.

A further risk is the implementation of LOGIS at the remaining sites, which is dependent on the availability of staff, updated asset registers and the general state of stores and provisioning administration environment. To overcome this risk, pre-implementation assessments and management meetings of future sites must be held to identify and discuss shortcomings and implement remedial actions before implementation.

Other constraints are availability of funds, capacity of the network and sufficient skilled staff to roll-out LOGIS to the remaining 5 institutions. This will be addressed by filling of vacant posts with skilled and competent officials, testing and upgrading of the network where required and the negotiation for additional funds.

A risk that impacts on all three transversal systems is the possible upgrades by SITA resulting in an increase of associated costs. This will be addressed on a continuous basis with National Treasury to assist in minimising the latter to an absolute minimum.

#### **3.6.4 Description of planned quality improvement measures**

The following quality improvement measures are planned pertaining to the different systems:

##### **Basic Accounting System (BAS)**

- The daily monitoring of the system to ensure that all exceptions are cleared timeously to prevent forced closure. To further monitor the system to ensure that the available functionalities (e.g. electronic transfers, online enquiry and debtors) are utilised to their maximum potential, to monitor and ensure that the interfacing of various sub-systems (LOGIS, PERSAL, TELKOM, MEDSAS and official banker) occur properly five days a week and that access control and profiles are maintained.

- To further ensure that the networks (National /Provincial) are maintained and where applicable, upgraded to accommodate the high volume of data and ensure an acceptable reaction time.

#### **Personnel and Salary Administrative System (PERSAL)**

- Daily monitoring of rejections, exceptions and audit reports, ensuring that departments attend to these reports.
- Ensure that PERSAL system controllers maintain and update user profiles and functionalities on a regular basis.
- Standardise the optimal use of system functionalities.
- Investigate the minimising of supplementary runs after month end.
- Roll-out Persalshare to a wider range of users and extend the audit reporting and functionalities.
- Investigate the further enhancement of BAS/PERSAL reconciliation tool.

#### **The Logistical Information System (LOGIS)**

- Investigate the possibility of obtaining the daily exception reports of all LOGIS sites to ensure the effective, efficient and economic utilisation of the system.
- The further roll-out of LOGIS to the remaining 5 institutions by 31 March 2007.
- Investigate, convert data, test and implement the requirements (hardware, network, data, etc.) necessary to migrate from LOGIS to the new supply chain module of the IFMS.

#### **Integrated Financial Management System**

- As part of the TCF work group, a sub-committee of the Budget Council, to assist in finalising the development, testing and implementation of the integrated financial management solution.

#### **VULINDLELA (Web based)**

- The promotion, roll-out and training of the Vulindlela web based application to all departments including regions and institutions.
- To ensure that access control can be controlled on institutional level.
- Further enhancement of the application to address user requirements.

#### **State Information Technology Agency (SITA)**

- Optimally manage the cost drivers relating to the SITA accounts.

**General**

- To maintain and where possible further enhance the rendering of user support to users of the various systems, to enable the more effective registering of all incoming calls, monitoring of outstanding calls and determining the service delivery level. Further, to ensure an uptime of at least 98% of all financial administration and management information systems.
- The Provincial Treasury will, on assessment of systems, issue the necessary Treasury Circulars, System Circulars/Notices regarding the effective, efficient and economical utilisation of the systems in all provincial departments.

**3.6.5 Specification of measurable objectives and performance indicators**

Please see Table 3.1.

**Table 3.1: Programme 3: Asset and Liabilities Management**

Sub-programme 3.1: Programme Support		Generic Strategic Goal: To facilitate the efficient and co-ordinated administration and management of the programme.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target	
1. Rendering administrative support services to ensure the effective and efficient operational management of the programme.	1.1 Smooth and effective functioning of the component.	Percentage compliance with rules and regulations.	Not applicable.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	
		Percentage compliance to acceptable norms/standards of service delivery.	Not applicable.	Not applicable.	70% achieved.	100% achieved.	100% achieved.	100% achieved.	
2. Capacitate and train administrative support to fulfill the line function responsibilities.	2.1 Trained and capacitated administrative support and line function staff.	Hours turn around time for management of operational finances, human resources and logistical issues.	Not applicable.	Not applicable.	48 hours.	24 hours.	24 hours.	24 hours.	
		Percentage of vacant posts filled.	Not applicable.	Not applicable.	50% achieved.	100% achieved.	100% achieved.	100% achieved.	
3. Support and promote BBBEE initiatives through administrative functions.	3.1 Achievement of iKapa Elihlumayo goals.	Percentage of staff complement trained according to IDPs.	Not applicable.	Not applicable.	50% achieved.	100% achieved.	100% achieved.	100% achieved.	
		Percentage support and promotion of goals in the work environment.	Not applicable.	Not applicable.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.	
		Percentage procurement in terms of BBBEE.	Not applicable.	Not applicable.	40%	50%	60%	60%	

<b>Sub-programme 3.2: Financial Asset Management</b>		<b>Strategic Goal 11: To facilitate the effective and efficient management of financial assets.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
1. Ensure effective control and management of the Provincial Revenue Fund.	1.1 Effectively managed Provincial Revenue Fund (Receipts).	The daily monitoring of all banking accounts to ensure a deviation of less than 2% between transfers and actual expenditure.	100% achieved.	100% achieved.	Target exceeded (deviation <1.3%)	100% of target.	100% of target.	100% of target.	
		Scheduling of all payments by departments in terms of a payment schedule prescribed by the Provincial Treasury.	Not applicable.	40% of target.	Target exceeded.	100% of target.	100% of target.	100% of target.	
		Prudent investment of surplus funds at reputable financial institutions, ensuring sustainability of the Asset Financing Reserve (AFR).	100% achieved.	100% achieved.	Target exceeded.	100% achieved.	100% achieved.	100% achieved.	
		Preparation, awarding and implementation of tender for the provision of commercial banking services to this Province by 1 April 2007.	Not applicable.	Not applicable.	Not applicable.	100% prepared and implemented.	Not applicable.	Not applicable.	



<b>Sub-programme 3.2: Financial Asset Management</b>		<b>Strategic Goal 11: To facilitate the effective and efficient management of financial assets.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
2. Render effective technical, strategic support and training to provincial departments and local government where applicable.	2.1 Fully skilled and capacitated personnel.	Training of departmental officials to familiarise such personnel with current banking procedures/policies.	Trained on an ad hoc basis.	Trained on an ad hoc basis.	37 officials.	40 officials.	40 officials.	40 officials.	
		Training relevant personnel at municipalities.	Not applicable.	Not applicable.	None.	4 officials.	6 officials.	8 officials.	
		Fully operational helpdesk managed by skilled staff rendering service to users.	100% accessibility and availability of the helpdesk on a daily basis.	100% accessibility and availability of the helpdesk on a daily basis.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	
3. Compliance with the PFMA, MFMA, accounting policies, regulations and guidelines.	3.1 Compliance to prescripts.	Annual submission of the consolidated Provincial cash flow projection in terms of the PFMA.	100% compliance	100% compliance	100% compliance.	100% compliance.	100% compliance.	100% compliance.	
		Monitor and supervise municipalities with regard to prescribed cash management requirements of the MFMA.	Not applicable.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	

<b>Sub-programme 3.3: Moveable Asset Management</b>		<b>Strategic Goal 12: To facilitate the effective and efficient management of moveable assets.</b>								
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>		
1. To ensure that departments/ municipalities embrace SCM as a strategic directive that delivers continual cost and value improvements resulting in effective future planning, mitigation of risk in SCM, leveraged buying power and a smoother acquisition process.	1.1 A modernised and practical Supply Chain Management Units to promote economic development and improve efficiency.	Facilitate training of officials from provincial departments on SCM principles, guidelines and prescripts.	Not applicable.	Not applicable.	90 officials trained.	60 officials trained.	60 officials trained.	60 officials trained.		
		Establish complaints unit within Provincial Treasury.	Not applicable.	Not applicable.	Not applicable.	100% achieved.	100% achieved.	100% achieved.		
		Establish a Center of Excellence.	Not applicable.	Not applicable.	Not applicable.	50% achieved.	70% achieved.	100% achieved.		
		Promote and facilitate the Asset Management Reform Strategy in conjunction with National Treasury.	Not applicable.	Not applicable.	Roll-out of the Asset Management Reform Strategy.	100% achieved.	100% achieved.	100% achieved.		
		Asset Management assessment reports.	Not applicable.	Not applicable.	Not applicable.	12 reports.	12 reports.	12 reports.		
		Facilitate training of officials from municipalities on SCM principles, guidelines and prescripts.	Not applicable.	Not applicable.	Not applicable.	40 officials.	80 officials.	80 officials.		
		Facilitate the arrangement of transversal contracts.	Not applicable.	5 transversal contracts.	2 transversal contracts.	3 transversal contracts.	3 transversal contracts.	3 transversal contracts.		
		Promote a strategic sourcing business model and guidelines.	Not applicable.	Not applicable.	Not applicable.	100% achieved.	100% achieved.	100% achieved.		
		2. To provide strategic leadership and guidance in strategic sourcing for the procurement of goods and services in provincial departments.	2.1 A cost effective and value for money Supply Chain Management process.							

<b>Sub-programme 3.3: Moveable Asset Management</b>		<b>Strategic Goal 12: To facilitate the effective and efficient management of moveable assets.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
3. To ensure the strategic use of available technological tools to improve knowledge base and operations.	3.1 Timeous qualitative and quantitative procurement data.	Provincial procurement reports.	Not applicable.	Not applicable.	Assessment of the existing technology.	12 reports.	12 reports.	12 reports.
4. The development of a supplier network through value added partnerships and the promotion of BEE.	4.1 Promotion of a Provincial BEE policy.	Assist in the development of a tool to promote the provincial BEE policy.	Not applicable.	Not applicable.	Not applicable.	100 % achieved.	100% achieved.	100% achieved.
	4.2 Promotion of a Supplier Development Programme.	Monitor compliance to BEE policy for provincial departments.	Not applicable.	Not applicable.	Not applicable.	4 depart-ments.	8 depart-ments.	12 depart-ments.
5. The development of a balanced, centre led SCM management system that maximises departmental-wide leverage.	5.1 The achievement of improved conformance (good governance) and performance (value creation) in the supply chain.	SCM assessments on provincial departmental sites. SCM assessments at municipalities. Value for money SCM reports for provincial departmental sites.	Not applicable.	Not applicable.	8 sites.	12 sites.	20 sites.	20 sites.
			Not applicable.	Not applicable.	Not applicable.	5 assess-ments.	15 assess-ments.	15 assess-ments.
			Not applicable.	Not applicable.	Not applicable.	12 sites.	20 sites.	20 sites.

<b>Sub-programme 3.4: Immovable Asset Management</b>		<b>Strategic Goal 13: To facilitate the effective and efficient management of immovable assets (including the built environment and housing) and to facilitate and enhance quality public service delivery by being a catalyst for effective, efficient and value for money best practice solutions.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
1. Establish Infrastructure Programme Management Units (IPMU).	1.1 Successful implementation of the Infrastructure Delivery Improvement Plan (IDIP).	% IDIP implemented in participating departments.	Not applicable.	Not applicable.	50% implemented in Education department.	100% completed in Education. 50% implemented in Public Works.	100% completed in Public Works.	Not applicable.
		Percentage of reports from technical assistants timeously reviewed and endorsed by Provincial Treasury:	Not applicable.	Not applicable.	100% of deliverables for Education endorsed by PT.	100% of deliverables for Public Works endorsed by PT.	100% achieved.	100% achieved.
		Assess and submit departmental infrastructure plans to National Treasury.	Not applicable.	Not applicable.	31/10/05	31/08/06	31/08/07	31/09/08
		Number of Provincial Strategic Coordinating Committee meetings held for the year.	Not applicable.	Not applicable.	6 meetings.	10 meetings.	10 meetings.	10 meetings.

Sub-programme 3.4: Immovable Asset Management	<b>Strategic Goal 13:</b> To facilitate the effective and efficient management of immovable assets (including the built environment and housing) and to facilitate and enhance quality public service delivery by being a catalyst for effective, efficient and value for money best practice solutions.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
2. To strengthen and render effective, technical and strategic support to departments, public entities, municipalities and municipal entities.	2.1 Develop and implement Provincial Treasury instructions for the effective and efficient management of immovable assets.	Develop Provincial Treasury Instructions for immovable asset registers, acquisitions, disposals, transfers and donations for provincial departments.	Not applicable.	Not applicable.	100 % completed.	100 % completed.	100 % completed.	100 % completed.
	2.2 Effective and efficient monitoring of infrastructure delivery.	Number of workshops conducted on PT instructions for immovable assets (only provincial departments.)  Monitor all capital projects as per BS 2 (including housing, roads and transport projects).	Not applicable.	Not applicable.	2 workshops.	1 workshop.	1 workshop.	1 workshop.
3. Provide strategic leadership and guidance on immovable assets.	3.1 To monitor and enforce the efficient and effective utilisation of provincial properties.	Number of infrastructure reports compiled and compliant to IDIP/NT Guidelines.	Not applicable.	Not applicable.	4 reports.	4 reports.	4 reports.	4 reports.
		Identify property developmental options in conjunction with Public Works.	Not applicable.	Not applicable.	Not applicable.	1	2	2
	Monitoring of Public Work's disposal plan for immovable assets.	Monitoring of Public Work's disposal plan for immovable assets.	Not applicable.	Not applicable.	Not applicable.	100%	100%	100%

Sub-programme 3.4: Immovable Asset Management	Strategic Goal 13: To facilitate the effective and efficient management of immovable assets. (including the built environment and housing) and to facilitate and enhance quality public service delivery by being a catalyst for effective, efficient and value for money best practice solutions							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
<b>Public Private Partnerships (PPPs)</b>								
1. Build the necessary capacity in the Provincial Treasury to take over all PPP assessment related responsibilities from the National Treasury.	1.1 Capacitated PT structures to catalyse the PPP drive.	Percentage of vacancies filled. Percentage of specialists trained according to agreed training plan.	33% capacitated. 33% training achieved.	33% capacitated. 33% training achieved.	70% 70%	80% 100%	100% 100%	100% 100%
2. Assess PPP projects in progress; monitor and enforce compliance with legislation.	2.1 Facilitate, promote and support in liaison with accounting officers to implement PPP projects.	Percentage responsiveness to all PPP project requests.	Advise and provide input on revised feasibility study of Hermanus and Swellendam Hospitals Co-location projects, Eerste River Hospital Facility Management project, Conradie Hospital Replacement project.	Advise and provide input on feasibility study and/or RFCQ/RFP stages of Hermanus and Swellendam Hospitals Co-location projects and Conradie Hospital Replacement project.	100%	100%	100%	100%

Sub-programme 3.4: Immovable Asset Management	Strategic Goal 13: To facilitate the effective and efficient management of immovable assets. (including the built environment and housing) and to facilitate and enhance quality public service delivery by being a catalyst for effective, efficient and value for money best practice solutions							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
<b>Public Private Partnerships (PPPs)</b>								
3. Facilitate and provide developmental technical assistance and support to departments on all PPP projects in progress.	3.1 Facilitate PPP school project.	Develop pre-feasibility guideline on school PPP project.	Not applicable.	Project identified and advised on pre-feasibility study.	100% completion by 30 June 2005.	Not applicable.	Not applicable.	Not applicable.
		Project registration.	Not applicable.	Not applicable.	Not applicable.	30 April 2006.	Not applicable.	Not applicable.
		Completion of feasibility study.	Not applicable.	Not applicable.	Not applicable.	30 September 2006	Not applicable.	Not applicable.
	3.2 New PPP projects identified.	Number of new PPP projects identified from unutilised Provincial Property Portfolio.	Not applicable.	Not applicable.	Not applicable.	1 new PPP project.	1 new PPP project.	1 new PPP project.

<b>Sub-programme 3.5: Liabilities Management</b>		<b>Strategic Goal 14: To facilitate the effective and efficient management of liabilities.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
1. Establish and ensure implementation of policies for effective management of assets and liabilities.	1.1 Effective managed Provincial Revenue Fund (loan book).	Percentage achieved w.r.t provision for necessary funds to service loan agreements and/or guarantees.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	20% achieved.	20% achieved.	
		Percentage achieved w.r.t. meeting of all due dates for repayment of loans and/or guarantees.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	100% achieved.	100% achieved.	
2. To strengthen and provide technical and strategic support for the institutional capacity of provincial and local government.	2.1 To strengthen and provide technical and strategic support for the institutional capacity of provincial and local government to ensure capacity with regard to liabilities management.	Percentage achieved w.r.t. refinement of cash flow to include such loan and/or guarantee repayments.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	100% achieved.	100% achieved.	
		Percentage achieved w.r.t. appointment of suitably qualified personnel and build capacity amongst existing staff.	Not applicable.	Not applicable.	Not applicable.	50% achieved.	100% achieved.	100% achieved.	
		Percentage achieved regarding assistance and/or establishment of suitable monitoring mechanisms for loans and for guarantees.	Not applicable.	Not applicable.	Not applicable.	50% compliance.	100% compliance.	100% compliance.	



<b>Sub-programme 3.5: Liabilities Management</b>		<b>Strategic Goal 14: To facilitate the effective and efficient management of liabilities.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	
3. Monitor compliance with the PFMA, MFMA and regulations.	3.1 Compliance to prescripts.	Percentage achieved i.t.o. all loans and/or guarantees that are administered and repaid strictly in terms of relevant legislation.	Not applicable.	Not applicable.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	
4. Establishment of the necessary structures to service loans and guarantees.	4.1 Establish the necessary structures to ensure accurate reporting and servicing capabilities in respect of liabilities.	Percentage accuracy of reporting in terms of annual financial statements of all loans and/or guarantees.	Not applicable.	Not applicable.	Not applicable.	100% achieved.	100% achieved.	100% achieved.	
		Percentage achieved i.t.o. creation and implementation of suitable mechanisms to facilitate accurate reporting, monitoring, administering and repayment of loans and/or guarantees.	Not applicable.	Not applicable.	Not applicable.	50% achieved.	100% achieved.	100% achieved.	

<b>Sub-programme 3.6: Supporting and Interlinked Financial Systems</b>		<b>Strategic Goal 15: To provide for the oversight, enhancement and management of existing financial systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with the PFMA and other relevant legislation.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
1. To provide for the management, improvement and implementation of existing financial systems and eventual transition to the IFMS, ensuring compliance with the PFMA and other relevant legislation.	1.1 Effectively, efficiently and economically implemented and managed financial systems.	The daily monitoring of the existing systems to ensure that all exceptions, rejections and audit reports are cleared within 7 days.	As part of the TCF work-group on a new Integrated Financial Management System, a position paper was completed by 31 December 2003.	Obtained approval from the TCF and Budget Council for phase 2 of the project.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
		The proper interfaces between sub-systems and BAS achieved.	Not applicable.	90% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
		Logistical information system (LOGIS) fully rolled out to the remaining 5 institutions.	21 institutions successfully implemented.	7 sites successfully implemented.	9 institutions successfully implemented.	5 institutions successfully implemented.	Not applicable.	Not applicable.

<b>Sub-programme 3.6: Supporting and Interlinked Financial Systems</b>		<b>Strategic Goal 15: To provide for the oversight, enhancement and management of existing financial systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with the PFMA and other relevant legislation.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
1. To provide for the management, improvement and implementation of existing financial systems and eventual transition to the IFMS, ensuring compliance with the PFMA and other relevant legislation. <i>(continued)</i>	1.1 Effectively, efficiently and economically implemented and managed financial systems. <i>(continued)</i>	The roll-out of Vulindlela (WEB application) to all provincial departments, regions and institutions to ensure the availability of updated management information.	Not applicable.	Not applicable.	100% completion of the application to all 14 head office components of departments as well as 40 regional district offices.	100% achieved.	Not applicable.	Not applicable.
	1.2 The smooth and cost-effective transition to the Integrated Financial Management System (IFMS).	Provincial Treasury to play an integral role in planning, development, testing and implementation phases.	The compilation of user requirements for the IFMS.	Attendance of quarterly national workgroup on the IFMS.	On completion of phase 2 of the project, proceed with the planning, development and testing phases of the project.	100% achieved.	100% achieved.	100% achieved.
		Data preparation and implementation of the Asset Management module of the IFMS.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	100% achieved.

<b>Sub-programme 3.6: Supporting and Interlinked Financial Systems</b>		<b>Strategic Goal 15: To provide for the oversight, enhancement and management of existing financial systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with the PFMA and other relevant legislation.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
2. Monitor and report on financial management system's performance.	2.1 Availability, stability and accessibility of existing financial systems.	Availability and stability of existing financial systems to ensure an up-time of at least 98%.	98% up time.	96% up time.	95% up time.	95% up time.	100% achieved.	100% achieved.
	2.2 System functionalities comply to norms and standards.	All user requirements submitted to National Treasury and rolled-out within 2 weeks after release.	User requirements timeously addressed and implemented.	User requirements timeously addressed and implemented.	All user requirements submitted to National Treasury and rolled out within 2 weeks after release.	100% achieved.	100% achieved.	100% achieved.
3. Render effective technical, strategic support and training to departments.	3.1 Fully skilled and capacitated system users.	Fully operational helpdesk managed by skilled staff rendering service to 7000 users.	100% accessibility and availability of the helpdesk on a daily basis.	100% accessibility.	100% accessibility.	100% accessibility.	100% accessibility.	100% accessibility.
		Percentage officials appropriately trained on the various financial systems out of a target market of 7000.	1346 LOGIS and 1600 BAS users trained.	50% of target market.	70% of target market.	90% of target market.	100% of target market.	100% of target market.
4. Monitor and verify monthly SITA costs relating to transversal financial systems ensuring optimal management of cost drivers.	4.1 A cost effective system.	No more than 2% deviation between actual expenditure and approved budget pertaining to SITA accounts.	Not applicable.	Expenditure within approved budget.	100% achieved.	100% achieved.	100% achieved.	100% achieved.

### 3.7 Reconciliation of budget with plan

**Table 3.2: Programme 3: Asset and Liabilities Management budget by sub-programme (R'000)**

Programme 3: Assets and Liabilities Management								
Sub-programme	Year - 2 2003/04 (actual)	Year - 1 2004/05 (actual)	Base year 2005/06 (estimate)	Average annual change (%)	Year 1 2006/07 (budget)	Year 2 2007/08 (MTEF projection)	Year 3 2008/09 (MTEF projection)	Average annual change (%)
Programme Support			813	0.00%	1,131	1,136	1,192	13.60%
Financial Asset Management	973	1,071	1,062	4.47%	1,284	1,638	1,724	17.53%
Movable Asset Management	4,422	4,071	5,049	6.85%	4,676	5,554	5,834	4.93%
Immovable Asset Management	204	285	1,515	172.52%	2,733	3,053	3,203	28.35%
Liabilities Management			1	0.00%	1	1	1	0.00%
Supporting and Interlinked Financial Systems	16,335	37,681	37,452	51.42%	39,852	39,859	41,643	3.60%
<b>Total</b>	<b>21,934</b>	<b>43,108</b>	<b>45,892</b>	<b>44.65%</b>	<b>49,677</b>	<b>51,241</b>	<b>53,597</b>	<b>5.31%</b>

The drastic increase in the spending trends of this programme over the financial years 2003/04 to 2005/06 can mainly be contributed to the SITA function shift from Vote 1 to the sub-programme: Supporting and Interlinked Financial Systems under Vote 3. It is, however, foreseen that spending trends of the latter sub-programme will stabilise over the MTEF. The other average increases in the sub-programmes over the MTEF period are attributed to a combination of the restructuring of the programme and inflation adjustments.

## 4. Programme 4: Financial Governance

The aim of this programme is to enhance performance orientated financial management, and consists of Accounting Services, Norms and Standards, Risk Management and Governance Systems and Provincial Internal Audit.

### a. Specified policies, priorities and strategic objectives

In aligning its daily operations and activities with the achievement of the iKapa Elihlumayo (IE) lead strategies this programme has identified the following long-term priorities:

1. To ensure the effective and efficient utilisation and development of financial governance resources to meet IE objectives.
2. To ensure the development and enhancement of norms and standards and where necessary enforce compliance.
3. To identify and disseminate transversal Financial Governance issues to external and internal role players in order to ensure effective oversight.
4. To facilitate and create an enabling work environment within Financial Governance conducive to the achievement of its objectives through the capacitation of staff with the necessary resources and skills.

Each sub-programme, mindful of the above programme priorities, identified the following one-year priorities:

#### **Programme Support**

Improving administrative support services to ensure the effective and efficient operational management of the programme.

#### **Accounting Services**

Ensuring that financial reporting is a full and true reflection of the financial position of the Province, including municipalities.

#### **Norms and Standards**

Ensuring that norms and standards given the legislative framework, are developed, implemented and complied with, by provincial departments and municipalities.

#### **Risk Management**

Developing and facilitating the implementation of effective risk management and governance capacity within the provincial government.

#### **Provincial Internal Audit**

Ensuring independent, objective assurance and consulting activity that adds value and contributes to the achievement and accomplishment of Provincial Government and departmental strategic goals and objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes.

## **b. Progress analysis**

### **Accounting Services**

Financial reporting was improved during the 2004/05 financial year to the extent that the Provincial Treasury was able to table the consolidated financial statements of departments as well as public entities by October 2005 as prescribed by the PFMA. Furthermore, with the implementation of the MFMA with effect from 1 July 2005, communication links were established with municipalities to monitor and assess the compilation of financial statements by municipalities.

### **Norms and Standards**

The responsibility of Norms and Standards has now been broadened to include the Municipal Finance Management Act, which came into effect on 1 July 2005. To date all vacant posts were filled and a draft implementation questionnaire was compiled as a monitoring tool for the implementation of the MFMA. In terms of the PFMA monitoring of nominal compliance and the implementation of substantive compliance continued with special focus on critical areas identified as deficiencies. A policy decision was taken to relocate Communication and Information Management, to Programme 1.

### **Risk Management**

Risk Management workshops were held with all provincial departments in the 2004/05 financial year. Governance awareness workshops were also conducted for senior management of departments. In the latter part of the year all vacant posts were filled.

### **Provincial Internal Audit**

Subsequent to the execution of risk assessments for all provincial departments in the 2004/05 financial year, an internal audit service was provided to all provincial departments on a co-sourced basis during the 2005/06 financial year. Recruitment initiatives were successfully undertaken in the 2005/06 financial year and will continue in the 2006/07 financial year to build PGWC capacity to take over the service from the service provider at the end of the contract term.

## **c. Analysis of constraints and measures planned to overcome them**

Being a newly established programme it is imperative that vacant posts are filled and staff be capacitated to ensure a stable environment within which identified objectives can be achieved. The most significant constraints identified per sub-programme are:

### **Accounting Services**

The major risk facing the transition from the current cash base of accounting to the accrual base of accounting, in terms of the GRAP implementation timelines, are the existing inadequacies of the current accounting systems to enable this transition. The National Treasury is in the process of developing an integrated financial management system and provincial treasuries will be consulted on the user requirements in order to address their needs.

Furthermore, the assessment of Annual Financial Statements of municipalities in terms of section 131 of the MFMA creates constraints with regard to the GRAP and GAMAP skills required for analysing and interpreting municipal financial statements. National Treasury has arranged training interventions for the 2006/07 financial year to capacitate Provincial Treasury and municipal officials in this regard.

#### **Norms and Standards**

The sub-programme has assumed its responsibilities in terms of the Municipal Finance Management Act 2003 and new staff members were recruited to carry out the functions assigned in terms of the MFMA. The new staff members will have to undergo training on the MFMA to familiarise themselves with the responsibilities assigned to the unit.

#### **Risk Management**

This sub-programme encompasses both Risk Management and Governance Systems. Currently the establishment of risk management capacity within the provincial government still remains a concern. Approval of departmental risk management structures by Provincial Cabinet is still pending in order to be able to fully implement risk management within departments. Once these units are in place the roll out and implementation of risk management can be driven more rigorously.

#### **Provincial Internal Audit**

The Internal Audit service for the Province is currently provided on a co-sourced basis. The co-sourced contract commenced in 2004 and is scheduled to run for a three-year term until December 2006. The challenges facing Internal Audit include limited financial resources, which restrict the extent of the audit coverage and a lack of skilled human resources. A number of interventions are currently underway which includes the filling of all vacant positions on the current Internal Audit staff establishment and developing the new structure. This will allow for the recruitment of the appropriate number of staff members at the correct levels of expertise to provide an effective Internal Audit service to the Province. Focused training programs and on-the-job training is provided to the current PGWC internal audit staff. A structured Internship program is also being developed to boost the human resource capacity of the Internal Audit unit.

### **d. Description of planned quality improvement measures**

#### **Accounting Services**

Refer to paragraph 4.2.4.

#### **Norms and Standards**

Refer to paragraph 4.3.4.

#### **Risk Management**

Refer to paragraph 4.4.4.

#### **Provincial Internal Audit**

Refer to paragraph 4.5.4.



## 4.1 Sub-programme 4.1: Programme Support

### 4.1.1 Specified policies, priorities and strategic objectives

**Generic Strategic goal:** To facilitate the efficient and co-ordinated administration and management of the programme.

**Strategic objectives:**

1. Rendering administrative support services to ensure the effective operational management of the unit.
2. Capacitate and train administrative support and line function staff.
3. Support and promote BBBEE initiatives through administrative functions.

### 4.1.2 Progress analysis

Not applicable.

### 4.1.3 Analysis of constraints and measures planned to overcome them

Although the sub-programme was established and capacitated during the 2005/6 financial year, the current structure does not adequately support the programmes needs. An investigation into the restructuring of Financial Governance has been initiated.

### 4.1.4 Description of planned quality improvement measures

Continuous training of staff to ensure proper procedure and process mapping of all activities within the Financial Governance programme. To conduct a customer service survey to monitor and evaluate the effectiveness of the sub-programme.

### 4.1.5 Specification of measurable objectives and performance indicators

Please see Table 4.1.

## 4.2 Sub-programme 4.2: Accounting Services

### 4.2.1 Specified policies, priorities and strategic objectives

**Strategic goal 16:** To ensure that financial reporting is a full and true reflection of the financial position of the Province, including municipalities.

**Strategic objectives:**

1. Ensure the development of accounting practices that will promote effective and efficient capturing of REAL movements/accountability.
2. Ensure integrity of financial data.
3. To coordinate and perform an oversight function of Trading Entities in terms of the PFMA requirements.

#### **4.2.2 Progress analysis**

The Accounting Services sub-programme is a key link between Financial Accounting teams of provincial departments and the Provincial Treasury to encourage the development of sound accounting practices to ensure that financial reporting is a full reflection of the financial position of the Province.

Key services entail IYM of the state of book of accounts, roll-out of the GRAP, consolidation of annual financial statements, further implementation and maintenance of the SCoA, the interpretation of financial statements and the monitoring of the compilation of annual financial statements by municipalities.

An appraisal of the existing services and performance covering the 2005/06 financial year highlighted the following key areas:

- Consolidation and timeous tabling of the 2004/05 annual financial statements.
- An analytical assessment of department's reports (In Year Monitoring, Auditor General, Annual Financial Statements) and included in the Business Insight Folders.
- Roll-out of the prescribed annual financial statement formats for departments, public entities, trading entities, and the Provincial Revenue Fund.
- Analysis and interpretation of annual financial statements.
- Roll-out of improved reporting formats on payables and receivables.
- Produced the second Provincial Accounting Review as a chapter of the Financial Governance Review and Outlook 2005.
- Operationalisation of the implementation of the MFMA.
- Converted the 2004/05 Annual Financial Statements of Trading Entities from GRAP to GAAP.
- Facilitation of relevant training interventions and various fora meetings.

#### **4.2.3 Analysis of constraints and measures planned to overcome them**

The major risk facing the transition from the current cash base of accounting to the accrual base of accounting, in terms of the GRAP implementation timelines, are the existing inadequacies of the current accounting systems to enable this transition. The National Treasury is in the process of developing an integrated financial management system and provincial treasuries will be consulted on the user requirements in order to address their needs.

#### **4.2.4 Description of planned quality improvement measures**

The implementation of accounting practices and policies with regard to:

- Roll-out of SCoA to public entities
- Roll-out of GAMAP and GRAP to Municipalities
- Develop a framework for the establishment of trading entities for transversal services.

#### **4.2.5 Specification of measurable objectives and performance indicators**

Please see Table 4.1.

## 4.3 Sub-programme 4.3: Norms and Standards

### 4.3.1 Specified policies, priorities and strategic objectives

**Strategic goal 17:** To develop, implement and monitor compliance of financial norms and standards.

**Strategic objectives:**

1. To identify, develop and implement financial norms and standards and to monitor and assist with nominal and substantive compliance by municipalities and departments respectively in terms of the MFMA and PFMA.
2. To ensure the existence of an appropriate and dynamic financial legislative framework.
3. To coordinate and perform an oversight function of provincial public entities in terms of the PFMA requirements.

### 4.3.2 Progress analysis

This sub-programme is responsible for ensuring that norms and standards within the financial legislative framework are developed, implemented and monitored for compliance in provincial departments, public entities and municipalities.

An appraisal of the existing services and performance covering the 2005/06 financial year highlighted the following key areas:

- Compiled Municipal Finance Management Act 2003 delegations for senior officials, and political office bearers.
- Obtained in principle approval from Cabinet for the amendments of the Provincial Capital Fund Ordinance 1962.
- Compiled an electronic library of provincial and national financial legislation, circulars, practices and guidelines.
- Participated in a National Treasury survey focussing on the corporate structure, founding legislation, governance arrangements and human resource arrangements of public entities.
- Facilitated the annual reporting process.
- Progressive steps were taken to improve oversight by the executive and the provincial parliament through submissions and presentations on the content and outcome of annual reports.
- Analysis and assessment of a normative measures questionnaire and Auditor General's audit findings and recommendations were made to heads of components in the Provincial Treasury, Accounting Officers and Accounting Authorities to address shortcomings.
- Assessed Provincial Cabinet submissions with financial normative implications and provided comments.
- Rendered advice/comments on the interpretation of current financial legislation to departments, public entities and municipalities.
- Actively participated in the establishment of new public entities.

#### **4.3.3 Analysis of constraints and measures planned to overcome them**

The sub-programme has assumed its responsibilities in terms of the Municipal Finance Management Act 2003. The new staff members will have to undergo training on the MFMA to familiarise themselves with the responsibilities assigned to the unit.

#### **4.3.4 Description of planned quality improvement measures**

The following quality improvement measures are planned:

- Improving the current monitoring tool to include measurement of substantive compliance.
- Identifying and addressing critical and transversal matters identified by both internal and external audits and where applicable facilitate solutions with relevant Provincial Treasury line function units and other role players.

#### **4.3.5 Specification of measurable objectives and performance indicators**

Please see Table 4.1.

### **4.4 Sub-programme 4.4: Risk Management**

#### **4.4.1 Specified policies, priorities and strategic objectives**

**Strategic goal 18:** To facilitate the establishment of risk management capacity and financial governance systems in the Provincial Government.

**Strategic objectives:**

1. To develop and facilitate the implementation of effective risk management and governance capacity within the Provincial Government.
2. To consolidate inherent risk assessments, build a risk profile for the Provincial Government as a whole and ensure the development of response strategies to mitigate transversal risks.

#### **4.4.2 Progress analysis**

The mandate for this sub-programme is to facilitate the establishment for risk management capacity and promote good governance principles in the PGWC. In achieving such, the unit has to create streamlined processes within departments that generate executive decision-making information on an integrated basis and ensure that consequent internal controls are aligned to key risks. An appraisal of the existing services and performance covering the 2005/06 financial year highlighted the following key areas:

- An investigation into the ideal risk management structures within departments was conducted in conjunction with Organisational Development with inputs from all provincial departments.

- Cabinet submission for the approval of departmental risk management structures is pending.
- Risk Management Framework workshopped with departments.
- Provided process and control mapping training to internal control staff of departments.
- A risk management implementation plan has been developed.
- A governance awareness programme has been rolled out.
- Consolidated risk reports per department and the province were issued.
- Participated in the establishment of the national risk management forum.
- All vacant posts filled.
- Developed a risk management data platform for provincial departments.
- Taken over the responsibility for process and control mapping methodology from the service provider and provide ongoing support to departments.

#### **4.4.3 Analysis of constraints and measures planned to overcome them**

The roll out of the risk management systems within provincial departments is completely dependent on the existence of competent risk management practitioners. Currently, the Cabinet approval of departmental risk management units is pending. Once these units are in place the roll out and implementation of risk management can be driven more rigorously. The primary challenge is to fill vacant departmental risk management posts with suitable candidates as a matter of urgency. However finding appropriately qualified and experienced risk management practitioners remains an even bigger challenge. It could be necessary to appoint officials who have already displayed potential and provide them with the necessary training and support.

##### **Responsibility for risks**

Although the risk assessments in the departments were completed, departments have not yet allocated these risks to the relevant risk owners. The risk tolerance levels for PGWC have to be determined and agreed to by management. A more pro-active approach to improve controls requires a concerted management intervention.

The responsibility for risk management should be included in management performance plans. This matter will be driven by promoting risk management awareness in the audit committees leading to a more rigorous monitoring of management responsibilities in respect of risk management. The implementation of the governance framework was delayed for the 2005/06 financial year to instead promote governance awareness within departments. The implementation of the framework will be effected in 2006/07 financial year.

#### **4.4.4 Description of planned quality improvement measures**

Being a newly established unit, ensuring that the Provincial Government governs and manages its risks appropriately, aligns its day-to-day operations with strategic objectives and maintains a corporate memory thereof, the challenge is that the following be adequately resourced across departments:

- To implement risk management roll out plan once Cabinet approval for the structures has been obtained.
- Training of junior, middle and senior management on the concepts of both risk management and good principles of governance.

- To develop a monitoring tool to assess the risk management implementation progress in departments to take remedial action, which will ensure a good quality improvement process.

#### **4.4.5 Specification of measurable objectives and performance indicators**

Please see Table 4.1.

### **4.5 Sub-programme 4.5: Provincial Internal Audit**

#### **4.5.1 Specified policies, priorities and strategic objectives**

Following from the situation analysis the sub-programme: Provincial Internal Audit endeavours to add value to the Provincial Government through assisting departments in achieving their strategic goals and objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

**Strategic goal 19:** To perform internal audit services on a risk-analysis basis.

**Strategic objectives:**

1. To render an effective risk-based internal audit (IA) service.
2. To ensure fully functional audit committees.
3. Promote close co-operation and co-ordination between assurance providers to prevent duplication of effort.

#### **4.5.2 Progress analysis**

An evaluation of existing services and performance covering the 2005/06 financial year highlighted the following key areas:

##### **Provincial Internal Audit**

During the 2004/05 financial year, the Province entered into a co-sourced agreement with a consortium of service providers to conduct risk assessments for all 13 departments including Provincial Parliament and commenced with the roll-out of an Internal Audit service to the Province. During the 2004/05 financial year the respective audit committees approved the audit plans for the departments of Health, Education and Social Services and Poverty Alleviation and the roll-out of the internal audit service to these departments commenced. In 2005/06 financial year an Internal Audit service was rolled out to all provincial departments. Audits are being conducted on a risk-based approach, which means that the audit efforts are channelled based on prioritised high risks identified. A service level agreement has been entered into with all departments and monthly progress reports are provided to the department. Audit findings are communicated to management and action plans are developed to address the control weaknesses identified. Internal audit findings are communicated to the audit committee on a quarterly basis and the committees

monitor the various departments' progress in taking corrective action on an on-going basis.

#### **Audit Committees**

Four audit committees have been operational in the Province with three separate committees being established for the departments of Health, Education and Social Services and Poverty Alleviation and a shared committee for the remaining 10 departments. The audit committee members have been exposed to training on audit committee best practices and have made significant progress in understanding the business of the departments, which they serve thus improving their effectiveness.

The audit committees' have received quarterly reports from Internal Audit and the Forensic Investigative Unit as well as the Auditor-General's annual report, which have enabled them to report in terms of the responsibilities conferred on them by the PFMA and the Audit Committee Charter.

#### **4.5.3 Analysis of constraints and measures planned to overcome them**

The Internal Audit service for the Province is currently provided on a co-sourced basis. The challenges facing Internal Audit include limited financial and human resources, which restricts the extent of the audit coverage. A number of interventions are currently underway which includes the filling of all vacant positions on the current Internal Audit staff establishment and developing the new structure. This will allow for the recruitment of the appropriate number of staff members at the correct levels of expertise to provide an effective Internal Audit service to the Province. Focussed training programs and on-the-job training is also provided to the current PGWC internal audit staff. Furthermore, a structured internship program is being developed to boost the human resource capacity of the Internal Audit unit.

#### **4.5.4 Description of planned quality improvement measures**

The following quality improvement measures are envisaged:

- Recruiting adequate resources to take over the function from the service provider.
- Building capacity and the skilling of the existing Internal Audit unit by providing focused training interventions and on-the-job training.
- Implementing an internship program to ensure an adequate pool of skilled resources.
- Providing on-going training and support to audit committees to enable them to operate more effectively and to add value to the departments they serve.
- Close cooperation and co-ordination between all Provincial Government assurance providers to prevent duplication of effort.
- Internal Audit to be recognised as a value adding change agent, thus forming "business partnerships" with line management, fostering a process of improvement and facilitating change.

#### **4.5.5 Specification of measurable objectives and performance indicators**

Please see Table 4.1.

**Table 4.1: Programme 4: Financial Governance**

Sub-programme 4.1: Programme Support		Generic Strategic Goal: To facilitate the efficient and co-ordinated administration and management of the programme.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target	
1. Rendering administrative support services to ensure the effective operational management of the unit.	1.1 Smooth and effective functioning of the component.	Percentage compliance with rules and regulations.	Not applicable.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	
		Percentage compliance to acceptable norms/standards of service delivery.	Not applicable.	Not applicable.	80% achieved.	90% achieved.	100% achieved.	100% achieved.	
		Hours turn around time for management of operational finances, human resources and logistical issues.	Not applicable.	Not applicable.	48 hours.	24 hours.	24 hours.	24 hours.	
2. Capacitate and train administrative support and line function staff.	2.1 Trained and capacitated administrative support and line function staff.	Percentage of vacant posts filled.	Not applicable.	Not applicable.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	
		Percentage of staff complement trained according to IDPs.	Not applicable.	Not applicable.	75% achieved.	100% achieved.	100% achieved.	100% achieved.	
3. Support and promote BBBEE initiatives through administrative functions	3.1 Achievement of iKapa Elihlumayo goals.	Number of service providers complying to BBBEE.	Not applicable.	Not applicable.	Not less than 40%.	Not less than 50%.	Not less than 50%.	Not less than 50%.	



<b>Sub-programme 4.2: Accounting Services</b>		<b>Strategic Goal 16: To ensure that financial reporting is a full and true reflection of the financial position of the Province, including municipalities.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
1. Ensure the development of accounting practices that will promote effective and efficient capturing of REAL movements/ accountability.	1.1 All transactions recorded and Financial Statements in line with formats and guidelines.	Compliance with statutory due dates and timely corrective measures – departments, public entities and municipalities.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
		Percentage qualified Auditor-General reports related to accounting matters – departments and public entities.	21.42% qualified – excluding public entities.	7.1% qualified – excluding public entities.	Less than 15% qualified - including public entities.	Less than 10% qualified - including public entities.	Less than 10% qualified - including public entities.	Less than 7% qualified - including public entities.
		Percentage compliance with GRAP and GAMAP requirements – departments and municipalities.	100% compliance by departments.	100% compliance by departments.	100% compliance by departments and high capacity municipalities.	100% compliance by departments and high and medium capacity municipalities.	100% compliance.	100% compliance.
		Accounting procedures to be established to close down the Western Cape Housing Development Fund and Provincial Capital Fund Ordinance, 1962 (Ordinance 3 of 1962).	Not applicable.	Pending amendments of the National Housing Act and Provincial Capital Fund Ordinance.	Pending amendments of the National Housing Act and Provincial Capital Fund Ordinance.	Accounting procedures finalised.	Not applicable.	Not applicable.
		Roll-out Standard Chart of the Accounts to public entities.	Not applicable.	National Treasury advised of requirement of the Province.	Implementation plan developed.	SCoA implemented for public entities.	Monitor.	Monitor.

<b>Sub-programme 4.2: Accounting Services</b>		<b>Strategic Goal 16: To ensure that financial reporting is a full and true reflection of the financial position of the Province, including municipalities.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
1. Ensure the development of accounting practices that will promote effective and efficient capturing of REAL movements/accountability. <i>(continued)</i>	1.1 All transactions recorded and Financial Statements in line with formats and guidelines. <i>(continued)</i>	Clear old balances inherited from previous Government dispensations – Departments.	Submission to National Treasury of inherited debits to be included in Finance Act.	Balances transferred to Provincial Treasury (Department U7) and followed up. Awaiting National Treasury Finance Act.	Reduced outstanding cases by 30%. Awaiting National Treasury Finance Act.	Reduced outstanding cases by 30%. Awaiting National Treasury Finance Act.	Reduced outstanding cases by 30%. Awaiting National Treasury Finance Act.	Finalised.
2. Ensure integrity of financial data.	2.1 Financial data analysed and interpreted.	Percentages compliance with and a 18 day turn around time for Provincial Treasury's interpretive narrative responses on departmental IYM reports. Update BIF as per agreed time frame. Produce an Accounting Review within deadline – Departments and Public Entities. Produce an Accounting Review within deadline - municipalities.	Target achieved.	Target achieved.	Target achieved.	Target achieved.	Target achieved.	Target achieved.
			Not applicable.	Not applicable.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.
			Produced in November.	Produced in November.	Draft for 2005 finalised. To be tabled in May 2006.	Review for 2006 published in May 2007.	Review for 2007 published in May 2008.	Review for 2008 published in May 2009.
			Not applicable.	Not applicable.	Not applicable.	Publish Review for 2004/05 in August 2006.	Publish Review for 2005/06 in August 2007.	Publish Review for 2006/07 in August 2008.

<b>Sub-programme 4.2: Accounting Services</b>		<b>Strategic Goal 16: To ensure that financial reporting is a full and true reflection of the financial position of the Province, including municipalities.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
2. Ensure integrity of financial data. <i>(continued)</i>	2.1 Financial data analysed and interpreted. <i>(continued)</i>	Provide training on the interpretation of annual financial statements to CFOs of departments.	Not applicable	Training manual compiled.	Roll out plan developed.	Training implemented.	Not applicable.	Not applicable.
3. To coordinate and perform an oversight function of provincial trading entities in terms of PFMA requirements.	3.1 Ensuring and monitoring the existence of appropriate governance processes.	Improve the disclosure of the values of PPP BEE and infrastructure transactions in terms of REAL.	Not applicable.	Not applicable.	Delayed until IFMS is in place.	Delayed until IFMS is in place.	Delayed until IFMS is in place.	Delayed until IFMS is in place.
		High-level governance processes monitored.	Not applicable.	Not applicable.	Not applicable.	Developed measures for monitoring.	Monitor as per developed measures.	Monitor as per developed measures.
		Initiate and develop appropriate framework for the establishment of Trading Entities to address transversal services currently being rendered.	Not applicable.	Not applicable.	Not applicable.	Framework developed.	Framework implemented for identified transversal services.	Monitor.

Sub-programme 4.3: Norms and Standards		Strategic Goal 17: To develop, implement and monitor financial norms and standards.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target	
1. To identify, develop and implement financial norms and standards and to monitor and assist with nominal and substantive compliance by municipalities and departments respectively in terms of the MFMA and PFMA.	1.1 Determination and implementation of financial management norms and standards.	The assessment of both nominal and substantive compliance in departments and public entities expressed in percentages.	95% nominal compliance.	98% nominal compliance and 30% substantive compliance with set benchmarks.	95% nominal compliance and 45% substantive compliance with set benchmarks.	95% nominal compliance and 60% substantive compliance with set benchmarks.	95% nominal compliance and 80% substantive compliance with set benchmarks.	95% nominal compliance and 80% substantive compliance with set benchmarks.	
		Percentage compliance with National Treasury guidelines on annual reports.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	
		Facilitation, compilation and issuing of generic norms and standards to address deficiencies identified in internal and external audit reports.	Not applicable.	15% deficiencies addressed.	80% deficiencies addressed.	80% deficiencies addressed.	90% deficiencies addressed.	90% deficiencies addressed.	
	1.2 Analyse and report on non-financial data.	Update BIF as per agreed time frame.	Not applicable.	Not applicable.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	
	1.3 Phasing in the Provincial Treasury's responsibilities of the MFMA.	Percentage nominal and substantive compliance by municipalities.	Not applicable.	Not applicable.	40% nominal compliance.	60% nominal compliance.	80% nominal compliance.	80% nominal compliance.	

Sub-programme 4.3: Norms and Standards		Strategic Goal 17: To develop, implement and monitor financial norms and standards.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
2. To ensure the existence of an appropriate and dynamic financial legislative framework.	2.1 Ensuring the existence of an appropriate and dynamic provincial financial legislative framework.	The assessment and proposal of amendments to financial legislation to ensure continued relevance.	100% w.r.t. proposed financial legislation.	100% w.r.t. proposed financial legislation.	100% w.r.t. proposed provincial financial legislation and assess 4 existing legislation for relevance and inconsistency.	100% w.r.t. proposed provincial financial legislation and assess 4 existing legislation for relevance and inconsistency.	100% w.r.t. proposed provincial financial legislation and assess 4 existing legislation for relevance and inconsistency.	100% w.r.t. proposed provincial financial legislation and assess 4 existing legislation for relevance and inconsistency.
3. To coordinate and perform an oversight function of provincial public entities in terms of the PFMA requirements.	3.1 Ensuring and monitoring the existence of appropriate governance processes.	Compilation and maintenance of a database of all financial legislation and associated instructions and directives.	Not applicable.	60% completion.	100% completion.	Database updated.	Database updated.	Database updated.
		Capacity established to perform oversight. High-level governance processes monitored.	Not applicable.	Not applicable.	Not applicable.	Assessment completed.	Capacity established.	Functional.

<b>Sub-programme 4.4: Risk Management</b>		<b>Strategic Goal 18: To facilitate the establishment of risk management capacity and financial governance systems in the Provincial Government.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
1. To develop and facilitate the implementation of effective risk management (RM) and governance capacity within the Provincial Government.	1.1 Developed and implemented risk management and governance methodologies and frameworks within the Provincial Government.	Departments have approved risk management structures.	Not applicable.	Not applicable.	All departments with approved structures.	All departments with approved structures and 50% capacitated.	All departments with approved structures and 100% capacitated.	All departments with approved structures and 100% capacitated.
		Percentage departmental risk management staff trained in RM framework and risk management tools.	Not applicable.	Not applicable.	70% of existing internal control staff trained in all aspects.	100% trained in all aspects.	100% trained in all aspects.	100% trained in all aspects.
		Percentage nominal compliance by all departments with the risk management framework.	Not applicable.	Not applicable.	Risk management structures approval pending.	30% nominal compliance.	80% nominal compliance. 20% substantive compliance.	100% nominal compliance. 50% substantive compliance.
		Percentage nominal compliance by all departments with the governance framework.	Not applicable.	Not applicable.	Awareness workshops conducted.	10% nominal compliance.	50% nominal compliance.	100% nominal compliance.
	1.2 Analyse and report on non-financial data.	Update BIF as per schedule.	Not applicable.	Not applicable.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.

Sub-programme 4.4: Risk Management		Strategic Goal 18: To facilitate the establishment of risk management capacity and financial governance systems in the Provincial Government.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
2. To consolidate inherent risk assessments, build a risk profile for the Provincial Government as a whole and ensure the development of response strategies to mitigate transversal risks.	2.1 The provision of a consolidated risk profile for the Provincial Government as a whole and the ensuring of risk response strategies to mitigate transversal risks.	Existence of an inherent consolidated risk profile for PGWC.  Transversal risks identified and allocated to transversal risk owners.	Not applicable.	Not applicable.	100% of departments included in consolidation.	100% of departments included in consolidation.	100% of departments included in consolidation.	100% of departments included in consolidation.
			Not applicable.	Not applicable.	System under development.	70% transversal risks allocated.	100% transversal risks allocated.	100% transversal risks allocated.

Sub-programme 4.5: Provincial Internal Audit		Strategic Goal 19: To perform internal audit services on a risk-analysis basis.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
1. To render an effective risk based internal audit (IA) service.	1.1 Risk based internal audit services.	Performance of internal audit work as approved by the relevant Audit Committee.	100% of audit work performed as approved by Audit Committee, however limited audit coverage achieved due to function shift and allocation of IA tender.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.
		Percentage of audit findings accepted by management.	75% of audit findings accepted by management.	80% of audit findings accepted by management.	90% of audit findings accepted by management.	95% of audit findings accepted by management.	95% of audit findings accepted by management.	95% of audit findings accepted by management.
		Number of progress reports issued to the audit committee.	Quarterly reports to the audit committee.	Quarterly reports to the audit committee.	Quarterly reports to the audit committee.	Quarterly reports to the audit committee.	Quarterly reports to the audit committee.	Quarterly reports to the audit committee.
		Generally compliant external Quality Assurance Review report of the Provincial Internal Audit Function by the IIA (SA).	Nil.	Nil.	Nil.	Generally compliant opinion expressed by IIA (SA), report due by 31 January 2007.	Nil.	Nil.



Sub-programme 4.5: Provincial Internal Audit		Strategic Goal 19: To perform internal audit services on a risk-analysis basis.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2003/04	Actual 2004/05	2005/06 Estimate	2006/07 Budget	2007/08 Target	2008/09 Target
1. To render an effective risk based internal audit (IA) service. <i>(continued)</i>	1.1 Risk based internal audit services. <i>(continued)</i>	Closer relationships with Accounting Officers thus improving accountability.	Nil.	Nil.	Nil.	Quarterly reports and one-on-one discussions with Accounting Officers.	Quarterly reports and one-on-one discussions with Accounting Officers.	Quarterly reports and one-on-one discussions with Accounting Officers.
	1.2 Analyse and report on non-financial data.	Update BIF as per agreed time frame.	Not applicable.	Not applicable.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.
	1.3 Building internal capacity to take over activities of the Internal Audit work from the current service provider and re-engineering the internal audit organisational fit.	Percentage of posts filled.	38% of posts filled (Based on 2004/05 structure).	38% of posts filled (Based on 2004/05 structure).	50% of posts filled (Based on new organisational fit).	60% of posts filled (Based on new organisational fit).	85% of posts filled (Based on new organisational fit).	90% of posts filled (Based on new organisational fit).
		Number of staff training interventions.	Not applicable.	Not applicable.	2 formal training interventions per staff member.	2 formal training interventions per staff member.	2 formal training interventions per staff member.	2 formal training interventions per staff member.
		Structured internship program.	Not applicable.	Not applicable.	Not applicable.	Programme implemented and 10 candidates recruited and trained.	Additional 10 candidates recruited and trained.	A pool of 20 candidates maintained.

<b>Sub-programme 4.5: Provincial Internal Audit</b>		<b>Strategic Goal 19: To perform internal audit services on a risk-analysis basis.</b>						
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>
2. Ensure fully functional audit committees.	2.1 Fully functional, competent and independent Audit Committees under whose guidance and control Internal Audit resorts.	Number of audit plans approved and audit committee reports issued.	9 departments.	5 departments.	All departments.	All departments.	All departments.	All departments.
3. Promote close co-operation and co-ordination between assurance providers to prevent duplication of effort.	3.1 Close cooperation and co-ordination between all assurance providers to prevent duplication of effort.	Number of progress reports to the AO.	Not applicable.	Not applicable.	Not applicable.	Quarterly (4 reports).	Quarterly (4 reports).	Quarterly (4 reports).
		Number of meetings.	3 liaison and co-ordination meetings per year.	4 liaison and co-ordination meetings per year.	10 liaison and co-ordination meetings per year.	10 liaison and co-ordination meetings per year.	10 liaison and co-ordination meetings per year.	10 liaison and co-ordination meetings per year.

## 4.6 Reconciliation of budget with plan

Table 4.2: Programme 4: Financial Governance budget by sub-programme (R'000)

Programme 4: Financial Governance								
Sub-programme	Year - 2 2003/04 (actual)	Year - 1 2004/05 (actual)	Base year 2005/06 (estimate)	Average annual change (%)	Year 1 2006/07 (budget)	Year 2 2007/08 (MTEF projection)	Year 3 2008/09 (MTEF projection)	Average annual change (%)
Programme Support			1,156	0.00%	1,280	1,390	1,461	8.12%
Accounting Services	1,815	2,005	2,821	24.67%	3,979	4,127	4,338	15.42%
Norms and Standards	1,183	5,717	2,641	49.41%	3,783	3,432	3,603	10.91%
Risk Management			1,908	0.00%	2,779	2,956	3,107	17.65%
Provincial Internal Audit	5,865	19,118	17,945	74.92%	21,013	23,623	24,803	11.39%
<b>Total</b>	<b>8,863</b>	<b>26,840</b>	<b>26,471</b>	<b>72.82%</b>	<b>32,834</b>	<b>35,528</b>	<b>37,312</b>	<b>12.12%</b>

The average increase in the spending trends over the financial years 2003/04 to 2005/06 for this programme is mainly due to a substantial increase (73%) in the sub-programme: Provincial Internal Audit. This increase can be ascribed to the provincial audit function being shifted from Vote 1: Provincial Administration: Western Cape to this programme. While most of the sub-programmes indicate an inflation adjustment in the average increase in the spending trends over the MTEF, a new sub-programme, namely Risk Management was established from 2005/06 and a provision was made under the sub-programme: Accounting Services for the implementation of the MFMA thereby explaining the remaining increases.

## 5. Capital investment, maintenance and asset management plan

This section is not applicable to this Provincial Treasury as its functional responsibilities do not relate to capital investment.

## 6. Medium-term receipts

### 6.1 Summary of receipts

The following sources of funding are used for the Vote:

**Table 6.1: Summary of receipts: Provincial Treasury**

Receipts R'000	Audited 2003/04	Audited 2004/05	Revised estimate 2005/06	Medium-term estimate		
				2006/07	2007/08	2008/09
<b>Treasury funding</b>						
Equitable share	(323 513)	(282 979)	(313 583)	(5 831)		7 108
Own receipts (Provincial Treasury)				140 077	145 340	145 340
<b>Total Treasury funding</b>	(323 513)	(282 979)	(313 583)	(134 246)	(145 340)	(152 448)

### 6.2 Departmental receipts collection

**Table 6.2: Departmental receipts collection: Provincial Treasury**

Receipts R'000	Audited 2003/04	Audited 2004/05	Revised estimate 2005/06	Medium-term estimate		
				2006/07	2007/08	2008/09
<b>Departmental receipts</b>						
Tax receipts	146 349	172 745	217 041	234 860	261 061	286 623
Sales of goods and services other than capital assets	23	896	7 162	1 008	1 008	1 008
Transfers received	1 627	4	962	1	1	1
Fines, penalties and forfeits	314	231	196			
Interest, dividends and rent on land	240 621	211 333	200 027	54 131	47 128	22 947
Sales of capital assets						
Financial transactions in assets and liabilities		103	3 605			
<b>Total departmental receipts</b>	388 934	385 312	428 992	290 000	309 153	310 579

### 6.3 Conditional grants

Not applicable

### 6.4 Donor funding

Not applicable

## 7. Co-ordination, co-operation and outsourcing plans

### 7.1 Interdepartmental linkages

Not applicable.

### 7.2 Local government linkages

Although the Provincial Treasury accepts its responsibilities in terms of the MFMA, it is not foreseen that the Provincial Treasury will enter into service delivery agreements with local authorities in the near future.

### 7.3 Public entities

**Table 7.1: Details of public entity**

Name of public entity	Main purpose of public entity	Transfers from the departmental budget		
		2006/07 MTEF R'000	2007/08 MTEF R'000	2008/09 MTEF R'000
Western Cape Gambling and Racing Board	To control all gambling, racing and activities incidental thereto in the Province.	0	0	0

The Western Cape Gambling and Racing Board's own revenue has since 2004/05 increased to such a level that it has become self sufficient with the introduction of limited gambling machines that have become fully operative since the start of the 2005/06 financial year.

### 7.4 Public, private partnerships, outsourcing etc.

The Provincial Treasury is not yet functionally responsible for any PPP's. However, with capacity building within Provincial Treasury, it is envisaged to take over all PPPs related responsibilities from National Treasury at some future date.

## **8. Financial Management**

### **8.1 Strategies to address audit queries**

Every audit informal query received from the Auditor-General is forwarded to the Internal control section within the office of the CFO where it is registered in an audit-register specifically drawn up for this purpose. It is then marked out to the applicable component with a request to present a written answer to the query at a specific date. A system of reminders is in place to ensure that the due dates are met. An informal answer is then forwarded to the Auditor-General and the necessary inscriptions made in the audit register and copies thereof kept on file specifically opened for this purpose. It should be noted that no informal queries for 2004/05 have become formal queries and that no audit queries are outstanding for the said period.

### **8.2 Implementation of PFMA and MFMA**

Financial staff previously underwent training on the content of the PFMA, the National Treasury Regulations and the Provincial Treasury Instructions. Further training has been given to selected officials on the various requirements of the MFMA.

Apart from a variety of monthly reports the Treasury is moving away from a nominal approach to a normative approach in order to capture the spirit of the PFMA and has embarked on a process of restructuring that started in 2002/03 aiming for completion in 2006/07 to realign the Department to the demands of good fiscal governance and those imposed by the PFMA and MFMA collectively.

The latter has also required the adoption of different and more sophisticated analytical capacity and associated work streams, better internal communication and stronger team work. Normative progress reports are submitted to the Provincial Treasury on a quarterly basis.

## Annual Performance Plan of Year- One

### Programme 1: Administration

Sub-programme 1.1: Office of the Minister		Strategic Goal 1: To render secretarial, administrative and office support services to the Minister to enable the Minister to realise her treasury and tourism priorities.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Ensure the rendering of secretarial, administrative and office support services.	1.1 Smooth and effective functioning of the Minister's office.	Percentage satisfaction by the Minister.	80%	95%	98%	98%	98%	98%	98%
	1.2 Fulfillment of Minister's legislative and political functions.	Days turnaround time on documents submitted to the Minister.	5 days.	6 days.	5 days.	5 days.	5 days.	5 days.	5 days.
2. Assist with tourism functions vested under the Minister.	2.1 Assist Minister to manage her tourism portfolio.	Good integration with departmental function.	50%	65%	75%	75%	75%	75%	75%
3. Ensure an efficient public profile for the Minister.	3.1 Ensure good public profile for the Minister.	Establish a sound relationship and support services.	68%	72%	80%	80%	80%	80%	80%
4. Enable the Minister to realise her executive responsibilities.	4.1 Enable the Minister to realise her direct treasury and tourism responsibilities.	Improve public image.	70%	85%	90%	90%	90%	90%	90%
		Provincial state of affairs in good shape.	60%	75%	88%	88%	88%	88%	88%

<b>Sub-programme 1.2: Management Services</b>		<b>Strategic Goal 2: To render strategic support and conduct overall planning.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. A well functioning and co-ordinated institution that delivers on its responsibilities.	1.1 Ensure good strategic support to the HoD and his management team.	Percentage satisfaction.	Not applicable.	30%	75%	30%	45%	60%	75%
	1.2 Conduct overall planning to ensure that remaining management functions are conducted on such level that Provincial Treasury delivers on its responsibilities.	Percentage of planning mechanisms resulting in the correct deliverables.	Not applicable.	Not applicable.	30%	5%	10%	20%	30%

<b>Sub-programme 1.3: Corporate Services</b>		<b>Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. To attract and acquire the desired employee profile.	1.1 Ensure an optimal staff establishment.	Reduced vacancy rate to 10%.	22% vacancy rate.	Reduce vacancy rate to 15%.	Reduce vacancy rate to 10%.	Reduce vacancy rate to 10%.	Reduce vacancy rate to 10%.	Reduce vacancy rate to 10%.	Reduce vacancy rate to 10%.
	1.2 Appropriate strategies and mechanisms for attracting and acquiring the desired employees developed.	Effective recruitment and selection service providers in place.	Not applicable.	Head hunting agent in place.	SLA reviewed with other service providers identified.	50% achieved.	60% achieved.	80% achieved.	100% achieved.



Sub-programme 1.3: Corporate Services		Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. To attract and acquire the desired employee profile. <i>(continued)</i>	1.2 Appropriate strategies and mechanisms for attracting and acquiring the desired employees developed. <i>(continued)</i>	Recruitment process reviewed for effectiveness.	Recruitment policy reviewed.	Recruitment policy in place.	Review the policy for applicability to HR strategic plan.	Review the policy for applicability to HR strategic plan.	Review the policy for applicability to HR strategic plan.	Review the policy for applicability to HR strategic plan.	Policy implemented.
		Promote PT at various identified institutions.	Not applicable.	Development of external graduate program.	Awareness campaigns held at various identified institutions.	Implement external bursary programme/ implement awareness.	Maintain awareness Implement external bursary programme/ implement awareness.	Maintain awareness.	Maintain awareness.
	1.3 Employee profiles determined per directorate to analyse and understand their core functions.	Employee profiles in place per directorate.	Profiles in place.	Continuous update of profiles.	Continuous update of profiles.	50% achieved.	60% achieved.	80% achieved.	100% achieved.
		Treasury scarce skills to be determined.	Not applicable.	Determine the profiles.	Source for desired scarce skills i.t.o. medium and agencies.	50% achieved.	60% achieved.	80% achieved.	100% achieved.

<b>Sub-programme 1.3: Corporate Services</b>		<b>Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
2. To develop and maintain a learning organisation in order to produce a competent workforce.	2.1 To design and develop a comprehensive training and development strategy.	Training needs identified and service providers sourced.	Training needs identified.	Review of training needs and service providers.	Review of training needs and service providers.	50% achieved.	60% achieved.	80% achieved.	100% achieved.
	2.2 To integrate SPMS into the development strategy of Human Resources (include career pathing/succession planning).	Employees developed according to Workplace skills plan (WSP).	Trained according to WSP.	Skills audit conducted.	80% of WSP plan.	50% achieved.	60% achieved.	80% achieved.	100% achieved.
	2.3 Develop and design an alternative capacity building strategy.	SPMS reviewed and integrated into HRD strategy.	Develop a SPMS policy unique to PT circumstances.	Performance feedback and assessments concluded.	Develop HRD strategy to incorporate career and succession planning with SPMS.	50% achieved.	60% achieved.	80% achieved.	100% achieved.
	2.4 To provide a formal learning strategy.	Strategy for internships, learnerships/ABET and job shadow in place.	Financial Management certificate in place/ABET and CAA interns maintained.	Financial Management Diploma finalised/ABET and CAA interns maintained.	Reviewing strategy for new intakes on internships/ABET/learnerships.	50% achieved.	60% achieved.	80% achieved.	100% achieved.
		Bursary Management in place.	Bursary policy reviewed.	Bursary policy reviewed.	Effective bursary management.	Maintain effective bursary management.	Maintain effective bursary management.	Maintain effective bursary management.	Maintain effective bursary management.

<b>Sub-programme 1.3: Corporate Services</b>		<b>Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
3. To develop appropriate interventions to transform the culture of PT to create an environment of optimum employee performance in relation to Treasury's strategic objectives.	3.1 Ensure an established, diverse and integrated workforce and environment.	Promote Transformation and Human Rights ethos.	Mainstream transformation programmes.	Review and monitor progress.	80% achieved.	Investigate relevant programmes and monitor appropriateness and effectiveness.	Investigate relevant programmes and monitor appropriateness and effectiveness.	Investigate relevant programmes and monitor appropriateness and effectiveness.	Investigate relevant programmes and monitor appropriateness and effectiveness.
	3.2 To analyse and understand the culture of the organisation by conducting a cultural assessment.	Organisational Culture assessment to be determined.	Not applicable.	Pilot of culture assessment in Treasury.	Actual cultural assessment conducted for PT integrated into HRD strategy.	50% HRD strategy implemented.	50% HRD strategy implemented.	60% HRD strategy implemented.	60% HRD strategy implemented.
	3.3 To make PT the employer of choice (EoC).	Internal promotion of PT as an EoC.	Not applicable.	Not applicable.	Develop and implement a communication and awareness strategy internally.	Develop an understanding of what EoC is, communicate this.	Develop an understanding of what EoC is, communicate this.	Design interventions that would support this in line with HRD strategy.	Design interventions that would support this in line with HRD strategy.

<b>Sub-programme 1.3: Corporate Services</b>		<b>Strategic Goal 3: To partner with the business in developing a Human Capital Strategy aimed at attracting, developing and retaining Provincial Treasury employees aligned with the business objectives.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
4. Refining work systems for the optimal delivery of all transactional human resource management.	4.1 Deliver an effective and efficient operational service.	Positive client evaluation with respect to service conditions, policy evaluation, labour relations, maintaining the establishment and PERSAL.	Not applicable.	Not applicable.	Develop and implement improvement measures.	60% achieved.	60% achieved.	100% achieved.	100% achieved.
	4.2 Ensure that monitoring and evaluation systems are in place.	Work plans and performance plans met.	Not applicable.	Performance measures in place.	Monitoring and evaluation mechanisms in place.	60% achieved.	60% achieved.	100% achieved.	100% achieved.

<b>Sub-programme 1.4: Financial Management</b>		<b>Strategic Goal 4: To deliver financial management, supply chain management and specialised auxiliary services for the Treasury.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. Good budget management to remain within prescribed budget limits.	1.1 Efficient and effective planning and budget management.	Percentage variance between actual and approved budget.	6.1%	4%	2%	10%	8%	6%	2%
	1.2 Effective application of resources in realising strategic goals of the Provincial Treasury.	Percentage expenditure in line with detailed budget per sub-programme.	95%	90%	93%	90%	92%	92%	93%

Sub-programme 1.4: Financial Management		Strategic Goal 4: To deliver financial management, supply chain management and specialised auxiliary services for the Treasury.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2. Timely and accurate reflection of status of Provincial Treasury's ledger accounts.	2.1 Ledger accounts that accurately reflect the financial position of the Provincial Treasury.	Number of days for clearing of ledger control accounts.	70 days.	60 days.	45 days.	45 days.	45 days.	45 days.	45 days.
		Number of days to complete reconciliations after month close.	60 days.	30 days.	20 days.	20 days.	20 days.	20 days.	20 days.
		Number of management information tools to reflect the Provincial Treasury's records.	Nil.	12	14	14	14	14	14
3. Good supply chain management services.	2.2 Ensure fully functional payment system.	Turnover time to process accounts received.	30 days.	20 days.	15 days.	15 days.	15 days.	15 days.	15 days.
		Percentage of bids successfully administered to contract phase.	80%	80%	85%	85%	85%	85%	85%
4. Proper internal control measures and risk management in the Provincial Treasury.	3.1 Efficient and effective supply chain management services.	Compliance with conditions of contract.	90%	90%	95%	95%	95%	95%	95%
		Assets accurately recorded on inventory.	Not applicable.	70%	80%	80%	80%	80%	80%
	4.1 Financial inspections to improve internal control.	Number of inspections successfully completed.	10	12	8	8	8	8	8
		Percentage improvement in the quality of inspection reports.	60%	70%	80%	80%	80%	80%	80%
	4.2 Communicating guidelines on compliance with prescripts.	4.3 Improved Provincial Treasury's risk profile.	Review guidelines on compliance with prescripts.	Annually	Annually	Annually	Not applicable.	Not applicable.	Not applicable.
Developmental level of risk profile.			30%	50%	70%	70%	70%	70%	70%
		Percentage checking of high risk per component.	20%	30%	50%	50%	50%	50%	50%

Sub-programme 1.4: Financial Management		Strategic Goal 4: To deliver financial management, supply chain management and specialised auxiliary services for the Treasury.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
5. Determine and maintain good administrative standards.	5.1 Compliance with financial prescripts pertaining to management accounting.	Percentage compliance with regard to quality output and timeliness.	90%	90%	92%	92%	92%	92%	92%
	5.2 Efficient control over debtors and creditors.	Days to follow-up debtors. Days to pay creditors.	60 35	30 day cycles. <30 days.	30 day cycles. <30 days.	30 day cycles. <30 days.	30 day cycles. <30 days.	30 day cycles. <30 days.	30 day cycles. <30 days.
	5.3 Efficient system management (Syscom).	Regular maintenance checks on BAS. Regular maintenance checks on LOGIS.	45 days Annually	Monthly Quarterly	Monthly Quarterly	Monthly Quarterly	Monthly Quarterly	Monthly Quarterly	Monthly Quarterly
	5.4 High quality delivery of auxiliary services.	Establish measures for a vehicle fleet that will cater for the changing needs of the Provincial Treasury. Good operative document control. Percentage of high quality and timely delivery of all other auxiliary services.	50% Non-existent. 80%	80% 50% 85%	80% 75% 90%	80% 50% 90%	80% 55% 90%	80% 60% 90%	80% 75% 90%

Sub-programme 1.4: Financial Management		Strategic Goal 4: To deliver financial management, supply chain management and specialised auxiliary services for the Treasury.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
5. Determine and maintain good administrative standards. <i>(continued)</i>	5.5 Good communication and coordination within the sections of Financial Management and other components within Provincial Treasury.	Number of staff members trained in customer care.	Nil.	Nil.	15	4	8	12	15
		Number of staff members trained in communication skills and group dynamics.	Nil.	Nil.	15	4	8	12	15
	5.6 Ensure a full complement of competent staff.	Ensure low vacancy rate.	<15%	<25%	<10%	<25%	<20%	<15%	<10%
5.7 Proper high level management information timeously.		Review of identified staff suitably trained.	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
		Determine information needs on Directorate's meeting.	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
		Percentage of measures in place to have information available.	50%	60%	70%	62%	65%	68%	70%

## Programme 2: Sustainable Resource Management

Sub-programme 2.1: Programme Support: Resource Management		Generic Strategic Goal: To facilitate the efficient and co-ordinated administration and management of the sub-programme: Programme Support: Resource Management.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Render administrative support services to ensure the effective operational management of the unit.	1.1 Smooth and effective functioning of the component.	Percentage compliance with rules and regulations.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
		Percentage compliance to acceptable norms/standards of service delivery.	Not applicable.	70% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
		Hours turn around time for management of operational finances, human resources and logistical issues.	Not applicable.	48 hours.	24 hours.	24 hours.	24 hours.	24 hours.	24 hours.
2. Capacitate and train administrative support and line function staff.	2.1 Trained and capacitated administrative support and line function staff.	Percentage of vacant posts filled.	Not applicable.	50% achieved.	100% achieved.	50% achieved.	90% achieved.	90% achieved.	100% achieved.
		Percentage of staff complement trained according to IDPs.	Not applicable.	50% achieved.	100% achieved.	50% achieved.	70% achieved.	90% achieved.	100% achieved.
3. Support and promote BBBEE initiatives through administrative functions.	3.1 Achievement of iKapa Elihulumayo goals.	Percentage support and promotion of goals in work environment.	Not applicable.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.
		Percentage procurement in terms of BBBEE.	Not applicable.	40%	50%	50%	50%	50%	50%



Sub-programme 2.2: Economic Analysis	Strategic Goal 5: To conduct macroeconomic analysis and render policy advice, i.e. to determine and analyse key economic variables, their interrelation and relevance to the budget (provincial and municipal), the potential for growth and development and the interaction with governmental and revenue patterns, alternative budgeting and other revenue and expenditure scenarios on selected key economic growth and development indicators.								
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Describe the Western Cape economy by determining and analysing key provincial and, where possible, district economic variables and their interrelation.	1.1 Describe the provincial economy.	Timely published PER&O before budget.	The 2005 PER&O was published on budget day.	PER&O published.	PER&O to be published on 31 March 2007.	Not applicable.	Not applicable.	Not applicable.	PER&O published.
2. Determine the sources, potential and constraints for enhanced growth and development in the Western Cape, as framed within iKapa Elihlumayo.	2.1 Determine the sources, potential and constraints for enhanced growth and development in WC.	Timely published PER&O before budget.	PER&O published on budget day.	PER&O published.	PER&O to be published on 31 March 2007.	Not applicable.	Not applicable.	Not applicable.	PER&O published.
3. Assess the impact of various budget (municipal and provincial) policy objectives on selected economic variables, providing a link between the macro, meso and municipal spheres.	3.1 Assess the impact of various budget policy objectives on selected economic variables.	Alignment of departmental activities to iKapa Elihlumayo.	PER&O published on budget day.	PER&O framing Budget 2005.	PER&O framing Budget 2006.	Not applicable.	Not applicable.	Not applicable.	PER&O framing Budget 2006.

Sub-programme 2.2: Economic Analysis	Strategic Goal 5: To conduct macroeconomic analysis and render policy advice, i.e. to determine and analyse key economic variables, their interrelation and relevance to the budget (provincial and municipal), the potential for growth and development and the interaction with governmental and revenue patterns, alternative budgeting and other revenue and expenditure scenarios on selected key economic growth and development indicators.								
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
4. Provide technical assistance and training in the application of macroeconomic analysis.	4.1 Provide technical assistance and training.	Planning social dialogue events.	Social dialogues.	Social dialogues.	Social dialogues.	Social dialogues.	Social dialogues.	Social dialogues.	Social dialogues.
5. Disseminate information to other government and external key stakeholders in the provincial economy and labour market to foster understanding of economic variables and promote steps to enhance economic growth and reduce inequalities.	5.1 Disseminating information to other stakeholders in the provincial economy and labour market.	Publishing of PER&O. Engaging in social dialogues. Hosting events launch and media briefing. Developing iKapa Eithlumayo web-page.	PER&O published on budget day. PER&O published on budget day. PER&O published on budget day. Not applicable.	PER&O published. Social dialogues. Social dialogues. 50% completed.	PER&O published. Social dialogues. Social dialogues. 100% completed.	Not applicable. Social dialogues. Social dialogues. 50% completed.	Not applicable. Social dialogues. Social dialogues. 70% completed.	Not applicable. Social dialogues. Social dialogues. 85% completed.	PER&O published. Social dialogues. Social dialogues. 100% completed.
	5.2 Assessing socio-economic relevance of municipal IDPs	IDPs that reflect the true socio-economic needs in each municipality.	Not applicable.	Progress made on socio-economic profiling on local government.	70%	40%	55%	70%	

<b>Sub-programme 2.3:</b>		<b>Strategic Goal 6:</b> To enable the provincial government to finance its service delivery obligations.									
<b>Fiscal Policy: Provincial Government</b>		<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1.	Administer the medium-term revenue planning process.	1.1	Robust participation on the TCF, PES and CG working groups.	Position papers, policy briefs, reports and memos.	100%	100%	Optimised transfers from National government.	1 Position Paper on Equitable Share. 1 Position Paper on Conditional Grants.	Not applicable.	1 Fiscal Framework Paper to MEC. 1 Input into MTBPS.	Input into Budget Document.
2.	Analyse and optimise national transfers in line with the evolving intergovernmental architecture and in support of accelerated and shared growth.	2.1	Analytical position paper analysing PES and CG transfers.	Timeous submission of informative and accurate reports to HoPT and MEC.	Quarterly reports. Memos.	Quarterly reports. Memos.	1 Position Paper. 4 Quarterly reports on Equitable Share and Conditional Grants.	1 Position Paper. 1 Quarterly report on Equitable Share and Conditional Grants.	1 Quarterly report on Equitable Share and Conditional Grants.	1 Quarterly report on Equitable Share and Conditional Grants.	1 Quarterly report on Equitable Share and Conditional Grants.
3.	Analyse and optimise provincial own sourced revenue.	2.2	Framework position paper with respect to Fiscal Governance.	Position papers, policy briefs, reports and memos.	Proposals submitted and accepted.	Final report.	1 Final report.	1 Final report.	Not applicable.	Not applicable.	Not applicable.
		3.1	Analytical provincial own revenue position papers.	Own revenue paper, memoranda and quarterly reports timeously submitted.	Revenue paper (inclusive of reports and memos).	4 Quarterly own revenue reports.	4 Quarterly own revenue reports.	1 Quarterly own revenue reports.	1 Quarterly own revenue reports.	1 Quarterly own revenue reports.	1 Quarterly own revenue reports.

<b>Sub-programme 2.3:</b> Fiscal Policy: Provincial Government		<b>Strategic Goal 6:</b> To enable the provincial government to finance its service delivery obligations.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
3. Analyse and optimise provincial own sourced revenue. <i>(continued)</i>	3.2 Introduction and implementation of a Provincial Revenue Estimation and Forecasting Model for improved planning, forecasting and service delivery.	Initiation of revenue estimation model proposal. Develop and implement a revenue estimation and forecasting model.	Not applicable.	Not applicable.	1 Proposal on the development of a Revenue forecasting model. Implementation of the model.	1 Proposal on the development of a Revenue forecasting model. Implementation of the model.	Not applicable.	Not applicable.	Not applicable.
	3.3 Systemising the management approval and implementation of tariffs.	Established Provincial Tariff database. Maintain tariff approvals.	Not applicable.	Not applicable.	1 Database developed. Tariff approvals.	1 Database developed. Tariff approvals.	Not applicable. Tariff approvals.	Implementation of the model. Tariff approvals.	Not applicable. Tariff approvals.
	3.4 Ensure effective and efficient management of debtors.	Develop a provincial debtor position paper – Debt Management Policy, write-offs.  Quarterly IYM debtors' reports to monitor and analyse provincial debtors to improve efficiencies in the use of resources.	Final report on analysis of debtors.  4 Quarterly reports on debtors.	Training staff and departments.  4 Quarterly reports on debtors.	1 Debt management Policy developed.  4 Quarterly debt management reports.	1 Debt management Policy developed.  1 Quarterly debt management report.	Not applicable.  1 Quarterly debt management report.	Not applicable.  1 Quarterly debt management report.	Not applicable.  1 Quarterly debt management report.

<b>Sub-programme 2.3:</b>		<b>Strategic Goal 6:</b> To enable the provincial government to finance its service delivery obligations.									
Fiscal Policy: Provincial Government		<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	
3. Analyse and optimise provincial own sourced revenue. <i>(continued)</i>	3.5	Compile provincial Donor Funding policy.	Develop position paper.	Not applicable.	Not applicable.	Developed Provincial Donor Fund database. Submit quarterly funding reports.	Not applicable.	1 Provincial Donor Funding Policy developed.	Not applicable.	Not applicable.	
	4. Expansion of provincial own sourced revenue options.	4.1	Presentation of fuel levy proposal to the various stakeholders.	Presentation to all stakeholders.	Not applicable.	Finalisation of fuel levy proposal and presentations.	Preparation.	Preparation.	Preparation.	Finalisation of fuel levy proposal and presentation.	
		4.2	Technical and political approval process of revenue options.	Presentations to the FFC and Budget Council. Confirmation from the Minister of Finance.	Not applicable.	Presentations to the FFC and Budget Council.	Confirmation from the Minister of Finance.	Confirmation from the Minister of Finance.	Not applicable.	Not applicable.	Not applicable.
		4.3	Implementation of fuel levy.	Legal and last public participation process to start.	Not applicable.	Not applicable.	Legal drafting. Final public participation.	Not applicable.	Legal and last public participation process to start.	Not applicable.	Not applicable.
4.4	Research and implementation of tourism levy.	Workable contract.	Report on the feasibility completed.	Not applicable.	Not applicable.	First report delivered. Implementation of contract.	Preparation.	Preparation.	First report delivered.	Implementation of contract.	
				Not applicable.	Not applicable.	Submit feasibility report.	Preparation.	Report on the feasibility completed.	Not applicable.	Not applicable.	

<b>Sub-programme 2.3:</b> Fiscal Policy: Provincial Government		<b>Strategic Goal 6:</b> To enable the provincial government to finance its service delivery obligations.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
4. Expansion of provincial own sourced revenue options. <i>(continued)</i>	4.4 Research and implementation of tourism levy. <i>(continued)</i>	Presentation of tourism levy proposal to the various stakeholders. Legal and last Public Participation Process to start.	Not applicable.	Not applicable.	Presentation to stakeholders. Legal and participation process to start.	Preparation.	Preparation.	Preparation of tourism levy. proposal to the various stakeholders.	Legal and last Public Participation Process to start.
5. Evaluate and develop provincial financing instruments.	5.1 Provincial Borrowing Framework developed.	Established framework.	Not applicable.	Not applicable.	1 Provincial Borrowing Framework completed.	1 Provincial Borrowing Framework completed.	Not applicable.	Not applicable.	Not applicable.
6. Administer gambling and racing matters.	6.1 Monthly liaison with Gambling Board including monthly engagements.	Meetings on the revenue challenges in the gambling industry and social responsibility.	12 Monthly meetings with the Gambling Board.	12 Monthly meetings with the Gambling Board.	12 Monthly meetings with the Gambling Board.	3 Monthly meetings with the Gambling Board.	3 Monthly meetings with the Gambling Board.	3 Monthly meetings with the Gambling Board.	3 Monthly meetings with the Gambling Board.
		Amendment to legislation.	1 Amendment proposed.	1 Amendment proposed.	2 Amendments proposed.	Not applicable.	Not applicable.	2 Amendments proposed.	Not applicable.
		Appointment to the Board.	3 members appointed.	Appointment of 1 Board Member.	Appointment of 4 Board Members.	Not applicable.	4 Members including a chairperson appointed.	Not applicable.	Not applicable.
		Budget approval and documentation to the MEC.	1 Budget submission and approval.	1 Budget submission and approval.	1 Budget submission and approval.	Not applicable.	Not applicable.	Not applicable.	Not applicable.

<b>Sub-programme 2.3:</b>		<b>Strategic Goal 6:</b> To enable the provincial government to finance its service delivery obligations.							
Fiscal Policy: Provincial Government									
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
6. Administer gambling and racing matters. <i>(continued)</i>	6.2 Liaison with SCOF and MEC regarding the Western Cape Gambling and Racing Board.	Quarterly meetings.	4 Quarterly meetings with each with SCOF and the MEC.	4 Quarterly meetings with each with SCOF and the MEC.	4 Quarterly meetings with each with SCOF and the MEC.	1 Quarterly meeting each with SCOF and the MEC.	1 Quarterly meeting each with SCOF and the MEC.	1 Quarterly meeting each with SCOF and the MEC.	1 Quarterly meeting each with SCOF and the MEC.

<b>Sub-programme 2.4:</b>		<b>Strategic Goal 7:</b> To facilitate local government with financing its service delivery obligations.							
Fiscal Policy: Local Government									
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. Determine an overall financing envelope for municipalities over MTEF.	1.1 Analyse the financing envelope of all municipalities in the Province.	Number of reports on each source of revenue and available financing.	Not applicable.	Not applicable.	4 reports.	1 report.	1 report.	1 report.	1 report.
2. To assess viability of municipal revenue budgets.	2.1 Assess viability of municipal revenue budgets to ensure sustainability.	Number of reports on each source of revenue and available financing.  In year monitoring reports on revenue collections.  Reports in respect of current sources of municipal own revenue.  Quantitative analysis of the state of own revenue.	Not applicable.	Not applicable.	4 reports.  12 reports.  1 reports.  4 reports.	1 report.  3 reports.  1 report.	1 report.  3 reports.  Not applicable.  1 report.	1 report.  3 reports.  Not applicable.  1 report.	1 report.  3 reports.  Not applicable.  1 report.

<b>Sub-programme 2.4:</b> Fiscal Policy: Local Government		<b>Strategic Goal 7:</b> To facilitate local government with financing its service delivery obligations.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
2.	To assess viability of municipal revenue budgets. <i>(continued)</i>	2.1 Assess viability of municipal revenue budgets to ensure sustainability. <i>(continued)</i>	Not applicable.	Preliminary reports compiled.	4 reports.	1 report.	1 report.	1 report.	1 report.
3.	Analyse and optimise local government own revenue base.	3.1 Analytical position paper that evaluates local government own revenue sources in WC.	Not applicable.	Preliminary reports compiled.	1 report.	1 report.	Not applicable.	Not applicable.	Not applicable.
		Analyse collection on each source of revenue which include: - Water - Property Rates - Electricity, and - Refuse Removal.	Not applicable.	Preliminary reports compiled.	4 reports.	1 report.	1 report.	1 report.	1 report.
4.	Analyse and optimise local government debtors.	4.1 Analyse municipal debtors, age analysis, trends, payments and collection information.	Not applicable.	Preliminary reports compiled.	4 reports.	1 report.	1 report.	1 report.	1 report.



<b>Sub-programme 2.4:</b> Fiscal Policy: Local Government		<b>Strategic Goal 7:</b> To facilitate local government with financing its service delivery obligations.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
5. Analyse and provide advice on municipal long-term debt.	5.1 Analyse the ability of municipalities to enter into long-term debt.	Develop a credit rating system for municipalities together with a database for ratio-analysis.	Not applicable.	Preliminary reports compiled.	30	30	30	30	30
6. Analyse and provide policy advice with regard to tariffs, debt and credit control and property rates.	6.1 Develop Best Practice Guides and advice on tariffs, debt and credit control and property rates.	Number of guides developed.	Not applicable.	Preliminary reports compiled.	4 guides.	4 guides.	Not applicable.	Not applicable.	Not applicable.
7. Provide technical assistance and training.	7.1 Interaction with municipalities.	Number of people trained and frequency of assistance rendered.	Not applicable.	Preliminary reports compiled.	Ad hoc.	Ad hoc.	Ad hoc.	Ad hoc.	Ad hoc.

Sub-programme 2.5: Budget management		Strategic Goal 8: To promote effective financial resource allocation.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. To coordinate and guide the process to determine provincial priorities and recommend financial resource allocation which effectively contribute to accelerated and shared economic growth in the Province.	1.1 Contribute to the determination of provincial priorities, assess whether the right policies are in place, and contribute to the development of appropriate policies.	Medium Term Fiscal policy in line with national and provincial policy goals and executive approval and tabling of MTBPS (Nov).	WC-MTBPS 2005-2008 accepted by executive and tabled during November 2003.	WC-MTBPS 2006-2009.	WC-MTBPS 2006 - 2009, 2007-2010.	Preparation.	MTEC process.	WC-MTBPS 2007-2010.	Completed.
		Findings from written reports/impact assessments by BO on departmental or provincial policies (as needed) fed into budget process.	Completed.	Completed and incorporated into budget process.	As necessary.	As necessary.	As necessary.	As necessary.	As necessary.
		Bilateral MTEC 1 and 2 engagements with provincial departments.	Completed.	MTEC reports.	MTEC reports.	Not applicable.	MTEC reports.	Not applicable.	MTEC reports.

Sub-programme 2.5: Budget management		Strategic Goal 8: To promote effective financial resource allocation.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. To coordinate and guide the process to determine provincial priorities and recommend financial resource allocation which effectively contribute to accelerated and shared economic growth in the Province. (continued)	1.2 Recommend financial resource allocation (within departments and between departments) which activates/enables implementation of national, provincial and departmental policy priorities and achievement of desired socioeconomic outcomes.	Executive approval of preliminary and final allocations for Main Budget (Nov; Feb).  Annual budget in line with national and provincial policy goals (March).	2005/06 preliminary and final allocation letters to departments.  2005/06 Budget tabled.	2006/07 preliminary and final allocation letters to departments.  2006/07 Budget tabled.	2007/08 preliminary and final allocation letters to departments.  2007/08 Budget tabled.	Preparation.  Not applicable.	Preparation.  Not applicable.	Preliminary allocation letters.  MTEC process.	Final allocation letters.  Budget 2007/08 tabled.
	1.3 Assess, research, recommend and promote appropriate performance indicators for departments.	Findings from written reports/impact assessments by BO on departmental or provincial policies (as needed) fed into budget process.  Participation in intergovernmental and interdepartmental forums and liaison with National Treasury to provide input into national and provincial processes.	Completed.	Completed.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
			Completed.	100% compliance.	100% compliance.	CFO Forums.	10x10's.	Ad hoc.	Provincial Benchmark exercise.

Sub-programme 2.5: Budget management		Strategic Goal 8: To promote effective financial resource allocation.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2. Promote overall strategic goal of PT to understand line departments' core business, functions, and progress.	2.1 Assess progress of departments and municipalities in implementing policies.	Tabling of Service Delivery Review (July).	Incomplete.	2004 Service Delivery Review.	2005 Service Delivery Review.	Not applicable.	2005 Service Delivery Review.	2005 Service Delivery Review.	Not applicable.
		Submission of non-financial quarterly YM reports to NT on deadline (July; Oct; Jan; April).	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
	2.2 Promote processes and electronic systems which facilitate integration of Provincial Treasury components in order to improve understanding of departmental business.	Established functioning Business Insight Folder (BIF) system which produces regular analysis on departments and makes a available departmental information on ongoing basis Short analyses contributed to BIF system from Budget Office.	Not applicable.	Initial planning and consultation.	50% implementation.	Initial planning and consultation.	Pilot operation.	Pilot operation.	Pilot operation.
	2.3 Ensure proper electronic filing system managed efficiently.	Fully functioning electronic filing system.	Initiated.	Further developed.	Functioning.	Functioning.	Functioning.	Functioning.	Functioning.
	2.4 Promote processes and electronic systems, which facilitate integration of Provincial Treasury components in order to improve understanding of municipalities.	Established functioning BIF system, which produces regular analysis on municipalities and makes available municipal information on ongoing basis.	Not applicable.	Not applicable.	Initial planning and consultation.	Initial planning and consultation.	Initial planning and consultation.	Initial planning and consultation.	Initial planning and consultation.

Sub-programme 2.5: Budget management		Strategic Goal 8: To promote effective financial resource allocation.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
3. Fulfill role of PT as prescribed by the MFMA, with regard to the review of municipal budgets and IDPs and oversight of the municipal budget process.	3.1 Provide analysis and support to municipalities in the drafting of their budgets in order to improve quality and assure alignment between municipal and provincial budgets.	Consultation increased between Provincial Treasury, provincial departments and municipalities via MTEC engagements, municipal visits and other initiatives.	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	Municipal assessments and visits.	Municipal assessments and visits.	Not applicable.	LG MTEC. 25% implementation.
		Reviews conducted on draft budget of each municipality against completed budget evaluation checklist and comments provided to municipalities via LG MTEC3 process (April).	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	Municipal assessments and visits.	Municipal assessments and visits.	Not applicable.	LG MTEC. 25% implementation.
		Monitor linkage of municipal budgets with IDPs, SDBIP, performance contracts of senior managers and provincial budget.	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	Municipal assessments and visits.	Municipal assessments and visits.	Not applicable.	LG MTEC. 25% implementation.

Sub-programme 2.5: Budget management		Strategic Goal 8: To promote effective financial resource allocation.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
3. Fulfill role of PT as prescribed by the MFMA, with regard to the review of municipal budgets and IDPs and oversight of the municipal budget process. <i>(continued)</i>	3.2 Provide oversight of municipal budget process.	Timely receipt of tabled and adopted budgets and on-line publication of adopted budget.	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	Municipal assessments and visits.	Municipal assessments and visits.	Not applicable.	LG MTEC. 25% implementation.
		Bilateral MTEC 1 and 2 engagements with provincial departments and municipalities.	Not applicable.	Shared responsibilities with Public Finance, with function gradually shifted to Budget Office.	25% implementation.	Municipal assessments and visits.	Municipal assessments and visits.	Not applicable.	LG MTEC. 25% implementation.

<b>Sub-programme 2.6: Programme Support: Public Finance</b>		<b>Generic Strategic Goal :</b> To facilitate the efficient and co-ordinated administration and management of the sub-programme: Programme Support: Public Finance.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. Rendering administrative support services to ensure the effective operational management of the unit.	1.1 Smooth and effective functioning of the component.	Percentage compliance with rules and regulations.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
		Percentage compliance to acceptable norms/ standards of service delivery.	Not applicable.	70% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
2. Capacitate and train administrative support and line function staff.	2.1 Trained and capacitated administrative support and line function staff.	Hours turn around time for management of operational finances, human resources and logistical issues.	Not applicable.	48 hours.	24 hours.	24 hours.	24 hours.	24 hours.	24 hours.
		Percentage of vacant posts filled.	Not applicable.	50% achieved.	100% achieved.	50% achieved.	60% achieved.	75% achieved.	100% achieved.
3. Support and promote BBBEE initiatives through administrative functions.	3.1 Achievement of iKapa Elithlumayo goals.	Percentage of staff complement trained according to IDPs.	Not applicable.	50% achieved.	100% achieved.	50% achieved.	60% achieved.	75% achieved.	100% achieved.
		Percentage support and promotion of goals in work environment.	Not applicable.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.
		Percentage procurement in terms of BBBEE.	Not applicable.	40%	50%	50%	50%	50%	50%

Sub-programme 2.7: Provincial Government Finance		Strategic Goal 9: To ensure efficient budget management in provincial departments.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Provide policy advice, effective technical and strategic support and a change agent service to provincial departments.	1.1 Relevant and effective advisory service.	Quality of and feedback on advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.
2. Improve input-output sequencing of information and the quality of the latter within the budget processes.	2.1 Credible MTEF and Adjustments Budget.	Compliance to National Treasury norms and standards. Budget alignment with national and provincial policy priority goals. Compilation and submission of adjustments budget documentation in line with prescribed formats and timelines to the Provincial Parliament.	Technically sound MTEF budget, bill and schedules. Bilateral MTEC hearings. 2 Assessments per department. Adjustment budget tabled in November.	Technically sound MTEF budget, bill and schedules. Bilateral MTEC hearings. 2 Assessments per department. Adjustment budget tabled in November.	Technically sound MTEF budget, bill and schedules. Bilateral MTEC hearings. 3 Assessments per department. Adjustment bill and schedules tabled within one month of national adjustments.	Not applicable.	1 Assessment. 1 MTEC hearing.	1 Assessment.	1 Assessment. 1 MTEC hearing.



<b>Sub-programme 2.7:</b> Provincial Government Finance		<b>Strategic Goal 9:</b> To ensure efficient budget management in provincial departments.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
3. Develop effectiveness of in-year expenditure monitoring systems towards monitoring financial and non-financial performance indicators.	3.1 Improved in-year expenditure management together with the development of efficiency parameters.	Compliance with PFMA and NTRs.  Lower levels of underspending, spending in line with budget, projected cash flow and improved efficiency.  Functional database and business insight folders.	Monthly (section 40) and quarterly (section 32) IYM reports.	Monthly (section 40) and quarterly (section 32) IYM reports.	Monthly (section 40) and quarterly (section 32) IYM reports.	13 x 3 section 40 reports. 3 consolidated reports. 1 section 32 report.	13 x 3 section 40 reports. 3 consolidated reports. 1 section 32 report.	13 x 3 section 40 reports. 3 consolidated reports. 1 section 32 report.	13 x 3 section 40 reports. 3 consolidated reports. 1 section 32 report.
			Quarterly and annual trend analysis reports.	Quarterly and annual trend analysis reports.	Quarterly and annual performance analysis reports to ensure no over-spending, smoothing of expenditure and limit under-spending to 1% overall.	Quarterly performance analysis report.	Quarterly performance analysis report.	Quarterly performance analysis report.	Quarterly and annual performance analysis report.
			Not applicable.	Quarterly expenditure reports to Cabinet.	Quarterly expenditure and performance reports to Cabinet.	1 Report.	1 Report.	1 Report.	1 Report.

Sub-programme 2.7: Provincial Government Finance		Strategic Goal 9: To ensure efficient budget management in provincial departments.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
3. Develop effectiveness of in-year expenditure monitoring systems towards monitoring financial and non-financial performance indicators. <i>(continued)</i>	3.1 Improved in-year expenditure management together with the development of efficiency parameters. <i>(continued)</i>	Lower levels of underspending, spending in line with budget, projected cash flow and improved efficiency. Functional database and business insight folders. <i>(continued)</i>	Not applicable.	Not applicable.	Commence efficiency initiatives (least cost analysis), focusing on research, comparison of employees, consultants and transfers.	Research. Conduct analysis w.r.t. comparison.	Determine definition and framework.	Not applicable.	Not applicable.
4. Strengthen the institutional capacity, inclusive of professionalism, skills, knowledge, motivation, attitudes, integration, and values.	4.1 Capacitated staff.	Quality of report-writing and analysis.	Not applicable.	Not applicable.	Good analytical reports. Regular site visits.	Establish regular directorate sessions. Determine schedule for site visits.	Regular directorate sessions. Conduct site visits.	Regular directorate sessions. Conduct site visits.	Regular directorate sessions. Conduct site visits.

Sub-programme 2.7: Provincial Government Finance		Strategic Goal 9: To ensure efficient budget management in provincial departments.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
5. Develop intra department, intra provincial, inter provincial and government co-ordinating structures and systems.	5.1 Intimate networks established within Treasury and with departments, both provincially and nationally.	Quality of report-writing and analysis.	Participation and contribution in provincial and national fora (TCF, CFO forum, Budget Council, etc).	Participation and contribution in provincial and national fora (TCF, CFO forum, Budget Council, etc).	Networks established with departments and Treasury components. Participation and contribution in provincial and national fora (TCF, CFO forum, Budget Council, etc).	Strong focus on establishment of networks. Maintained participation in fora.	Maintain networks. Maintained participation in fora.	Maintain networks. Maintained participation in fora.	Maintain networks. Maintained participation in fora.
6. Deepen the analysis of budget votes, i.e. in content and profile.	6.1 Improved in-year expenditure management.	Reports are available per sector.	Monthly IYM reports. MTEC and budget credibility assessments.	Monthly IYM reports. MTEC and budget credibility assessments.	Quarterly sectoral analytical reports. Monthly IYM reports. MTEC and budget credibility assessments.	1 analytical report. 3 IYM reports.	1 analytical report. 3 IYM reports. 1 budget assessment.	1 analytical report. 3 IYM reports. 1 budget assessment.	1 analytical report. 3 IYM reports. 1 budget assessment.

Sub-programme 2.8: Local Government Finance		Strategic Goal 10: To ensure efficient budget management in municipalities.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Provide policy advice, effective technical and strategic support and a change agent service to municipalities and co-ordinating role within Treasury.	1.1 Relevant and effective advisory service.	Quality of and feedback on advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.	Relevant and effective advice.
	1.2 Effective and efficient co-ordinating service.	Completion and quality of co-ordinating tasks and initiatives.	Relevant and effective co-ordination.	Relevant and effective co-ordination.	Relevant and effective co-ordination.	Relevant and effective co-ordination.	Relevant and effective co-ordination.	Relevant and effective co-ordination.	Relevant and effective co-ordination.
2. Improve input-output sequencing of information and the quality thereof within the budget processes.	2.1 Credible MTEF and Provincial/Local Interface.	Compliance to MFMA and MFMA circulars.	Not applicable.	Technically sound MTEF budget.	Technically sound MTEF budget.	Technically sound MTEF budget.	Technically sound MTEF budget.	Technically sound MTEF budget.	Technically sound MTEF budget.
		Planning and budget alignment between provincial and local government priorities.	Not applicable.	LG.MTEC and LG allocations.	LG.MTEC 1, One-on-Ones, LGMTEC2, LGMTEC 3 and LG allocations.	LG.MTEC 3, budget assessments and visits. Gazetting of allocations.	LG.MTEC 1 and assessments on alignment of priorities.	LG.MTEC 2, and LG allocations. One-on-Ones, assessment and report and local government allocations.	LG.MTEC 3, budget assessments and visits.

<b>Sub-programme 2.8:</b> Local Government Finance		<b>Strategic Goal 10:</b> To ensure efficient budget management in municipalities.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
3. Develop the effectiveness of in-year expenditure monitoring systems towards monitoring financial and non-financial performance indicators.	3.1 Improved in-year expenditure management together with the development of efficiency parameters.	Compliance with MFMA and MFMA circulars.	Not applicable.	Monthly IYM reports, quarterly publications and quarterly reports to legislature (section 71).	Monthly IYM reports, quarterly publications and quarterly reports to legislature (section 71).	Monthly IYM report X 30 municipalities. Quarterly publication.	Monthly IYM report X 30 municipalities. Quarterly publication.	Monthly IYM report X 30 municipalities. Quarterly publication.	Monthly IYM report X 30 municipalities. Quarterly publication.
		Lower levels of underspending, spending in line with budget, projected cash flow and improved efficiency. Functional database and business insight folders.	Not applicable.	Quarterly and annual trend analysis reports.	Quarterly and annual performance analysis reports to ensure limited overspending and smoothing of expenditure.	Quarterly and annual performance analysis reports to ensure limited overspending and smoothing of expenditure.	Quarterly and annual performance analysis reports to ensure limited overspending and smoothing of expenditure.	Quarterly and annual performance analysis reports to ensure limited overspending and smoothing of expenditure.	Quarterly and annual performance analysis reports to ensure limited overspending and smoothing of expenditure.

Sub-programme 2.8: Local Government Finance		Strategic Goal 10: To ensure efficient budget management in municipalities.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
4. Strengthen the institutional capacity, inclusive of professionalism, skills, knowledge, motivation, attitudes, integration, and values.	4.1 Implementation of the MFMA.	Readiness to perform the Provincial Treasury responsibilities.	Not applicable.	Central	Partly central.	Implementation plan, organisation structure, recruitment and training.	Training 50 % functionality.	Training 60% functionality.	Training 80% functionality.
5. Develop intra department, intra provincial, inter provincial and government co-ordinating structures and systems.	5.1 Functional intra and inter governmental co-ordinating structures and institutions (forums) that relate to planning and financial matters.	Assist with monitoring nominal and substantive compliance in accordance with National Treasury guidelines.  Percentage development to establish fully functional structures.	Not applicable.	24-30 municipalities.	24-30 municipalities.	24-30 municipalities.	24-30 municipalities.	24-30 municipalities.	24-30 municipalities.
			50% functional Municipal budgeting and Technical forum.	70% functional Municipal budgeting and Technical forum.	80% functional Municipal budgeting and Technical forum.	In principle approval for structure.	Consultation of structure.	Final approval of structure.	1st meeting.
			Not applicable.	20% functional Municipal CFO forum.	50% functional Municipal CFO forum. 50% intra departmental forum.	Organise and 1 <sup>st</sup> meeting.	2 <sup>nd</sup> meeting.	3 <sup>rd</sup> meeting.	4 <sup>th</sup> meeting.
6. Facilitate the optimal vesting of functions between the provincial and local spheres of government.	6.1 Facilitated vesting of functions between provincial and local government.	Appropriate authorisation.	Not applicable.	28 functions w.r.t. position statement.	Cabinet approved framework for functions and powers.	Develop framework for the placement of powers and functions.	Approval of framework	Commence with the optimal placement of powers and functions.	Optimal placement of powers and functions.

<b>Sub-programme 2.8:</b> Local Government Finance		<b>Strategic Goal 10:</b> To ensure efficient budget management in municipalities.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
7. Deepen the analysis of budget votes, i.e. in content and profile.	7.1 Effective monitoring of monthly outcome of municipal budgets.	Prescribed reporting.	Not applicable.	24-30 municipality reports X 9.	24-30 monthly assessment reports, 4 quarterly consolidated reports and a publication.	24-30 reports. 1 quarterly report.	24-30 reports. 1 quarterly report.	24-30 reports. 1 quarterly report.	24-30 reports. 1 publication. 1 quarterly report.
	7.2 Determine extent to which municipal budgets are aligned with broad national and provincial priorities.	Analysis of municipal budgets.  Local Government Review.	Not applicable.	24-30 budgets.	24-30 budgets.	24-30 analytical reports on annual budget.	24-30 analytical reports on annual budget.	24-30 analytical reports adjustments budget.	24-30 analytical reports annual budget. Publish working document.

### Programme 3: Asset and Liabilities Management

Sub-programme 3.1: Programme Support		Generic Strategic Goal : To facilitate the efficient and co-ordinated administration and management of the programme.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Rendering administrative support services to ensure the effective operational management of the programme.	1.1 Smooth and effective functioning of the component.	Percentage compliance with rules and regulations.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
		Percentage compliance to acceptable norms/standards of service delivery.	Not applicable.	70% achieved.	100% achieved.	70% achieved.	80% achieved.	90% achieved.	100% achieved.
		Hours turn around time for management of operational finances, human resources and logistical issues.	Not applicable.	48 hours.	24 hours.	24 hours.	24 hours.	24 hours.	24 hours.
2. Capacitate and train administrative support to fulfill line function responsibilities.	2.1 Trained and capacitated administrative support and line function staff.	Percentage of vacant posts filled.	Not applicable.	50% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
		Percentage of staff complement trained according to IDPs.	Not applicable.	50% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
3. Support and promote BBBEE initiatives through administrative functions.	3.1 Achievement of iKapa Elihlumayo goals.	Percentage support and promotion of goals in work environment.	Not applicable.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.	100% support achieved.
		Percentage procurement in terms of BBBEE.	Not applicable.	40%	50%	50%	50%	50%	50%



<b>Sub-programme 3.2: Financial Asset Management</b>		<b>Strategic Goal 11: To facilitate the effective and efficient management of financial assets.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. Ensure effective control and management of the Provincial Revenue Fund.	1.1 Effectively managed Provincial Revenue Fund (Receipts).	The daily monitoring of all banking accounts to ensure a deviation of less than 2% between transfers and actual expenditure.	100% achieved.	Target exceeded (deviation <1.3%)	100% of target.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
		Scheduling of all payments by departments in terms of a payment schedule prescribed by the Provincial Treasury.	40% of target.	Target exceeded.	100% of target.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
		Prudent investment of surplus funds at reputable financial institutions, ensuring sustainability of the Asset Financing Reserve (AFR).	100% achieved.	Target exceeded.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
		Preparation, awarding and implementation of tender for the provision of commercial banking services to this Province by 1 April 2007.	Not applicable.	Not applicable.	100% prepared, awarded and implemented.	25% prepared.	100% prepared.	Tender awarded.	Implementation.

Sub-programme 3.2: Financial Asset Management		Strategic Goal 11: To facilitate the effective and efficient management of financial assets.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2. Render effective technical, strategic support and training to Provincial Departments and Local Government where applicable.	2.1 Fully skilled and capacitated personnel.	Training of departmental officials to familiarise such personnel with current banking procedures/policies.	Trained on an ad hoc basis.	37 officials.	40 officials.	10 officials.	15 officials.	5 officials.	10 officials.
		Training relevant personnel at municipalities.	Not applicable.	None.	4 officials.	1 official.	1 official.	1 official.	1 official.
3. Compliance with the PFMA, MFMA accounting policies, regulations and guidelines.	3.1 Compliance to prescripts.	Fully operational helpdesk managed by skilled staff rendering service to users.	100% accessibility and availability of the helpdesk on a daily basis.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
		Annual submission of the consolidated Provincial cash flow projection in terms of the PFMA.	100% timeous submission and not more than 12% deviation in projections vs. transfers.	100% timeous submission and not more than 10% deviation in projections vs. transfers.	100% timeous submission and not more than 10% deviation in projections vs. transfers.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
		Monitor and supervise municipalities with regard to prescribed cash management requirements of the MFMA.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.

<b>Sub-programme 3.3: Moveable Asset Management</b>		<b>Strategic Goal 12: To facilitate the effective and efficient management of movable assets.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. To ensure that departments/ municipalities embrace SCM as a strategic directive that delivers continual cost and value improvements resulting in effective future planning, mitigation of risk in SCM, leveraged buying power and a smoother acquisition process.	1.1 Modernised and practical Supply Chain Units to promote economic development and improve efficiency.	Facilitate training of officials from provincial departments on SCM principles, guidelines and prescripts.  Establish complaints unit within Provincial Treasury.  Establish a Center of Excellence.  Promote and facilitate the Asset Management Reform Strategy in conjunction with National Treasury.  Asset Management assessment reports.	Not applicable.	90 officials trained.	60 officials trained.	15 officials trained.	15 officials trained.	15 officials trained.	15 officials trained.
			Not applicable.	Not applicable.	100% achieved.	10% achieved.	35% achieved.	80% achieved.	100% achieved.
			Not applicable.	Not applicable.	50% achieved.	Not applicable.	Not applicable.	Not applicable.	100% achieved.
			Not applicable.	Roll-out of Asset Management Reform Strategy.	100% achieved.	25% achieved.	50% achieved.	75% achieved.	100% achieved.
			Not applicable.	Not applicable.	12 reports.	2 reports.	3 reports.	3 reports.	4 reports.

<b>Sub-programme 3.3: Moveable Asset Management</b>		<b>Strategic Goal 12: To facilitate the effective and efficient management of movable assets.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. To ensure that departments/ municipalities embrace SCM as a strategic directive that delivers continual cost and value improvements resulting in effective future planning, mitigation of risk in SCM, leveraged buying power and a smoother acquisition process. <i>(continued)</i>	1.1 Modernised and practical Supply Chain Units to promote economic development and improve efficiency. <i>(continued)</i>	Facilitate of training officials from municipalities on SCM principles, guidelines and prescripts.  Facilitate the arrangement of transversal contracts.	Not applicable.	Not applicable.	40 officials trained.	Not applicable.	13 officials trained.	13 officials trained.	14 officials trained.
2. To provide strategic leadership and guidance in strategic sourcing for the procurement of goods and services in provincial departments.	2.1 A cost effective and value for money Supply Chain Management processes.	Promote a strategic sourcing business model and guidelines.	Not applicable.	Not applicable.	100% achieved.	10% achieved.	60% achieved.	75% achieved.	100% achieved.
3. To ensure the strategic use of available technological tools to improve knowledge base and operations.	3.1 Timeous qualitative and quantitative procurement data.	Provincial procurement reports.	Not applicable.	Assessment of existing technology.	12 reports.	3 reports.	3 reports.	3 reports.	3 reports.

<b>Sub-programme 3.3:</b> Moveable Asset Management		<b>Strategic Goal 12:</b> To facilitate the effective and efficient management of movable assets.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
4. The development of a supplier network through value added partnerships and the promotion of BEE.	4.1 Promotion of a Provincial BEE policy.	Assist in the development of a tool to promote the Provincial BEE policy.	Not applicable.	Not applicable.	100 % achieved.	20% achieved.	100 % achieved.	Not applicable.	Not applicable.
	4.2 Promotion of a Supplier Development Programme.	Monitor compliance to BEE policy for provincial departments.	Not applicable.	Not applicable.	4 departments.	Not applicable.	Not applicable.	2 departments.	2 departments.
5. The development of a balanced, centre led SCM management system that maximises departmental-wide leverage.	5.1 The achievement of improved conformance (good governance) and performance (value creation) in the supply chain.	SCM assessments on provincial departmental sites.	Not applicable.	8 sites.	12 sites.	3 sites.	3 sites.	3 sites.	3 sites.
		SCM assessments at municipalities.	Not applicable.	Not applicable.	5 assessments.	Not applicable.	2 assessments.	1 assessment.	2 assessments.
		Value for money SCM reports for provincial departmental sites.	Not applicable.	Not applicable.	12 sites.	3 sites.	3 sites.	3 sites.	3 sites.

<b>Sub-programme 3.4: Immovable Asset Management</b>		<b>Strategic Goal 13: To facilitate the effective and efficient management of immovable assets (including the built environment and housing) and to facilitate and enhance quality public service delivery by being a catalyst for effective, efficient and value for money best practice solutions.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
<b>Immovable Assets</b>									
1. Establish Infrastructure Programme Management Units (IPMUs).	1.1 Successful implementation of the Infrastructure Delivery Improvement Plan (IDIP).	% IDIP implemented in participating departments.  Percentage of reports from technical assistants timeously reviewed and endorsed by Provincial Treasury.  Assess and submit infrastructure plans to National Treasury.	Not applicable.  Not applicable.  Not applicable.	50% implemented in Education department.  100% of deliverables for Education endorsed by PT.  31 October 2005	50% implemented in Public Works.  100% of deliverables for Public Work endorsed by PT.  31 August 2006	65% in Education. 10% in Public Works.  25%  Not applicable.	80% in Education. 25% in Public Works.  50%  100%	90% in Education. 40% in Public Works.  75%  Not applicable.	100% in Education. 50% in Public Works.  100%  Not applicable.
2. To strengthen and render effective, technical and strategic support to departments, public entities, municipalities and municipal entities.	2.1 Develop and implement Provincial Treasury instructions for the effective and efficient management of immovable assets.	Number of Provincial Strategic coordinating Committee meetings held for the year.  Develop Provincial Treasury instructions for immovable asset registers, acquisitions, disposal, transfers and donations for provincial departments.	Not applicable.  Not applicable.	6 meetings.  100% completed.	10 meetings.  100% completed.	3 meetings.  3 meetings.  Not applicable.	3 meetings.  100% completed.	2 meetings.  Not applicable.	2 meetings.  Not applicable.

Sub-programme 3.4: Immovable Asset Management	Strategic Goal 13: To facilitate the effective and efficient management of immovable assets (including the built environment and housing) and to facilitate and enhance quality public service delivery by being a catalyst for effective, efficient and value for money best practice solutions.								
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2. To strengthen and render effective, technical and strategic support to departments, public entities, municipalities and municipal entities. (continued)	2.1 Develop and implement Provincial Treasury instructions for the effective and efficient management of immovable assets. (continued)	Number of workshops conducted on PT instruction on immovable assets (only provincial departments).	Not applicable.	2 workshops.	1 workshop.	Not applicable.	Not applicable.	1 workshop.	Not applicable.
	2.2 Effective and efficient monitoring of infrastructure delivery.	Monitor all capital projects as per BS 2 (including housing, roads and transport projects).	Not applicable.	100%	100%	100%	100%	100%	100%
3. Provide strategic leadership and guidance in immovable assets.	3.1 To monitor and enforce the efficient and effective utilisation of provincial properties.	Number of infrastructure reports compiled and compliant to IDIP/NT Guidelines.	Not applicable.	4 reports.	4 reports.	1 report.	1 report.	1 report.	1 report.
		Number of property developmental options identified in conjunction with Public Works.	Not applicable.	Not applicable.	1 option identified.	Not applicable.	Not applicable.	Not applicable.	1 option identified.
		Monitoring of Public Works's disposal plan for immovable assets.	Not applicable.	Not applicable.	100%	100%	100%	100%	100%

Sub-programme 3.4		Immovable Asset Management		Strategic Goal 13: To facilitate the effective and efficient management of immovable assets (including the built environment and housing) and to facilitate and enhance quality public service delivery by being a catalyst for effective, efficient and value for money best practice solutions.						
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
<b>Public Private Partnerships (PPPs)</b>										
1. Build the necessary capacity in the Provincial Treasury to take over all PPP assessment related responsibilities from the National Treasury.	1.1 Capacitated PT structures to catalyse the PPP drive.	Percentage of vacancies filled.	33% capacitated.	70%	80%	70%	80%	80%	80%	
		Percentage of specialists trained according to agreed training plan.	33% training achieved.	70%	100%	25%	60%	75%	100%	
2. Assess PPP projects in progress; monitor and enforce compliance with legislation.	2.1 Facilitate, promote and support and in liaison with accounting officers implement PPP projects.	Percentage responsiveness to all PPP projects.	Advise and provide input on feasibility study and/or RFQ/RFP stages of Hermanus and Swellendam Hospitals Co-location projects and Conradie Hospital Replacement project.	100%	100%	100%	100%	100%	100%	
3. Facilitate and provide developmental technical assistance and support to departments on all PPP projects in progress.	3.1 Facilitate PPP school project.	Develop pre-feasibility guideline on school PPP project.	Project identified and advised on pre-feasibility study.	100% completion by 30 June 2005.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	
		Project registration with National Treasury.	Not applicable.	Not applicable.	30 April 2006.	100% achieved.	Not applicable.	Not applicable.	Not applicable.	
	3.2 New PPP projects identified.	Completion of feasibility study.	Not applicable.	Not applicable.	30 September 2006	Not applicable.	100% achieved.	Not applicable.	Not applicable.	
		Number of new PPP projects identified from unutilised Provincial Property Portfolio.	Not applicable.	Not applicable.	1 new PPP project identified.	Not applicable.	Not applicable.	Not applicable.	1 new PPP project identified.	



<b>Sub-programme 3.5: Liabilities Management</b>		<b>Strategic Goal 14: To facilitate the effective and efficient management of liabilities.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. Establish and ensure implementation of policies for effective management of assets and liabilities.	1.1 Effective managed Provincial Revenue Fund (loan book).	Percentage achieved w.r.t provision for necessary funds to service loan agreements and/or guarantees.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
		Percentage achieved w.r.t. meeting of all due dates for repayment of loans and/or guarantees.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
		Percentage achieved w.r.t. refinement of cash flow to include such loan and/or guarantee repayments.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
2. To strengthen and provide technical and strategic support for the institutional capacity of provincial and local government.	2.1 To strengthen and provide technical and strategic support for the institutional capacity of provincial and local government to ensure capacity with regard to liabilities management.	Percentage achieved w.r.t. appointment of suitably qualified personnel and build capacity amongst existing staff.	Not applicable.	Not applicable.	50% achieved.	10% achieved.	25% achieved.	40% achieved.	50% achieved.
		Percentage achieved regarding assistance and/or establishment of suitable monitoring mechanisms for loans and for guarantees.	Not applicable.	Not applicable.	50% compliance.	50% compliance.	50% compliance.	50% compliance.	50% compliance.

<b>Sub-programme 3.5: Liabilities Management</b>		<b>Strategic Goal 14: To facilitate the effective and efficient management of liabilities.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
3. Monitor compliance with the PFMA, MFMA and regulations.	3.1 Compliance to prescripts.	Percentage achieved i.t.o. all loans and/or guarantees that are administered and repaid strictly in terms of relevant legislation.	Not applicable.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
		Percentage accuracy of reporting in terms of annual financial statements of all loans and/or guarantees.	Not applicable.	Not applicable.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
4. Establishment of the necessary structures to service loans and guarantees.	4.1 Establish the necessary structures to ensure accurate reporting and servicing capabilities in respect of liabilities.	Percentage achieved i.t.o. creation and implementation of suitable mechanisms to facilitate accurate reporting, monitoring, administering and repayment of loans and/or guarantees.	Not applicable.	Not applicable.	50% achieved.	50% achieved.	50% achieved.	50% achieved.	50% achieved.

<b>Sub-programme 3.6:</b> Supporting and Inter-linked Financial Systems	<b>Strategic Goal 15:</b> To provide for the oversight, enhancement and management of existing financial systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with the PFMA and other relevant legislation.									
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	
1. To provide for the management, improvement and implementation of existing financial systems and eventual transition to the IFMS, ensuring compliance with the PFMA and other relevant legislation.	1.1 Effectively, efficiently and economically implemented and managed financial systems.	The daily monitoring of the existing systems to ensure that all exceptions, rejections and audit reports are cleared within 7 days.	Obtained approval from the TCF and Budget Council for phase 2 of the project.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	
		The proper interfaces between sub-systems and BAS achieved.	90% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	
		Logistical information system (LOGIS) fully rolled out to the remaining 5 institutions.	7 sites successfully implemented.	9 institutions successfully implemented.	5 institutions successfully implemented.	1 institution successfully implemented.	1 institution successfully implemented.	1 institution successfully implemented.	2 institutions successfully implemented.	
		The roll-out of Vulindlela (WEB application) to all provincial departments, regions and institutions to ensure the availability of updated management information.	Not applicable.	100% completion of the application to all 14 head office components of departments as well as 40 regional/district offices.	100% achieved.	25% completion.	50% completion.	75% completion.	100% completion.	

Sub-programme 3.6: Supporting and Inter-linked Financial Systems	Strategic Goal 15: To provide for the oversight, enhancement and management of existing financial systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with the PFMA and other relevant legislation.								
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. To provide for the management, improvement and implementation of existing financial systems and eventual transition to the IFMS, ensuring compliance with the PFMA and other relevant legislation. <i>(continued)</i>	1.2 The smooth and cost-effective transition to the Integrated Financial Management Systems (IFMS).	Provincial Treasury to play an integral role in planning, development, testing and implementation phases.	Attendance of quarterly national workgroup on the IFMS.	On completion of phase 2 of the project, proceed with the planning, development and testing phases of the project.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
2. Monitor and report on financial management system's performance.	2.1 Availability, stability and accessibility of existing financial systems.	Data preparation and implementation of the various IFMS modules.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	2.2 System functionalities comply with norms and standards.	All user requirements submitted to National Treasury and rolled out within 2 weeks after release.	User requirements timeously addressed and implemented.	All user requirements submitted to National Treasury and rolled out within 2 weeks after release.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
3. Render effective technical, strategic support and training to departments.	3.1 Fully skilled and capacitated system users.	Fully operational helpdesk managed by skilled staff rendering service to 7000 users.	100% accessibility and availability of the helpdesk on a daily basis.	100% accessibility and availability of the helpdesk on a daily basis.	100% accessibility.	100% accessibility.	100% accessibility.	100% accessibility.	100% accessibility.

<b>Sub-programme 3.6:</b> Supporting and Inter-linked Financial Systems	<b>Strategic Goal 15:</b> To provide for the oversight, enhancement and management of existing financial systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with the PFMA and other relevant legislation.									
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	
3. Render effective technical, strategic support and training to departments. ( <i>continued</i> )	3.1 Fully skilled and capacitated system users. ( <i>continued</i> )	Percentage officials appropriately trained per year on the various financial systems of a target market of 7000.	50% of target market.	70% of target market.	90% of target market.	25% of target.	50% of target.	70% of target.	100% of target.	
4. Monitor and verify monthly SITA costs relating to transversal financial systems ensuring optimal management of cost drivers.	4.1 A cost effective system.	No more than 2% deviation between actual expenditure and approved budget pertaining to SITA accounts.	Expenditure within approved budget.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	

## Programme 4: Financial Governance

Sub-programme 4.1: Programme Support		Generic Strategic Goal: To facilitate the efficient and co-ordinated administration and management of the programme.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Rendering administrative support services to ensure the effective operational management of the unit.	1.1 Smooth and effective functioning of the component.	Percentage compliance with rules and regulations.	Not applicable.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
		Percentage compliance to acceptable norms/standards of service delivery.	Not applicable.	80% achieved.	90% achieved.	90% achieved.	90% achieved.	90% achieved.	90% achieved.
2. Capacitate and train administrative support and line function staff.	2.1 Trained and capacitated administrative support and line function staff.	Hours turn around time for management of operational finances, human resources and logistical issues.	Not applicable.	48 hours.	24 hours.	24 hours.	24 hours.	24 hours.	24 hours.
		Percentage of vacant posts filled.	Not applicable.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.	100% achieved.
3. Support and promote BBBEE initiatives through administrative functions.	3.1 Achievement of iKapa Elihlumayo goals.	Percentage of staff complement trained according to IDPs.	Not applicable.	75% achieved.	100% achieved.	25% achieved.	50% achieved.	75% achieved.	100% achieved.
		Number of service providers complying to BBBEE.	Not applicable.	Not less than 40%.	Not less than 50%.	40%	42%	48%	50%

<b>Sub-programme 4.2: Accounting Services</b>		<b>Strategic Goal 16: To ensure that financial reporting is a full and true reflection of the financial position of the Province, including municipalities.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. Ensure the development of accounting practices that will promote effective and efficient capturing of REAL movements/ accountability.	1.1 All transactions recorded and Financial Statements in line with formats and guidelines.	Compliance with statutory due dates and timely corrective measures – departments, public entities and municipalities.  Percentage qualified Auditor-General reports related to accounting matters – departments and public entities.	100% compliance.  7.1% qualified – excluding public entities.	100% compliance.  Less than 15% qualified – including public entities.	100% compliance.  Less than 10% qualified – including public entities.	100% compliance.  Analyse reports of Auditor-General and take corrective steps.	100% compliance.  Analyse reports of Auditor-General and take corrective steps.	100% compliance.  Analyse reports of Auditor-General and take corrective steps.	100% compliance.  Analyse reports of Auditor-General and take corrective steps.
		Percentage compliance with GRAP and GAMAP requirements – departments and municipalities.	100% compliance by departments.	100% compliance by departments and high capacity municipalities.	100% compliance by departments and high and medium capacity municipalities.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
		Accounting procedures to be established to close down the Western Cape Housing Development Fund and Provincial Capital Fund Ordinance, 1962 (Ordinance 3 of 1962).	Pending the amendments of the National Housing Act and the Provincial Capital Fund Ordinance.	Pending the amendments of the National Housing Act and the Provincial Capital Fund Ordinance.	Accounting procedures finalised.	Accounting procedures to be established.	Accounting procedures to be established.	Accounting procedures established.	Accounting procedures finalised.

<b>Sub-programme 4.2: Accounting Services</b>		<b>Strategic Goal 16: To ensure that financial reporting is a full and true reflection of the financial position of the Province, including municipalities.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. Ensure the development of accounting practices that will promote effective and efficient capturing of REAL movements/ accountability. <i>(continued)</i>	1.1 All transactions recorded and Financial Statements in line with formats and guidelines. <i>(continued)</i>	Roll out of Standard Chart of Accounts to public entities.  Clear old balances inherited from previous government dispensations - departments.	National Treasury advised of requirements of the Province.  Balances transferred to Provincial Treasury (Department U7) and followed up. Awaiting National Treasury Finance Act.	Implementation plan developed.	SCoA implemented for Public Entities.	Roll out of SCoA implementation plan.	Roll out of SCoA implementation plan.	Roll out of SCoA implementation plan.	SCoA implemented for Public Entities.
2. Ensure integrity of financial data.	2.1 Financial data analysed and interpreted.	Percentage compliance with a 18-day turn around time for Provincial Treasury's interpretive narrative responses on departmental IYM reports.  Update BIF as per agreed time frame.  Produce an Accounting Review within deadline – Departments and Public Entities.	Target achieved.	Target achieved.	Target achieved.	Target achieved.	Target achieved.	Target achieved.	Target achieved.
			Not applicable.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.
			Produced in November.	Draft for 2005 finalised. To be tabled in May 2006.	Review for 2006 published in May 2007.	Not applicable.	Not applicable.	Financial statements analysed.	First Draft.



Sub-programme 4.2: Accounting Services		Strategic Goal 16: To ensure that financial reporting is a full and true reflection of the financial position of the Province, including municipalities.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2. Ensure integrity of financial data. <i>(continued)</i>	2.1 Financial data analysed and interpreted. <i>(continued)</i>	Produce an Accounting Review within deadline - municipalities.	Not applicable.	Not applicable.	Published Review for 2004/05 in August 2006.	Analysis of financial statements.	Analysis of financial statements.	Published Review for 2004/05 in August 2006.	Not applicable.
		Provide training on the interpretation of annual financial statements to CFOs of departments.	Training manual compiled.	Roll out plan developed.	Training implemented.	Not applicable.	Not applicable.	Not applicable.	Training provided.
3. To coordinate and perform an oversight function of provincial trading entities in terms of the PFMA requirements.	3.1 Ensuring and monitoring the existence of appropriate governance processes.	Improve the disclosure of the values of PPP BEE and infrastructure transactions in terms of REAL.	Not applicable.	Delayed until IFMS is in place.	Delayed until IFMS is in place.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
		High-level governance processes monitored.	Not applicable.	Not applicable.	Developed measures for monitoring.	Develop a monitoring tool.	Develop a monitoring tool.	Develop a monitoring tool.	Tool developed.
		Initiate and develop appropriate framework for the establishment of Trading Entities to address transversal services currently being rendered.	Not applicable.	Not applicable.	Framework developed.	Research.	Research.	Research.	Framework developed.

Sub-programme 4.3: Norms and Standards		Strategic Goal 17: To develop and implement financial norms and standards.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. To identify, develop and implement financial norms and standards and monitor and assist with nominal and substantive compliance by municipalities and departments respectively in terms of the MFMA and PFMA.	1.1 Determination and implementation of financial management norms and standards.	The assessment of both nominal and substantive compliance in departments and public entities expressed in percentages.	98% nominal compliance and 30% substantive compliance with set benchmarks.	95% nominal compliance and 45% substantive compliance with set benchmarks.	95% nominal compliance and 60% substantive compliance with set benchmarks.	95% nominal compliance and 45% substantive compliance with set benchmarks.	95% nominal compliance and 50% substantive compliance with set benchmarks.	95% nominal compliance and 55% substantive compliance with set benchmarks.	95% nominal compliance and 60% substantive compliance with set benchmarks.
		Percentage compliance with National Treasury guidelines on annual reports.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.	100% compliance.
		Facilitation, compilation and issuing of generic norms and standards to address deficiencies identified in internal and external audit reports.	15% deficiencies addressed.	80% deficiencies addressed.	80% deficiencies addressed.	20% deficiencies addressed.	40% deficiencies addressed.	60% deficiencies addressed.	80% deficiencies addressed.
	1.2 Analyse and report on non-financial data.	Update BIF as per agreed time frame.	Not applicable.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.
	1.3 Phasing in the Provincial Treasury's responsibilities of the MFMA.	Percentage nominal and substantive compliance by municipalities.	Not applicable.	40% nominal compliance.	60% nominal compliance.	45% nominal compliance.	50% nominal compliance.	55% nominal compliance.	60% nominal compliance.

Sub-programme 4.3: Norms and Standards		Strategic Goal 17: To develop and implement financial norms and standards.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2. To ensure the existence of an appropriate and dynamic financial legislative framework.	2.1 Ensuring the existence of an appropriate and dynamic provincial financial legislative framework.	The assessment and proposal of amendments to financial legislation to ensure continued relevance.	100% w.r.t. proposed financial legislation.	100% w.r.t. proposed provincial financial legislation and assess 4 existing legislation for relevance and inconsistency.	100% w.r.t. proposed provincial financial legislation and assess 4 existing legislation for relevance and inconsistency.	100% w.r.t. proposed financial legislation and 1 existing financial legislation.	100% w.r.t. proposed financial legislation and 1 existing financial legislation.	100% w.r.t. proposed financial legislation and 1 existing financial legislation.	100% w.r.t. proposed financial legislation and 1 existing financial legislation.
3. To coordinate and perform an oversight function of provincial public entities in terms of the PFMA requirements.	3.1 Ensuring and monitoring the existence of appropriate governance processes.	Compilation and maintenance of a database of all financial legislation and associated instructions and directives.  Capacity established to perform oversight.	60% completion.	100% completion.	Database updated.	Database updated.	Database updated.	Database updated.	Database updated.
		High-level governance processes monitored.	Not applicable.	Not applicable.	Assessment completed.	Address with Organisa-tional Design.	Address with Organisa-tional Design.	Address with Organisa-tional Design.	Assessment completed.
			Not applicable.	Not applicable.	Developed measures for monitoring.	Develop a monitoring tool.	Develop a monitoring tool.	Develop a monitoring tool.	Tool developed.

<b>Sub-programme 4.4: Risk Management</b>		<b>Strategic Goal 18: To facilitate the establishment of risk management capacity and financial governance systems in the Provincial Government.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. To develop and facilitate the implementation of effective risk management and governance capacity within the Provincial Government.	1.1 Developed and implemented risk management and governance methodologies and frameworks within the Provincial Government.	Departments have approved risk management structures.	Not applicable.	All departments with approved structures.	All departments with approved structures and 50% capacitated.	All departments with approved structures and 30% capacitated.	All departments with approved structures and 30% capacitated.	All departments with approved structures and 40% capacitated.	All departments with approved structures and 50% capacitated.
		Percentage departmental risk management staff trained in RM framework and risk management tools.	Not applicable.	70% of existing internal control staff trained in all aspects.	100% trained in all aspects.	70% trained in all aspects.	80% trained in all aspects.	90% trained in all aspects.	100% trained in all aspects.
		Percentage nominal compliance by all departments with the risk management framework.	Not applicable.	Risk management structure approval pending.	30% nominal compliance.	0% nominal compliance.	15% nominal compliance.	20% nominal compliance.	30% nominal compliance.
		Percentage nominal compliance by all departments with the governance framework.	Not applicable.	Awareness workshops conducted.	10% nominal compliance.	0% nominal compliance.	5% nominal compliance.	5% nominal compliance.	10% nominal compliance.
	1.2 Analyse and report on non-financial data.	Update BIF as per agreed time frame.	Not applicable.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.

<b>Sub-programme 4.4: Risk Management</b>		<b>Strategic Goal 18: To facilitate the establishment of risk management capacity and financial governance systems in the Provincial Government.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
2. To consolidate inherent risk assessments, build a risk profile for the Provincial Government as a whole and ensure the development of response strategies to mitigate transversal risk.	2.1 The provision of a consolidated risk profile for the Provincial Government as a whole and the ensuring of risk response strategies to mitigate transversal risks.	Existence of an inherent consolidated risk profile for PGWC.  Transversal risks identified and allocated to transversal risk owners.	Not applicable.	100% of departments included in consolidation.  System under development.	100% of departments included in consolidation.  70% transversal risks allocated.	Not applicable.  35% transversal risks allocated.	100% of departments included in consolidation.  50% transversal risks allocated.	Not applicable.  65% transversal risks allocated.	100% of departments included in consolidation.  70% transversal risks allocated.

Sub-programme 4.5: Provincial Internal Audit		Strategic Goal 19: To perform internal audit services on a risk-analysis basis.							
Strategic Objective	Measurable Objective	Performance Measure Indicator	Actual 2004/05	2005/06 Estimate	2006/07 Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. To render an effective risk based internal audit (IA) service.	1.1 Risk-based internal audit services.	Performance of internal audit work as approved by the relevant Audit Committee.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.	100% of audit work performed as approved by Audit Committee.
		Percentage of audit findings accepted by management.	80% of audit findings accepted by management.	90% of audit findings accepted by management.	95% of audit findings accepted by management.	95% of audit findings accepted by management.	95% of audit findings accepted by management.	95% of audit findings accepted by management.	95% of audit findings accepted by management.
		Number of progress reports issued to the audit committees.	Quarterly reports to the audit committees.	Quarterly reports to the audit committees.	Quarterly reports to the audit committees.	First quarterly report to the audit committees.	Second quarterly report to the audit committees.	Third quarterly report to the audit committees.	Fourth quarterly report to the audit committees.
		Generally compliant external Quality Assurance Review report of the Provincial Internal Audit Function by the IIA (SA).	Nil.	Nil.	Generally compliant opinion expressed by IIA (SA), report due by 31 January 2007.	Internal Preparation review by end June 2006.	External quality assurance review to commence in September 2006.	External quality assurance review report finalised by end December 2006.	Not applicable.
		Closer relationships with Accounting Officers thus improving accountability.	Nil	Nil	Quarterly reports and one-on-one discussions with Accounting Officers.	1 <sup>st</sup> Quarterly report and meeting with Accounting officers.	2 <sup>nd</sup> Quarterly report and meeting with Accounting Officers.	3 <sup>rd</sup> Quarterly report and meeting with Accounting Officers.	4 <sup>th</sup> Quarterly report and meeting with Accounting Officers.

<b>Sub-programme 4.5:</b> Provincial Internal Audit		<b>Strategic Goal 19:</b> To perform internal audit services on a risk-analysis basis.							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
1. To render an effective risk based internal audit (IA) service. <i>(continued)</i>	1.2 Analyse and report on non-financial data.	Update BIF as per agreed time frame.	Not applicable.	Updated as per scheduled	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.	Updated as per schedule.
	1.3 Building internal capacity to take over activities of the Internal Audit work from the current service provider and re-engineering the internal audit organisational fit.	Percentage of posts filled.	38% of posts filled (Based on 2004/05 structure).	50% of posts filled (Based on new organisational fit).	60% of posts filled (Based on new organisational fit).	Recruitment.	50% of posts filled (Based on new organisational fit).	55% of posts filled (Based on new organisational fit).	60% of posts filled (Based on new organisational fit).
2. Ensure fully functional audit committees.	2.1 Fully functional, competent and independent Audit Committees under whose guidance and control Internal Audit resorts.	Number of training interventions.	Not applicable.	2 Formal training interventions per staff member.	2 Formal training interventions per staff member.	Finalise IDPs.	1 Formal training intervention.	1 Formal training intervention.	Review of training needs.
		Structured Internship Programme.	Not applicable.	Not applicable.	Programme implemented and 10 candidates recruited and trained.	Planning and setting up the internship program.	Commence recruitment process.	Commence internship program.	Review of training needs.
		Number of audit plans approved and audit committee reports issued.	5 departments.	All departments.	All departments.	All departments.	All departments.	All departments.	All departments.

<b>Sub-programme 4.5: Provincial Internal Audit</b>		<b>Strategic Goal 19: To perform internal audit services on a risk-analysis basis.</b>							
<b>Strategic Objective</b>	<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual 2004/05</b>	<b>2005/06 Estimate</b>	<b>2006/07 Budget</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
2. Ensure fully functional audit committees. <i>(continued)</i>	2.1 Fully functional, competent and independent Audit Committees under whose guidance and control Internal Audit resorts. <i>(continued)</i>	Number of progress reports issued to AO.	Not applicable.	Not applicable.	Quarterly (4 reports).	First quarterly report due to the Accounting Officer.	Second quarterly report due to the Accounting Officer.	Third quarterly report due to the Accounting Officer.	Fourth quarterly report due to the Accounting Officer.
3. Promote close co-operation and co-ordination between assurance providers to prevent duplication of effort.	3.1 Close cooperation and co-ordination between all assurance providers to prevent duplication of effort.	Number of meetings.	4 liaison and co-ordination meetings per year.	10 liaison and co-ordination meetings per year.	10 liaison and co-ordination meetings per year.	2 liaison and co-ordination meetings.	3 liaison and co-ordination meetings.	2 liaison and co-ordination meetings.	3 liaison and co-ordination meetings.