



**Western Cape  
Government**

Provincial Treasury



**Strategic Plan 2015/16 – 2019/20**  
Provincial Treasury

**Western Cape Government  
Provincial Treasury**

**Strategic Plan  
for the fiscal years  
2015/16 – 2019/20**

Western Cape Provincial Treasury  
Directorate: Strategic and Operational Management Support  
Private Bag X9165  
4 Dorp Street  
CAPE TOWN  
Tel.: (021) 483-5080  
Fax: (021) 483-3855  
[www.westerncape.gov.za](http://www.westerncape.gov.za)

Afrikaans and isiXhosa e-versions of this publication are available on request.  
Email: [Ruzelle.Julie@westerncape.gov.za](mailto:Ruzelle.Julie@westerncape.gov.za)

**PR: 357/2014**  
**ISBN: 978-0-621-43252-7**

## FOREWORD

In the 2014 Medium Term Budget Policy Statement (MTBPS) we indicated that the Western Cape Government's budget policy framework is informed by the following policy principles:

- Constitutionalism
- Rule of law
- Whole of society approach
- Evidence based practice
- Partnerships
- Citizen centric
- Innovation, and
- Public value

The MTBPS also took into account the developments in the global and national economic environment, associated risks and economic prospects, as well as socio-economic challenges facing the Province.

This Strategic Plan highlights our response to the challenges facing our Province. It expresses Provincial Treasury's strategic intent to continue to build on the successes of the past by improving governance, enhancing service delivery and ultimately ensuring that the people of the Western Cape receive value for money.

Furthermore, the National Development Plan (NDP) makes a strong case for what it calls "The Capable State". It argues that to achieve the vision of a capable state we will have to amongst others "strengthen delegation, accountability and oversight and make it easier for citizens to hold public servants and politicians accountable, particularly for the quality of service delivery".

This plan is our response to the NDP's call for a capable state. We will therefore, in partnership with all municipalities in the Province, continue to work towards ensuring improved financial accountability and good governance which translates into better audit outcomes and service delivery.

The plan also expresses our commitment to ensure that available resources are efficiently utilised and that public expenditure remains at an affordable and sustainable level as this will not only improve service delivery and creating public value, but also lay the platform for growing the economy and creating job opportunities.

I would like to wish all the officials in the Provincial Treasury the very best as they work towards this goal.



**DR IVAN MEYER**  
**MINISTER OF FINANCE**

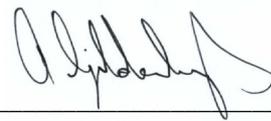
## OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the Western Cape Provincial Treasury under the guidance of Minister Ivan Meyer;
- Takes into account all the relevant policies, legislation and other mandates for which the Western Cape Provincial Treasury is responsible; and
- Accurately reflects the strategic goals and objectives which the Western Cape Provincial Treasury will endeavour to achieve over the period 2015/16 – 2019/20.

**Mr A Gildenhuys**  
**Chief Financial Officer**

Signature



**Ms A Smit**  
**Director: Strategic and**  
**Operational Management Support**

Signature



**Mr Z Hoosain CA (SA)**  
**Accounting Officer**

Signature



**Approved by**

**Dr IH Meyer**  
**Executive Authority**

Signature



# CONTENTS

Foreword

Contents

|   |           |
|---|-----------|
| <b>PART A: STRATEGIC OVERVIEW</b>                     | <b>1</b>  |
| 1. Vision   | 1         |
| 2. Mission  | 1         |
| 3. Values   | 1         |
| 4. Legislative and other mandates                     | 2         |
| 4.1 Constitutional mandates                           | 2         |
| 4.2 Legislative mandates                              | 2         |
| 4.3 Policy mandates                                   | 3         |
| 4.4 Planned policy initiatives                        | 4         |
| 5. Situational analysis                               | 5         |
| 5.1 Performance delivery environment                  | 5         |
| 5.2 Organisational environment                        | 9         |
| 5.3 Description of the strategic planning process     | 12        |
| 6. Strategic outcome oriented goals of the department | 13        |
| <b>PART B: STRATEGIC OBJECTIVES</b>                   | <b>17</b> |
| 7. Programme 1: Administration                        | 17        |
| 7.1 Programme Purpose                                 | 17        |
| 7.2 Programme structure                               | 17        |
| 7.3 Resource considerations                           | 21        |
| 8. Programme 2: Sustainable Resource Management       | 22        |
| 8.1 Programme Purpose                                 | 22        |
| 8.2 Programme structure                               | 23        |
| 8.3 Resource considerations                           | 33        |
| 9. Programme 3: Asset Management                      | 34        |
| 9.1 Programme Purpose                                 | 34        |
| 9.2 Programme structure                               | 35        |
| 9.3 Resource considerations                           | 40        |

|      |   |           |
|------|---|-----------|
| 10.  | Programme 4: Financial Governance                             | 41        |
| 10.1 | Programme Purpose   | 41        |
| 10.2 | Programme structure   | 41        |
| 10.3 | Resource considerations                                       | 46        |
|      | <b>PART C: LINKS TO OTHER PLANS</b>                           | <b>47</b> |
| 1.   | Links to the long-term infrastructure and other capital plans | 47        |
| 2.   | Conditional grants  | 47        |
| 3.   | Public entities   | 47        |
| 4.   | Public private partnerships                                   | 48        |
|      | <b>ANNEXURE A</b>   | <b>49</b> |
|      | <b>ACRONYMS</b>   | <b>61</b> |

## PART A: STRATEGIC OVERVIEW

The Provincial Treasury's Vision, Mission and professed Values are as follow:

### 1. Vision

Good governance through financial accountability.

### 2. Mission

To improve governance through:

Enhancing accountability and oversight;

Creating public value;

Enabling delivery of quality services through partnerships; and

Capacity building in public sector finance.

### 3. Values

The Provincial Treasury (PT) cherishes the following values:

**Courtesy** - We undertake to always be courteous to our stakeholders and co-employees by having empathy, consideration and respect for them.

**Honesty and Integrity** - We undertake to conduct ourselves in a professional manner by embracing truthfulness and trust; treating everyone with dignity and respect – as we wish to be treated ourselves.

**Openness and Transparency** - We undertake to conduct business openly through honest and meaningful consultation with stakeholders and communication of reliable information.

**Prompt declaration of conflict of interest** - We undertake to promptly disclose/declare and recuse ourselves from any situation in which we are in a position to exploit our official capacity for our personal benefit, directly or indirectly.

**Fairness** - We undertake to operate in a manner that is fair and just.

**Ethics** - We adhere to morally acceptable standards in all that we do. We will acquaint ourselves with the ethical values, rules and regulations applicable within our workplace.

**Loyalty** - We commit to remain loyal to our organisational values and our colleagues within an ethical environment.

## 4. Legislative and other mandates

### 4.1 Constitutional mandates

The constitutional mandate of the PT is derived from Chapter 13 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and Chapter 7 of the Western Cape Provincial Constitution. In the main, this encompasses determining measures to ensure transparency, accountability and expenditure control within the Province. This includes the introduction of proper accounting practices, expenditure classifications and treasury norms and standards.

### 4.2 Legislative mandates

The following primary legislation drives the mandate of the PT:

#### a. The Public Finance Management Act (PFMA), 1999 (Act 1 of 1999)

The PT is established in terms of section 17 of the **PFMA (Act 1 of 1999)**. Section 18 of the PFMA assigns the functions and powers of the PT including, *inter alia*, the following: preparing and exercising control over the implementation of the provincial budget; promoting and enforcing transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities; ensuring that the WCG's fiscal policies do not materially and unreasonably prejudice national economic policies; issuing of PT instructions not inconsistent with the PFMA; enforcing the PFMA and any prescribed national and provincial norms and standards; complying with the annual Division of Revenue Act (DORA); monitoring and assessing the implementation by provincial entities of national and provincial norms and standards; assisting provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management; investigating any system of financial management and internal control applied by a provincial department or a provincial public entity; intervening by taking appropriate steps to address serious or persistent material breach of the PFMA by a provincial department or provincial public entity; promptly providing any information required by National Treasury (NT) in terms of the PFMA and doing anything further that is necessary to fulfil its responsibilities effectively.

#### b. The Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003)

In terms of section 5(4) of the **MFMA, 2003 (Act 56 of 2003)** the PT must, *inter alia*: monitor compliance with the MFMA by municipalities and municipal entities in the Province; and monitor the preparation of municipal budgets, the monthly outcomes of these budgets and the submission of reports by municipalities as required in terms of the MFMA. Furthermore, it may assist municipalities in the preparation of their budgets; further exercise any powers and perform any duties delegated to it by the National Treasury (NT) in terms of the MFMA; and take appropriate steps if a municipality or municipal entity in the Province commits a breach of the MFMA.

### 4.3 Policy mandates

The following policy mandates are primarily responsible for driving the work of the PT:

#### **a. National Development Plan - 2030**

The Provincial Treasury must assist and support provincial departments and municipalities to build a capable state which is able to enhance socio-economic opportunities; support the development of expertise, better systems and processes to reduce inefficiencies and enhance a high adherence to ethics; and build a government that is accountable to its people.

#### **b. Medium-Term Strategic Framework 2014 - 2019**

National Outcome 9 (NO 9): A responsive, accountable, effective and efficient local government system and National Outcome 12 (NO 12): An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship – The PT must assist and support provincial departments and municipalities to improve their management practices, financial practices and operations systems.

#### **c. Western Cape Government Strategic Plan 2014 - 2019**

The WCG has identified the following five strategic goals under which to cluster its strategic objectives in its bid to contribute to the realisation of the aims and objectives of the NDP over the 2015 – 2019 five year period:

- Strategic Goal 1 – Create opportunities for growth and jobs;
- Strategic Goal 2 – Improve education outcomes and opportunities for youth development;
- Strategic Goal 3 – Increase wellness and safety, and tackle social ills;
- Strategic Goal 4 – Enable a resilient, sustainable, quality and inclusive living environment; and
- Strategic Goal 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment.

The PT, the Department of the Premier (DotP), Department of Local Government and the Department of Environmental Affairs and Development Planning will collectively contribute to Provincial Strategic Goal 5 (PSG 5) – Embed good governance and integrated service delivery through partnerships and spatial alignment.

#### **d. National Treasury Regulations (NTRs)**

The planned implementation date of the new set of NTR's was originally set for 1 April 2014. PT has also provided commentary on the draft regulations to national. Many of the draft regulations have already been included in the draft PT Instructions (PTIs) during previous financial years which were held in abeyance until the revised NTRs were to be promulgated. We await further announcements on the way forward on this matter.

#### **4.4 Planned policy initiatives**

The budgeting process aims to ensure that the budgets and related implementation plans give effect to the policy goals of the Western Cape Government (WCG). The focus is to build on joint planning, coordination and delivery between provincial departments, municipalities, national government and other key stakeholders by integration of processes and engagement, eradication of duplication and improved quality and consistency in planning and budgeting. Therefore the planning and budgeting process is interrelated with monitoring and evaluation of delivery.

To give effect to the outcome of Integrated Management in the Province one of the key policy initiatives is a more integrated approach to policy, planning, budgeting and implementation. It entails reviewing the mechanisms, processes and institutional framework for integrated planning, budgeting and implementation. The main aim of a Joint Planning and Budgeting Process from a strategic perspective is to mainstream the objectives of the NDP, the Medium Term Strategic Framework (MTSF), and the Provincial Strategic Plan (PSP) and to integrate these within a provincial and local government context. This process will build on the existing IDP Indabas and the intergovernmental relations (IGR) Framework, Local Government/Provincial Government MTEC processes; and strengthen interaction with the provincial and municipal governance improvement processes.

We will continue to improve on the initiatives that we have introduced under the banners of the LG MTEC and PG MTEC processes, Corporate Governance Review and Outlook (CGRO) and Municipal Governance Review and Outlook (MGRO). These initiatives, which are aimed at supporting the NDP, National Outcomes 9 and 12 and PSG 5, will be further refined. The recent Back to Basics (B2B) approach adopted by National Department of Cooperative Governance and Traditional Affairs (COGTA) and the NT Financial Management Capability Maturity Model (FMCMM) principles and fundamentals are already embedded in the MGRO approach previously adopted by all municipalities in the Western Cape.

The B2B approach focuses on the current challenges in the local government sphere, in the short and medium term specifically, in order to get the basics in municipal services right. This will lay a foundation on which future performance can be built, and is necessary for us to achieve our long term vision of developmental local government.

## **5. Situational analysis**

### **5.1 Performance delivery environment**

#### **Socio-economic context**

Developments within the global and national economic environment, associated risks and economic prospects, as well as socio-economic challenges facing the Western Cape have implications for the effective and efficient management of government resources.

The global economic environment remains uncertain. The International Monetary Fund (IMF) has downwardly revised global growth – projected at 3.5 per cent for 2015. Current key global developments informing the economic outlook include: the decline in the oil price, weaker-than-expected economic growth in several major economies; the appreciation of the US Dollar, and financial market volatility. While the decline in the oil price, driven by supply factors, will boost global growth, and in particular in oil importing economies, there is uncertainty over the persistence of the impact of the current oil supply shock. Recent economic developments indicate that the national economy lost momentum in 2014, largely due to strikes and energy constraints on the domestic side as well as slower and weaker growth in key export markets, lower international commodity prices and slowing consumer confidence. Real GDP growth is projected to slow to 1.4 per cent in 2014, but forecast to pick up to 2.1 per cent in 2015 (IMF forecast) and 1.9 per cent (Bureau for Economic Research forecast). National Treasury also expects a slight improvement in the economic outlook as a result of easing of infrastructure constraints, recovering in private investment and growth in exports (National MTBPS, 2014).

The current electricity constraints pose a risk to the South African growth outlook over the medium term. External risks include global financial market volatility, lower global growth and commodity prices that could weaken South African exports and growth.

Economic growth in the Western Cape has tracked the performance, at a slightly higher rate, of the rest of the country over the past ten years. The better performance of the regional economy is as a result of both the structure and source of economic activity in the Province. The biggest sector in the regional economy is the finance, real estate and business services sector (33 per cent share of economic output) followed by the wholesale, retail trade, catering and accommodation sector (15 per cent) and the manufacturing sector (about 17 per cent) (Provincial Economic Review and Outlook 2014). Despite its relatively small direct contribution to GDP, the Western Cape agricultural sector accounts for 23.4 per cent of national agricultural output and therefore remains a key sector along with the tourism sector that is linked to many other sectors and has a strong potential to create jobs.

Economic activity in the Western Cape is geographically concentrated. As a result of locational attributes and concentration, economic activity is concentrated in the City of Cape Town Metropolitan Municipality. It accounts for 73 per cent of Western Cape GDP and employs two thirds of the provincial work force. The Cape Metro is the second largest municipal economy in the country and also the second largest contributor to national employment. The two other dominant districts in the Western Cape are the Cape Winelands (11.6 per cent of GDP) and Eden (7.8 per cent); combined with the Cape Metro, these districts generate 92 per cent of the Western Cape value added and employ close to 90 per cent of the provincial work force.

Growth in the Western Cape is forecast at 2.1 per cent in 2014. Over the medium term, economic growth is estimated to average around 3.0 per cent between 2014 and 2019 (Provincial Economic Review and Outlook, 2014). Given the current downward revisions for global and national growth, the implications for the Western Cape include lower oil prices and a weakening currency which may have a positive impact on exports and tourism as well as on general consumption through lower prices. However, key risks still remain such as a decrease in investment due to electricity shortages and uncertain global growth.

The Western Cape population is currently estimated at 6.1 million (Stats SA Mid Year Estimates 2014) which represents 11.3 per cent of the national population. Almost two thirds of the Western Cape population resides within the City of Cape Town. The Cape Winelands District is the second most populous region followed by the Eden District (Stats SA Census 2011). The Western Cape population is projected to grow by 10.5 per cent from 2014 to 2024 – a total increase of over 630 000 people. At a district level the projected pattern of growth is uneven, ranging from a declining population in Oudtshoorn to an increase of 18.6 per cent in Bitou (Department of Social Development). The City of Cape Town is projected to increase its population by 9.8 per cent from 2014 to 2024.

Employment in the Western Cape is estimated at almost 2.2 million in the fourth quarter of 2014 – according to the Stats SA Quarterly Labour Force Survey (QLFS). The labour force is estimated at about 2.8 million people. The narrow unemployment rate in the Western Cape is approximately 23 per cent. However, including the non-searching unemployed amongst the unemployed – i.e. expanding the definition of unemployment – raises the provincial unemployment rate to 24.5 per cent. In the Western Cape, young people bear the brunt of the unemployment problem with 15 to 34 years olds accounting for about two thirds of the unemployment.

The health and education development indicator outcomes indicate that the Western Cape economy faces multiple and interrelated socio-economic challenges. These include the incidence of chronic disease, high repetition and learner dropout rates and rising crime rates. Interpersonal violence, road traffic injuries, HIV/AIDS, TB and chronic disease continue to be the leading causes of premature deaths, as measured by the Years of Life Lost, in the Province.

Given the socio-economic challenges facing the Western Cape, progress has been made over the past few years with improved life expectancy at birth, declining infant and child mortality rate, more and better matric passes, improved learner retention and improving access to basic services.

The WCG is proposing appropriate policy responses to the three major global risks, namely water, energy and food security. Provincial economic realities are modest growth, high unemployment and population pressures. But there are also opportunities for economic development across all sectors and along value chains such as in agriculture, agro-processing, tourism and the green economy.

The Provincial Treasury is mandated to prepare the provincial budget and to exercise control over the implementation of the provincial budget. The challenge therefore is to allocate the limited available resources as best as possible to effective programmes within votes that reflect the priorities of government (allocative efficiency); promoting the economy, effectiveness and efficiency in the provision of public services (value for money) and at a provincial level maintaining stability in government programmes and managing risks in the constrained economic and fiscal environment (fiscal sustainability).

The weak economic environment has impacted the national fiscus as tax revenue is now lower than projected. The 2014 National Medium Term Budget Policy Statement has subsequently emphasised the need for fiscal consolidation and to stabilise the fiscal base whilst pursuing the National Development Plan (NDP) and 2014 MTSF outcomes and priorities.

Another challenge in terms of taking the limited resources into consideration is the co-ordination, alignment and integration of planning and budgeting between the three spheres of and amongst the organs of state within each sphere. With the limited resources and specific socio-economic imperatives, government expenditure must be spatially targeted to ensure a shift from expenditure to investment in areas where desired impacts can be maximised.

### **Governance context**

Good governance contributes to improving government performance and ultimately improved service delivery and a better life for our people. Although significant strides were made over the past two decades to strengthen financial governance and accountability in the provincial and municipal spheres, continuous improvement is required. Additionally, innovation is the driving force behind what we do to continually lift governance across all our clients.

Underpinning all of Treasury's efforts are the transversal financial systems, which in their current state of (under)development are both an asset and hindrance at the same time.

Currently, there are three major systems which are out-dated: Basic Accounting System (BAS), Personnel and Salary Administration System (PERSAL) and Logistical Information System (LOGIS). These systems are maintained by National Treasury, with the Provincial Treasury being responsible for user account management and effective system utilisation. The various systems, although very stable, are still managed on a stand-alone basis and not as a single integrated solution.

The National Treasury has reprioritised the implementation of a single Integrated Financial Management System (IFMS) which will cover the following core financial functions.

| <b>FINANCIAL FUNCTION</b> | <b>SCOPE</b>   |
|---------------------------|--|
| Financial Management      | Revenue, expenditure, assets, liabilities, bank management, general ledger, budget execution, cash management, financial reporting |
| Supply Chain Management   | Demand, logistics, disposal  |
| Procurement Management    | Quotes, bids, supplier management, order management, contract management, purchase requisitions, invoice receipting                |
| Human Resource Management | Recruitment, assumption of duty, performance management, exit management, skills development, employee wellness                    |
| Payroll                   | Salaries, benefits, allowances, deductions   |
| Business Intelligence     | Data consolidation, trend analysis and reporting   |

The WCG has been identified as a pilot site to implement the IFMS during the 2016/17 and 2017/18 financial years.

A process is underway to improve the integrity of data in the current legacy systems to ensure smooth migration to the envisaged IFMS.

Supply Chain Management (SCM) within the provincial and municipal spheres was identified as an area that needs comprehensive improvements.

Areas of concern are the complex SCM legislative environment, inadequate SCM organisational structures and skills composite of staff, lack of SCM technology and the inability to leverage the buying power of government to drive cost effectiveness and value for money.

In addressing these concerns steps have been undertaken to streamline the SCM legislative environment, implementing enablers such as a central database and e-procurement, professionalising the SCM cadre and facilitating strategic sourcing strategies.

The Corporate Governance and Review and Outlook (CGRO) indicate that the financial governance within Provincial Departments is approaching the maturity level to move beyond conformance to further improve performance as part of the integral whole.

CGRO as a Provincial strategy to systematically achieve higher levels of governance maturity over the medium to long term, has already yielded positive results in the form of improved audit outcomes for the 2013/14 financial year. The Province has made substantial strides in improving its audit outcomes from five (5) clean audits to eleven (11) clean with no qualifications.

There was a significant improvement in the local government audit outcomes from 2009/10 to 2013/14. The number of municipalities with an unqualified with no findings audit opinion increased from one municipality for the 2009/10 financial year to seventeen municipalities for the 2013/14 financial year, and has exceeded the fifty per cent mark of municipalities within the Province.

## **5.2 Organisational environment**

The current organisational structure was approved by the Executive Authority for Finance, Economic Development and Tourism in November 2011. The current structure makes provision for two branches. The Branch: Fiscal and Economic Services are responsible for managing the provincial and municipal fiscal resources effectively, and the Branch: Governance and Asset Management is responsible for facilitating the effective and efficient management of assets and financial systems to promote accountability in financial activities and compliance with financial norms and standards. Each branch is headed by a Deputy Director-General. Strategic, operational and financial management support services are provided by the Directorates Financial Management and Strategic and Operational Management Support.

As three years have passed since the current organisational structure was approved it will be re-assessed to ensure that it is structured appropriately and adequately to respond to the increasing governance requirements and fiscal policy environment.

The previous Head Official was scheduled to exit the organisation due to retirement on 31 December 2014. To ensure a smooth transition, a Head Official Designate was appointed for the period 1 November 2014 till 31 December 2014. The official took the position as Head Official with effect from 1 January 2015.

The tables below depict the employment and vacancies per programme and salary bands as at 31 December 2014.

**Table 1 Employment and vacancies by programme, 31 December 2014**

| Programme                       | Number of posts on approved establishment | Number of posts filled | Vacancy rate | Number of employees additional to the establishment | Vacancy rate including additional employees |
|---------------------------------|---|------------------------|--------------|---|---|
| Administration                  | 69  | 53                     | 23%          | 3   | 19%   |
| Sustainable Resource Management | 132                                       | 113                    | 14%          | 2   | 13%   |
| Asset Management                | 76  | 62                     | 18%          | 0   | 18%   |
| Financial Governance            | 51  | 48                     | 6%           | 3   | 0%  |
| <b>Total</b>                    | <b>328</b>                                | <b>276</b>             | <b>16%</b>   | <b>8</b>  | <b>13%</b>                                  |

**Table 2 Employment and vacancies by salary bands, 31 December 2014**

| Salary bands          | Number of posts on approved establishment | Number of posts filled | Vacancy rate | Number of employees additional to the establishment | Vacancy rate including additional employees |
|-----------------------|---|------------------------|--------------|---|---|
| SL 1 - 2 <sup>1</sup> | 3   | 2                      | 33%          | 0   | 33%   |
| SL 3 - 5              | 25  | 17                     | 32%          | 0   | 29%   |
| SL 6 - 8              | 57  | 49                     | 14%          | 5   | 6%  |
| SL 9 - 12             | 218                                       | 190                    | 13%          | 1   | 12%   |
| SL 13 - 16            | 25  | 18                     | 28%          | 2   | 28%   |
| <b>Total</b>          | <b>328</b>                                | <b>276</b>             | <b>16%</b>   | <b>8</b>  | <b>13%</b>                                  |

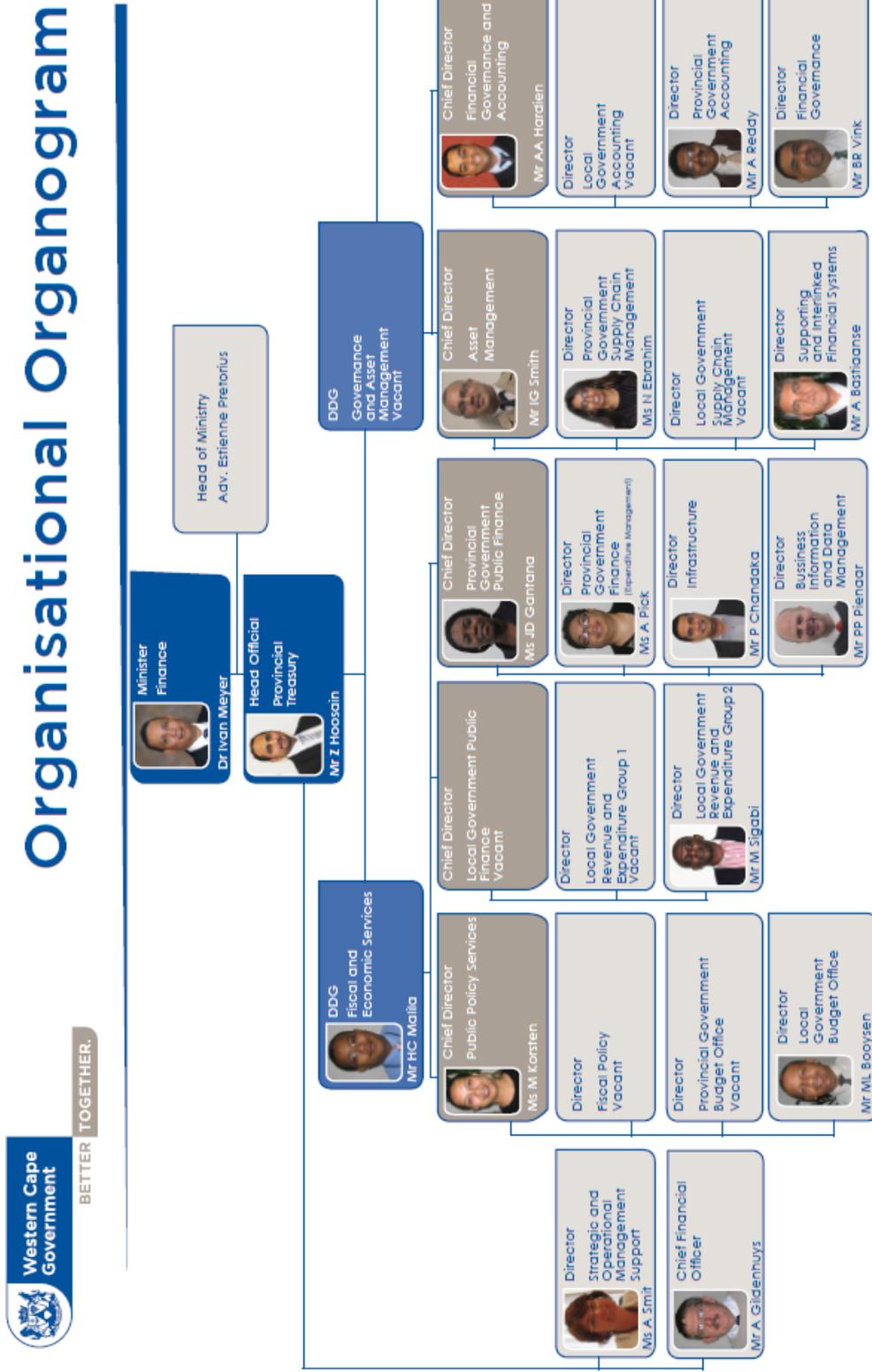
As depicted in the tables above the vacancy rate as at 31 December 2014 is above ten per cent, but the PT will implement a vigorous recruitment plan to ensure that the vacancies are advertised as soon as it becomes vacant and that all vacant posts are filled within 90 days after the closing date of the advertisement.

Information and Communication Technology (ICT) was identified as an enabler in delivering on its mandate. The following strategic ICT initiatives have been identified to support the achievement of its strategic objectives:

- Integrated Provincial Performance Management;
- Integrated Financial Management Solution (IFMS);
- Enterprise Content Management;
- Governance Review and Outlook (CGRO)/Municipal Review and Outlook (MGRO) tracking;
- Strategic Sourcing/Procurement Strategies;
- Business Intelligence (BI); and
- ICT Governance.

<sup>1</sup> SL - Salary Level

The organisational organogram below depicts the management structure.



The vacant posts as seen in the illustrated organogram are in the process of being filled.

### **5.3 Description of the strategic planning process**

After the 2014 elections the WCG decided to re-assess and cluster its strategic and tactical intend for the next 5 years (2014 – 2019) under five (5) PSGs, i.e. Create opportunities for growth and jobs; Improve education outcomes and opportunities for youth development; Increase wellness and safety, and tackle social ills; Enable a resilient, sustainable, quality and inclusive living environment and Embed good governance and integrated service delivery through partnerships and spatial alignment.

The Provincial Treasury (PT), Department of the Premier, Department of Local Government and Department of Environmental Affairs and Development Planning collectively contribute to PSG 5 - Embed good governance and integrated service delivery through partnerships and spatial alignment. The strategic priorities identified are enhanced governance, inclusive society and integrated management, with the PT mainly responsible for enhanced governance and integrated management. With this mind and that a new Strategic Plan for the next five years (2015/16 – 2019/20) is required the first strategic planning session (August 2014) focussed on reaching agreement on what the PT wants to achieve over the next 5 years whilst building on the current foundation.

Each directorate had prior to the strategic planning session determined the following:

- What are the key problems experienced (What is the current state versus the desired state);
- What they want to achieve over the next five years (Proposed outputs);
- How are they going to achieve it (Proposed sub-outputs);
- How are they going to measure/assess success (Proposed Performance indicators);
- What are the game changers;
- What are the municipal touch points (if any);
- Partnerships (internal and external), also indicating if the partner is enabling or disabling; and
- What are the potential barriers/risks?

At the strategic planning session the Institute for Futures Research provided the Management Team with a view of the futures (moving towards 2030) within a global, African and South African context.

The Executive Authority also provided the political and executive context and the priority areas to the Management Team.

Thereafter each Senior Manager presented his/her directorate's information followed by an open discussion on each on the presentations. At the end of the session it was agreed that although new game changes and way of work have been identified as critical for success in moving forward, the current goals and strategic objectives, with minor refinement were deemed to be still perfectly appropriate and correctly linked to Treasury's legislative mandate and the achieve the objectives as per the NDP, MTSF and Western Cape Government Strategic Plan.

Thereafter the first iteration Strategic Plan for the fiscal year 2015/16 – 2019/20 and Annual Performance Plan 2015/16 – 2017/18 were compiled by Senior Managers and confirmed by Top Management at a follow up Strategic Planning Session prior to submitting the first draft.

Further refinement of the Strategic Plan and APP took place during the period September to November 2014. This culminated in a final review session in November 2014 by Top Management.

## 6. Strategic outcome oriented goals of the department

### Programme 1 – Administration

|  |  |
|--|--|
| <b>Strategic Outcome Oriented Goal 1</b> | Efficient and effective departmental governance support services.  |
| <b>Goal statement</b>                    | Efficient and effective departmental governance support services to enable the Department to achieve all its goals and objectives and a clean audit outcome.   |
| <b>Justification</b>                     | To support the political and strategic Executive Mandate and deliverables.   |
| <b>Links</b>                             | Chapter 13 – Building a capable and developmental state of the NDP;<br>NO 12 – An efficient, effective and development-orientated public services of the Medium-term Strategic Framework 2014 - 2019; and<br>PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment. |

## Programme 2 – Sustainable Resource Management

|  |   |
|--|---|
| <b>Strategic Outcome Oriented Goal 2</b> | Effective, efficient and sustainable management of provincial and municipal fiscal resources.   |
| <b>Goal statement</b>                    | <p>Effective, efficient and sustainable management of provincial and municipal fiscal resources to enable service delivery and public value through:</p> <ul style="list-style-type: none"> <li>• the annual tabling of the provincial budget;</li> <li>• assistance to municipalities in preparation of municipal budgets through the annual municipal budget assessments; and</li> <li>• monitoring and quarterly reporting on the budget implementation.</li> </ul>  |
| <b>Justification</b>                     | <p>Provincial Treasury is required to prepare the provincial budget, assist municipalities in the preparation of their budgets and monitor the efficient and effective implementation thereof. The limited fiscal envelope requires provincial and local government to ensure the efficient, effective and sustainable management of fiscal resources. Improvements in the sustainability and credibility of provincial and municipal budgets and the monitoring of implementation enhance efficiency and effectiveness and maximises the capacity of provincial departments and municipalities to deliver services and public value.</p> <p>Efficiency: how productively inputs are translated into outputs.</p> <p>Effectiveness: the extent to which the outputs of an institution achieve the desired outcomes.</p> |
| <b>Links</b>                             | <p>Chapter 13 – Building a capable and developmental state of the NDP;</p> <p>NO 12 – An efficient, effective and development-orientated public services of the Medium-term Strategic Framework 2014 - 19; and</p> <p>PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment.</p>   |

## Programme 3 – Asset Management

|  |  |
|--|--|
| <b>Strategic Outcome Oriented Goal 3</b> | Financial system, supply chain and movable asset governance within the provincial and municipal spheres.   |
| <b>Goal statement</b>                    | Financial system, supply chain and movable asset governance within the provincial and municipal spheres by assisting 13 departments and 30 municipalities to build capacity and instilling good governance practices to improve the financial management maturity that equates to a managed level.       |
| <b>Justification</b>                     | Gives effect to a programme to ensure improved transparency, accountability and capacity for SCM and moveable assets within Departments and municipalities. Enforce the management of information system controls to ensure integrity of data as well as appropriate and timeous management information. |

|              |  |
|--------------|--|
| <b>Links</b> | Chapter 13 – Building a capable and developmental state of the NDP;<br>NO 12 – An efficient, effective and development-orientated public services of the Medium-term Strategic Framework 2014 - 2019; and<br>PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment. |
|--------------|--|

#### Programme 4 – Financial Governance

|  |  |
|--|--|
| <b>Strategic Outcome Oriented Goal 4</b> | Accountability through the review of financial reporting of departments, entities and municipalities and compliance with financial norms and standards.  |
| <b>Goal statement</b>                    | Achieving accountability through promoting the reporting frameworks and compliance with financial norms and standards through the establishment of sound financial governance within the provincial and municipal spheres. This will be continually measured to achieve the highest level of governance in 2020.   |
| <b>Justification</b>                     | Improve the quality and integrity of financial accounting and reporting to fully reflect all transactions and the values and extent of all assets owned by government.<br><br>In terms of S18 of the PFMA and S5 MFMA, PT must set the norms and standards for financial management, and may assist with the implementation thereof and thereby improve efficient and economic utilisation of resources. |
| <b>Links</b>                             | Chapter 13 – Building a capable and developmental state of the NDP;<br>NO 12 – An efficient, effective and development-orientated public services of the Medium-term Strategic Framework 2014 - 2019; and<br>PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment.   |

Note: Progress towards the Strategic Outcome Oriented Goals will be measured on an annual basis by the performance against the Strategic Objectives and its Indicators. Further details are provided in the Technical Indicator Descriptions.



## PART B: STRATEGIC OBJECTIVES

### 7. Programme 1: Administration

| Programme         | Sub-programme   |
|-------------------|---|
| 1. Administration | 1.1 Office of the Minister<br>1.2 Management Services<br>1.3 Financial Management |

#### 7.1 Programme Purpose

To give strategic direction and to provide quality financial and other support services to the Minister and the Head of Department.

|  |  |
|--|--|
| <b>Strategic Outcome Oriented Goal 1</b> | Efficient and effective departmental governance support services.  |
| <b>Goal statement</b>                    | Efficient and effective departmental governance support services to enable the Department to achieve all its goals and objectives and a clean audit outcome.   |
| <b>Justification</b>                     | To support the political and strategic Executive Mandate and deliverables.   |
| <b>Links</b>                             | Chapter 13 – Building a capable and developmental state of the NDP;<br>NO 12 – An efficient, effective and development-orientated public services of the Medium-term Strategic Framework 2014 - 2019; and<br>PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment. |

#### 7.2 Programme structure

The programme is further structured into the following sub-programmes:

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

**Purpose:** To assist the member of the Provincial Cabinet with those functions as assigned by legislation and/or the Premier.

The Minister's office renders strategic advice as well as secretarial and administrative services to assist the Minister with the performance of his/her legislative responsibilities as Member of the Executive Council (MEC). This includes fostering relationships with the media and all other parties within government and the broader public.

The office of the Minister is also responsible for assisting with the assigned functions of PT and International Relations.

|  |  |
|--|--|
| <b>Strategic objective 1</b>                     | To provide ministerial support services.   |
| <b>Objective statement</b>                       | To provide ministerial support services to enable the MEC to execute his/her duties.   |
| <b>Strategic Objective Performance Indicator</b> | Number of engagements/meetings attended to comply with statutory requirements and Consular Relations.  |
| <b>Baseline</b>                                  | New strategic objective indicator.   |
| <b>2020 Target</b>                               | 18 engagements or meetings.  |
| <b>Justification</b>                             | Secretarial and administrative services within the Ministry are required to ensure that the Minister is able to perform the responsibilities as Member of the Executive Council and public representative. |
| <b>Links</b>                                     | Links to the Provincial Treasury's Strategic outcome orientated Goal 1: Efficient and effective departmental governance support services.  |

### **Risk management**

**Risk:** Non-compliance to legislative requirements as a result of the late submission of or poor quality of data provided by the Department

**Mitigation:** The risk will mainly be mitigated by implementing a standard operating procedure for stakeholder relations between the Department and the Ministry.

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

**Purpose:** To provide strategic and operational management support services.

This sub-programme includes the Head Official of Treasury and the Directorate Strategic and Operational Management Support (SOMS). It is responsible for guiding and coordinating the delivery of the activities of the Provincial Treasury and for providing strategic and operational support services.

The unit is responsible for the facilitation of the Departmental strategic planning process and for the monitoring, reporting on and evaluating the overall performance of the Provincial Treasury. The focus of the unit will be to build on and improve the current performance planning, monitoring, reporting and evaluation processes.

This unit also coordinates and drives the rendering of human capital support services to the Provincial Treasury in terms of the provisions of the current Service Level Agreement with the Corporate Services Centre (CSC). The focus of the unit will be to compile and implement a Human Resource Plan that will ensure that the Provincial Treasury has the right people at the right time all the time.

It also renders departmental communications, events management and language services. The focus of the unit will be to improve the administrative processes to support the achievement of the Provincial Treasury's goals and objectives.

|  |   |
|--|---|
| <b>Strategic objective 2</b>                     | To improve corporate management processes.  |
| <b>Objective statement</b>                       | To improve strategic management and human resource management through building on and improving the current performance planning, monitoring, reporting and evaluation processes and the implementation of a Human Resource Management Plan over the 5 year period to ensure that there are no material audit findings on human resource management and pre-determined objectives every year. |
| <b>Strategic Objective Performance Indicator</b> | Number of material Human Resource Management and Performance Management audit findings.   |
| <b>Baseline</b>                                  | No material findings on human resource management and pre-determined objectives, but material misstatements were identified in the annual performance report submitted for auditing.  |
| <b>2020 Target</b>                               | Zero material audit findings.   |
| <b>Justification</b>                             | Improved management processes will result in improved service delivery.   |
| <b>Links</b>                                     | Links to the Provincial Treasury's Strategic outcome orientated Goal 1: Efficient and effective departmental governance support services.   |

### Risk management

**Risk:** Non-compliance by managers with prescripts.

**Mitigation:** Provision of clear guidelines and support and facilitation of appropriate training.

### Sub-programme 1.3: Financial management

**Purpose:** To assist the Accounting Officer to drive financial management in the Department.

This sub-programme is the responsibility of the CFO who is appointed in terms of Chapter 2 of the NTRs and reports directly to the AO. The main duties of this sub-programme are spread across four sections:

- The Management Accounting Section is responsible for the compilation of the annual and adjusted budgets, monitoring and control of expenditure via the IYM process and compilation of the departmental annual report. Furthermore the section will pro-actively manage IYM expenditure and cash flow of the department inclusive of Contract management. The impact of the new IFMS and how it will be rolled out will also be implemented with the assistance of the Provincial Treasury in this Section.

- The Financial Accounting Section is responsible for maintaining a payments system, compiling the annual financial statements and maintaining the ledger accounts of the Department; The impact of the new IFMS and how it will be rolled out will also be implemented with the assistance of the Provincial Treasury in this Section.
- The SCM section is responsible for further developing the SCM database, with active engagement and analytical administrative support in respect of the acquisition of goods and services and specified auxiliary services; and
- The Internal Control section which must ensure that internal control measures are in place throughout the Department, particularly in high-risk areas, to prevent any negative internal and external audit findings. Furthermore the Unit must ensure analytical and pro-active measures are also in place to ensure due diligence exists while it also acts as secretariat to the Enterprise Risk Management Committee (ERMCO) and with the compilation of the quarterly CGRO assessment.

|  |  |
|--|--|
| <b>Strategic objective 3</b>                     | To provide financial administrative services to the Department.  |
| <b>Objective statement</b>                       | To provide financial administrative services in respect of financial accounting, management accounting, supply chain management services and internal control to achieve a clean financial audit outcome every year. |
| <b>Strategic Objective Performance Indicator</b> | Number of material financial management audit findings.  |
| <b>Baseline</b>                                  | Clean audit outcome for 2013/14.   |
| <b>2020 Target</b>                               | Zero material audit findings.  |
| <b>Justification</b>                             | To support the head of department with financial administrative support services.  |
| <b>Links</b>                                     | Links to the Provincial Treasury's Strategic outcome orientated Goal 1: Efficient and effective departmental governance support services.  |

### **Risk management**

**Risk:** SCM operational and implementation risks, Financial Accounting misstatements, institutionalisation of internal control.

**Mitigation:** Non-compliance of new Accounting Officer System prescripts will jointly be driven by all senior managers in a vicarious manner in liaison with Financial Management.

Financial accounting misstatements will be minimised by means of supplementary reports generated by financial management.

The new Internal Control unit will only be able to fill all its posts in 2015/16 together with introducing higher levels of compliance testing.

### 7.3 Resource considerations

#### Expenditure estimates

**Table 3 Administration**

| Sub-programme<br>R'000              | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2014/15 | Adjusted<br>appro-<br>priation<br>2014/15 | Revised<br>estimate<br>2014/15 | Medium-term estimate                    |              |               |               |
|-------------------------------------|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|--------------|---------------|---------------|
|                                     | Audited<br>2011/12 | Audited<br>2012/13 | Audited<br>2013/14 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |              |               |               |
|                                     |                    |                    |                    |                                       |   |                                | 2015/16                                 | 2014/15      | 2016/17       | 2017/18       |
| 1. Office of the Minister           | 4 926              | 5 284              | 6 242              | 6 268                                 | 5 635                                     | 5 635                          | 6 172                                   | 9.53         | 6 572         | 7 021         |
| 2. Management Services              | 7 766              | 9 918              | 11 832             | 13 406                                | 13 149                                    | 13 149                         | 17 226                                  | 31.01        | 18 466        | 19 882        |
| 3. Financial Management             | 18 446             | 20 260             | 22 706             | 25 212                                | 26 159                                    | 26 159                         | 28 660                                  | 9.56         | 29 896        | 35 357        |
| <b>Total payments and estimates</b> | <b>31 138</b>      | <b>35 462</b>      | <b>40 780</b>      | <b>44 886</b>                         | <b>44 943</b>                             | <b>44 943</b>                  | <b>52 058</b>                           | <b>15.83</b> | <b>54 934</b> | <b>62 260</b> |

Note:

Sub-programme 1.1: MEC total remuneration package as at 23 February 2015: R1 652 224 with effect from 1 April 2013. The proclamation in terms of Gazette number 38470, determining the remuneration of Public Office Bearers with effect from 1 April 2014, is still under consideration.

Two sub-programmes, Corporate Services and Internal Audit, were shifted to the Department of the Premier as part of modernisation in 2010/11.

| Economic classification<br>R'000     | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2014/15 | Adjusted<br>appro-<br>priation<br>2014/15 | Revised<br>estimate<br>2014/15 | Medium-term estimate                    |              |               |               |
|--------------------------------------|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|--------------|---------------|---------------|
|                                      | Audited<br>2011/12 | Audited<br>2012/13 | Audited<br>2013/14 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |              |               |               |
|                                      |                    |                    |                    |                                       |   |                                | 2015/16                                 | 2014/15      | 2016/17       | 2017/18       |
| <b>Current payments</b>              | 27 279             | 30 910             | 34 594             | 39 069                                | 38 764                                    | 38 764                         | 44 786                                  | 15.54        | 47 264        | 53 589        |
| Compensation of employees            | 18 356             | 19 576             | 23 170             | 26 308                                | 25 147                                    | 25 147                         | 29 717                                  | 18.17        | 31 912        | 34 625        |
| Goods and services                   | 8 894              | 11 334             | 11 424             | 12 761                                | 13 617                                    | 13 617                         | 15 069                                  | 10.66        | 15 352        | 18 964        |
| Interest and rent on land            | 29                 |                    |                    |                                       |   |                                |   |              |               |               |
| <b>Transfers and subsidies to</b>    | 1 183              | 1 116              | 1 390              | 947                                   | 1 620                                     | 1 620                          | 2 483                                   | 53.27        | 2 619         | 2 758         |
| Departmental agencies and accounts   | 83                 |                    | 2                  |                                       | 3   | 3                              | 3                                       |              | 3             | 3             |
| Non-profit institutions              |                    |                    |                    |                                       | 100                                       | 100                            |   | (100.00)     |               |               |
| Households                           | 1 100              | 1 116              | 1 388              | 947                                   | 1 517                                     | 1 517                          | 2 480                                   | 63.48        | 2 616         | 2 755         |
| <b>Payments for capital assets</b>   | 2 633              | 3 404              | 4 359              | 4 870                                 | 4 530                                     | 4 530                          | 4 789                                   | 5.72         | 5 051         | 5 913         |
| Machinery and equipment              | 2 633              | 3 404              | 4 324              | 4 870                                 | 4 504                                     | 4 504                          | 4 764                                   | 5.77         | 5 024         | 5 884         |
| Software and other intangible assets |                    |                    | 35                 |                                       | 26  | 26                             | 25                                      | (3.85)       | 27            | 29            |
| Payments for financial assets        | 43                 | 32                 | 437                |                                       | 29  | 29                             |   | (100.00)     |               |               |
| <b>Total economic classification</b> | <b>31 138</b>      | <b>35 462</b>      | <b>40 780</b>      | <b>44 886</b>                         | <b>44 943</b>                             | <b>44 943</b>                  | <b>52 058</b>                           | <b>15.83</b> | <b>54 934</b> | <b>62 260</b> |

#### Performance and expenditure trends

The increase of R13.805 million from R31.138 million in 2011/12 to R44.943 million in 2014/15 (revised estimate), equates to an average nominal increase of 13 per cent per annum (three year period). The annual average nominal growth of 11.5 per cent from the revised estimate of R44.943 million in 2014/15 to R62.260 million in 2017/18 is

due to mainly inflation adjustments, as well as the expansion of the bursary programme over the years. Provision has also been made for strengthening core corporate requirements towards meeting increasing demands bestowed on the Department. The transfers within the programme are for external bursars.

The Directorate must maintain proactive, analytical engagement in the Department, as outlined in its purpose and strategic objectives above. The quality of financial services can however not be compromised if joint accountability and strict adherence to financial prescripts is not adhered to over the next five years.

## 8. Programme 2: Sustainable Resource Management

| Programme                          | Sub-programme         |
|------------------------------------|-----------------------|
| 2. Sustainable Resource Management | 2.1 Programme Support |
|                                    | 2.2 Fiscal Policy     |
|                                    | 2.3 Budget Management |
|                                    | 2.4 Public Finance    |

### 8.1 Programme Purpose

To ensure the effective and efficient management of provincial and municipal financial resources.

|  |   |
|--|---|
| <b>Strategic Outcome Oriented Goal 2</b> | Effective, efficient and sustainable management of provincial and municipal fiscal resources.   |
| <b>Goal statement</b>                    | <p>Effective, efficient and sustainable management of provincial and municipal fiscal resources to enable service delivery and public value through:</p> <ul style="list-style-type: none"> <li>• The annual tabling of the provincial budget;</li> <li>• Assistance to municipalities in preparation of municipal budgets through the annual municipal budget assessments; and</li> <li>• Monitoring and quarterly reporting on the budget implementation.</li> </ul>  |
| <b>Justification</b>                     | <p>Provincial Treasury is required to prepare the provincial budget, assist municipalities in the preparation of their budgets and monitor the efficient and effective implementation thereof. The limited fiscal envelope requires provincial and local government to ensure the efficient, effective and sustainable management of fiscal resources. Improvements in the sustainability and credibility of provincial and municipal budgets and the monitoring of implementation enhance efficiency and effectiveness and maximises the capacity of provincial departments and municipalities to deliver services and public value.</p> <p>Efficiency: How productively inputs are translated into outputs.</p> <p>Effectiveness: The extent to which the outputs of an institution achieve the desired outcomes.</p> |

|              |  |
|--------------|--|
| <b>Links</b> | Chapter 13 – Building a capable and developmental state of the NDP;<br>NO 12 – An efficient, effective and development-orientated public services of the Medium-term Strategic Framework 2014 - 2019; and<br>PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment. |
|--------------|--|

## 8.2 Programme structure

The programme is further structured into the following sub-programmes:

### Sub-programme 2.1: Programme support

**Purpose:** To provide management and administrative support to the programme.

This sub-programme includes the head and support staff of the Branch: Fiscal and Economic Services and the relevant chief directors responsible for the Chief Directorates – Public Policy Services, Public Finance: Provincial Government and Public Finance: Local Government. It also provides resources for the structured training and development of the staff attached to the programme.

|  |  |
|--|--|
| <b>Strategic objective 4</b>                     | To provide management and administrative support to Programme 2 - Sustainable Resource Management.   |
| <b>Objective statement</b>                       | To provide management and administrative support to Programme 2 – Sustainable Resource Management to ensure that all strategic objectives and targets are achieved every year. |
| <b>Strategic Objective Performance Indicator</b> | Percentage of Programme 2 – Sustainable Resource Management's programme performance indicator targets achieved.  |
| <b>Baseline</b>                                  | 95% targets achieved (2013/14 Annual Report).  |
| <b>2020 Target</b>                               | 100% programme performance indicator targets achieved.   |
| <b>Justification</b>                             | To ensure the achievement of departmental goals and objectives as set out in the Strategic Plan.   |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 2: Effective, efficient and sustainable management of provincial and municipal fiscal resources.                       |

### Risk management

**Risk:** Lack of capacity.

**Mitigation:** Skilled and competent staff to be recruited in vacant positions and a bespoke training and development plan for each staff member.

### Sub-programme 2.2: Fiscal Policy

**Purpose:** To research, analyse and advise on the management of provincial and municipal fiscal resources.

The unit conducts fiscal policy research and analysis on provincial and local government revenue matters which include the national fiscal transfer system and the funding formula that impact on the fiscal framework of provincial and local government. The fiscal policy research and analysis informs the development of the provincial and local government fiscal framework and budget policy. This unit analyses and reports on the in-year cash flow and revenue performance for both provincial and local government. This unit is also responsible for departmental oversight of the Western Cape Gambling and Racing Board (WCGRB).

|  |  |
|--|--|
| <b>Strategic objective 5</b>                     | To conduct research and advise on the management of the provincial and municipal fiscal resources.   |
| <b>Objective statement</b>                       | To research and advise on the most appropriate fiscal policy approach for the Western Cape departments and municipalities, monitor revenue trends and advise on the sustainability and management of provincial and municipal funding sources.   |
| <b>Strategic Objective Performance Indicator</b> | Number of fiscal policy reports.   |
| <b>Baseline</b>                                  | 2 reports on the Provincial and Local Government Fiscal Transfer System; 4 Quarterly Revenue Reports; 8 Quarterly Cash Management reports; 4 WCGRB Quarterly Performance Reports; Municipal Tariff Modelling Training; comments on Division of Revenue and Finance and Fiscal Commission recommendations.  |
| <b>2020 Target</b>                               | 20 fiscal policy reports.  |
| <b>Justification</b>                             | The current economic environment impacted on resource availability and resulted in a constrained fiscal envelope and consequently funding availability to provincial and local governments.<br><br>The decline in available resources to provincial and local governments necessitates a fresh look at exploring initiatives aimed at the full and efficient use of available revenue sources, taking into account economic realities. |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 2: Effective, efficient and sustainable management of provincial and municipal fiscal resources.   |

### Risk management

**Risk:** Fiscal uncertainty due to the weaker global economic environment with possible impacts on the national transfers (equitable share and conditional grants), as well as provincial and municipal own revenue. These variables have the potential to impact national transfers to provinces and local government and hamper collection of own revenue sources.

**Mitigation:** Developing and implementing a fiscal framework that manages risks to the revenue envelope, including research into the intergovernmental transfer system, revenue and tariff assessments of departments and identified municipalities. Support initiatives, advice and guidance to departments, municipalities and the WCGRB.

### Sub-programme 2.3: Budget Management

#### Element: Provincial Government Budget Office

**Purpose:** To promote effective financial resource allocation and provide research, analysis and advice that informs the preparation of the provincial budget and monitor budget implementation.

The Provincial Government Budget Office provides research, analysis and advice on the regional economy, and issues and trends relevant to budget and fiscal policy matters. The focus is to inform the formulation of budget policy and recommend allocations in line with government strategic priorities and promote planning led budgeting with an integrated and spatial focus. The unit also assesses the provincial budgets to improve the responsiveness of the budgets to target socio economic and policy objectives.

|                                      |  |
|--------------------------------------|--|
| <b>Strategic objective 6</b>         | To promote effective resource allocation within the provincial budget through research, analysis and advice.   |
| <b>Objective statement</b>           | To promote effective resource allocation within the provincial budget and its effective implementation through research, analysis and advice that informs budget policy and enables recommendations on budget allocations which reflect the priorities of government and based on programme effectiveness.                         |
| <b>Strategic Objective Indicator</b> | Timeous publication of the Overview of Provincial Revenue and Expenditure.   |
| <b>Baseline</b>                      | Overview of Provincial Revenue and Expenditure (Budget Overview) 2015 tabled by March.   |
| <b>2020 Target</b>                   | March 2020   |
| <b>Justification</b>                 | The Provincial budget is a key policy instrument to address social and economic challenges and policy objectives. The achievement of government objectives needs to be supported with appropriate budgetary allocations. Effective resource allocations need to respond to government priorities based on programme effectiveness. |
| <b>Links</b>                         | Provincial Treasury's Strategic outcome oriented Goal 2: Effective, efficient and sustainable management of provincial and municipal fiscal resources.   |

## Risk management

**Risk:** Inadequate integrated planning and budgeting with resultant duplication and gaps, lack of budget focus with sub-optimal impact.

**Mitigation:** Risks will be addressed through a more integrated planning and budgeting process.

**Risk:** The current weaker and uncertain future economic environment and the resultant impact on the fiscal framework and future revenue flows which have a direct impact on the budget process and policy.

**Mitigation:** A budget policy framework that is responsive to the economic and fiscal outlook will be developed and implemented as part of the budget process.

**Risk:** Inadequate data integration and analysis linking spending and performance to support decision making.

**Mitigation:** The roll out of an automated system for budget related performance data and strengthened collaboration with relevant components within Provincial Treasury (such as those responsible for expenditure monitoring, SCM and local government budget processes) to address integration issues. Also, functional collaboration between Provincial Treasury and the DotP regarding planning and reporting and more broadly through the relevant PSG 5 workgroup to support integration.

## Element: Local Government Budget Office

**Purpose:** To promote effective financial resource allocation and provide research, analysis and advice that inform the preparation of municipal budgets and monitor budget implementation.

The Local Government Budget Office provides advice and analysis on the regional and local economy, issues and trends relevant to local government budget and fiscal policy matters. The focus is to inform the municipal budgetary processes to promote allocations in line with government strategic outcomes and promote planning led budgeting with an integrated and spatial focus. The unit also assesses the municipal budgets to improve the responsiveness of the budgets to target socio economic and policy objectives.

|  |  |
|--|--|
| <b>Strategic objective 7</b>                     | To promote effective resource allocation within municipal budgets through research, analysis and advice.   |
| <b>Objective statement</b>                       | To promote effective resource allocation within municipal budgets and its effective implementation through research, analysis and advice that informs the preparation of municipal budgets to promote allocations which reflect the priorities of government and based on programme effectiveness. |
| <b>Strategic Objective Performance Indicator</b> | Number of municipal budget policy assessment reports.  |
| <b>Baseline</b>                                  | 30 municipal budget policy assessments.  |

|                      |   |
|----------------------|---|
| <b>2020 Target</b>   | 30 municipal budget policy assessments.   |
| <b>Justification</b> | Municipal budgets are key policy instrument to address social and economic challenges and policy objectives. The achievement of government objectives needs to be supported with appropriate budgetary allocations. Effective resource allocations need to respond to government priorities based on programme effectiveness. |
| <b>Links</b>         | Provincial Treasury's Strategic outcome orientated Goal 2: Effective, efficient and sustainable management of provincial and municipal fiscal resources.  |

### Risk management

**Risk:** Lack of integrated performance planning and budgeting with resultant duplication and gaps, lack of budget focus with sub-optimal impact.

**Mitigation:** Risks will be addressed through the development through a more integrated planning and budgeting process.

**Risk:** Late tabling and adoption of municipal budgets and non- or late submission of budgetary related documents including Annual Reports, Service Delivery and Budget Implementation Reports (SDBIPs), and In-year Service Delivery reports.

**Mitigation:** Timeous tabling, adoption and submission of municipal budgets that conforms to the prescribed guidelines and requirements is a pre-requisite to measure the responsiveness and performance of annual budget and reporting thereon in the SDBIPs, In-year reports and Annual Reports. Non-compliance is mitigated through issuing clear guidelines for the tabling, adoption, submission and reporting guidelines for development of municipal budgets, SDBIPs, In-year reports and Annual Reports and training and advice to municipalities.

**Risk:** Inadequate use of relevant and social and economic information at a municipal level to inform planning and budgeting.

**Mitigation:** Credible socio-economic information is important to inform the compilation of municipal budgets and strategic plans. Socio-economic information, including relevant economic updates is undertaken by specialist service providers with the required standard of expertise, capacity, knowledge and experience and is translated by Budget Office staff to feed into the budgetary processes and publications.

## Sub-programme 2.4: Public Finance

### Element: Provincial Government Finance

**Purpose:** To compile a credible and sustainable main and adjustments budget, and to guide and monitor the efficient implementation thereof.

This unit is responsible for the assessment of provincial budgets to improve the conformance, credibility and sustainability of the budget and for monitoring the implementation of budgets to enhance accountability, efficiency and data integrity.

A key focus area is to improve on the efficiency of expenditure management in departments through analysis on selected expenditure items and expenditure analytics, which will assist and inform strategic sourcing of goods and services. Furthermore, in line with improving financial management, the unit will facilitate the professionalisation of public sector Management Accountants.

|  |   |
|--|---|
| <b>Strategic objective 8</b>                     | To improve the conformance, credibility, sustainability and guide and monitor the efficient implementation of the provincial budget.  |
| <b>Objective statement</b>                       | To improve the conformance, credibility, sustainability of the provincial budget by assessing composition and trends within departments and table an approved Estimates of Provincial Revenue and Expenditure. To monitor the implementation of the budget by assessing conformance, accountability, data integrity and efficiency. |
| <b>Strategic Objective Performance Indicator</b> | Timeous tabling of the Estimates of Provincial Revenue and Expenditure.   |
| <b>Baseline</b>                                  | Estimates of Provincial Revenue and Expenditure tabled by March 2015.   |
| <b>2020 Target</b>                               | March 2020  |
| <b>Justification</b>                             | Improving the credibility and sustainability of the budget will contribute to fiscal discipline and identifying any risks that may have an impact on service delivery.  |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 2: Effective, efficient and sustainable management of provincial and municipal fiscal resources.  |

### Risk management

**Risk:** Lack of an integrated financial management system integrating financial and non-financial information which is critical to inform decision making around budget composition of spend and budget spending analysis.

Service pressure i.e. spending risks not able to be accommodated within the overall fiscal framework and mismatch between budgets and actual spend.

**Mitigation:** Provincial Government Finance, together with the Provincial Treasury's Supply Chain Unit will focus on developing a spending analysis tool which will facilitate integrated cost driving models on selected expenditure items.

**Element: Local Government Finance (Groups 1 and 2)**

**Purpose:** To drive the implementation of the MFMA and assist and guide municipalities to prepare budgets and monitor the implementation thereof.

To drive the implementation of the MFMA through IGR coordination between municipalities, provincial national departments and other related stakeholders.

To improve municipal budget implementation against the set standards and by knowledge sharing and training.

|  |  |
|--|--|
| <b>Strategic objective 9</b>                     | To guide and monitor the implementation of municipal budgets.  |
| <b>Objective statement</b>                       | To improve municipal budgets through monitoring and support municipalities and municipal entities and to report on it monthly and quarterly.             |
| <b>Strategic Objective Performance Indicator</b> | Number of quarterly reports on the implementation of municipal budgets.  |
| <b>Baseline</b>                                  | Quarterly reports on the implementation of municipal budgets.  |
| <b>2020 Target</b>                               | 4 quarterly reports on the implementation of municipal budget.   |
| <b>Justification</b>                             | Improve the responsiveness, credibility, and implementation of municipal budgets by providing advice and on-going monitoring and evaluation.             |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 2: Effective, efficient and sustainable management of provincial and municipal fiscal resources. |

**Risk management**

**Risk:** SCOA implementation

**Mitigation:** Adoption of SCOA Governance Framework and implementation plan for the Province.

**Risk:** Integrity of Financial reporting and non-compliance to MFMA.

**Mitigation** Support to municipalities to improve integrity of financial reporting and on matters of compliance.

**Risk:** Financial sustainability of municipalities.

**Mitigation:** In year monitoring assessments and reviews of municipalities.

## Element: Infrastructure

**Purpose:** To promote the delivery and maintenance of physical infrastructure.

The unit will assess User Asset Management Plans (U-AMPs), Custodian Asset Management Plans (C-AMPs), as well as Concept Reports and Project Proposals (in terms of the Guidelines for Performance Based Incentive Process).

The unit is further responsible for monitoring and enhancing infrastructure spending of designated departments and advocating the infrastructure delivery improvement processes.

A key focus of the unit remains the institutionalisation of the Western Cape Infrastructure Delivery Management System (WCIDMS) in Provincial Departments.

A further aim of the unit is to develop an IDMS for municipalities.

|  |  |
|--|--|
| <b>Strategic objective 10</b>                      | To institutionalise and standardise good practice methodologies, tools and systems for physical infrastructure delivery and maintenance.   |
| <b>Objective statement</b>                         | To instil WCIDMS-principles in departments to better deliver on planning, construction, and maintenance of projects.   |
| <b>Strategic Objectives Performance Indicators</b> | Number of assessments on the institutionalisation of the WCIDMS.   |
| <b>Baseline</b>                                    | 4 assessments to be conducted on the institutionalisation of WCIDMS at the Departments of Education; Health (Client departments), Transport and Public Works (Branch: Public Works and Branch: Roads) and the impact on improving infrastructure delivery. |
| <b>2020 Target</b>                                 | 5 assessments  |
| <b>Justification</b>                               | Improve the sustainability and credibility of provincial budgets and the monitoring of implementation to enhance x-efficiency, financial prudence and fiscal discipline.   |
| <b>Links</b>                                       | Provincial Treasury's Strategic outcome orientated Goal 2: Effective, efficient and sustainable management of provincial and municipal fiscal resources.   |

## Risk management

**Risk:** The quality of U-AMPS, concept plans and project proposals do not meet the Performance Incentive Criteria and forfeit additional funding.

**Mitigation:** Assess Plans to validate that these plans are aligned with legislative requirements and meet the Performance Incentive Grant Criteria before submission to NT.

**Risk:** Monitoring of infrastructure spending leads to irregular expenditure and program delays.

**Mitigation:** Instituting best practice and intervention/assistance in the departments.

**Risk:** Failure to institutionalise the IDMS could compromise infrastructure delivery in the relevant department(s).

**Mitigation:** Facilitate integral discussions between departments to better understand their interpretations of IDMS and vice versa. Continue to build the capacity of departments to implement the IDMS, both in terms of resources and good governance.

**Risk:** Municipalities resist the implementation of an IDMS or a change in business processes.

**Mitigation:** Signal the intent to implement the IDMS at Municipalities from an early stage. First pilot at municipalities and document lessons learned for future applications.

### **Element: Business Information and Data Management**

**Purpose:** To render a client interface, data collating, data and information management and records management service to the Provincial Treasury.

This element consists of four main sections:

- Records Management is responsible for managing the centralised filing system aiming for conformance to the Archives and Records Service prescripts. The centralised repository is system driven, providing a platform for Provincial Treasury employees to safeguard information, and enable proper decision-making and ensuring the retention of information. The Records Management section is also responsible for the security aspects of the Provincial Treasury.
- Data and Information Management is responsible for the management of data sets in support of Provincial Treasury's strategic goals. The spatial integration of the data sets will be enhanced to promote the integration of information between spheres of government.
- The Client Interface section deals with the coordination of departmental and municipal MTEC processes and document flow (hard and electronic information).
- The Data Collating section manages the Provincial Treasury's database and the technical refinement of treasury publications and working papers.

The four sections will form an integral part in driving the development of the knowledge information management system for the Provincial Treasury. This will include steps to improve accuracy and completeness of financial information and economic data to facilitate proper decision making, monitoring and credible reporting.

The element is also responsible for mainstreaming Information Communication Technology (ICT) within the Department through the implementation of the DPSC Corporate Governance Information Communication Technology Policy Framework (CGICTPF) and the monitoring of the Strategic ICT Plan Initiatives.

|  |  |
|--|--|
| <b>Strategic objective 11</b>                    | To render an effective data information management service.  |
| <b>Objective statement</b>                       | To render an effective data information management service by providing financial and performance information on a central repository to enable decision making and credible publications. |
| <b>Strategic Objective Performance Indicator</b> | An available central repository.   |
| <b>Baseline</b>                                  | One central repository   |
| <b>2020 Target</b>                               | One central repository   |
| <b>Justification</b>                             | Monitor value for money spend and budgeting implementation practices.  |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 2: Effective, efficient and sustainable management of provincial and municipal fiscal resources.                                   |

### Risk management

**Risk:** Inadequate safeguarding and dissemination of information within the Provincial Treasury.

**Mitigation:** Proper use of the centralised repository (hard copy and electronic copy) and monitoring the adherence to guidelines and applicable legislative prescripts.

**Risk:** Slow implementation levels for certain planned Strategic ICT Plan initiatives.

**Mitigation:** The Department will assess the potential for establishing a Project Office (PO) capability to oversee the delivery of departmental projects. Ce-I will continue to provide the required support to guide the department in terms of IT project implementation activity.

**Risk:** Insufficient buy-in to IT initiatives, due to a lack of proper change enablement.

**Mitigation:** The Department will manage the change management process with assistance from Ce-I and Organisational Development's Change Navigation Team in DotP.

## 8.3 Resource considerations

### Expenditure estimates

**Table 4 Sustainable Resource Management**

| Sub-programme<br>R'000                      | Outcome       |               |               | Main<br>appro-<br>piation | Adjusted<br>appro-<br>piation | Revised<br>estimate | Medium-term estimate                    |              |                |                |
|---|---------------|---------------|---------------|---------------------------|-------------------------------|---------------------|---|--------------|----------------|----------------|
|   | Audited       | Audited       | Audited       |                           |                               |                     | % Change<br>from<br>Revised<br>estimate |              |                |                |
|   | 2011/12       | 2012/13       | 2013/14       |                           |                               |                     | 2015/16                                 | 2014/15      | 2016/17        | 2017/18        |
| 1. Programme Support                        | 3 848         | 5 897         | 5 080         | 6 395                     | 5 539                         | 5 539               | 6 339                                   | 14.44        | 6 773          | 7 241          |
| 2. Fiscal Policy                            | 6 693         | 11 117        | 13 832        | 21 366                    | 20 330                        | 20 330              | 22 141                                  | 8.91         | 23 358         | 26 486         |
| Fiscal Policy                               | 6 693         | 8 706         | 8 309         | 10 960                    | 9 924                         | 9 924               | 11 653                                  | 26.65        | 12 450         | 15 000         |
| Western Cape Gambling<br>and Racing Board   |               | 2 411         | 5 523         | 10 406                    | 10 406                        | 10 406              | 10 488                                  | 0.79         | 10 908         | 11 486         |
| 3. Budget Management                        | 16 784        | 14 304        | 13 614        | 18 093                    | 16 230                        | 16 230              | 19 578                                  | 20.63        | 21 363         | 24 463         |
| Provincial Government<br>Budget Office      | 10 845        | 7 766         | 6 627         | 9 269                     | 8 362                         | 8 362               | 9 592                                   | 14.71        | 10 715         | 12 624         |
| Local Government Budget<br>Office           | 5 939         | 6 538         | 6 987         | 8 824                     | 7 868                         | 7 868               | 9 986                                   | 26.92        | 10 648         | 11 839         |
| 4. Public Finance                           | 34 006        | 39 580        | 53 656        | 45 079                    | 57 189                        | 57 189              | 68 360                                  | 19.53        | 76 261         | 99 634         |
| Provincial Government<br>Finance            | 11 310        | 6 778         | 7 241         | 8 501                     | 9 183                         | 9 183               | 8 794                                   | (4.24)       | 9 420          | 10 527         |
| Local Government Finance<br>Group 1         | 8 408         | 8 839         | 11 962        | 7 745                     | 7 736                         | 7 736               | 10 049                                  | 29.90        | 10 742         | 11 456         |
| Local Government Finance<br>Group 2         | 8 522         | 13 701        | 21 696        | 12 860                    | 24 043                        | 24 043              | 31 918                                  | 32.75        | 37 120         | 57 361         |
| Infrastructure                              | 5 766         | 5 161         | 6 137         | 7 675                     | 6 618                         | 6 618               | 7 715                                   | 16.58        | 8 199          | 8 783          |
| Business Information and<br>Data Management |               | 5 101         | 6 620         | 8 298                     | 9 609                         | 9 609               | 9 884                                   | 2.86         | 10 780         | 11 507         |
| 5. Transversal Projects                     |               |               |               | 429 385                   |                               |                     |   |              |                |                |
| <b>Total payments and estimates</b>         | <b>61 331</b> | <b>70 898</b> | <b>86 182</b> | <b>520 318</b>            | <b>99 288</b>                 | <b>99 288</b>       | <b>116 418</b>                          | <b>17.25</b> | <b>127 755</b> | <b>157 824</b> |

Note:

Sub-programme 2.4: Support initiatives to municipalities to improve financial governance and management introduced during 2011/12 will continue over the MTEF, especially to the most vulnerable municipalities. Over the MTEF, R24.831 million in 2015/16, R29.558 million in 2016/17 and R49.258 million in 2017/18 have been reserved for this purpose. The amounts are unallocated at this stage and will be split between Vote 14: Local Government and Vote 3: Provincial Treasury and shifted in the respective Adjusted Estimates that will be based on the outcomes and recommendations of both the MGRO, IDP and LG MTEC 3 processes.

Sub-programme 2.5: In the 2014 Adjusted Estimates and over the 2015/16 MTEF Transversal Projects were re-allocated to implementing votes, in order to facilitate accountability and good governance.

| Economic classification<br>R'000         | Outcome       |               |               | Main<br>appro-<br>piation | Adjusted<br>appro-<br>piation | Revised<br>estimate | Medium-term estimate                    |              |                |                |
|--|---------------|---------------|---------------|---------------------------|-------------------------------|---------------------|---|--------------|----------------|----------------|
|  | Audited       | Audited       | Audited       |                           |                               |                     | % Change<br>from<br>Revised<br>estimate |              |                |                |
|  | 2011/12       | 2012/13       | 2013/14       |                           |                               |                     | 2015/16                                 | 2014/15      | 2016/17        | 2017/18        |
| <b>Current payments</b>                  | <b>57 874</b> | <b>60 228</b> | <b>65 222</b> | <b>74 527</b>             | <b>72 049</b>                 | <b>72 049</b>       | <b>81 099</b>                           | <b>12.56</b> | <b>87 289</b>  | <b>97 080</b>  |
| Compensation of<br>employees             | 39 715        | 45 953        | 51 322        | 62 880                    | 58 633                        | 58 633              | 63 433                                  | 8.19         | 68 649         | 73 929         |
| Goods and services                       | 18 159        | 14 275        | 13 900        | 11 647                    | 13 416                        | 13 416              | 17 666                                  | 31.68        | 18 640         | 23 151         |
| <b>Transfers and subsidies to</b>        | <b>3 457</b>  | <b>10 670</b> | <b>20 960</b> | <b>445 791</b>            | <b>27 239</b>                 | <b>27 239</b>       | <b>35 319</b>                           | <b>29.66</b> | <b>40 466</b>  | <b>60 744</b>  |
| Provinces and municipalities             | 3 450         | 8 250         | 15 369        | 435 385                   | 16 800                        | 16 800              | 24 831                                  | 47.80        | 29 558         | 49 258         |
| Departmental agencies<br>and accounts    |               | 2 411         | 5 523         | 10 406                    | 10 406                        | 10 406              | 10 488                                  | 0.79         | 10 908         | 11 486         |
| Households                               | 7             | 9             | 68            |                           | 33                            | 33                  | ( 100.00)                               |              |                |                |
| <b>Total economic<br/>classification</b> | <b>61 331</b> | <b>70 898</b> | <b>86 182</b> | <b>520 318</b>            | <b>99 288</b>                 | <b>99 288</b>       | <b>116 418</b>                          | <b>17.25</b> | <b>127 755</b> | <b>157 824</b> |

## Performance and expenditure trends

The programme has increased from R61.331 million in 2011/12 to R99.288 million in the 2014/15 (revised estimate), which equates to an average nominal growth of 17.4 per cent per annum. The growth relates to the increasing implementation requirements of the Municipal Financial Management Act (MFMA) and associated provisioning of resources to enhance fiscal prudence. The allocation over the 2015 MTEF period will further increase from R99.288 million in 2014/15 revised estimate to R116.418 million in 2015/16 as a result of the priority funding allocations of R24.831 million that are ring-fenced under the element 2.4.3: Local Government Finance for municipal financial management improvement support grants. The growth from 2014/15 (revised estimate) of R99.288 million to R157.824 million in 2017/18 reflects an annual average growth of 16.7 per cent over the three year period.

## 9. Programme 3: Asset Management

| Programme           | Sub-programme  |
|---------------------|--|
| 3. Asset Management | 3.1 Programme Support<br>3.2 Supply Chain Management<br>3.3 Supporting and Interlinked Financial Systems |

### 9.1 Programme Purpose

To provide policy direction and to facilitate and enforce the management of provincial financial systems, supply chain and movable asset management within the provincial and municipal spheres.

|  |  |
|--|--|
| <b>Strategic Outcome Oriented Goal 3</b> | Financial system, supply chain and movable asset governance within the provincial and municipal spheres.   |
| <b>Goal statement</b>                    | Financial system, supply chain and movable asset governance within the provincial and municipal spheres by assisting 13 departments and 30 municipalities to build capacity and instilling good governance practices to improve the financial management maturity that equates to a managed level.                     |
| <b>Justification</b>                     | Gives effect to a programme to ensure improved transparency, accountability and capacity for SCM and moveable assets within Departments and municipalities. Enforce the management of information system controls to ensure integrity of data as well as appropriate and timeous management information.               |
| <b>Links</b>                             | Chapter 13 – Building a capable and developmental state of the NDP;<br>NO 12 – An efficient, effective and development-orientated public services of the Medium-term Strategic Framework 2014 - 2019; and<br>PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment. |

## 9.2 Programme structure

The Programme currently consists of the following sub-programmes:

### Sub-programme 3.1: Programme support

**Purpose:** To provide management and administrative support to the programme.

This sub-programme includes the head and support services of the Branch: Governance and Asset Management (who is responsible for both Programmes 3 and 4) and the Chief Director: Asset Management. It also provides resources for the structured training and development of the staff attached to the programme.

|  |   |
|--|---|
| <b>Strategic objective 12</b>                    | To provide management and administrative support to Programme 3 – Asset Management.   |
| <b>Objective statement</b>                       | To provide management and administrative support to Programme 3 - Asset Management to ensure that all strategic objectives and targets are achieved every year.     |
| <b>Strategic Objective Performance Indicator</b> | Percentage of Programme 3 – Asset Management's programme performance indicator targets achieved.  |
| <b>Baseline</b>                                  | 74% targets achieved (2013/14 Annual Report).   |
| <b>2020 Target</b>                               | 100% programme performance indicator targets achieved   |
| <b>Justification</b>                             | To ensure the achievement of departmental goals and objectives as set out in the Strategic Plan.  |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 3: Financial system, supply chain and movable asset governance within the provincial and municipal spheres. |

### Risk management

**Risk:** Lack of capacity.

**Mitigation:** Skilled and competent staff to be recruited in vacant positions and a bespoke training and development plan for each staff member.

### Sub-programme 3.2: Supply Chain Management

#### Element: Supply Chain Management: Provincial Government

**Purpose:** To provide policy direction and facilitating the management of supply chain and asset management practices.

This unit is responsible for driving SCM governance and performance in the Province. This, amongst others, includes enforcing good governance practices and compliance to SCM and movable asset management policies and prescripts; ensuring data integrity and reporting through SCM systems and capacity building and training initiatives.

The WCG on average spent 30 per cent of its budget on procurement of goods, services and infrastructure. The unit is also responsible for promoting better procurement planning and the development of suitable procurement strategies to optimise procurement spent and to improve service delivery. Strategic sourcing methodologies are also undertaken to leverage economies of scale through bulk buying and transversal contracts.

Capacity of both SCM practitioners and suppliers will be addressed. SCM skills and knowledge development of practitioners in institutions will be facilitated through bespoke training interventions, via helpdesk support, assistance and guidance, through road shows and the SCM Focus Group. Various platforms will also be used to engage with suppliers and to ensure that they are capacitated and better equipped in understanding the provincial SCM environment and procurement requirements when doing business with the WCG.

Improvement within SCM will be driven through business process optimisation (BPO), structured support programmes to departments through the CGRO, targeted strategic sourcing projects and using automated SCM systems.

|  |   |
|--|---|
| <b>Strategic Objective 13</b>                    | To provide policy direction and facilitating the management of supply chain and asset management practices in departments.  |
| <b>Objective statement</b>                       | To provide policy direction and facilitating the management of supply chain and asset management practices through better procurement planning, capacity building, business process enhancement, for efficiency gains and enhancing relationships with suppliers. |
| <b>Strategic Objective Performance Indicator</b> | Number of departments assisted to continuously improve management of supply chain and movable assets.   |
| <b>Baseline</b>                                  | 13 departments assisted to manage supply chain and moveable asset management.   |
| <b>2020 Target</b>                               | 13 departments assisted to improve management of supply chain and movable assets.   |
| <b>Justification</b>                             | Gives effect to a programme to ensure improved transparency, accountability and capacity for SCM and moveable assets within departments.  |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 3: Financial system, supply chain and movable asset governance within the provincial and municipal spheres.   |

### Risk management

**Risk:** Inadequate capacity to respond to the ever expanding supply chain and asset management requirements to improve SCM governance and performance.

**Mitigation:** Review of the unit's capacity and alignment to the NT Office of the Chief Procurement Officer structure. Fast tracking appointments and complementing capacity through outsourcing certain requirements. Broker commitment with the CSC to review departmental SCM and Asset Management structures.

**Risk:** Lack of an integrated Enterprise Resource Planning (ERP) system that can facilitate SCM data integration between financial management systems due to the delay/lack of implementation of the national IFMS system and the lack of a self-service BI tool and/ BI information system.

**Mitigation:** Utilisation of the mechanisms implemented in the Province to improve and manage risk to improve financial management, internal controls and mitigation against adverse audit outcomes and the development of Province BI through the BIZ-suite implementation process and/ purchase of a self-service BI Tool.

### **Element: Supply Chain Management: Local Government**

**Purpose:** To provide policy guidance and facilitating the management of supply chain and asset management practices.

This unit is responsible for driving SCM governance and performance in municipalities, in terms of the MFMA. This, amongst others, includes encouraging good governance practices and compliance to SCM policy and prescripts; investigation of any system of control or financial management impacting on SCM and asset management; improving data integrity and transparency on SCM reporting; and providing guidance to municipalities in improving their SCM processes.

SCM skills and capacity will be improved in municipalities to a level where municipalities are able to analyse and translate and apply complex legislative and policy requirements throughout the SCM and Asset Management processes. Structured support programmes will be rolled out to municipalities through the skill, capacity and benchmarking LG SCM programmes.

Better procurement planning will be promoted to influence the budget planning processes to increase efficiency in spending and value for money.

Integration of SCM and Asset Management systems will be promoted to ensure availability of accurate and timely information for both report and decision making purposes.

|  |  |
|--|--|
| <b>Strategic objective 14</b>                    | To provide policy guidance and facilitating the management of supply chain and asset management practices in municipalities.   |
| <b>Objective statement</b>                       | To provide policy guidance and facilitating the management of supply chain and asset management practices through better procurement planning, capacity building, business process enhancement, for efficiency gains and enhancing relationships with suppliers. |
| <b>Strategic Objective Performance Indicator</b> | Number of municipalities assisted to improve management of supply chain and assets.  |
| <b>Baseline</b>                                  | 30 municipalities assisted to manage supply chain and asset management.  |
| <b>2020 Target</b>                               | 30 municipalities assisted to improve management of supply chain and assets.   |
| <b>Justification</b>                             | Gives effect to a programme to ensure improved transparency, accountability and capacity for SCM and moveable assets within departments.   |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 3: Financial system, supply chain and movable asset governance within the provincial and municipal spheres.  |

### **Risk management**

**Risk:** Inadequate capacity to respond to the ever expanding supply chain and asset management requirements to improve SCM governance and performance in municipalities.

**Mitigation:** Review of the unit's capacity and alignment to the National Treasury Office of the Chief Procurement Officer structure.

**Risk:** Lack of an integrated ERP system that can facilitate SCM governance and management of data which is needed to enhance procurement planning and decision-making.

**Mitigation:** Promoting a uniform supplier database system for municipalities and provide support to the municipalities to implement new financial systems.

### **Sub-programme 3.3: Supporting and Interlinked Financial Systems**

**Purpose:** Provide for the implementation, management and oversight of provincially operated financial systems and transition to new or replacement systems.

This sub-programme aims to improve financial system management in the Province by training of system users in accordance with their system profiles; maintenance of effective user account management; the further development of integrated training interventions to promote the correct and optimal use of financial systems; and steps to enhance the validity and veracity of data.

The role out and the maintenance of the Integrated Procurement System (IPS) and the Western Cape Supplier Database is also one of the functions of the unit and is a key enabler to modernise the provincial SCM environment.

In preparation for the implementation of the Integrated Financial Management System (IFMS) the focus will be on cleaning up the supplier database, item description database, cleaning up and updating of data in current systems and improvement in budget management and financial reporting.

|  |   |
|--|---|
| <b>Strategic Objective 15</b>                    | To provide for the implementation, management and oversight of provincially operated financial systems and the transition to the IFMS.  |
| <b>Objective statement</b>                       | To provide for the implementation, management and oversight of provincially operated financial systems and the transition to new or replacement systems through training of users in accordance with their system profiles, effective user account management and the optimal utilisation of systems. |
| <b>Strategic Objective Performance Indicator</b> | Number of votes assisted to effectively utilise the suite of financial systems.   |
| <b>Baseline</b>                                  | 14 votes assisted to effectively utilise the suite of financial systems.  |
| <b>2020 Target</b>                               | 14 votes assisted to effectively utilise the suite of financial systems.  |
| <b>Justification</b>                             | Enforce the management of information system controls to ensure integrity of data as well as appropriate and timeous management information.  |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 3: Financial system, supply chain and movable asset governance within the provincial and municipal spheres.   |

### Risk management

**Risk:** Not all system users are formally trained in at least their system profiles which negatively impact on integrity of data and optimal utilisation of the systems.

**Mitigation:** Training gaps of system users are provided to departments on a quarterly basis to nominate users in accordance with the bi-annual training programme. On receipt of nominations users with training gaps are accommodated as priority.

**Risk:** Integrated Procurement Solution (IPS) not fully understood by users and therefore not optimally utilised.

**Mitigation:** The maintenance and further expansion of an IPS user support team within the directorate that will be responsible for training and awareness sessions, maintenance of the system and provision of system support to users.

**Risk:** Integrity of data for the programmatically migration to the IFMS.

**Mitigation:** Implementation of a project to assist departments to clean up and update their current data (e.g. asset registers) for migration to the IFMS.

## 9.3 Resource considerations

### Expenditure estimates

**Table 5 Asset Management**

| Sub-programme<br>R'000                             | Outcome            |                    |                    | Main<br>appro-<br>prium<br>2014/15 | Adjusted<br>appro-<br>prium<br>2014/15 | Revised<br>estimate<br>2014/15 | Medium-term estimate                    |             |               |               |
|--|--------------------|--------------------|--------------------|------------------------------------|--|--------------------------------|---|-------------|---------------|---------------|
|  | Audited<br>2011/12 | Audited<br>2012/13 | Audited<br>2013/14 |                                    |  |                                | % Change<br>from<br>Revised<br>estimate |             |               |               |
|  |                    |                    |                    |                                    |  |                                | 2015/16                                 | 2014/15     | 2016/17       | 2017/18       |
| 1. Programme Support                               | 1 054              | 1 861              | 3 408              | 4 113                              | 3 897                                  | 3 897                          | 4 174                                   | 7.11        | 4 481         | 4 862         |
| 2. Supply Chain Management                         | 9 614              | 10 033             | 14 815             | 19 367                             | 22 207                                 | 22 207                         | 22 677                                  | 2.12        | 21 293        | 24 100        |
| Supply Chain Management:<br>Provincial Government  | 9 614              | 6 781              | 10 020             | 12 674                             | 15 560                                 | 15 560                         | 16 129                                  | 3.66        | 13 841        | 14 922        |
| Supply Chain Management:<br>Local Government       |                    | 3 252              | 4 795              | 6 693                              | 6 647                                  | 6 647                          | 6 548                                   | (1.49)      | 7 452         | 9 178         |
| 3. Supporting and Interlinked<br>Financial Systems | 20 038             | 22 040             | 29 297             | 30 443                             | 32 328                                 | 32 328                         | 33 227                                  | 2.78        | 35 169        | 38 597        |
| <b>Total payments and estimates</b>                | <b>30 706</b>      | <b>33 934</b>      | <b>47 520</b>      | <b>53 923</b>                      | <b>58 432</b>                          | <b>58 432</b>                  | <b>60 078</b>                           | <b>2.82</b> | <b>60 943</b> | <b>67 559</b> |

Note: Liabilities Management was shifted from Programme 3: Asset Management to Fiscal Policy under Programme 2: Sustainable Resource Management during 2011/12.

| Economic classification<br>R'000                 | Outcome            |                    |                    | Main<br>appro-<br>prium<br>2014/15 | Adjusted<br>appro-<br>prium<br>2014/15 | Revised<br>estimate<br>2014/15 | Medium-term estimate                    |               |               |               |
|--|--------------------|--------------------|--------------------|------------------------------------|--|--------------------------------|---|---------------|---------------|---------------|
|  | Audited<br>2011/12 | Audited<br>2012/13 | Audited<br>2013/14 |                                    |  |                                | % Change<br>from<br>Revised<br>estimate |               |               |               |
|  |                    |                    |                    |                                    |  |                                | 2015/16                                 | 2014/15       | 2016/17       | 2017/18       |
| <b>Current payments</b>                          | <b>30 706</b>      | <b>33 930</b>      | <b>47 496</b>      | <b>53 923</b>                      | <b>58 386</b>                          | <b>58 386</b>                  | <b>59 955</b>                           | <b>2.69</b>   | <b>60 943</b> | <b>67 559</b> |
| Compensation of<br>employees                     | 19 815             | 22 456             | 28 058             | 31 411                             | 30 282                                 | 30 282                         | 32 725                                  | 8.07          | 35 508        | 39 295        |
| Goods and services                               | 10 891             | 11 474             | 19 438             | 22 512                             | 28 104                                 | 28 104                         | 27 230                                  | (3.11)        | 25 435        | 28 264        |
| <b>Transfers and subsidies to<br/>Households</b> |                    | <b>4</b>           | <b>24</b>          |                                    | <b>46</b>                              | <b>46</b>                      | <b>123</b>                              | <b>167.39</b> |               |               |
|  |                    | 4                  | 24                 |                                    | 46                                     | 46                             | 123                                     | 167.39        |               |               |
| <b>Total economic<br/>classification</b>         | <b>30 706</b>      | <b>33 934</b>      | <b>47 520</b>      | <b>53 923</b>                      | <b>58 432</b>                          | <b>58 432</b>                  | <b>60 078</b>                           | <b>2.82</b>   | <b>60 943</b> | <b>67 559</b> |

### Performance and expenditure trends

The programme has increased by R27.726 million from R30.706 million in 2011/12 to R58.432 million (revised estimate) in 2014/15, with an average nominal growth of 23.9 per cent per annum. This is due to the increased involvement and guidance over supply chain management and financial systems management. Over the MTEF period the allocation will moderately increase by an average nominal growth of 5 per cent per annum from R58.432 million (revised estimate) in 2014/15 to R67.559 million in 2017/18. This is mainly due to the roll out and implementation of new financial systems, as well as the strengthening of the supply chain management in municipalities. Furthermore, strategic sourcing/procurement strategies will be developed for certain commodities to enhance Supply Chain Management (SCM) efficiencies.

## 10. Programme 4: Financial Governance

| Programme               | Sub-programme  |
|-------------------------|--|
| 4. Financial Governance | 4.1 Programme Support<br>4.2 Accounting Services<br>4.3 Corporate Governance |

### 10.1 Programme Purpose

To promote accountability and financial governance within departments, entities and municipalities.

|  |  |
|--|--|
| <b>Strategic Outcome Oriented Goal 4</b> | Accountability through the review of financial reporting of departments, entities and municipalities and compliance with financial norms and standards.  |
| <b>Goal statement</b>                    | Achieving accountability through promoting the reporting frameworks and compliance with financial norms and standards through the establishment of sound financial governance within the provincial and municipal spheres. This will be continually measured to achieve the highest level of governance in 2020.   |
| <b>Justification</b>                     | Improve the quality and integrity of financial accounting and reporting to fully reflect all transactions and the values and extent of all assets owned by government.<br><br>In terms of S18 of the PFMA and S5 MFMA, PT must set the norms and standards for financial management, and may assist with the implementation thereof and thereby improve efficient and economic utilisation of resources. |
| <b>Links</b>                             | Chapter 13 – Building a capable and developmental state of the NDP;<br><br>NO 12 – An efficient, effective and development-orientated public services of the Medium-term Strategic Framework 2014 - 2019; and<br><br>PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment.   |

### 10.2 Programme structure

The Programme currently consists of the following sub-programmes:

#### Sub-programme 4.1: Programme Support

**Purpose:** To provide management and administrative support to the programme.

This sub-programme includes the Chief Director: Financial Governance and Accounting/Provincial Accountant-General and provides resources for structured training and development of staff attached to the programme.

|  |  |
|--|--|
| <b>Strategic objective 16</b>                    | To provide management and administrative support to Programme 4 – Financial Governance.  |
| <b>Objective statement</b>                       | To provide management and administrative support to Programme 4 – Financial Governance to ensure that all strategic objectives and targets are achieved every year.                                      |
| <b>Strategic Objective Performance Indicator</b> | Percentage of Programme 4 – Financial Governance's programme performance indicator targets achieved.   |
| <b>Baseline</b>                                  | 100% targets achieved (2013/14 Annual Report).   |
| <b>2020 Target</b>                               | 100% programme performance indicator targets achieved.   |
| <b>Justification</b>                             | To ensure the achievement of departmental goals and objectives as set out in the Strategic Plan.   |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 4: Accountability through the review of financial reporting of departments, entities and municipalities and compliance with norms and standards. |

### Risk management

**Risk:** Lack of capacity.

**Mitigation:** Skilled and competent staff to be recruited in vacant positions and a bespoke training and development plan for each staff member.

### Sub-programme 4.2: Accounting Services

#### Element: Local Government Accounting

**Purpose:** To improve the application of accounting standards and financial reporting within municipalities.

The key objective of this sub-unit is to ensure accurate and complete recording of transactions as required by Generally Recognised Accounting Practice (GRAP), and conformance with applicable financial laws and regulations. This should contribute toward preventing material misstatements and irregularities in the preparation of financial statements of municipalities.

|  |   |
|--|---|
| <b>Strategic objective 17</b>                    | To improve the understanding and application of accounting standards and financial reporting within municipalities.                                   |
| <b>Objective statement</b>                       | To improve the application of accounting standards and financial reporting within municipalities by providing support and training to municipalities. |
| <b>Strategic Objective Performance Indicator</b> | Number of municipalities supported to comply with the GRAP standards.   |
| <b>Baseline</b>                                  | 30 municipalities assisted to comply with full GRAP implementation.   |
| <b>2020 Target</b>                               | 30 municipalities supported to comply with the GRAP standards.  |

|                      |  |
|----------------------|--|
| <b>Justification</b> | Will improve municipal accounting and financial reporting to a value driven, efficient, effective and responsive local government.   |
| <b>Links</b>         | Provincial Treasury's Strategic outcome orientated Goal 4: Accountability through substantive reflection of financial activities of the Province as well as compliance with financial norms and standards. |

### **Risk management**

**Risk:** Lack of a consistent application of accounting standards and a continual enhancement in the reporting framework.

**Mitigation:** Provide and coordinate comments on the application of the accounting standards and work towards consistent application from the Public Sector Accounting Forum, Auditor-General of South Africa (AGSA) and NT.

**Risk:** Implementation of the Standard Chart of Accounts (SCOA) within prescribed timelines, inclusive of systems requirements, as indicated in NT's project summary for SCOA.

**Mitigation:** Institutionalising the SCOA governance framework inclusive of representation on pilot site strategic meetings, utilisation of SCOA helpdesk for issues of clarity, sharing of best practices through the Integrated Consultative Forum, capacity building provided by NT and contributing to the finalisation of the systems road map.

### **Element: Provincial Government Accounting and Compliance**

**Purpose:** To drive financial governance reforms, the implementation of accounting practices and prepare consolidated financial statements.

The key objectives of this unit are to ensure the complete and accurate recording of transactions as required in terms of the associated financial reforms. This should contribute toward preventing irregularities and material financial misstatements in both the modified cash basis of accounting within departments and accrual basis of accounting within entities.

By coordinating and incrementally driving financial norms and standards, the unit also monitors and report quarterly on the departmental CGRO governance action plans to enable the improvement of financial management.

To enable the improvement of both governance and the application of the accounting framework, a structured training programme and E-GAP will be rolled out to departments.

|  |   |
|--|---|
| <b>Strategic objective 18</b>                    | To improve the application of accounting practices in line with the reporting framework, prepare provincial consolidated financial statements and gradually drive financial governance reform.  |
| <b>Objective statement</b>                       | To improve the application of accounting practices in line with the reporting framework, prepare provincial consolidated financial statements and prepare for financial governance reform by training and building capacity within departments. |
| <b>Strategic Objective Performance Indicator</b> | Number of votes assisted to comply with financial accounting and governance norms and standards.  |
| <b>Baseline</b>                                  | 14 votes assisted to comply with the applicable accounting and financial norms framework.   |
| <b>2020 Target</b>                               | 14 votes assisted to comply with financial accounting and governance norms and standards.   |
| <b>Justification</b>                             | Will improve accounting and financial reporting of departments and entities to a value driven, efficient, effective and responsive provincial government.   |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 4: Accountability through substantive reflection of financial activities of the Province as well as compliance with financial norms and standards.                                      |

### Risk management

**Risk:** Implementation of the evolving accounting reforms in terms of the Standards of GRAP applicable to entities and the Modified Cash Standard (MCS) as applicable to departments.

**Mitigation:** Provide support and training to departments and entities on the new and revised accounting standards.

**Risk:** Accuracy and completeness of disclosure information which is the main cause of material misstatements.

**Mitigation:** Training interventions focused on building accounting capacity and the use of data analytical techniques to timeously interrogate and analyse financial information to support departments.

**Risk:** Inadequate structure to monitor and enforce compliance with the PFMA by departments.

**Mitigation:** To strengthen the existing structure in order to provide oversight over the compliance of the PFMA by departments.

### Sub-programme 4.3: Corporate Governance

**Purpose:** To strengthen corporate governance within the Province through the implementation of risk management, internal audit and compliance with financial norms and standards.

The unit is responsible for coordinating the MGRO and progressively driving the criteria across various disciplines to achieve higher levels of governance.

To drive norms and standards, the established forums such as the Chief Risk Officer (CRO) and Chief Audit Executive (CAE) fora will be used which will further direct the relevant training to being rolled out.

The unit is responsible for reviewing, assessing and proposing relevant financial legislation affecting all spheres of government and consequently, ensuring that stakeholders are informed.

|  |   |
|--|---|
| <b>Strategic objective 19</b>                    | To develop, monitor and advise on norms and standards of corporate governance within municipalities.  |
| <b>Objective statement</b>                       | To develop, monitor and advise on norms and standards of corporate governance by supporting the development, implementation and enforcement of a generic set of corporate governance standards.   |
| <b>Strategic Objective Performance Indicator</b> | Number of municipalities assisted to improve corporate governance.  |
| <b>Baseline</b>                                  | 30 municipalities assisted.   |
| <b>2020 Target</b>                               | 30 municipalities assisted to improve corporate governance.   |
| <b>Justification</b>                             | In terms of S18 of the PFMA and S5 MFMA, Provincial Treasury must set the norms and standards for financial management, and may assist with the implementation thereof and thereby improve efficient and economic utilisation of resources. |
| <b>Links</b>                                     | Provincial Treasury's Strategic outcome orientated Goal 4: Accountability through substantive reflection of financial activities of the Province as well as compliance with financial norms and standards.                                  |

#### Risk management

**Risk:** Risk management, internal audit units and audit committees functions are not functioning optimally.

**Mitigation:** Obtain practical understanding of the system of internal control and monitor the municipalities' design of the assurance processes.

**Risk:** Instability and continuous development of governance criteria.

**Mitigation:** Collaboration with various oversight institutions to have all the criteria in one space, and migrating the E-GAP to an electronic platform as a single source of information about the state of governance.

## 10.3 Resource considerations

### Expenditure estimates

**Table 6 Financial Governance**

| Sub-programme<br>R'000                                | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2014/15 | Adjusted<br>appro-<br>priation<br>2014/15 | Revised<br>estimate<br>2014/15 | Medium-term estimate                    |               |               |               |
|---|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|---------------|---------------|---------------|
|   | Audited<br>2011/12 | Audited<br>2012/13 | Audited<br>2013/14 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |               |               |               |
|   | 2015/16            | 2014/15            | 2016/17            |                                       |   |                                | 2017/18                                 |               |               |               |
| 1. Programme Support                                  | 1 437              | 1 821              | 1 982              | 2 339                                 | 3 205                                     | 3 205                          | 3 467                                   | 8.17          | 3 728         | 3 946         |
| 2. Accounting Services                                | 9 775              | 10 558             | 13 419             | 16 646                                | 20 937                                    | 20 937                         | 18 044                                  | (13.82)       | 19 510        | 21 322        |
| Provincial Government<br>Accounting and<br>Compliance | 5 370              | 5 418              | 6 505              | 8 297                                 | 13 140                                    | 13 140                         | 9 699                                   | (26.19)       | 10 309        | 11 467        |
| Local Government<br>Accounting                        | 4 405              | 5 140              | 6 914              | 8 349                                 | 7 797                                     | 7 797                          | 8 345                                   | 7.03          | 9 201         | 9 855         |
| 3. Corporate Governance                               | 8 232              | 9 610              | 10 084             | 10 186                                | 12 363                                    | 12 363                         | 11 964                                  | (3.23)        | 11 863        | 12 696        |
| <b>Total payments and estimates</b>                   | <b>19 444</b>      | <b>21 989</b>      | <b>25 485</b>      | <b>29 171</b>                         | <b>36 505</b>                             | <b>36 505</b>                  | <b>33 475</b>                           | <b>(8.30)</b> | <b>35 101</b> | <b>37 964</b> |

Note: Provincial Internal Audit was shifted to the Department of the Premier as part of the modernisation process in 2010/11.

| Economic classification<br>R'000                 | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2014/15 | Adjusted<br>appro-<br>priation<br>2014/15 | Revised<br>estimate<br>2014/15 | Medium-term estimate                    |               |               |               |
|--|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|---------------|---------------|---------------|
|  | Audited<br>2011/12 | Audited<br>2012/13 | Audited<br>2013/14 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |               |               |               |
|  | 2015/16            | 2014/15            | 2016/17            |                                       |   |                                | 2017/18                                 |               |               |               |
| <b>Current payments</b>                          | <b>19 444</b>      | <b>21 984</b>      | <b>25 470</b>      | <b>29 171</b>                         | <b>36 482</b>                             | <b>36 482</b>                  | <b>33 475</b>                           | <b>(8.24)</b> | <b>35 101</b> | <b>37 964</b> |
| Compensation of<br>employees                     | 17 087             | 19 197             | 22 749             | 25 622                                | 25 589                                    | 25 589                         | 26 803                                  | 4.74          | 29 018        | 31 061        |
| Goods and services                               | 2 357              | 2 787              | 2 721              | 3 549                                 | 10 893                                    | 10 893                         | 6 672                                   | (38.75)       | 6 083         | 6 903         |
| <b>Transfers and subsidies to<br/>Households</b> |                    | 5                  | 15                 |                                       | 23  | 23                             |   | (100.00)      |               |               |
|  |                    | 5                  | 15                 |                                       | 23  | 23                             |   | (100.00)      |               |               |
| <b>Total economic<br/>classification</b>         | <b>19 444</b>      | <b>21 989</b>      | <b>25 485</b>      | <b>29 171</b>                         | <b>36 505</b>                             | <b>36 505</b>                  | <b>33 475</b>                           | <b>(8.30)</b> | <b>35 101</b> | <b>37 964</b> |

### Performance and expenditure trends

The increase of R17.061 million from R19.444 million in 2011/12 to R36.505 million in 2014/15 (revised estimate) was mainly due to earmarked funds for the improvement of transversal internal control services and posts that were created during the reconfiguration process within the Accounting Services and Corporate Governance sub-programmes. This represented an annual average increase of 14.5 per cent over the three year period. Over the MTEF period the allocation will increase by an average nominal growth of 1.3 per cent per annum from R36.505 million (revised estimate) in 2014/15 to R37.964 million in 2017/18.

## PART C: LINKS TO OTHER PLANS

### 1. Links to the long-term infrastructure and other capital plans

Except as provided for under Sub-programme 1.4: Financial Management, which covers planned equipment expenditure within the Department, and Sub-programme 2.4: Public Finance (Element: Immovable Assets) which details the Provincial Treasury's oversight responsibilities relating to infrastructure planning and spending, the Department's internal responsibilities do not relate to major capital investment.

### 2. Conditional grants

The Department does not receive any conditional grants.

### 3. Public entities

The following entity reports to the Minister for Finance:

| Name of entity | Legislation                    | Strategic goal of Entity  | Strategic objectives of the Entity  |
|----------------|--------------------------------|---|---|
| WCGRB          | WCGR Act, 1996 (Act 4 of 1996) | To ensure that the Board, in pursuit of its mandate in respect of gambling industry regulation, designs and utilises its structure, resources and processes for effective, efficient and optimal performance of its duties. | <p>To provide leadership and oversight on all functions of the office of the Board to ensure an effective and efficient administration for the period 2015 to 2020.</p> <p>To provide effective and efficient management of all functions of the office of the Board.</p> <p>To provide legal advisory support and research services to the Board and its Office.</p> <p>To assist the Board in ensuring that it complies with HR Best practices and maintaining an appropriately skilled workforce.</p> <p>To review all of Administration and Finance's policies and procedures for relevance and effectiveness and allocate the available resources to the purpose of the policies and processes during the period.</p> <p>To ensure the efficient and timely investigation of applications received, resulting in the licensing of fit and proper persons permitted to engage in gambling operations.</p> <p>To ensure that gambling activities conducted in the Province is in accordance with the prescribed legislations and regulating requirements.</p> <p>To enable business performance, ability to achieve or exceed business objectives, for all programmes through innovative use of ICT.</p> |

On-going evaluation of the WCGRB is conducted via a number of mechanisms, e.g.:

- Periodic meetings between the Minister of Finance;
- Quarterly assessment of the WCGRB's financial and performance information and feedback to the entity; and
- On-going assessment of funding, sustainability, inclusive of possible remedial steps.

#### **4. Public private partnerships**

The Department does not have any Public Private Partnerships.

## ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS

### Programme 1 – Administration

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

##### Strategic objective performance indicator

|                                  |  |
|----------------------------------|--|
| <b>Indicator title 1</b>         | Number of engagements/meetings attended to comply with statutory requirements and Consular Relations.                          |
| <b>Short definition</b>          | Minister to meet Senior Management of Provincial Treasury and Diplomatic Representatives in furtherance of provincial mandate. |
| <b>Purpose/importance</b>        | Engagements will enable Minister to discharge his executive and legislative functions.   |
| <b>Source/collection of data</b> | Minutes and attendance registers of meetings   |
| <b>Method of calculation</b>     | Simple Count   |
| <b>Data limitations</b>          | Not applicable   |
| <b>Type of indicator</b>         | Output   |
| <b>Calculation type</b>          | Cumulative   |
| <b>Reporting cycle</b>           | Quarterly  |
| <b>New indicator</b>             | Yes  |
| <b>Desired performance</b>       | Actual performance equal to targeted performance is desirable.   |
| <b>Indicator responsibility</b>  | Head of Office: Ministry   |

#### Sub-programme 1.2: Management Services

##### Strategic objective performance Indicator

|                                  |  |
|----------------------------------|--|
| <b>Indicator title 2</b>         | Number of material Human Resource Management and Performance Management audit findings   |
| <b>Short definition</b>          | The number of material findings by the Auditor-General on Human Resource Management and Performance Management as reported in the Report of the Auditor-General. |
| <b>Purpose/importance</b>        | To determine the level of strategic and operational management support rendered.   |
| <b>Source/collection of data</b> | Report of the Auditor-General to the Western Cape Provincial Parliament on Vote No. 3: Western Cape Provincial Treasury  |
| <b>Method of calculation</b>     | Simple count – Number of material audit findings   |
| <b>Data limitations</b>          | Not applicable   |

|                                 |  |
|---------------------------------|--|
| <b>Type of indicator</b>        | Output   |
| <b>Calculation type</b>         | Non-cumulative   |
| <b>Reporting cycle</b>          | Annually   |
| <b>New indicator</b>            | Yes  |
| <b>Desired performance</b>      | Actual performance equal to targeted performance is desirable. |
| <b>Indicator responsibility</b> | Director: Strategic and Operational Management Support         |

### Sub-programme 1.3: Financial Management

#### Strategic objective performance indicator

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 3</b>         | Number of material financial management audit findings  |
| <b>Short definition</b>          | The number of material findings by the Auditor-General on financial management as reported in the Audit Report. Financial Management aims and adheres to all financial prescripts and complies with high standards that must be maintained. |
| <b>Purpose/importance</b>        | To determine the level of financial management support rendered at the right time, maintaining correct standards within financial prescripts. Effective and efficient service delivery is regarded as high priority.                        |
| <b>Source/collection of data</b> | Report of the Auditor-General to the Western Cape Provincial Parliament on Vote No. 3: Western Cape Provincial Treasury   |
| <b>Method of calculation</b>     | Simple count – Number of material audit findings  |
| <b>Data limitations</b>          | Not applicable  |
| <b>Type of indicator</b>         | Output  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | No  |
| <b>Desired performance</b>       | Actual performance equal to targeted performance as outlined in the short description and purpose/importance above.   |
| <b>Indicator responsibility</b>  | Chief Financial Officer   |

## Programme 2 – Sustainable Resource Management

### Sub-programme 2.1: Programme Support

#### Strategic objective performance indicator

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 4</b>         | Percentage of Programme 2 – Sustainable Resource Management's programme performance indicator targets achieved.                   |
| <b>Short definition</b>          | Percentage of Programme 2 – Sustainable Resource Management's performance indicators achieved as per the Annual Performance Plan. |
| <b>Purpose/importance</b>        | To ensure that departmental goals and objectives are achieved.  |
| <b>Source/collection of data</b> | Annual Performance Plan, Quarterly Performance Reports and Annual Report  |
| <b>Method of calculation</b>     | Numerator: Number of achieved performance indicator targets<br>Denominator: Number of planned performance indicator targets       |
| <b>Data limitations</b>          | None  |
| <b>Type of indicator</b>         | Output  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | Yes   |
| <b>Desired performance</b>       | Optimum achievement of the planned targets  |
| <b>Indicator responsibility</b>  | Programme Manager   |

### Sub-programme 2.2: Fiscal Policy

#### Strategic objective performance indicator

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 5</b>         | Number of fiscal policy reports   |
| <b>Short definition</b>          | Number of reports on fiscal matters that impact on the fiscal framework of provincial and local government.   |
| <b>Purpose/importance</b>        | To research, analyse and advise on the management of provincial and municipal fiscal capabilities to inform the Provincial and Local Government fiscal framework and budget policy. |
| <b>Source/collection of data</b> | PT Database   |
| <b>Method of calculation</b>     | Simple count – Number of research reports   |
| <b>Data limitations</b>          | Not applicable  |
| <b>Type of indicator</b>         | Output indicator  |
| <b>Calculation type</b>          | Cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | Yes   |

|                                 |   |
|---------------------------------|---|
| <b>Desired performance</b>      | To provide research, analysis and advice on provincial and municipal fiscal capability and cash management. |
| <b>Indicator responsibility</b> | Senior Manager: Fiscal Policy   |

## Sub-programme 2.3: Budget Management

### Element: Provincial Government Budget Office

#### Strategic objective performance indicator

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 6</b>         | Timeous Publication of the Overview of Provincial Revenue and Expenditure   |
| <b>Short definition</b>          | Publication of the Overview of Provincial Revenue and Expenditure (Provincial Budget Overview)  |
| <b>Purpose/importance</b>        | To provide a high-level overview of the main components of the provincial budget, including the key policy and budget priorities and in line with section 27(2) of the PFMA which requires the MEC for finance in a province to table a provincial annual budget for a financial year in the provincial legislature not later than two weeks after the tabling of the national annual budget. |
| <b>Source/collection of data</b> | The Overview of Provincial Revenue and Expenditure is available on the PT Database.   |
| <b>Method of calculation</b>     | Date of publication   |
| <b>Data limitations</b>          | Not applicable  |
| <b>Type of indicator</b>         | Output indicator  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | No  |
| <b>Desired performance</b>       | To publish timeously by March within two weeks of the tabling of the national budget  |
| <b>Indicator responsibility</b>  | Senior Manager: Provincial Government Budget Office   |

### Element: Local Government Budgets

#### Strategic objective performance indicator

|                           |  |
|---------------------------|--|
| <b>Indicator title 7</b>  | Number of municipal budget policy assessment reports   |
| <b>Short definition</b>   | Annual municipal budget assessments for the local Medium Term Expenditure Committee (LG MTEC)                          |
| <b>Purpose/importance</b> | To improve the allocative efficiency and responsiveness of municipal budgets and make recommendations for improvement. |

|                                  |  |
|----------------------------------|--|
| <b>Source/collection of data</b> | Local Government Medium Term Expenditure Committee (LG MTEC) assessment reports e-copy available on the PT database. |
| <b>Method of calculation</b>     | Simple count   |
| <b>Data limitations</b>          | Not applicable   |
| <b>Type of indicator</b>         | Output indicator   |
| <b>Calculation type</b>          | Non-cumulative   |
| <b>Reporting cycle</b>           | Annually   |
| <b>New indicator</b>             | No   |
| <b>Desired performance</b>       | Assessment Reports on all municipalities   |
| <b>Indicator responsibility</b>  | Senior Manager: Local Government Budget Office   |

## Sub-programme 2.4: Public Finance

### Element: Provincial Government Finance

#### Strategic objective performance indicator

|                                  |  |
|----------------------------------|--|
| <b>Indicator title 8</b>         | Timeous tabling of the Estimates of Provincial Revenue and Expenditure   |
| <b>Short definition</b>          | Tabling of the Estimates of Provincial Revenue and Expenditure within two weeks of the tabling of the national budget. |
| <b>Purpose/importance</b>        | Comply with section 18(1)(a) of the PFMA to prepare a provincial budget.   |
| <b>Source/collection of data</b> | The Estimates of Provincial Revenue and Expenditure is available in hard copy an e-copy on database.                   |
| <b>Method of calculation</b>     | Date of Publication  |
| <b>Data limitations</b>          | Not applicable   |
| <b>Type of indicator</b>         | Input Indicator  |
| <b>Calculation type</b>          | Non-cumulative   |
| <b>Reporting cycle</b>           | Annually   |
| <b>New indicator</b>             | No   |
| <b>Desired performance</b>       | Tabling within two weeks of the tabling of the national budget.  |
| <b>Indicator responsibility</b>  | Senior Manager: Provincial Government Finance  |

### Element: Local Government Finance Group 1 and 2

#### Strategic objective performance indicators

|                          |  |
|--------------------------|--|
| <b>Indicator title 9</b> | Number of quarterly reports on the implementation of municipal budgets   |
| <b>Short definition</b>  | Number of reports submitted to cabinet and parliament on the performance of municipalities on the implementation of their budgets. |

|                                  |  |
|----------------------------------|--|
| <b>Purpose/importance</b>        | Legislative requirement to report to the cabinet and parliament on the performance of municipalities on the implementation of the budget, as per section 71 of the MFMA. |
| <b>Source/collection of data</b> | Municipalities, NT LG-Database   |
| <b>Method of calculation</b>     | Simple count   |
| <b>Data limitations</b>          | Data Integrity of Information received from municipalities   |
| <b>Type of indicator</b>         | Output Indicator   |
| <b>Calculation type</b>          | Cumulative   |
| <b>Reporting cycle</b>           | Quarterly  |
| <b>New indicator</b>             | No   |
| <b>Desired performance</b>       | Improved IYM reporting from municipalities, and improved Cabinet reporting to Parliament, Cabinet and relevant stakeholders.   |
| <b>Indicator responsibility</b>  | Senior Manager: Local Government Finance (Group 1) and Senior Manager: Local Government Finance (Group 2)  |

## Element: Infrastructure

### Strategic objective performance indicator

|                                  |  |
|----------------------------------|--|
| <b>Indicator title 10</b>        | Number of assessments on the institutionalisation of the WCIDMS  |
| <b>Short definition</b>          | This indicator relates to an Infrastructure Delivery Management System (IDMS) for infrastructure delivery and construction procurement necessary to deliver, operate and maintain infrastructure, capacitate delivery and facilitate a uniform approach to infrastructure delivery. Infrastructure will be rolled out to 5 Departments (Public Works, Roads, Education, Health and Human Settlements). |
| <b>Purpose/importance</b>        | It is aimed to facilitate integration and promote seamless delivery through a holistic approach of viewing infrastructure delivery as the management of all aspects of the life cycle of immovable assets.   |
| <b>Source/collection of data</b> | Quarterly Performance Report   |
| <b>Method of calculation</b>     | Simple count   |
| <b>Data limitations</b>          | Rate of implementation of key principles by departments  |
| <b>Type of indicator</b>         | Inputs, activities, outputs, impact and efficiency   |
| <b>Calculation type</b>          | Non-cumulative   |
| <b>Reporting cycle</b>           | Annually   |
| <b>New indicator</b>             | No   |
| <b>Desired performance</b>       | Greater compliance to WCIDMS and increase infrastructure delivery to Level 3+.   |
| <b>Indicator responsibility</b>  | Senior Manager: Infrastructure   |

## Element: Business Information and Data Management

### Strategic objective performance indicator

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 11</b>        | An available central repository   |
| <b>Short definition</b>          | To avail a platform to PT Employees for the safeguarding of financial and performance information to enable proper decision-making and credible publications. |
| <b>Purpose/importance</b>        | Ensure the availability of information to Provincial Treasury officials.  |
| <b>Source/collection of data</b> | PT allotted space on a Ce-I file server.  |
| <b>Method of calculation</b>     | Simple count  |
| <b>Data limitations</b>          | Quality of data sets received from the various Programmes   |
| <b>Type of indicator</b>         | Output indicator  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | Revised indicator   |
| <b>Desired performance</b>       | Operational and available centralised repository.   |
| <b>Indicator responsibility</b>  | Senior Manager: Business Information and Data Management  |

## Programme 3 – Asset Management

### Sub-programme 3.1: Programme Support

#### Strategic objective performance indicator

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 12</b>        | Percentage of Programme 3 – Asset Management's programme performance indicator targets achieved.                            |
| <b>Short definition</b>          | Percentage of Programme 3 – Asset Management's performance indicators achieved as per the Annual Performance Plan.          |
| <b>Purpose/importance</b>        | To ensure that departmental goals and objectives are achieved.  |
| <b>Source/collection of data</b> | Annual Performance Plan, Quarterly Performance Reports and Annual Report  |
| <b>Method of calculation</b>     | Numerator: Number of achieved performance indicator targets<br>Denominator: Number of planned performance indicator targets |
| <b>Data limitations</b>          | None  |
| <b>Type of indicator</b>         | Output  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | Yes   |
| <b>Desired performance</b>       | Optimum achievement of the planned targets  |
| <b>Indicator responsibility</b>  | Programme Manager   |

## Sub-programme 3.2 - Supply Chain Management

### Element: Supply Chain Management: Provincial Government

#### Strategic objective performance Indicator

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 13</b>        | Number of departments assisted to continuously improve management of supply chain and movable assets.   |
| <b>Short definition</b>          | Number of departments assisted in building their capacity to enable them to respond more effectively and efficiently to their budget allocation in respect of goods and services.   |
| <b>Purpose/importance</b>        | To assist departments in attaining the desired level of financial capability for SCM and moveable asset management that meets conformance and performance requirements and service delivery.  |
| <b>Source/collection of data</b> | <ul style="list-style-type: none"> <li>• Departmental implementation plans; procurement plans, CGRO action plans</li> <li>• SCM and moveable asset management assessment reports and departmental annual reports, AG's report and AGSA management letters, MTEC reports</li> <li>• Query/opinion and complaint's registers held by the unit as well as helpdesk incident reports</li> <li>• Departmental procurement statistical reporting, monthly and quarterly reports, BAS, LOGIS, Vulindlela and KITSO reports; Western Cape Supplier Data base information</li> <li>• SCM and moveable asset management intervention training reports</li> <li>• Strategic sourcing intervention reports, business cases, tools, assessment reports, presentations, etc</li> <li>• Unit's shared drive that houses all departmental data information</li> </ul> |
| <b>Method of calculation</b>     | Simple count  |
| <b>Data limitations</b>          | Quality and integrity of data is dependent on external sources and stakeholders and is outside of the Department's control and financial systems and tools that are not integrated.   |
| <b>Type of indicator</b>         | Input, output and outcomes  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | No  |
| <b>Desired performance</b>       | Enhanced departmental capacity and compliance to SCM and moveable asset management policy and procedure as well as attaining value for money.   |
| <b>Indicator responsibility</b>  | Senior Manager: Provincial Government Supply Chain Management   |

**Element: Supply Chain Management: Local Government****Strategic objective performance indicator**

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 14</b>        | Number of municipalities assisted to improve management of supply chain and assets.   |
| <b>Short definition</b>          | Number of municipalities assisted in building their capacity to enable them to respond more effectively and efficiently to their budget allocation in respect of goods, services and construction related services.   |
| <b>Purpose/importance</b>        | To assist municipalities in attaining the desired level of financial capability for SCM and asset management that meets conformance and performance requirements and service delivery objectives.   |
| <b>Source/collection of data</b> | <ul style="list-style-type: none"> <li>• SCM VC assessment action plans, MGRO Action Plans</li> <li>• IDP, Municipal Budgets, SDBIP and procurement/demand plans</li> <li>• AG's report and AGSA management letters, MTEC reports</li> <li>• SCM Model Policies and other prescribed legislation</li> <li>• Procurement Statistics Reports (CRA reports)</li> <li>• Query/opinion and complaint's registers held by the unit as well as helpdesk reports</li> </ul> |
| <b>Method of calculation</b>     | Simple count  |
| <b>Data limitations</b>          | Quality and integrity of data is dependent on external sources and stakeholders and is outside of the Department's control and financial systems and tools that are not integrated.   |
| <b>Type of indicator</b>         | Output  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | No  |
| <b>Desired performance</b>       | Enhanced municipal capacity and compliance to SCM and asset management policy and procedure as well as attaining value for money.   |
| <b>Indicator responsibility</b>  | Senior Manager: Local Government Supply Chain Management  |

**Sub-programme 3.3: Supporting and Interlinked Financial Systems****Strategic objective performance Indicator**

|                           |   |
|---------------------------|---|
| <b>Indicator title 15</b> | Number of votes assisted to effectively utilise the suite of financial systems.   |
| <b>Short definition</b>   | Number of votes assisted in the implementation, management and oversight of provincially operated financial systems and transition to new or replacement systems. |

|                                  |  |
|----------------------------------|--|
| <b>Purpose/importance</b>        | Improve financial system management in the Province by training of system users in accordance with their system profiles; maintenance of effective user account management; the further development of integrated training interventions to promote the correct and optimal use of financial systems; and steps to enhance to enhance the validity and veracity of data. |
| <b>Source/collection of data</b> | Transversal systems, project plans, call log registers, training database, KITSO and PERSAL share  |
| <b>Method of calculation</b>     | Simple count   |
| <b>Data limitations</b>          | Availability of training databases, reports or credible information  |
| <b>Type of indicator</b>         | Input  |
| <b>Calculation type</b>          | Non-cumulative   |
| <b>Reporting cycle</b>           | Annually   |
| <b>New indicator</b>             | No   |
| <b>Desired performance</b>       | Appropriately trained system users, optimal utilisation of systems and integrity of data   |
| <b>Indicator responsibility</b>  | Senior Manager: Supporting and Interlinked Financial Systems   |

## Programme 4 – Financial Governance

### Sub-programme 4.1: Programme Support

#### Strategic objective performance indicator

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 16</b>        | Percentage of Programme 4 – Financial Governance's programme performance indicator targets achieved                         |
| <b>Short definition</b>          | Percentage of Programme 4 – Financial Governance's performance indicators achieved as per the Annual Performance Plan.      |
| <b>Purpose/importance</b>        | To ensure that departmental goals and objectives are achieved.  |
| <b>Source/collection of data</b> | Annual Performance Plan, Quarterly Performance Reports and Annual Report  |
| <b>Method of calculation</b>     | Numerator: Number of achieved performance indicator targets<br>Denominator: Number of planned performance indicator targets |
| <b>Data limitations</b>          | None  |
| <b>Type of indicator</b>         | Output  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | Yes   |
| <b>Desired performance</b>       | Optimum achievement of the planned targets  |
| <b>Indicator responsibility</b>  | Programme Manager   |

## Sub-programme 4.2 - Accounting Services

### Element: Local Government Accounting

#### Strategic objective performance indicator

|                                  |  |
|----------------------------------|--|
| <b>Indicator title 17</b>        | Number of municipalities assisted to comply with the GRAP Standards.   |
| <b>Short definition</b>          | Supporting 30 municipalities to ensure compliance with accounting reporting framework.   |
| <b>Purpose/importance</b>        | Assists municipalities to comply with section 122 of the MFMA, to prepare annual financial statements according to GRAP Reporting Framework. |
| <b>Source/collection of data</b> | Annual Financial Statements are available in hard copy and e-copy on database.   |
| <b>Method of calculation</b>     | Simple count   |
| <b>Data limitations</b>          | Not applicable   |
| <b>Type of indicator</b>         | Output   |
| <b>Calculation type</b>          | Non-cumulative   |
| <b>Reporting cycle</b>           | Annually   |
| <b>New indicator</b>             | No   |
| <b>Desired performance</b>       | The assessment of 30 municipalities fully complies the accounting reporting framework.   |
| <b>Indicator responsibility</b>  | Senior Manager: Local Government Accounting  |

### Element: Provincial Government Accounting and Compliance

#### Strategic objective performance indicators

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 18</b>        | Number of votes assisted to comply with financial accounting and governance norms and standards.  |
| <b>Short definition</b>          | Roll-out of accounting policy frameworks to 14 Votes.   |
| <b>Purpose/importance</b>        | Full compliance by all votes with the accounting frameworks.  |
| <b>Source/collection of data</b> | NT guidelines on AFS/Interim Financial Statements (IFS) rolled out to all votes via workshops, circulars and Forum meetings for implementation. |
| <b>Method of calculation</b>     | Simple count  |
| <b>Data limitations</b>          | Inadequate skills and system support  |
| <b>Type of indicator</b>         | Output  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | No  |
| <b>Desired performance</b>       | Unqualified audit opinion with no findings (Clean audits)   |
| <b>Indicator responsibility</b>  | Senior Manager: Provincial Government Accounting  |

## Sub-programme 4.3: Corporate Governance

### Strategic objective performance Indicator

|                                  |   |
|----------------------------------|---|
| <b>Indicator title 19</b>        | Number of municipalities assisted to improve corporate governance.  |
| <b>Short definition</b>          | Municipalities assisted to improve corporate governance in risk management, internal audit, compliance to the MFMA and delegations. |
| <b>Purpose/importance</b>        | To improve the FMC level of Municipalities.   |
| <b>Source/collection of data</b> | FMC assessments   |
| <b>Method of calculation</b>     | Simple count  |
| <b>Data limitations</b>          | Municipal leadership and limited integration of systems   |
| <b>Type of indicator</b>         | Output  |
| <b>Calculation type</b>          | Non-cumulative  |
| <b>Reporting cycle</b>           | Annually  |
| <b>New indicator</b>             | No  |
| <b>Desired performance</b>       | Annually published MGRO and unqualified audit opinion with no other matters   |
| Indicator responsibility         | Senior Manager: Financial Governance  |

## Acronyms

|         |   |
|---------|---|
| AC      | Audit Committee   |
| AFS     | Annual Financial Statement                              |
| AGSA    | Auditor-General of South Africa                         |
| AO      | Accounting Officer                                      |
| APP     | Annual Performance Plan                                 |
| BAS     | Basic Accounting System                                 |
| BI      | Business Intelligence                                   |
| BPO     | Business Process Optimization                           |
| CFO     | Financial Officer                                       |
| CG      | Conditional grant                                       |
| CSC     | Corporate Services Centre                               |
| DORA    | Division of Revenue Act                                 |
| DotP    | Department of the Premier                               |
| EPP     | Enterprise Resource Planning                            |
| FMS     | Financial Management System                             |
| GDPR    | Gross Domestic Product per Region                       |
| GRAP    | Generally Recognised Accounting Practice                |
| ICT     | Information Communication Technology                    |
| IDP     | Infrastructure Delivery Plan/s                          |
| IFMS    | Integrated Financial Management System / Solution       |
| IT      | Information Technology                                  |
| IYM     | In-Year Monitoring                                      |
| LG      | Local Government  |
| LG MTEC | Local Government – Medium Term Expenditure Committee    |
| LOGIS   | Logistical Information System                           |
| MEC     | Member of Executive Council                             |
| MFMA    | Municipal Finance Management Act, 2003 (Act 56 of 2003) |
| MTBPS   | Medium Term Budget Policy Statement                     |
| MTEF    | Medium Term Expenditure Framework                       |
| MTSF    | Medium Term Strategic Framework                         |

|         |   |
|---------|---|
| NO      | National Outcome  |
| NT      | National Treasury                                       |
| NTR     | National Treasury Regulations                           |
| OD      | Organisational Development                              |
| PERSAL  | Personnel and Salary Administration System              |
| PER&O   | Provincial Economic Review and Outlook                  |
| PFMA    | Public Finance Management Act, 1999 (Act 1 of 1999)     |
| PG MTEC | Provincial Government Medium Term Expenditure Committee |
| PI      | Performance Indicator                                   |
| PSG     | Provincial Strategic Goal                               |
| PPP     | Public Private Partnership                              |
| PT      | Provincial Treasury                                     |
| QPR     | Quarterly Performance Report                            |
| REAL    | Revenue, Expenditure, Assets, and Liabilities           |
| SCM     | Supply Chain Management                                 |
| SCoA    | Standard Chart of Accounts                              |
| SDBIP   | Service Delivery Budget Implementation Plan             |
| WCGRB   | Western Cape Gambling and Racing Board                  |
| WCG     | Western Cape Government                                 |
| WCSD    | Western Cape Supplier Database                          |

Provincial Treasury

Directorate: Strategic Operational and Management Support  
Private Bag X9165  
7 Wale Street  
Cape Town

tel: +27 21 483 5080 fax: +27 21 483 3855

[www.westerncape.gov.za](http://www.westerncape.gov.za)

---

Afrikaans and isiXhosa e-versions of this publication are available on request.

**E-mail: [Ruzelle.Julie@westerncape.gov.za](mailto:Ruzelle.Julie@westerncape.gov.za)**



**Western Cape  
Government**

Provincial Treasury

PR357/2014  
ISBN: 978-0-621-43252-7