

**Western Cape Government  
Provincial Treasury**

**Annual Performance Plan  
2013/14 – 2015/16**

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# Foreword

The Provincial Treasury is a key stakeholder in delivering the Province's 12<sup>th</sup> Strategic Objective: Becoming the best run regional government in the world. Over the next three years, we will continue to drive the improvement of financial management capability and diligence in the Western Cape in pursuit of better conformance and performance amongst the provincial and local government spheres.

With proper financial management a non-negotiable cornerstone of good governance, PSO 12 builds on the similar initiatives by the National Government as articulated via National Outcome 9: A responsive, accountable, effective and efficient local government system; and 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.

To aid in interpretation and audibility of the Provincial Treasury's deliverables for the new reporting year, strategic objectives and performance indicators have been simplified and made more specific, with more detail to be found in the technical indicator descriptions.

Most of what is reflected in the Provincial Treasury's APP for 2013/14 comes together in four initiatives, namely: the Corporate Governance Review and Outlook (CGRO), the Municipal Governance Review and Outlook (MGRO), the Provincial and Municipal Medium Term Revenue and Expenditure assessment processes. These initiatives, and their subsidiary activities, are geared towards improving financial and resource management in departments, public entities and municipalities. Based on field testing, all of these initiatives are being refined. In this process, we are also taking account of new national requirements and better and more innovative levels of financial governance in client institutions.

This department remains on course to achieve excellence in governance and to play its part in improving service delivery to all the people of this Province. The Provincial Treasury will continue to strengthen its support, monitoring and oversight functions to departments, entities and municipalities. To achieve ultimate success will require the collective effort of key stakeholders across all three spheres of government.

The Provincial Treasury's Annual Performance Plan for 2013/14 – 2015/16 presents a fiduciary roadmap for the next three years on our journey towards effective governance that delivers a better life for the people of the Western Cape.



**ALAN WINDE**  
**MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND TOURISM**

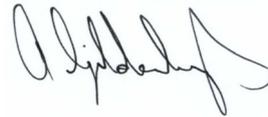
# OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan

- Was developed by the management of the Western Cape Provincial Treasury under the guidance of Minister Alan Winde.
- Was prepared in line with the current Strategic Plan of the Western Cape Provincial Treasury.
- Accurately reflects the performance targets which the Western Cape Provincial Treasury will endeavour to achieve given the resources made available in the budget for 2013/14.

**A Gildenhuys (Mr)**  
**Chief Financial Officer**

**Signature**



**A Smit (Ms)**  
**Director: Strategic and Operational  
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**J C Stegmann (Dr)**  
**Accounting Officer**

**Signature**



**Approved by**  
**A Winde (Mr)**  
**Executive Authority**

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# Abbreviations

ACFS	Annual Consolidated Financial Statements
AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor-General of South Africa
AO	Accounting Officer
APP	Annual Performance Plan
AR	Annual Report
C-AMP	Custodian-Asset Management Plans
CFO	Chief Financial Officer
CGRO	Corporate Governance Review and Outlook
CPS	Construction Procurement Strategy
CSC	Corporate Services Centre
CSRM	Corporate Services Relations Management
DORA	Division of Revenue Act
DoP	Department of the Premier
DPSA	Department Public Service and Administration
FARMCO	Fraud and Risk management Committee
FM	Financial Management
FMC	Financial Management Capability
GAP	Government Action Plan
GRAP	Generally recognised Accounting Practice
HOD	Head of Department
HOT	Head Official Treasury
HRIR	Human Resource Implementation Report
HRP	Human Resource Plan
IA	Internal Audit
ICT	Information Communication Technology
IDIP	Infrastructure Development Management System
IDMS	Infrastructure Delivery Management System
IFMS	Integrated Financial Management System
IPIPS	Infrastructure Programme Implementation Plan
IPMP	Infrastructure Programme Management Plan
IYM	In-Year Monitoring
LG	Local Government
LG MTEC	Local Government – Medium Term Expenditure Committee
LOGIS	Logistical Information System
M&E	Monitoring and Evaluation

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MAF	Management Accounting Forum
MAM	Moveable Asset Management
MEC	Member of the Executive Council
MERO	Municipal Economic Review and Outlook
MFMA	Municipal Finance Management Act, 2003 (Act 56 of 2003)
MGRO	Municipal Governance Review and Outlook
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
NT	National Treasury
NTR	National Treasury Regulation
PAF	Personal Assistance Forum
PERO	Provincial Economic Review and Outlook
PES	Provincial Equitable Share
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
PG	Provincial Government
PI	Performance Indicator
PPP	Public Private Partnership
PRF	Provincial Revenue Fund
PSO	Provincial Strategic Objective
PT	Provincial Treasury
PTI	Provincial Treasury Instruction
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
SEP	Socio-Economic Profile
SMART	Specific Measurable Achievable Realistic Time-bound
SMSS	Strategic Management Support Service
SOMS	Strategic and Operational Support Services
SOP	Standard Operating Procedure
TOR	Terms of Reference
U-AMP	User Asset Management Plan
WCED	Western Cape Education Department
WCG	Western Cape Government
WCGRA	Western Cape Gambling and Racing Act
WCGRB	Western Cape Gambling and Racing Board
WC-MTBPS	Western Cape Medium Term Budget Policy Statement



# PART A: STRATEGIC OVERVIEW

The PT's revised Vision, Mission and professed Values are as follow:

## 1. Vision

Effective governance that delivers a better life for our people.

## 2. Mission

To build a skilled and caring organisation that drives our commitment to good governance, accountability and the efficient use of our financial resources to achieve optimum service delivery impact.

## 3. Values

The 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 it's about determining measures to ensure transparency,

accountability and expenditure control within the province. These include the introduction of proper accounting practices, expenditure classifications and treasury norms and standards.

## 4.2 Legislative mandates

The following key legislation falls within the direct responsibility of the PT:

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

The Provincial Treasury is established in terms of section 17 of the **PFMA (Act 1 of 1999)**. The functions and powers of the PT are assigned in term of section 18 of the PFMA and *inter alia* include the following: preparing and exercising control over the implementation of the provincial budget; promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities; ensuring that its fiscal policies do not materially and unreasonably prejudice national economic policies; issuing of provincial treasury instructions not inconsistent with the PFMA; enforcing the PFMA and any prescribed national and provincial norms and standards; complying with the annual DORA; monitoring and assessing the implementation of 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 provide any information required by NT in terms of the PFMA and do anything further that is necessary to fulfil its responsibilities effectively.

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

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

## 4.3 Policy mandates

As an interim measure to counter the policy vacuum the PT issued a new and complimentary set of PT Instructions focusing on supply chain management with effect 1 April 2012, with due phasing during the 2012/13 financial year. This had the effect of consolidating the wide range of circulars, guidance documents currently floating around, and creating compliance requirement uncertainty, but also to set clear and new standards for financial management compliance, both within the goods and services and infrastructure environment.

In addition, the National Treasury was assisted in doing the same thing at a national level, but this included a full revision of the entire set of the current NTRs, given the identified gaps and clarity requirements. The new draft has subsequently been issued for comment.

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

The PT plans to continue or initiate the following policy initiatives:

- To improve financial conformance, a tighter legislative regime that informs financial management policy and procedure and a robust control environment will be developed and implemented;
- Standard operating procedures and guidelines that create a culture of compliance, assistance and guidance will be developed and institutionalised;
- Cash flow management guidelines will be developed and improved cash flow planning and implementation particularly as it relates to conditional grant funding would be pursued;
- Municipal investment and borrowing policies will be developed;
- To improved expenditure management practices minimum standards for the institutionalisation of expenditure management will be developed;
- The Western Cape Infrastructure Delivery Management System (WC-IDMS) will be implemented and quality User-Asset Management (U-AMP) and Custodian-Asset Management (C-AMP) plans will be institutionalised; and
- Implementing best practice guidelines to address value for money and efficiency in procurement for both municipalities and provincial departments.

### **5. Updated situational analysis**

#### **5.1 Performance delivery environment**

Continuous improvement in financial planning, management and reporting are key determinants of all successful organisations. Therefore an improvement in FMC, inclusive of both fiscal conformance and fiscal performance, in provincial departments, entities and municipalities will lead to improved service delivery.

It is the intention of the WCG to try its utmost to improve its level of governance proficiency and resultantly also audit outcome. Therefore the provincial and municipal audit outcomes of the 2011/12 financial year informed the development of the 2013/14 APP. Four (4) departments received clean audit reports and nine (9) were financially unqualified with findings. All departments have subsequently committed to clean audit outcomes by 2014/15. This would require the dedicated and joint efforts of all AOs, CFOs, PT, DotP, and the respective Executive Authorities. Specifically, it is required from PT to fulfill its support and oversight roles more aggressively.

Similarly municipalities have committed to the principle of clean governance and clean audit reports by the 2014/15 financial year. Four (4) municipalities committed to a clean audit report for the 2011/12 financial year; an additional eight (8) municipalities for the 2012/13 financial year; sixteen (16) for the 2013/14 financial year and two (2) for 2014/15. To achieve this would likewise require the substantive effort of all Municipal Councils, Managers, CFOs, PT and the Department of Local Government.

In order to improve financial management and audit outcomes the following challenges must be addressed:

- Constrained revenue sources, revenue collection and cash flow management;
- Effective allocation of available provincial and municipal resources responsive to socio and economic development objectives, governance requirements, national outcomes and provincial strategic objectives and priorities;
- Fully informing municipal planning and budgeting processes by socio-economic analysis towards making municipal budgets more responsive and sustainable;
- Improving expenditure management practices;
- Better infrastructure planning and delivery;
- Effective retention of institutional memory and improving knowledge management;
- Efficacy of supply chain and moveable asset management;
- Optimal utilisation of available financial management systems to ensure data integrity and effective financial reporting;
- Improving the understanding of accounting standards and financial reporting;
- Full compliance with financial management regulatory requirements;
- Adequacy and effectiveness of internal controls; and
- Human resource capacity, both in numbers and financial management competencies.

## **5.2 Organisational environment**

An amended organisational structure was approved by the Minister for Finance, Economic Development and Tourism in November 2011 providing for a staffing complement of 323 posts (excluding the Minister). The PT is divided into two branches, i.e. Fiscal and Economic Services and Governance and Asset Management with administrative and financial support services provided by the Directorates Financial Management and SOMS.

During the period 1 April 2012 and 28 February 2013, 75 staff members were appointed and 25 staff members left the employment of the PT. The vacancy rate as at 28 February 2013 is 17 per cent.

To ensure that the targets as set in the APP are met, steps have been taken to intensify recruitment efforts with greater emphasis on the improvement of skills and competencies of the employees through training and development initiatives.

The tables below depict the employment and vacancies per programme and salary bands as at 31 December 2012.

**Table 1 Employment and vacancies by programme, 31 December 2012**

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to establishment
1 – Administration	64	50	22%	-
2 – Sustainable Resource Management	132	110	17%	-
3 – Asset Management	76	60	21%	-
4 – Financial Governance	51	49	4%	1
<b>Total</b>	<b>323</b>	<b>269</b>	<b>17%</b>	<b>1</b>

**Table 2 Employment and vacancies by salary bands, 31 December 2012**

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to establishment
Lower skilled (Levels 1 - 2)	2	2	-	-
Skilled (Levels 3 - 5)	21	18	14%	-
Highly skilled production (Levels 6 - 8)	54	43	20%	-
Highly skilled supervision (Levels 9 - 12)	221	183	17%	1
Senior management (Levels 13 - 16)	25	23	8%	-
<b>Total</b>	<b>323</b>	<b>269</b>	<b>17%</b>	<b>1</b>

The organisational organogram below depicts the management structure of the PT.



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ADMINISTRATION

FISCAL AND ECONOMIC SERVICES

GOVERNANCE AND ASSET MANAGEMENT

### 5.3 Description of the strategic planning process

The previous APP was derived from an intensive planning process stretching over a couple of months starting in August 2011. This incorporated a series of diagnostics testing the key elements of what should be delivered to improve service delivery and to achieve a critical mass of competence. This was completed for the whole department and included the checking and re-articulating of strategic goals and objectives.

The 2013/14 planning process built on this and although commencing early in 2012, was given formal impetus at the Department's annual strategic revision process in August 2012, with element/sub-programme/programme managers re-checking the diagnostics, simplifying the stated deliverables in the 2013/14 to improve measurability and clarity of purpose and bringing into play changes as identified by AOs, CFOs, the AG, IA or the PT itself.

Amongst others, this led to the birth of the CGRO and MGRO processes, a radical departure from previous PT support programmes to departments and municipalities, the first prototypes of which were rolled out in 2012/13. Based on experience and lessons learnt, these will be further refined in the new financial year. Furthermore, the IYM, LG MTEC and PG MTEC processes were reviewed to improve the desired impact (quality and relevance), links to the CGRO and MGRO processes, milestones, the required interaction, processes, responsible persons and relevant performance indicators.

The August 2012 strategic planning session also challenged the management team on how the PT could attain a level 6 (making a difference) Barrett outcome. This is about equipping all staff with the desired emotional, technical, tactical, strategic and resilience skills to achieve set targets at pre-determined standards of delivery and behaviour. Action plans to attain this were compiled and these action plans will be monitored on a periodic basis, with a full Barrett re-assessment tentatively scheduled later this year.

The former set the scene for each Branch Head and the associated Directors to refine their APP for 2013/14. An APP per sub-programme was drafted in support of the overall reviewed strategic objectives for each Branch and programme; where after checking processes were instituted to improve relevance and synergy. This culminated in a final review session of the entire APP on 12 February 2013 that involved the top management. This review assessed linkages between sub-programmes/elements, possible synergies between sub-programmes/elements, identification and remedying of any gaps and unnecessary duplications. Furthermore, to check that targets are as SMART as possible and to review and compare resources (human and financial) per sub-programme/element for adequacy to achieve the mooted targets.

## 6. Strategic outcome orientated goals of the department

The strategic outcome orientated goals of the Department mainly remained the same, but for the sake of completeness the goals are listed below and will also be published on the PT's website <http://www.westerncape.gov.za>.

### Programme 1 - Administration

<b>Strategic outcome orientated Goal 1</b>	Assist the member of the Executive Council and the HoD with the delivery of the assigned functions to them.
<b>Goal statement</b>	Render effective strategic secretarial support, administrative support and communication services.
<b>Justification</b>	Ensure that the vision, mission, strategic goals and objectives of the Department are achieved.
<b>Links</b>	Links to the PSO 12 of building the best-run regional government in the world.

<b>Strategic outcome orientated Goal 2</b>	Effective financial management of the department up to a level 3+ financial capability rating.
<b>Goal statement</b>	Deliver financial management and associated advisory services; to make limited provision for accommodation requirements.
<b>Justification</b>	Reduce risk, ensure efficient and effective use of financial resources, and ensure clean audit reports and sustainability within the department.
<b>Links</b>	Links to the PSO 12 of building the best-run regional government in the world.

### Programme 2 – Sustainable Resource Management

<b>Strategic outcome orientated Goal 3</b>	Revenue adequacy, optimisation and efficiency of revenue collection for departments and municipalities to achieve a level 3+ financial capability rating.
<b>Goal statement</b>	Efficient revenue sources and fiscal policy, which addresses financing requirements with no adverse economic effects.
<b>Justification</b>	The limited and constrained fiscal envelope requires provincial and LG to ensure the optimum and efficient collection of all potential revenue sources.
<b>Links</b>	Links to the PSO 12 of building the best-run regional government in the world.

<b>Strategic outcome orientated Goal 4</b>	Monitor and evaluate cash flow and investment management so that it is sustainable and credible and will enhance service delivery and improve liquidity in departments and municipalities.
<b>Goal statement</b>	Ensure sustainable, credible and effective cash flow and investment management in departments and municipalities.
<b>Justification</b>	By ensuring more effective and efficient cash flow and investment management it will improve service delivery and maintain liquidity in departments and municipalities.
<b>Links</b>	Links to the PSO 12 of building the best-run regional government in the world.

<b>Strategic outcome orientated Goal 5</b>	Responsive budgets for all provincial departments, municipalities and entities to achieve a level 3+ financial capability rating.
<b>Goal statement</b>	Promote the development of responsive departmental, municipal and entity budgets that contribute to improvements of selected socio-economic outcomes through economic analysis, budget policy formulation, budget allocations and monitoring of performance.
<b>Justification</b>	<p>Provincial, municipal and entity budgets are meant to play key roles as policy instruments to address social and economic challenges. The achievements of socio-economic imperatives need to be supported with appropriate budget policy and budgetary allocations.</p> <p>Budgets that address selected socio economic outcomes and government priorities/goals as well as effective M&amp;E processes to monitor performance of budget policy and plans are important to realise effective resource allocation.</p>
<b>Links</b>	Links to the PSO 12 of building the best-run regional government in the world.

<b>Strategic outcome orientated Goal 6</b>	Credible budgets within departments, municipalities and entities to achieve a level 3+ financial capability rating.
<b>Goal statement</b>	Budgets that are sustainable, operationally efficient, purpose driven and implemented as planned.
<b>Justification</b>	Improve the sustainability and credibility of provincial, municipal and entity budgets, the monitoring of implementation to enhance x-efficiency, financial prudence and fiscal discipline in order to maximise the capacity of provincial departments and municipalities to deliver services.
<b>Links</b>	Links to the PSO 12 of building the best-run regional government in the world.

<b>Strategic outcome orientated Goal 7</b>	Increase the level of infrastructure delivery to achieve a level 3+ financial capability rating (departments of Education, Health, Transport and Public Works and municipalities) and the sound management of PPP projects.
<b>Goal statement</b>	Effective and efficient delivery of infrastructure and management of immovable assets, including PPP projects through institutionalising best practice, systems, tools and building capacity.
<b>Justification</b>	Departments and municipalities still lack the ability in terms of capacity, business processes, etc. to achieve optimal investment in infrastructure and sound management of immovable assets.
<b>Links</b>	Links to the PSO 12 of building the best-run regional government in the world.

<b>Strategic outcome orientated Goal 8</b>	Allocative efficiency of financial resource for designated projects.
<b>Goal statement</b>	To promote effective and efficient management, coordination and intergovernmental cooperation of special programmes in the Western Cape Government.
<b>Justification</b>	To support the outcomes of the PSOs; and to contribute to improving the effectiveness and efficiency of government services.
<b>Links</b>	Links to all PSOs, i.e. PSO 1 to PSO 12.

### Programme 3 – Asset Management

<b>Strategic outcome orientated Goal 9</b>	Enhance departmental and municipal capacity and performance to achieve a level 3+ financial capability rating for SCM and moveable asset management.
<b>Goal statement</b>	Assist departments and municipalities in respect of SCM and moveable asset management to build capacity and enforce good governance practices; and for departments to enhance relationships with BEE and SMME vendors in support of preferential procurement imperatives.
<b>Justification</b>	Ensure that the vision, mission, strategic goals and objectives of the Department are achieved.
<b>Links</b>	Links to the PSO12 of building the best-run regional government in the world.

<b>Strategic outcome Goal 10</b>	Management, utilisation and implementation of financial systems to achieve a level 3+ financial capability rating within provincial departments and selected entities.
<b>Goal statement</b>	Provide for the standard implementation, management and technical user support (helpdesk and training) of existing financial systems and the transition to the IFMS to enhance compliance with the PFMA and other relevant legislation.
<b>Justification</b>	This goal will contribute to sound financial management, skilled and capacitated system users and compliance to user requirement statements.
<b>Links</b>	Links to the PSO 12 of building the best-run regional government in the world.

#### Programme 4 – Financial Governance

<b>Strategic outcome orientated Goal 11</b>	Ensure the development of accounting practices within provincial and local government that will promote effective and efficient capturing of REAL movements/accountability and contribute towards attaining level 3 and higher auditable organisations.
<b>Goal statement</b>	Establish a sound and dynamic financial accounting framework to promote accountability, transparency and good governance.
<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 government.
<b>Links</b>	Links to the PSO 12 of building the best-run regional government in the world.

<b>Strategic outcome orientated Goal 12</b>	Enable departments and municipalities to achieve a level 3+ financial management capability over the next 5 years.
<b>Goal statement</b>	Develop, implement and monitor compliance with corporate governance norms and standards within local and provincial government.
<b>Justification</b>	In terms of S18 of the PFMA and S5 of the 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>	Links to the PSO 12 of building the best-run regional government in the world.

## 7. Overview of 2012 budget and MTEF estimates

### Expenditure estimates

**Table 3 Provincial Treasury**

Programme R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2009/10	2010/11	2011/12				2013/14	2012/13	2014/15	2015/16
1. Administration <sup>a</sup>	39 359	33 214	33 214	33 243	36 230	36 230	45 476	25.52	48 397	50 982
2. Sustainable Resource Management <sup>b</sup>	36 531	42 327	42 327	68 204	70 518	70 518	336 111	376.63	409 875	572 740
3. Asset Management	27 526	33 710	33 710	30 639	35 775	35 775	39 811	11.28	42 903	46 217
4. Financial Governance	34 955	18 249	18 249	22 200	22 439	22 439	24 807	10.55	26 559	28 274
<b>Total payments and estimates</b>	138 371	127 500	127 500	154 286	164 962	164 962	446 205	170.49	527 734	698 213

<sup>a</sup> MEC total remuneration package: R1 652 224 with effect from 1 April 2012.

<sup>b</sup> A new sub-programme: Special Projects has been included under Programme 2 to promote effective and efficient management, coordination and intergovernmental cooperation of special projects in the Province.

Economic classification R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2009/10	2010/11	2011/12				2013/14	2012/13	2014/15	2015/16
<b>Current payments</b>	134 643	123 563	135 303	148 669	155 932	155 932	173 674	11.38	183 865	194 711
Compensation of employees	93 902	89 297	94 973	113 109	110 212	110 212	128 023	16.16	137 834	148 074
Goods and services	40 741	34 246	40 301	35 560	45 720	45 720	45 651	(0.15)	46 031	46 637
Interest and rent on land		20	29							
<b>Transfers and subsidies to</b>	419	736	4 640	4 100	6 699	6 699	267 769	3 897.15	338 305	497 682
Provinces and municipalities			3 450	3 500	3 450	3 450	256 598	7 337.62	327 014	486 270
Departmental agencies and accounts			83		2 411	2 411	10 326	328.29	10 405	10 488
Non-profit institutions	100	102	29							
Households	319	634	1 078	600	838	838	845	0.84	886	924
<b>Payments for capital assets</b>	3 106	3 089	2 633	1 517	2 317	2 317	4 762	105.52	5 564	5 820
Machinery and equipment	2 153	3 054	2 633	1 517	2 317	2 317	4 762	105.52	5 564	5 820
Heritage assets		35								
Software and other intangible assets	953									
<b>Payments for financial assets</b>	203	112	43		14	14		(100.00)		
<b>Total economic classification</b>	138 371	127 500	142 619	154 286	164 962	164 962	446 205	170.49	527 734	698 213

**Relating expenditure trends to strategic goals**

Since 2009/10 financial year, the budgetary provision for the Provincial Treasury has increased modestly with an annual average rate of 6 per cent or by R26.591 million from R138.371 million in 2009/10 to R164.962 million in 2012/13 (revised estimate).

A further annual average (nominal) growth of 61.76 per cent from the revised estimate figure of R164.962 million in 2012/13 to the 2015/16 figure of R698.213 million is a result of the priority funding allocations that are ring fenced under the new sub-programme: Special projects, which aims to promote effective and efficient management, coordination and intergovernmental cooperation of special projects in the Province.



## **PART B: STRATEGIC OBJECTIVES**

### **Programme 1 – Administration**

#### **Programme description**

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

#### **Programme structure**

The programme is further divided 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 secretarial and administrative services to assist the Minister with the performance of his/her legislative responsibilities as MEC and as an elected public representative. 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 the Department of Economic Development and Tourism.

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

Purpose: To assist the Head of the Department with the delivery of functions and responsibilities assigned either by legislation and/or by the Minister.

This sub-programme includes the Head Official of Treasury and the Directorate SOMS. SOMS is responsible to guide and coordinate the delivery of activities of the PT and to facilitate strategic and operational support services. The Directorate consist of three (3) sections; i.e. SMSS, CSRSM and the Office of the Head Official.

SMSS is responsible for the facilitation of the departmental strategic planning process and to develop, monitor, report on and evaluate the overall performance management system of the PT. The implementation of a tailored performance management policy system and procedures, inclusive of planning, monitoring and reporting on performance and the improvement in the planning, monitoring and reporting processes will be the main focus of this unit over the new MTEF.

The CSRSM Unit remains responsible for the management of the PT's working relationship with the CSC. This unit co-ordinate the rendering of ICT, human capital, corporate assurance, legal and communication support services to the PT by the CSC in terms of the provisions of the current Service Level Agreement.

The Office of the Head Official will remain responsible to provide secretarial and administrative support to the Department, as well as the rendering of departmental communications, events management and language services. The main focus is on the implementation of standards to foster compliance to all applicable prescripts and that support services are rendered in a consistent and professional manner across the PT.

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

Purpose: To provide effective financial management to the Department.

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

- A Management Accounting section, 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;
- A Financial Accounting section, responsible for maintaining an effective payments system, compiling the annual financial statements and maintaining the ledger accounts of the Department;
- A SCM section, responsible for providing and developing the SCM database, maintaining and safeguarding assets and providing administrative support in respect of the acquisition of goods and services and specified auxiliary services; and
- An Internal Control section, which must ensure that effective internal control measures are in place throughout the Department, particularly in high-risk areas, also the prevention of adverse internal and external audits and provision of secretariat services to the FARMCO.

### **Strategic objectives for Programme 1 – Administration**

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

<b>1. Strategic Objective</b>	To become a highly efficient and effective regional government Ministry.
<b>Objective statement</b>	To make a positive impact in society by becoming a highly efficient and effective regional government Ministry.
<b>Baseline</b>	Efficient and effective government Ministry.

**Strategic objective annual targets for 2013/14**

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
1.	Strategic, administrative and communication and events support services in line with pre-determined targets	Revised strategic objective	Maintained effective and efficient handling of correspondence and effective programme management	Improved support services	Support services in line with prescripts and standards	Strategic, administrative and communication and events support services in line with pre-determined targets	Strategic, administrative and communication and events support services in line with pre-determined targets	Strategic, administrative and communication and events support services in line with pre-determined targets

**Risk management**

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

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

**Programme performance indicators and annual targets for 2013/14**

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
1.1	Number of reports on implementation of operational plan	New PI	New PI	New PI	New PI	4	4	4
1.2	Number of strategic Ministerial engagements with Top Management	New PI	New PI	New PI	New PI	20	20	20
1.3	Number of positive on-theme media hits	New PI	New PI	New PI	New PI	600	650	700

**Quarterly targets for 2013/14**

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.1	Number of reports on implementation of operational plan	PSO 1 PSO 12	Quarterly	4	1	1	1	1
1.2	Number of strategic Ministerial engagements with Top Management	PSO 1 PSO 12	Monthly	20	6	6	4	4

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.3	Number of positive on-theme media hits	PSO 1 PSO 12	Quarterly	600	150	150	150	150

### Sub-programme 1.2: Management Services

<b>2. Strategic Objective</b>	To provide quality strategic and operational management support services.
<b>Objective statement</b>	To provide strategic and operational support services to the HOD and the staff of the PT that complies fully to all prescripts and departmental standards and the rendering thereof in a professional manner.
<b>Baseline</b>	Secretarial and administrative services standards compiled and approved; APP (FM previously responsible for this); HRIR submitted bi-annually to the DPSA

### Strategic objective annual targets for 2013/14

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
2.1	Number of directorates assisted with the implementation of departmental secretarial and administrative services standards	New strategic objective indicator	New strategic objective indicator	New strategic objective indicator	Secretarial and administrative services compiled and approved	21	21	21
2.2	Timeous publication of APP*	New strategic objective indicator	New strategic objective indicator	New strategic objective indicator	FM was responsible for the publication of the Annual Report	March 2014	March 2015	March 2016
2.3	Number of progress reports on the implementation of the HRP *	New strategic objective indicator	New strategic objective indicator	New strategic objective indicator	HRIR submitted bi-annually to the DPSA	4	4	4

\*Strategic objective indicator is also reflected as a programme performance indicator to ensure regular reporting.

## Risk management

Risk: Material Misstatement of Predetermined Objectives (PDOs) resulting in a negative audit outcome.

Mitigation: The risk will mainly be mitigated by capacitating the Strategic and Management Support Service unit, improving the planning, monitoring and reporting processes and assessing all inputs against a predetermined checklist.

Risk: Inadequate service delivery by the CSC.

Mitigation: The risk will mainly be mitigated by the monthly monitoring and reporting on the compliance with the agreed Service Schedules.

## Programme performance indicators and annual targets for 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
2.1	Number of PAF meetings held	New PI	New PI	New PI	4	6	6	6
2.2.1	Timeous publication of APP	New PI	New PI	New PI	March 2013	March 2014	March 2015	March 2016
2.2.2	Number of performance reports submitted compliant with Treasury Regulations and reporting guidelines	New PI	New PI	New PI	5	5	5	5
2.3.1	Number of progress reports on the implementation of the HRP	New PI	New PI	New PI	2	4	4	4
2.3.2	Number of reports on compliance with the CSC Services Schedules	New PI	New PI	New PI	New PI	12	12	12

## Quarterly targets for 2013/14

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.1	Number of PAF meetings held	PSO12	Quarterly	6	1	2	2	1
2.2.1	Timeous publication of APP	PSO12	Quarterly	March 2014	-	-	-	March 2014

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.2.2	Number of performance reports submitted compliant with Treasury Regulations and reporting guidelines	PSO12	Quarterly	5	2	1	1	1
2.3.1	Number of progress reports on the implementation of the HRP	PSO12	Quarterly	4	1	1	1	1
2.3.2	Number of reports on compliance with the CSC Services Schedules	PSO12	Quarterly	12	3	3	3	3

### Sub-programme 1.4: Financial Management

<b>3. Strategic Objective</b>	To provide sound financial administrative services to the Department.
<b>Objective statement</b>	To provide sound financial administrative services to the Department in respect of financial and management accounting, supply chain management services and internal control towards a clean audit outcome.
<b>Baseline</b>	Clean audit outcome.

### Strategic objective: Annual targets

Strategic objective indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
3.	Audit outcome of the AG for financial management	Revised SO	Revised SO	Revised SO	Clean audit outcome	Clean audit outcome	Clean audit outcome	Clean audit outcome

### Risk management

Risk: Material misstatement of the Annual Financial Statements (AFS) resulting in a negative audit outcome

Mitigation: The risk will be mitigated by implementing; maintaining and full adherence to all financial prescripts in order to receive clean audit outcomes.

Risk: Lack of joint responsibility to manage internal control and compliance.

Mitigation: The risk will be mitigated by a concerted and continuous drive by Financial Management to obtain high levels of joint accountability within the department.

**Programme performance indicators and annual targets for 2013/14**

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
3.1	Number of IYM reports to PT via the IYM Committee	New PI	New PI	New PI	12	12	12	12
3.2	Number of budgets submissions	New PI	New PI	New PI	4	4	4	4
3.3	Audit outcome of the AG for AFS	New PI	New PI	New PI	New PI	Clean audit outcome	Clean audit outcome	Clean audit outcome
3.4	Audit outcome of the AG for SCM	New PI	New PI	New PI	New PI	Clean audit outcome	Clean audit outcome	Clean audit outcome

**Quarterly targets for 2013/14**

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.1	Number of IYM reports to PT via the IYM Committee	PSO 12	Monthly	12	3	3	3	3
3.2	Number of budgets submissions	PSO 12	Annually and Quarterly	4	-	1	2	1
3.3	Audit outcome of the AG for AFS	PSO 12	Annually	Clean audit outcome	-	-	Clean audit outcome	-
3.4	Audit outcome of AG for SCM	PSO 12	Quarterly to AO and FARMCO Quarterly	Clean audit outcome	-	-	Clean audit outcome	-

## Reconciling performance targets with the Budget and MTEF

### Expenditure estimates

**Table 4 Administration**

Sub-programme R'000	Outcome			Main appro- piation 2012/13	Adjusted appro- piation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
1. Office of the Minister <sup>a</sup>	4 410	4 776	4 926	5 522	5 492	5 492	6 228	13.40	6 574	7 033
2. Management Services	3 278	5 818	7 766	9 000	10 793	10 793	12 253	13.53	13 091	13 959
3. Corporate Services	11 077	3 602								
4. Financial Management	20 594	19 018	18 446	18 721	19 945	19 945	26 995	35.35	28 732	29 990
<b>Total payments and estimates</b>	<b>39 359</b>	<b>33 214</b>	<b>31 138</b>	<b>33 243</b>	<b>36 230</b>	<b>36 230</b>	<b>45 476</b>	<b>25.52</b>	<b>48 397</b>	<b>50 982</b>

<sup>a</sup> MEC total remuneration package: R1 652 224 with effect from 1 April 2012.

Economic classification R'000	Outcome			Main appro- piation 2012/13	Adjusted appro- piation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
<b>Current payments</b>	36 684	29 277	27 279	31 126	33 070	33 070	39 869	20.56	41 947	44 238
Compensation of employees	21 520	19 514	18 356	20 089	20 378	20 378	24 318	19.33	26 100	28 037
Goods and services	15 164	9 743	8 894	11 037	12 692	12 692	15 551	22.53	15 847	16 201
Interest and rent on land		20	29							
<b>Transfers and subsidies to</b>	319	736	1 183	600	829	829	845	1.93	886	924
Departmental agencies and accounts			83							
Non-profit institutions		102	29							
Households	319	634	1 071	600	829	829	845	1.93	886	924
<b>Payments for capital assets</b>	2 153	3 089	2 633	1 517	2 317	2 317	4 762	105.52	5 564	5 820
Machinery and equipment	2 153	3 054	2 633	1 517	2 317	2 317	4 762	105.52	5 564	5 820
Heritage assets		35								
<b>Payments for financial assets</b>	203	112	43		14	14		(100.00)		
<b>Total economic classification</b>	<b>39 359</b>	<b>33 214</b>	<b>31 138</b>	<b>33 243</b>	<b>36 230</b>	<b>36 230</b>	<b>45 476</b>	<b>25.52</b>	<b>48 397</b>	<b>50 982</b>

## **Performance and expenditure trends**

The decrease of R3.129 million from R39.359 million in 2009/10 to R36.230 million in 2012/13 (revised estimate), equates to an average nominal decrease of 2.72 per cent per annum (three year period). The annual average nominal growth of 12.06 per cent from the revised estimate of R36.230 million in 2012/13 to R50.982 million in 2015/16, is due to mainly inflation adjustments. Limited provision has also been made for strengthening core corporate requirements towards meeting increasing demands bestowed on the Department. The transfers are for external bursars. The 105.52 per cent increase from R2.317 million in 2012/13 to R4.762 million in 2013/14 for capital assets is to provide for the increase in staff members of the department.

## **Programme 2 – Sustainable Resource Management**

### **Programme description**

Purpose: To inform financial resource allocation, to manage the provincial budget and to monitor the implementation of provincial, municipal and entity budgets to enhance the effective utilisation of available fiscal resources and to provide for special projects.

### **Programme structure**

The Programme currently consists of the following sub-programmes:

#### **Sub-programme 2.1: Programme support**

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

This sub-programme houses the head and support staff of the Branch: Fiscal and Economic Services and the relevant chief directors responsible for 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.

#### **Sub-programme 2.2: Fiscal Policy**

Purpose: To provide for the effective and efficient development of revenue streams, cash and liability management.

Initiatives within this sub-programme are aimed at improving the sustainability of provincial and municipal revenue budgets and exploring the full use of available revenue resources.

Functions of the unit include conducting research into the national transfer system with a specific focus on the funding formula that underpins the provincial and local government allocations (equitable share and conditional grants). This research will form the basis for engagement with National Treasury regarding the fiscal framework.

In addition to reporting on provincial own revenue performance, the unit will also be engaged in identifying and researching possible new sources of provincial own revenue.

Amongst the research into provincial own revenue is the updating of the review regarding casino exclusivity.

The sub-programme's work is also focused on the development of an assessment framework with which to assess municipal service charges in terms of sustainability, transparency and credibility.

Cash flow management policies and practices will be developed with the aim of improving cash flow management and liquidity in the Province and municipalities. This sub-programme will furthermore monitor and evaluate cash flow and investment management practices to ensure the sustainability and credibility thereof.

This unit is also responsible for Departmental oversight of and to manage transfer payment to the WCGRB to ensure the effective and efficient regulation of the gaming industry in the Province.

### **Sub-programme 2.3: Budget Management**

#### **Element: Provincial Government Budgets**

Purpose: To provide for provincial economic analysis and advice that informs budget policy and the budget allocation process; and co-ordinate provincial budget policy, planning and performance.

This Provincial Government Budget Office is responsible for promoting the effective and responsive allocation of provincial resources to social and economic development objectives, national outcomes and provincial strategic objectives and priorities.

The Provincial Government Budget Office unit evaluates provincial budget documentation for conformance and responsiveness to make recommendations to improve the impact and effectiveness (the attainment of desired outcomes, objectives and results) of the provincial budget. The unit also monitors and provide reports on the implementation of provincial budgets and plans against predetermined objectives.

In line with improving financial management, the unit will focus on improving the conformance of departmental accountability documents to the prescribed frameworks and guidelines, and legislative requirements. The unit will guide and assist departments and entities to fully implement the frameworks and guidelines on performance information.

#### **Element: Local Government Budgets**

Purpose: To provide for local government economic analysis and advice that informs fiscal policy and budget allocation decisions and associated remedial steps; and assist, assess and report on policy attainment across the local government sphere and introduce associated remedial steps.

This unit is responsible for assisting municipalities in compiling and tabling responsive and sustainable budgets, which are able to give effect to their service delivery mandates and address the various socio-economic needs of communities living in the municipal areas.

The Local Government Budget Management unit evaluates municipal budget documentation for conformance and responsiveness against set criteria and makes recommendations to improve their impact on communities. The unit also provides monitoring and evaluation on the implementation of municipal budgets against predetermined objectives.

The unit further conducts economic analysis to inform municipal planning and budgeting processes and undertakes initiatives to assist municipalities with building the requisite capacity to implement standards through knowledge sharing and training.

### **Sub-programme 2.4: Public Finance**

#### **Element: Provincial Government Finance**

Purpose: To compile a credible and sustainable main and adjustments budget and to monitor the efficient implementation thereof; assist, assess and report on provincial departmental and entity expenditure management and introduce associated remedial steps.

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, data integrity and efficiency.

A key focus area is to improve on the efficiency of expenditure management in departments through a working paper review of selected expenditure items. Furthermore the unit will perform the secretariat function and strengthen the functioning of the MAF a sub-committee of the CFO's Forum.

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

Purpose: To assist, assess and report on municipal and municipal entity budgets, revenue and expenditure management, and introduce associated remedial steps, effective participation in local government IGR engagement processes; and drive the implementation of the MFMA.

This chief directorate is divided into two directorates, namely Group 1 (mainly coastal municipalities) and Group 2 (mainly non-coastal municipalities). Both directorates will concentrate on improving the conformance, credibility and sustainability of municipal budgets by promoting efficient budget implementation and developing the functional ability of municipalities through the implementation of standards, knowledge sharing and training (internally and externally).

These directorates will further focus on improving general reporting requirements, including data integrity within municipalities and financial assistance will be provided to selected municipalities as informed by LGMTEC 3 and MGRO processes.

The two directorates will also during this financial year produce an efficiency review working paper on selected municipal expenditure items.

### **Element: Infrastructure**

Purpose: To facilitate the implementation of the IDMS through the institutionalisation of good practice systems, tools and building capacity in departments and to provide advice and assistance towards the sound management of PPP projects.

A key focus area of this unit is to roll out and conduct WCIDMS Gateway Reviews (U-AMPs; C-AMPs; CPS; IPMPs and IPIPs for the Departments of Education and Health (as client departments) and Transport and Public Works (as Implementing Agent). The unit is also responsible for the monitoring and enhancement of infrastructure spending of designated departments and advocating infrastructure delivery improvement processes.

The unit is further responsible for the assessment of all closed PPP deals with a particular focus on identifying and addressing non-compliance provisions pertaining to the relevant contract.

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

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

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.

Data management is responsible for the management of data sets in support of PT strategic goals.

The client interface and data collating units deal with the coordination of departmental and municipal MTEC processes and document flow (hard and electronic) and the collation and technical refinement of treasury publications and working papers.

The four sections will form an integral part of forming the information management system for the PT. SOPs will be developed over time that will institutionalise the system. This will contribute to accurate financial information and economic data to improve proper decision making, monitoring and more credible reporting.

### **Sub-programme 2.5: Special Projects**

Purpose: To promote effective and efficient management, coordination and intergovernmental cooperation of special programmes in the Western Cape Government.

To support the outcomes of the PSOs; and to contribute to improving the effectiveness and efficiency of government services.

## Strategic objectives for Programme 2 – Sustainable Resource Management

### Sub-programme 2.1: Programme Support

<b>4. Strategic Objective</b>	To build competencies and enhance and maintain the delivery of the programme.
<b>Objective statement</b>	To build the required competencies of the staff by ensuring that the individual development plans are implemented; to ensure that each directorate have an operational plan and to provide the necessary support to achieve the targets set in the APP.
<b>Baseline</b>	Individual development plans compiled, and being implemented; Directorate operational plans are in place; Support provided by Office Manager and Personal Assistants.

### Strategic objective annual targets for 2013/14

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
<b>4.</b>	Number of performance plans achieved by the programme	New strategic objective	Reviewed and maintained systems and standards	Improved support services	Support services in line with prescripts and standards	3	3	3

### Risk management

Risk: Operational needs may surpass the achievement of objectives specifically in respect of training initiatives, as well as the available budget.

Mitigation: Planning and scheduling of training initiatives will be done in advance, immediately after finalisation of the corporate schedule.

### Programme performance indicators and annual targets for 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
<b>4.1</b>	Number of training initiatives attended by staff	New PI	New PI	New PI	New PI	108	120	130
<b>4.2</b>	Timeous completion of operational plan	New PI	New PI	Developed, implemented and monitored operational plan	An operational plan that builds on QRP, APP, AR requirement setting out milestones and quality of delivery	May 2013	May 2014	May 2015
<b>4.3</b>	Number of reports on the implementation of SOP	New PI	New PI	New PI	New PI	4	4	4

**Quarterly targets for 2013/14**

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
4.1	Number of training initiatives attended by staff	PSO 12	Quarterly	108	27	27	27	27
4.2	Timeous completion of operational plan	PSO 12	Annually	May 2013	May 2013	-	-	-
4.3	Number of reports on the implementation of SOP	PSO 12	Quarterly	4	1	1	1	1

**Sub-programme 2.2: Fiscal Policy**

<b>5. Strategic Objective</b>	To conduct research on the national fiscal transfer system.
<b>Objective statement</b>	To conduct research on the national transfer system with a specific focus on the funding formula that underpins the provincial and local government allocations in order to produce reports that will feed into national treasury discussions on the fiscal transfer system to provinces and local government.
<b>Baseline</b>	1 submission on proposed LG Fiscal Framework and 1 conditional grant research paper.

<b>6. Strategic Objective</b>	To monitor and promote revenue collection in provincial and local government inclusive of cash management arrangements.
<b>Objective statement</b>	To monitor and promote the effective and efficient development and collection of all available revenue streams by improving the conformance and responsiveness of provincial own revenue budgets, which include providing support to municipalities regarding the setting of sustainable and credible municipal service charges.
<b>Baseline</b>	1 research report, 12 revenue assessment reports; 6 municipalities assessed in respect of credibility of municipal service charges.

## Strategic objective annual targets for 2013/14

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
5.	Number of research reports on the Fiscal Transfer System*	New strategic objective	Research into potential revenue resources	Researched, review of provincial funding model and input into the fiscal transfer system for provinces. Commenced with initial work on Local Government Equitable Share  Provincial fiscal framework estimated and provided	Research and engagement with Fiscal Transfer System to ensure equitable distribution of National Revenue	2	2	2
6.	Number of revenue and cash management reports	New strategic objective	Research into revenue collection mechanisms	Assessments of departmental provincial own revenue trends and submitted policies	Refinement of research into revenue collection mechanisms and provide recommendations including follow-up on recommendations	32	32	32

\* Strategic objective indicator is also reflected as a programme performance indicator to ensure regular reporting.

### Risk management

**Risk:** The susceptibility of National transfers (equitable share and conditional grants) and provincial own revenue to the macro-economic environment and/or census information and the phasing in of the Provincial Equitable Share. These variables have the potential to undermine national transfers to provinces and local government.

**Mitigation:** Developing and implementing a risk aversion fiscal framework to minimise risks to the revenue envelop and to help ensure a sustainable spending trajectory over the medium term supportive of the PSOs.

## Programme performance indicators and annual targets for 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
5.1	Number of research reports on the Provincial Fiscal Transfer System	Preparatory work and appointment of researchers	Research, input and testing of new provincial fiscal framework	Research, review of provincial funding model and input into the fiscal transfer system for provinces. Commenced with initial work on Local Government Equitable Share Provincial fiscal framework estimated and provided	Research, review of provincial funding model and input into the fiscal transfer system for provinces and local government	1	1	1
5.2	Number of research reports on the Local Government Fiscal Transfer System	Preparatory work and appointment of researchers	Research, input and testing of new provincial fiscal framework	Research, review of provincial funding model and input into the fiscal transfer system for provinces. Commenced with initial work on Local Government Equitable Share Provincial fiscal framework estimated and provided	Research, review of provincial funding model and input into the fiscal transfer system for provinces and local government	1	1	1
6.1	Number of Provincial Own Revenue Management Reports	New PI	New PI	New PI	New PI	4	4	4
6.2	Number of monthly Cash Management Reports for provincial government and municipalities	New PI	New PI	New PI	New PI	24	24	24

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
6.3	Number of reports on the performance of the WCGRB	New PI	Assessment tool measuring compliance and implementation	Governance Review not achieved Performance assessment reports for the WCGRB completed	Quarterly Performance assessment reports of the WCGRB and Governance Review of the WCGRB	4	4	4

### Quarterly targets for 2013/14

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
5.1	Number of research reports on the National Fiscal Transfer System to Provincial Government	PSO 12	Annually	1	-	1	-	-
5.2	Number of research reports on the National Fiscal Transfer System to Local Government	PSO 12	Annually	1	-	-	1	-
6.1	Number of Provincial Own Revenue Management Reports	PSO 12	Quarterly	4	1	1	1	1
6.2	Number of monthly Cash Management Reports for provincial government and municipalities	PSO 12	Quarterly	24	6	6	6	6
6.3	Number of reports on the performance of the WCGRB	PSO 12	Quarterly	4	1	1	1	1

### Sub-programme 2.3: Budget Management

#### Element: Provincial Government Budgets

<b>7. Strategic Objective</b>	To improve the conformance and responsiveness of budgets within provincial departments and entities.
<b>Objective statement</b>	To improve the conformance and responsiveness of budgets within provincial departments and entities in addressing the socio economic needs of the people living in the Western Cape and national and provincial priorities and table an approved Provincial Overview of Estimates of Provincial Revenue and Expenditure.
<b>Baseline</b>	Provincial Overview and Estimates of Provincial Revenue and Expenditure (Budget Overview) 2013 tabled by March 2013.

<b>8. Strategic Objective</b>	To apply economic and other analysis to inform provincial planning and budgeting processes.
<b>Objective statement</b>	To apply economic and other analysis to inform provincial planning, budgeting processes and the Medium Term Budget policy for the Province.
<b>Baseline</b>	MTBPS tabled by November 2012.

### Strategic objective annual targets for 2013/14

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
7.	Timeous Publication of the Overview of Provincial Revenue and Expenditure	New PI	New PI	New PI	Overview of Provincial Review and Expenditure tabled by March 2013	March 2014	March 2015	March 2016
8.	Timeous Publication of the MTBPS	New PI	New PI	New PI	Medium Term Policy Statement tabled by November 2012	November 2013	November 2014	November 2015

### Risk management

Risk: Lack of credible, relevant and up to date socio-economic information.

Mitigation: Credible socio-economic information is important to inform fiscal policy and recommendations on budget allocations. Therefore, regular research and economic updates are undertaken by specialist service providers with the required standard of expertise, capacity, knowledge and experience as well as Budget Office staff to feed into the budgetary processes.

Risk: Non-compliance of provincial departments and entities in submitting draft and final budgetary documentation.

Mitigation: Tabling a provincial budget that conforms to the prescribed guidelines and requirements and through issuing clear guidelines for submission, guidelines for development of budgets, plans and reports and training and advice to departments and entities.

### Programme performance indicators and annual targets 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
7.1	Number of Provincial APP and budget assessments	12 APPs	13 APPs of departments and public entities assessed for alignment with budget	APPs of all votes assessed and remedial actions identified	14 APPs and budget submissions assessed and with recommendations to the provincial MTEC	28	28	28
7.2	Number of Quarterly Performance Reports evaluated on the implementation of budget	48 Quarterly Performance Reports assessments	52 Quarterly Performance Reports assessments	52 Quarterly Performance assessment reports and 4 submissions to Cabinet and Provincial Parliament aligned to a framework for non-financial reporting	52 Quarterly Performance assessment reports and 4 submissions to Cabinet and Provincial Parliament	56	56	56
8.1	Timeous Publication of the PERO	PERO 2009 published in November 2009	PERO 2010 published in November 2010	PERO 2011 published in September 2011	PERO 2012 published September 2012	October 2013	October 2014	October 2015
8.2	Number of budget policy working papers	New PI	New PI	New PI	13	4	4	4

### Quarterly targets for 2013/14

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
7.1	Number of Provincial APP and budget assessments	PSO 12	Bi-annually	28	-	-	14	14
7.2	Number of QPR's evaluated on the implementation of budget	PSO 12	Quarterly	56	14	14	14	14
8.1	Timeous publication of the PERO	PSO 12	Annually	October 2013	-	-	October 2013	-
8.2	Number of budget policy working papers	PSO 12	Quarterly	4	-	-	2	2

**Element: Local Government Budgets**

<b>9. Strategic Objective</b>	To improve the conformance and responsiveness of budgets within municipalities.
<b>Objective statement</b>	To improve the conformance and responsiveness of municipal budgets in addressing the socio economic needs of the people living in the Province through conducting annual assessments with recommendations to municipal councils.
<b>Baseline</b>	30 Municipal Budget Assessments through the 2012 LG MTEC process between April and May 2012.

<b>10. Strategic Objective</b>	To apply economic and other analysis to inform municipal planning and budgeting processes.
<b>Objective statement</b>	To apply economic and other analysis to inform municipal planning and budgeting processes within the Province.
<b>Baseline</b>	MERO 2012.

**Strategic objective annual targets for 2013/14**

Strategic objective indicator	Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
	2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
<b>9.</b> Number of Municipal annual budget assessments*	30 Municipal budgets assessed for responsiveness	30 Municipal budgets assessed for responsiveness	30 Municipal budgets assessed for responsiveness	30 Municipal budgets assessed in line with conformance and responsiveness framework & recommendations made	30	30	30
<b>10.</b> Timeous Publication of the MERO*	New Strategic objective indicator	New Strategic objective indicator	New Strategic objective indicator	MERO 2012	October 2013	October 2014	October 2015

\* Strategic objective indicator is also reflected as a programme performance indicator to ensure regular reporting.

**Risk management**

**Risk:** Late tabling and adoption of municipal budgets and non- or late submission of budgetary related documents including Annual Reports, Quarterly Service Delivery and Budget Implementation Plans and Mid-year 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, mid-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, Mid-year reports and Annual Reports and training and advice to municipalities.

Risk: Lack of credible, relevant and up to date social and economic information at a municipal level.

Mitigation: Credible socio-economic information is important to inform the compilation of municipal budgets and strategic plans. A lack of this information would result in less responsive municipal budgets. The risk is mitigated through the sourcing of up to date socio-economic information, regular research and economic updates by specialist service providers with the required standard of expertise, capacity, knowledge and experience (subject to Terms of References) as well as Budget Office staff to feed into the municipal budgetary processes.

#### Programme performance indicators and annual targets 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
9.1	Number of Municipal annual budget assessments	30 municipal budgets assessed for responsiveness	30 municipal budgets assessed for responsiveness	30 municipal budgets assessed for responsiveness	30 municipal budgets assessed in line with conformance and responsiveness framework & recommendations made	30	30	30
9.2	Number of QPR's evaluated on the implementation of municipal budgets	Overview report and feedback on SDBIP, mid-year and Annual Report assessments	Overview report and feedback on SDBIP, mid-year and Annual Report assessments	SDBIP quarterly and Mid-year Reports assessments of all municipalities and submissions to Cabinet and Provincial Parliament on quarterly non-financial performance	Quarterly SDBIP/Mid-year Performance Reports of all municipalities and submissions to Cabinet and Parliament on quarterly non-financial performance	120	120	120
10.1	Timeous publication of SEP-LGs	New PI	Compile SEP-LG for 5 districts and City of Cape Town	Compile SEP-LG for 5 districts and City of Cape Town	Release of working papers on Socio-economic profiles for 5 districts and Metro	November 2013	November 2014	November 2015
10.2	Timeous Publication of the MERO	New PI	New PI	New PI	Publication of 2012 MERO	October 2013	October 2014	October 2015

## Quarterly targets for 2013/14

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
9.1	Number of Municipal annual budget assessments	PSO 12	Annually	30	30	-	-	-
9.2	Number of Quarterly Performance Reports evaluated on the implementation of municipal budgets	PSO 12	Quarterly	120	30	30	30	30
10.1	Timeous publication of SEP-LGs profiles	PSO 12	Annually	November 2013	-	-	November 2013	-
10.2	Timeous Publication of the MERO	PSO 12	Annually	October 2013	-	-	October 2013	-

## Sub-programme 2.4: Public Finance

## Element: Provincial Government Finance

<b>11. Strategic Objective</b>	To improve the conformance, credibility and sustainability of the provincial budget.
<b>Objective statement</b>	To improve the conformance, credibility and sustainability of budgets within provincial departments and entities in addressing the socio economic needs of the people living in the Western Cape, national and provincial priorities and table an approved Estimates of Provincial Revenue and Expenditure.
<b>Baseline</b>	Estimates of Provincial Revenue and Expenditure tabled by March 2013.

<b>12. Strategic Objective</b>	To monitor the implementation of the budget in terms of accountability, data integrity and efficiency in departments.
<b>Objective statement</b>	To monitor the implementation of the budget in terms of accountability, data integrity, and efficiency through monthly and quarterly reporting to Cabinet and Parliament to ensure improved accountability in the implementation of the budget.
<b>Baseline</b>	Four quarterly reports on the implementation of the budget to Cabinet and Parliament.

**Strategic objective annual targets for 2013/14**

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
11.	Timeous tabling of the Estimates of Provincial Revenue and Expenditure	26 PG MTEC Assessment reports	26 PG MTEC Assessment reports	All votes' budgets assessed against credibility criteria and departments assisted and capacitated through establishing standards providing guidance and training	All votes and entities budget submissions assessed against a framework for conformance, credibility and sustainability	March 2014	March 2015	March 2016
12.	Number of quarterly reports on the implementation of the provincial budget to Cabinet and Parliament *	13 Monthly IYM reports and 4 Cabinet submissions	13 Monthly IYM reports and 4 Cabinet submissions	Monthly IYM assessments and quarterly reports, inclusive of remedial action identified and submitted to Cabinet and Provincial Parliament	In-year reports on the accountability, data integrity and efficiency of the implementation of the budget	4	4	4

\* Strategic objective indicator is also reflected as a programme performance indicator to ensure regular reporting.

**Risk management**

Risk: Data integrity of information recorded as expenditure by departments. These inaccuracies are mainly due to a skills deficit with the application of the transversal financial management systems and a lack of a uniform understanding and recording of expenditure items.

Mitigation: Improvement of data via integrated intervention involving Systems, Financial Accounting and Management Accounting in the Treasury, as well as Departments, to achieve standardisation in the utilisation of expenditure items.

## Programme performance indicators and annual targets for 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
11.1	Number of Provincial budget assessments	26 PG MTEC assessment reports	26 PG MTEC assessment reports	14 Provincial budgets assessed and remedial actions identified	Developed a framework on conformance, credibility and sustainability of the budget and 14 Provincial budgets assessed and remedial action steps actioned	28	28	28
11.2	Number of Efficiency Review working papers on selected expenditure items	New PI	New PI	New PI	New PI	2	4	6
11.3	Timeous tabling of Adjusted Estimate Provincial Revenue and Expenditure	New PI	New PI	New PI	November 2012	November 2013	November 2014	November 2015
12.1	Number of IYM reports on the implementation of the provincial budget	13 Monthly IYM reports and 4 Cabinet sub-missions	13 Monthly IYM reports and 4 Cabinet sub-missions	14 Monthly IYM reports and 4 quarterly submissions to Cabinet and the Provincial Parliament	14 Monthly and 4 quarterly reports aligned to framework on financial reporting	180	180	180
12.2	Number of quarterly reports on the implementation of the budget to Cabinet and Parliament	New PI	New PI	New PI	4	4	4	4

## Quarterly targets for 2013/14

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
11.1	Number of Provincial budget assessments	PSO 12	Quarterly	28	-	-	14	14
11.2	Number of Efficiency Review working papers on selected provincial expenditure items	PSO 12	Annual	2	-	1	-	1

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
11.3	Timeous tabling of Adjusted Estimate of Provincial Revenue and Expenditure	PSO 12	Annual	November 2013		-	November 2013	
12.1	Number of monthly IYM reports on the implementation of the provincial budget	PSO 12	Quarterly	180	45	45	45	45
12.2	Number of quarterly reports on the implementation of the budget to Cabinet and Parliament	PSO 12	Annual	4	1	1	1	1

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

<b>13. Strategic Objective</b>	To improve the conformance, credibility and sustainability of municipal budgets.
<b>Objective statement</b>	To improve the conformance, credibility and sustainability of municipal budgets and entities by assessing revenue and expenditure trends within municipal budgets.
<b>Baseline</b>	30 municipal budget Assessment reports (LG MTEC 3) tabled in municipalities (Revenue and Expenditure Assessment).

<b>14. Strategic Objective</b>	To monitor the implementation of the budget in terms of conformance, accountability, data integrity, and efficiency.
<b>Objective statement</b>	To monitor the implementation of the budget in terms of conformance, accountability, data integrity, and efficiency through monthly and quarterly reporting to Cabinet and Parliament to ensure improved accountability in the implementation of the budget.
<b>Baseline</b>	4 quarterly reports on the implementation of the municipal budget to Cabinet and Parliament.

<b>15. Strategic Objective</b>	To coordinate MFMA implementation to improve conformance and performance in municipalities.
<b>Objective statement</b>	To coordinate MFMA implementation to improve IGR and coordination within and across PT and Local Government and reporting of MFMA implementation to improve conformance and performance in municipalities.
<b>Baseline</b>	Four reports on and IGR engagement on the implementation of selected MFMA priorities: 4 reports and IGR engagements.

**Strategic objective annual targets for 2013/14**

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
13.	Number of Municipal budgets assessment reports *	30 LGMTEC Assessment Reports	30 LGMTEC Assessment Reports against pre-established criteria and developed revised criteria for next budget cycle	Assessed all municipal budgets against pre-established criteria. Municipalities assisted and capacitated through establishing standards, providing guidance and training	30 municipal draft budgets assessed against the framework for conformance, credibility and sustainability and recommendations made to municipalities	30	30	30
14.	Number of quarterly reports on the implementation of the municipal budget to Cabinet and Parliament *	30 Monthly IYM reports and 4 Cabinet Submissions	30 Monthly IYM's assessed against pre-established criteria and developed revised criteria for next budget cycle	30 Monthly IYM reports and 4 Cabinet Submissions inclusive of remedial action identified	30 In-year assessment reports against a pre-determined framework on the accountability, data integrity and efficiency of the implementation of the budget and recommendations made to municipalities	4	4	4
15.	Number of reports on MFMA implementation*	New strategic objective	New strategic objective	Implementation of selected MFMA priorities	Assessment on MFMA Implementation against framework and recommendations made to municipalities	4	4	4

\* Strategic objective indicator is also reflected as a programme performance indicator to ensure regular reporting.

**Risk management**

Risk: Data integrity of information as received from the municipalities.

Mitigation: Data integrity on in-year reports are monitored as part of the monthly in-year monitoring process and checked against predetermined assessment criteria. Challenges with regards to in-year reporting are communicated in formal letters to Chief Financial Officers and discussed at the Municipal Accountants Forum.

Risk: Non-compliance by municipalities with the legislative reporting requirements.

Mitigation: Non-compliance letters are issued to the accounting officers of defaulting municipalities in which they are requested to institute remedial measures.

## Programme Performance Indicators and annual targets for 2013/14

Programme Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
13.1	Number of Municipal budgets assessment reports	30 LGMTEC Assessment Reports	30 LGMTEC Assessment Reports	30 LGMTEC Assessment Reports	30 municipal draft budgets assessed against the framework for conformance, credibility and sustainability and recommendations made to municipalities	30	30	30
13.2	Number of mid-year budget assessment reports	New PI	New PI	New PI	New PI	30	30	30
14.1	Number of Monthly IYM assessment reports on the implementation of the municipal budget	30 Monthly IYM reports and 12 monthly consolidated reports	30 Monthly IYM reports and 12 monthly consolidated reports	30 Monthly IYM reports and 12 monthly consolidated reports	30 In-year assessment reports against a pre-determined framework on the accountability, data integrity and efficiency of the implementation of the budget and recommendations made to municipalities	372	372	372
14.2	Number of quarterly reports on the implementation of the municipal budget to Cabinet and Parliament	4 Cabinet Submissions and gazettes	4 Cabinet Submissions and gazettes	4 Cabinet Submissions and gazettes	4 Cabinet submissions and gazettes inclusive of remedial actions identified	4	4	4
14.3	Number of Efficiency Assessments on selected expenditure municipal items.	New PI	New PI	New PI	1 Efficiency Assessment Working Paper on selected revenue and expenditure items.	2	2	2
15.1	Number of reports on MFMA implementation	New PI	New PI	Implementation of selected MFMA priorities	Assessment on MFMA implementation against framework and recommendation made to municipalities	4	4	4

Programme Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
15.2	Number of structured engagements on the implementation of the MFMA	New PI	New PI	Implementation of selected MFMA priorities	Assessment on MFMA implementation against framework and recommendation made to municipalities	11	11	11

### Quarterly targets for 2013/14

Performance indicator		PSO Linkage	Reporting Period	Annual Target 2013/14	Quarterly Targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
13.1	Number of municipal budgets assessment reports	PSO 12	Annually	30	30	-	-	-
13.2	Number of mid-year budget assessment reports	PSO 12	Annual	30	-	-	-	30
14.1	Number of Monthly IYM assessment reports on the implementation of the municipal budget	PSO 12	Quarterly	372	93	93	93	93
14.2	Number of quarterly reports on the implementation of the municipal budget to Cabinet and Parliament	PSO 12	Quarterly	4	1	1	1	1
14.3	Number of Efficiency Assessments on selected expenditure municipal budget items	PSO 12	Annually	1	-	1	-	1
15.1	Number of reports on MFMA implementation	PSO 12	Quarterly	4	1	1	1	1
15.2	Number of structured engagements on the implementation of the MFMA	PSO 12	Quarterly	11	3	3	3	2

**Element: Infrastructure**

<b>16. Strategic Objective</b>	To entrench built-environment business principles and processes for effective infrastructure delivery.
<b>Objective statement</b>	To entrench built-environment business principles and processes for effective infrastructure delivery through strengthening the institutionalisation of WCIDMS principles in departments to effectively deliver on planning and construction of projects.
<b>Baseline</b>	3 assessments conducted on the institutionalisation of WCIDMS at the Departments of Education and Health (Client departments), and Public Works as Implementing Agent to improve infrastructure delivery.

**Strategic objective annual targets for 2013/14**

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
16.	Number of departments in which the WC IDMS is institutionalised	Revised strategic objective	Revised strategic objective	Revised strategic objective	Roll out of approved WC IDMS (HR, Business processes and procurement framework)	3	4	5

**Risk management**

Risk: Failure to implement the infrastructure delivery management system (IDMS) which could compromise effective infrastructure delivery.

Mitigating: Addressed through the institutionalisation of good practice, systems, tools and building capacity.

**Programme performance indicators and annual targets for 2013/14**

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
16.1	Number of assessments conducted on institutionalisation of WC IDMS	Revised PI	Revised PI	Revised organisation of structure for the infrastructure unit at education approved	Implement WC IDMS (HR, Business processes and construction procurement system) at Public Works (Departments of Education and Health).	3	4	5

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
16.2	Number of Infrastructure reports assessed	16 reports	16 Infrastructure Expenditure Reports of Education, Public Works and Roads and Health that are compliant to DORA	16 Infrastructure Expenditure Reports (Roads & Transport, Public Works, Education and Health) were submitted in compliance with the Division of Revenue Act (DORA)	16	20	20	20
16.3	Number of U-AMPS/C-AMPS assessed	New PI	Assessment on User Asset Management Plans (U-AMPs) and conducted and feedback provided to 13 departments and Provincial Parliament	Assessment on User Asset Management Plans (U-AMPs) conducted and feedback provided	13	28	28	28
16.4	Number of infrastructure project impact assessments	New PI	New PI	New PI	5 project assessments in respect of impact (economic, social, job-creation, etc.)	6	10	12

### Quarterly targets for 2013/14

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
16.1	Number of assessments conducted on institutionalisation of WC IDMS	PSO 12	Quarterly	3	-	1	1	1
16.2	Number of Infrastructure reports assessed	PSO 12	Quarterly	20	5	5	5	5
16.3	Number of U-AMPS/C-AMPS assessed	PSO 12	Quarterly	28	-	14	-	14
16.4	Number of infrastructure project impact assessments	PSO 12	Quarterly	6	-	2	2	2

**Element: Business Information and Data Management**

<b>17. Strategic Objective</b>	To render an effective information management service.
<b>Objective statement</b>	To render an effective information management service through the institutionalisation of an information management system which provides accurate financial performance information and economic data to enable proper decision making and credible publications.
<b>Baseline</b>	New strategic objective.

**Strategic objective annual targets for 2013/14**

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
17.	The development of an information management system SOP	New strategic objective	New strategic objective	New strategic objective	New strategic objective	Draft SOP for an information management system	SOP for an information management system	Refined SOP for an information management system

**Risk management**

Risk: Inadequate safeguarding and dissemination of information within the PT.

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

**Programme performance indicators and annual targets 2013/14**

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
17.1	Number of reports on the implementation of a centralised document control system	New PI	New PI	Revised PI	Revised PI	4	4	4
17.2	Number of datasets managed	New PI	New PI	Revised PI	Revised PI	4	5	6
17.3	Number of budget process plans managed	New PI	New PI	Revised PI	Revised PI	3	3	3
17.4	Number of PT publications formatted and technically edited	New PI	New PI	Revised PI	Revised PI	15	15	15

**Quarterly targets for 2013/14**

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
17.1	Number of reports on the implementation of a centralised document control system	PSO 12	Quarterly	4	1	1	1	1
17.2	Number of datasets managed	PSO 12	Quarterly	4	4	4	4	4
17.3	Number of budget process plans managed	PSO 12	Quarterly	3	1	1	2	2
17.4	Number of PT publications formatted and technically edited	PSO 12	Quarterly	15	1	3	5	6

**Sub-programme 2.5: Special Projects**

<b>18. Strategic Objective</b>	To co-ordinate and provide financial support to special programmes/projects.
<b>Objective statement</b>	To co-ordinate and provide financial support to special programmes/projects that are of a transversal and strategic nature in the Western Cape Government.
<b>Baseline</b>	New Strategic Objective

**Strategic objective annual targets for 2013/14**

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
18.	Number of strategic projects/programmes that receive financial support	New PI	New PI	New PI	New PI	5	5	5

**Risk management**

**Risk:** The development of co-ordinated delivery plans are completed timeously. Achieving co-ordination in delivery of plans across the departments may not happen as planned.

**Mitigation:** Funds will be released in the Adjustment Estimate based on clear and executable delivery plans. The outputs and expenditure will be monitored quarterly.

### Programme performance indicators and annual targets for 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
18.1	Number of strategic projects/ programmes that receive financial support	New PI	New PI	New PI	New PI	5	5	5
18.2	Number of implementation plans	New PI	New PI	New PI	New PI	5	5	5

### Quarterly targets for 2013/14

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
18.1	Number of strategic projects/ programmes that receive financial support	All	Quarterly	5	-	-	5	-
18.2	Number of implementation plans received	All	Quarterly	5	-	5	-	-

## Reconciling performance targets with the Budget and MTEF

### Expenditure estimates

**Table 5 Sustainable Resource Management**

Sub-programme R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
1. Programme Support	2 438	3 024	3 848	5 666	5 925	5 925	7 038	18.78	7 548	8 075
2. Fiscal Policy	5 240	3 663	6 693	7 771	12 282	12 282	19 312	57.24	20 010	20 731
Fiscal Policy	5 240	3 663	6 693	7 771	9 871	9 871	8 986	26.65	9 605	10 243
Western Cape Gambling and Racing Board					2 411	2 411	10 326		10 405	10 488
3. Budget Management	10 004	13 749	16 784	16 167	15 534	15 534	15 949	2.67	16 074	17 184
Provincial Government	6 381	8 606	10 845	9 135	7 885	7 885	8 529	8.17	8 645	9 230
Local Government	3 623	5 143	5 939	7 032	7 649	7 649	7 420	(2.99)	7 429	7 954
4. Public Finance	18 849	21 891	34 006	38 600	36 777	36 777	41 214	12.06	45 229	47 480
Provincial Government Finance	10 659	12 832	11 310	8 502	7 245	7 245	7 576	4.57	8 133	8 709
Local Government Finance: Group 1	4 317	4 154	8 408	9 132	9 405	9 405	10 458	11.20	10 867	10 096
Local Government Finance: Group 2	3 873	4 905	8 522	10 151	9 191	9 191	10 511	14.36	12 759	14 246
Infrastructure			5 766	6 070	5 730	5 730	5 549	(3.16)	5 907	6 324
Business Information and Data Management				4 745	5 206	5 206	7 120	36.77	7 563	8 105
5. Special Projects <sup>Note</sup>							252 598		321 014	479 270
<b>Total payments and estimates</b>	36 531	42 327	61 331	68 204	70 518	70 518	336 111	376.63	409 875	572 740

Note: A new sub-programme: Special Projects has been included to promote effective and efficient management, coordination and intergovernmental cooperation of special projects in the Province.

Economic classification R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
<b>Current payments</b>	36 431	42 327	57 874	64 704	64 657	64 657	69 187	7.01	72 456	75 982
Compensation of employees	21 708	28 360	39 715	48 880	47 695	47 695	54 045	13.31	58 190	62 507
Goods and services	14 723	13 967	18 159	15 824	16 962	16 962	15 142	(10.73)	14 266	13 475
<b>Transfers and subsidies to</b>	100		3 457	3 500	5 861	5 861	266 924	4 454.24	337 419	496 758
Provinces and municipalities			3 450	3 500	3 450	3 450	256 598	7 337.62	327 014	486 270
Departmental agencies and accounts					2 411	2 411	10 326	328.29	10 405	10 488
Non-profit institutions Households	100		7							
<b>Total economic classification</b>	36 531	42 327	61 331	68 204	70 518	70 518	336 111	376.63	409 875	572 740

## **Performance and expenditure trends**

The programme has increased from R36.531 million in 2009/10 to R70.518 million in 2012/13 (revised estimate), which equates to an average nominal growth of 24.51 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 MTEF period will further increase from R70.518 million in 2012/13 revised estimate to R336.111 million in 2013/14 as a result of the priority funding allocations that are ring fenced under the sub-programme: Special projects. The growth from 2012/13 (revised estimate) of R70.518 million to R572.740 million in 2015/16 reflects an annual average growth of 101.01 per cent over the three year period.

## **Programme 3 – Asset Management**

### **Programme description**

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

### **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 houses 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.

#### **Sub-programme 3.2: Supply Chain Management**

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

Purpose: To ensure that provincial institutions comply with the supply chain and asset management regulatory regime.

This unit is responsible for the driving, assessing and assisting provincial institutions in the effective and efficient management of supply chain and moveable asset management in terms of the PFMA. This, amongst others includes enforcing good governance practices and compliance to SCM policy and prescripts, investigation of any system of control or financial management impacting on SCM and moveable asset management, ensuring data integrity and transparency on SCM reporting, providing training, assistance and guidance to institutions in improving their SCM processes. Better procurement planning through strategic

sourcing will be promoted, fostering closer linkages with budget planning to increase efficiency in spending and value for money. Operational SCM skills and knowledge will be furthered in institutions to enhance the ability to analyse and translate complex legislative and policies requirements. Various platforms will be used to engage with suppliers to ensure that they become duly registered suppliers to the province, are capacitated and better understand the provincial SCM environment. Structured support programmes will be rolled out to departments through the Corporate Governance Review and Outlook process.

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

Purpose: To assist municipalities in complying with the supply chain and asset management regulatory regime.

This unit is responsible for driving, assessing and assisting municipalities towards the effective and efficient management of supply chain and moveable asset management 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 moveable asset management; improving data integrity and transparency on SCM reporting; and providing training, assistance and guidance to municipalities in improving their SCM processes. Better construction procurement planning will be promoted, fostering closer linkages with budget planning to increase efficiency in spending and value for money, Operational SCM skills and knowledge will be improved in municipalities to enhance the ability to analyse and translate complex legislative and policies requirements. Structured support programmes will be rolled out to municipalities through the Municipal Governance Review and Outlook process.

**Sub-programme 3.4: 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.

In addition, the acquisition and implementation of a supply chain management system complying to this Province's user requirements statement, which addresses areas such as supplier management, quotations, bids and contract management currently not catered for in the suite of existing financial systems. Further to this, the roll out of enhanced LOGIS functionalities, as proposed by PT, to all departments/institutions.

## Strategic objectives for Programme 3 – Asset Management

### Sub-programme 3.1: Programme support

<b>19. Strategic Objective</b>	To build competencies and enhance and maintain the delivery of the programme.
<b>Objective statement</b>	To build the required competencies of the staff by ensuring that the individual development plans are implemented; to ensure that each directorate have an operational plan and to provide the necessary support to achieve the targets set in the APP.
<b>Baseline</b>	Individual development plans compiled, and being implemented; Directorate operational plans are in place; Support provided by Office Manager and Personal Assistants.

### Strategic objective annual targets for 2013/14

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
19.	Number of performance plans achieved by the programme	New strategic objective	Reviewed and maintained systems and standards	Improved support services	Support services in line with prescripts and standards	3	3	3

### Risk management

Risk: Operational needs may surpass the achievement of objectives specifically in respect of training initiatives, as well as the available budget.

Mitigation: Planning and scheduling of training initiatives will be done in advance, immediately after finalisation of the corporate schedule.

### Programme performance indicators and annual targets for 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
19.1	Number of training initiatives attended by staff	New PI	New PI	New PI	New PI	160	180	200
19.2	Timeous completion of operational plan	New PI	New PI	Developed, implemented and monitored operational plan	An operational plan that builds on QRP, APP, AR requirement setting out milestones and quality of delivery	May 2013	May 2014	May 2015
19.3	Number of reports on the implementation of SOPs	New PI	New PI	New PI	New PI	4	4	4

**Quarterly targets for 2013/14**

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
19.1	Number of training initiatives attended by staff	PSO 12	Quarterly	160	40	40	40	40
19.2	Timeous completion of operational plan	PSO 12	Annually	May 2013	May 2013	-	-	-
19.3	Number of reports on the implementation of SOPs	PSO 12	Quarterly	4	1	1	1	1

**Sub-programme 3.2: Supply Chain Management****Element: Supply Chain Management: Provincial Government**

<b>20. Strategic Objective</b>	To ensure compliance with the supply chain and asset management regulatory regime across votes.
<b>Objective statement</b>	Assist institutions to build capacity and enforce good governance practices in supply chain and moveable asset management, better procurement planning to achieve efficiency gains and value for money and enhancing relationships with suppliers.
<b>Baseline</b>	13 Departments assisted to manage supply chain and moveable asset management.

**Strategic objective annual targets for 2013/14**

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
20.	Number of votes assisted to improve management of supply chain and moveable asset management	New strategic objective	New strategic objective	6 departments attaining a level 3+ financial capability	13 departments	14	14	14

**Risk management**

Risk: Fast tracking and effective enforcement of good governance practices.

Mitigation: Full implementation of the supplier database and E-procurement solution, as well as full implementation of the LOGIS System together with all enhancements.

Risk: Lack of an adequate data analytics mechanism that allows for better data reporting and extraction from all procurement related systems that may be utilised to influence better decision making in respect of procurement planning and attaining value for money.

Mitigation: Effective utilisation of systems to ensure better compliance monitoring, data integrity and the utilisation of systems data to inform decision making process, thereby ensuring efficiency gains and prudent expenditure trends. This requires a concerted focus on the improvement of procurement and provisioning systems that affords the Province the opportunity to give effect to these specific requirements. Meeting the requirements is therefore largely dependent on the systems that enable the improvements. Therefore fostering a symbiotic relationship between this element and the Directorate: Financial Interlinked Systems.

Risk: Lack of integration between all financial management systems due to lack of implementation of the national IFMS system has placed the risk on the Province to resort to its own management of risks in this regard.

Mitigation: The procurement of a data analytics tool is in process and will ensure the augmentation of data information to influence management decisions to better promote efficiency gains and value for money.

#### Programme performance indicators and annual targets for 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
20.1	Number of votes assisted to fully implement the SCM accounting officer system	New PI	Development of a generic AOs System and alignment to changes in National Policy	Generic AO System refined	Develop and issue Blueprint AO system for the Province	14	14	14
20.2	Number of CGRO assessment reports per vote	12 SCM Capacity assessments	12 SCM Virtuous Cycle assessments	SCM and MAM Verification assessments of all departments concluded and CGRO action plans concluded and implemented	SCM Virtuous Cycle and MAM assessments of all departments concluded and CGRO action plans monitored	4	4	4
20.3	Number of functional areas analysed for strategic sourcing implementation	New PI	New PI	New PI	New PI	2	3	4
20.4	Number of supplier engagement sessions held to develop and educate suppliers	New PI	2 supplier open day	2 supplier open days concluded	2 supplier open days	4	4	4

**Quarterly targets for 2013/14**

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
20.1	Number of votes assisted to refined and implement AO system	PSO 12	Quarterly	14	2	3	5	4
20.2	Number of CGRO assessment reports per vote	PSO 12	Quarterly	4	1	1	1	1
20.3	Number of functional areas analysed for strategic sourcing implementation	PSO 12	Quarterly	2	-	1	-	1
20.4	Number of supplier engagement sessions to develop and educate suppliers	PSO 12	Quarterly	2 supplier open days	1	1	1	1

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

<b>21. Strategic Objective</b>	To encourage municipalities to comply with the supply chain and asset management regulatory regime.
<b>Objective statement</b>	Assist municipalities to build capacity and enforce good governance practices in supply chain and moveable asset management, better procurement planning to achieve efficiency gains and value for money and enhancing relationships with suppliers and other stakeholders.
<b>Baseline</b>	30 municipalities assisted to manage supply chain and moveable asset management.

**Strategic objective annual targets for 2013/14**

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
21.	Number of municipalities assisted to improve management of supply chain and moveable asset management	New strategic objective performance indicator	New strategic objective performance indicator	5 municipalities attaining a level 3 financial capability	15 municipalities attaining a level 3 financial capability	30	30	30

**Risk management**

Risk: Only the National Treasury is mandated to issue SCM policy developments, which is outside the PT's domain, but which might not address specific SCM requirements imposing long term systemic risks.

Mitigation: Municipalities are currently unable to conform to all laws and regulations in the SCM environment. The unit will promote proper policy development within the municipalities through the SCM forums and reference groups. Similarly best practice guidelines will be issued to raise awareness in terms of section 117 of the MFMA and Schedule 1(11) of MSA. There will also be a continuous testing of controls through assessments and MGRO reviews.

PT will further influence the National Treasury to develop SCM norms and standards to track good governance. Municipal Policy reforms will be driven through planning and fostering better relationships with municipalities.

Risk: Lack of suitable municipal specific training to enhance municipal performance.

Mitigation: The PT training programme for municipalities which is aimed at improving SCM and financial management competencies will be reviewed and aligned to current SCM training material. The modular approach to training will be used to target the different job categories within the municipal SCM environment and to meet PT requirements and NT competency levels.

#### Programme performance indicators and annual targets for 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
21.1	Number of municipal SCM and MAM Virtuous Cycle assessments reports	7 SCM Compliance Assessments	7 SCM Compliance Assessments	SCM Virtuous Cycle Assessments were concluded at 10 municipalities; and MGRO action plans concluded and implemented	14	17	20	22
21.2	Number of municipal SCM/ MAM policies assessed	New PI	8 SCM policy assessed against model policy framework	12 policy assessments were completed	14	15	15	15
21.3	Number of MGRO assessment reports per municipality	New PI	New PI	New PI	30	4	4	4
21.4	Number of policies that drive construction procurement planning in municipalities	New PI	New PI	New PI	New PI	1	3	5
21.5	Number of structured municipal training interventions	3 bespoke training interventions	6 bespoke SCM training interventions	Concluded TOR with USB-ED Approved Project Plan Work shopped draft training material with 7 pilot municipalities	6	6	8	10

## Quarterly targets for 2013/14

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
21.1	Number of municipal SCM and MAM Virtuous Cycle assessment reports	PSO 12	Quarterly	17	3	6	5	3
21.2	Number of municipal SCM/MAM policies assessed	PSO 12	Quarterly	15	2	4	5	4
21.3	Number of MGRO assessment reports per municipality	PSO 12	Quarterly	4	1	1	1	1
21.4	Number of policies that drive construction procurement planning in municipalities	PSO 12	Quarterly	1	-	-	-	1
21.5	Number of structured municipal training interventions	PSO 12	Quarterly	6	-	2	2	2

## Sub-programme 3.4: Supporting and Interlinked Financial Systems

<b>22. Strategic Objective</b>	To provide for the implementation, management and oversight of provincially operated financial systems and the transition to new appropriate systems.
<b>Objective Statement</b>	To improve financial system management by ensuring that financial systems are maintained and enhanced, system users are appropriately trained in accordance with their system profiles, effective user account management is maintained and systems are optimally used.
<b>Baseline</b>	4 Systems maintained, 66% of core system users trained and providing user support to 109 institutions.

## Strategic objective annual targets for 2013/14

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
22.	Number of votes assisted to effectively utilise the suite of financial systems	Revised strategic objective	2 departments achieving a level 3+ financial capability rating	4 votes notwithstanding stricter assessment criteria and corporatisation of HR functions	7 votes achieving a level 3+ financial capability rating	14	14	14

## 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; and

Mitigation: Accommodate users with training needs, as a priority. A bi-annual training program is issued and training is provided on a quarterly basis to meet the needs of system users. Provide to departments, on a quarterly basis, a list of system users with their profiles for certification that they are still in the employment of the department. A monthly PERSAL verification of all system users will be performed to determine whether if they are still employed.

Risk: No standardisation of systems throughout the WCG.

Mitigation: In discussion with departments to roll out of LOGIS to the remaining non-LOGIS institutions, to ensure standardisation of systems, compliance to the minimum legislative and user requirements and eventual programmatic migration to the IFMS.

## Programme performance indicators and annual targets for 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
22.1	Percentage of core users trained to the required standard	1 597 officials	1 550 officials	1 786 officials trained to the required standards	66% of core users trained to the required standards	100%	100%	100%
22.2	Number of institutions provided with an effective user account management service	New PI	91 departments/ institutions provided with effective user account management	Target achieved, with the exception of Department of Health (PERSAL) which will be taken over by 1 June 2012	All departments/ institutions	118	122	122
22.3	Number of departments where the biometric access solution is implemented	New PI	New PI	New PI	Investigate, implement and procure a biometric access system on a test basis	3	5	5
22.4	Number of CGRO assessment reports per vote	New PI	New PI	New PI	2	4	4	4
22.5	Number of sites to which LOGIS have been rolled out	New PI	New PI	New PI	New PI	6	4	1
22.6	Number of votes that have access to a centralised database linked with SCOA	New PI	New PI	New PI	New PI	14	14	14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
22.7	Number of votes where the Integrated Procurement Solution (IPS) is implemented	New PI	New PI	New agreement with our current service provider Quadrem for the development of a new on-line web-based solution	IPS developed to address supplier management, quotations and bids	14	14	14

### Quarterly targets for 2013/14

Performance indicator		PSO Linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
22.1	Percentage of core users trained to the required standard	PSO12	Quarterly	100%	74 %	85 %	92 %	100 %
22.2	Number of institutions provided with an effective user account management service	PSO12	Quarterly	118	112	114	116	118
22.3	Number of departments where the biometric access solution is implemented	PSO12	Quarterly	3	-	-	-	3
22.4	Number of CGRO assessment reports per vote	PSO12	Quarterly	4	1	1	1	1
22.5	Number of sites to which LOGIS have been rolled out	PSO12	Quarterly	3	6	2	2	2
22.6	Number of votes that have access to a centralised database linked with SCOA	PSO12	Quarterly	14	-	14	14	14
22.7	Number of votes where the Integrated Procurement Solution (IPS) is implemented	PSO12	Quarterly	14	-	7	7	14

## Reconciling performance targets with the Budget and MTEF

### Expenditure estimates

**Table 6 Asset Management**

Sub-programme R'000	Outcome			Main appro- piation 2012/13	Adjusted appro- piation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
1. Programme Support	1 233	998	1 054	2 191	2 248	2 248	3 560	58.36	3 786	4 060
2. Supply Chain Management	11 420	15 373	9 614	11 773	10 442	10 442	11 774	12.76	12 518	13 429
Supply Chain Management: Provincial Government	7 016	8 924	9 613	7 409	6 922	6 922	7 145	3.22	7 542	8 091
Supply Chain Management: Local Government		1	1	4 364	3 520	3 520	4 629	31.51	4 976	5 338
Immoveable Asset Management	4 404	6 448								
3. Liabilities Management	2 313	2 535								
4. Supporting and Interlinked Financial Systems	12 560	14 804	20 038	16 675	23 085	23 085	24 477	6.03	26 599	28 728
<b>Total payments and estimates</b>	<b>27 526</b>	<b>33 710</b>	<b>30 706</b>	<b>30 639</b>	<b>35 775</b>	<b>35 775</b>	<b>39 811</b>	<b>11.28</b>	<b>42 903</b>	<b>46 217</b>

Economic classification R'000	Outcome			Main appro- piation 2012/13	Adjusted appro- piation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
<b>Current payments</b>	<b>27 526</b>	<b>33 710</b>	<b>30 706</b>	<b>30 639</b>	<b>35 771</b>	<b>35 771</b>	<b>39 811</b>	<b>11.29</b>	<b>42 903</b>	<b>46 217</b>
Compensation of employees	21 136	25 201	19 815	24 623	22 851	22 851	27 533	20.49	29 708	31 922
Goods and services	6 390	8 509	10 891	6 016	12 920	12 920	12 278	( 4.97)	13 195	14 295
<b>Transfers and subsidies to Households</b>					4	4		( 100.00)		
					4	4		( 100.00)		
<b>Total economic classification</b>	<b>27 526</b>	<b>33 710</b>	<b>30 706</b>	<b>30 639</b>	<b>35 775</b>	<b>35 775</b>	<b>39 811</b>	<b>11.28</b>	<b>42 903</b>	<b>46 217</b>

### Performance and expenditure trends

The programme has increased by R8.249 million from R27.526 million in 2009/10 to R35.775 million (revised estimate) in 2012/13, with an average nominal growth of 9.13 per cent per annum. This is due to the steps that were taken to increase the oversight and guidance over supply chain management and financial systems management. Over the MTEF period the allocation will increase by an average nominal growth of 8.91 per cent per annum from R35.775 million in 2012/13 to R46.217 million in 2015/16. This is mainly due to further roll out and implementation of financial systems, as well as the strengthening of the supply chain management in municipalities.

## **Programme 4 – Financial Governance**

### **Programme Description**

Purpose: Development of accounting and financial management control practices within provincial and local government that will contribute toward higher levels of governance.

### **Programme structure**

The Branch: Governance and Asset Management consists of Programmes 3 and 4. Programme 4 - Financial Governance consists of a chief director as the head of the programme and the following sub-programmes:

#### **Sub-programme 4.1: Programme Support**

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

This sub-programme houses the Provincial Accountant General and provides resources for the structured training and development of staff attached to the programme.

#### **Sub-programme 4.2: Accounting Services**

##### **Element: Local Government Accounting**

Purpose: To improve the understanding and application of accounting standards and financial reporting within municipalities; the target for 2015 being full compliance with the minimum accounting standards framework and related financial laws and regulations.

The key objective of this unit is to ensure accurate and complete recording of transactions as required by GRAP Standards, 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.

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

Purpose: To improve the understanding of the provincial accounting reporting framework and financial reporting by departments and provincial entities, to gear departments to a state of readiness for accrual accounting and to drive the functioning of internal control units within departmental CFO offices.

The key objectives of this unit are to ensure the complete and timeous capturing of all transactions in terms of the associated financial reforms. This is in response to an increasingly complex environment and to prevent irregularities or material financial misstatements, allowing for modified cash basis of accounting within departments and accrual basis of accounting within entities.

An added focus is to monitor and report quarterly on the Corporate Governance Review and Outlook (CGRO) GAPs of departments to drive the improvement of financial management.

### Sub-programme 4.3: Corporate Governance

Purpose: To strengthen the internal control environment of municipalities through the implementation of risk management, internal audit and compliance with financial laws and regulations.

The sub-programme's main objectives are the development, implementation and enforcement of a generic set of corporate governance norms and standards for municipalities that are responsive to and compliant with the relevant financial legislative framework. Parallel with this, the adaptation of a generic set of governance norms and standards to meet the particular requirements of individual departments is also envisaged.

Note: Deviations from sector specific budget structure: The Risk Management and Provincial Internal Audit functions were shifted to DotP as part of the modernisation programme in 2010/11. The Sub-programme 4.3 Corporate Governance naming convention replaces the previous "Norms and Standards" terminology.

## Strategic objectives for Programme 4 – Financial Governance

### Sub-programme 4.1: Programme Support

<b>23. Strategic Objective</b>	To build competencies and enhance and maintain the delivery of the programme.
<b>Objective statement</b>	To build the required competencies of the staff by ensuring that the individual development plans are implemented; to ensure that each directorate have an operational plan and to provide the necessary support to achieve the targets set in the APP.
<b>Baseline</b>	Individual Development plans compiled, and being implemented; Directorate operational plans are in place; Support provided by Office Manager and Personal Assistants.

### Strategic objective annual targets for 2013/14

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
23.	Number of performance plans achieved by the programme	New strategic objective	Reviewed and maintained systems and standards	Improved support services	Support services in line with prescripts and standards	3	3	3

### Risk management

Risk: Operational needs may surpass the achievement of objectives specifically in respect of training initiatives, as well as the available budget.

Mitigation: Planning and scheduling of training initiatives will be done in advance, immediately after finalisation of the corporate schedule.

**Programme performance indicators and annual targets for 2013/14**

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
23.1	Number of training initiatives attended by staff	New PI	New PI	New PI	New PI	120	130	140
23.2	Timeous completion of operational plan	New PI	New PI	Developed, implemented and monitored operational plan	An operational plan that builds on QRP, APP, AR requirement setting out milestones and quality of delivery	May 2013	May 2014	May 2015
23.3	Number reports on the implementation of SOP	New PI	New PI	New PI	New PI	4	4	4

**Quarterly targets for 2013/14**

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
23.1	Number of training initiatives attended by staff	PSO 12	Quarterly	120	30	30	30	30
23.3	Timeous completion of OP	PSO 12	Annually	May 2013	May 2013	-	-	-
23.2	Number reports on the implementation of SOP	PSO 12	Quarterly	4	1	1	1	1

**Sub-programme 4.2: Accounting Services****Element: Local Government Accounting**

<b>24. Strategic Objective</b>	To improve the understanding and application of accounting standards and financial reporting within municipalities.
<b>Objective statement</b>	To improve the understanding and application of accounting standards and financial reporting within municipalities by providing effective support and training in the areas of revenue, expenditure, assets and liability (REAL) movement/accountability to municipalities.
<b>Baseline</b>	30 municipalities assisted to comply with full GRAP implementation.

**Strategic objective annual targets for 2013/14**

Strategic objective Performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
24.	Number of municipalities assisted to comply with the GRAP standards	FMC level 2	FMC level 2 at all municipalities	FMC level 2 at all municipalities	30 municipalities assisted to comply with full GRAP implementation	30	30	30

**Risk management**

Risk: Lack of a consistent interpretation of accounting standards and a continual increase in complexity.

Mitigation: Coordinate comments on the application of the accounting standards emanating from the District Management Forum and the PTHELME and seek further guidance from the Public Sector Accounting Forum, AGSA and National Treasury.

Risk: Ineffective utilisation of the municipal accounting systems resulting in an inordinate amount of manual transactions and calculations

Mitigation: Obtain practical understanding of the mainstream financial systems and monitor the municipalities' design of business processes with the necessary data validation to improve effectiveness.

**Programme performance indicators and annual targets for 2013/14**

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
24.1	Number of municipalities assessed against the accounting reporting framework	PI Revised	PI Revised	21 of the 30 municipalities fully implemented the 2010/11 accounting reporting frameworks	23 of the 30 municipalities fully implemented the 2011/12 accounting reporting frameworks	30	30	30
24.2	Number of accounting systems evaluated	New PI	New PI	New PI	Assess the utilisation and adequacy of accounting systems supported by document management and introduce remedial steps	2	2	2

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
24.3	Number of accounting training interventions per district	3 focussed training session	4 focussed training sessions	Training sessions as scheduled	Rolled out training interventions and reviewed help desk framework to deal with accounting issues.	2	2	2
24.4	Number of financial ratio assessments	New PI	New PI	New PI	New PI	30	30	30

### Quarterly targets for 2013/14

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
24.1	Number of municipalities assessed against the accounting reporting framework	PSO 12	Quarterly	30	-	30	-	-
24.2	Number of accounting systems evaluated	PSO 12	Quarterly	2	-	1	-	1
24.3	Number of accounting training interventions per district	PSO 12	Quarterly	2	-	1	-	1
24.4	Number of financial ratio assessments	PSO 12	Quarterly	30	30	-	-	-

### Element: Provincial Government Accounting and Compliance

<b>25. Strategic Objective</b>	To improve compliance with standards of accounting and financial reporting.
<b>Objective statement</b>	To improve compliance with standards of accounting and financial reporting by providing effective support and training in the areas of revenue, expenditure, assets and liability (REAL) movement/accountability to departments and entities.
<b>Baseline</b>	14 votes assisted to comply with the applicable accounting framework.

<b>26. Strategic Objective</b>	To improve financial compliance.
<b>Objective statement</b>	To improve financial compliance by supporting departments in the development of internal control practices within provincial government.
<b>Baseline</b>	14 votes assisted to comply with the applicable financial compliance framework.

### Strategic objective annual targets for 2013/14

Strategic objective performance indicators		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
<b>25.</b>	Number of votes assisted to comply with accounting standards*	FMC level 2	FMC level 2+	FMC level 3 at all votes	FMC level 3+ at all votes	14	14	14
<b>26.</b>	Number of votes assisted to improve internal controls	New PI	New PI	FMC level 2+	FMC level 3 at all votes	14	14	14

\* Strategic objective indicator is also reflected as a programme performance indicator to ensure regular reporting.

### Risk management

Risk: Lack of a consistent interpretation of accounting standards and a continual increase in complexity of accounting standards.

Mitigation: Coordinate comments on the application of accounting standards arising from the various fora, PTHELPME and seek further guidance from the Public Sector Accounting Forum, AGSA and National Treasury.

Risk: Ineffective utilisation of the accounting systems resulting in an inordinate amount of manual transactions and calculations.

Mitigation: Obtain practical understanding of all financial systems and monitor the departmental design of business processes with the necessary data validation to improve the effectiveness of the financial system.

## Programme performance indicators and annual targets 2013/14

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
25.1	Number of votes assisted to apply the accounting standards	New PI	All votes fully implemented the 2010/11 accounting reporting frameworks	All votes fully implemented the 2011/12 accounting reporting frameworks	All votes in full conformance to the 2012/13 accounting reporting frameworks	14	14	14
25.2	Number of accounting training interventions	New PI	Identify training requirements and preferred service provider	Procure service provider and facilitate structured training programme	Structured training to financial accountants on GRAP Standards and Accounting Frameworks	5	5	5
25.3	Timeous Publication and tabling of the ACFS	Tabled 31 January 2010	Tabled 31 January 2010	Compile Provincial ACFS, inclusive of a management report and table by 31 January 2012	Compile Provincial ACFS for 2011/12, inclusive of a management report and table one month after receiving the AGSA report	1 month after receipt of audited AFS	1 month after receipt of audited AFS	1 month after receipt of audited AFS
26.1	Number of CGRO assessment reports co-ordinated per vote	New PI	New PI	New PI	Monitor and drive the GAPs for departments and make recommendations towards achieving clean audits (level 3).	4	4	4
26.2	Number of internal control units assisted in departments	New PI	New PI	New PI	Develop a Provincial functional structure for Internal Control units in departments	13	13	13

## Quarterly targets for 2013/14

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
25.1	Number of votes assisted to apply the accounting standards	PSO 12	Quarterly	14	14	14	14	14
25.2	Number of accounting training interventions	PSO 12	Quarterly	5	1	1	2	1
25.3	Timeous Publication and tabling of the ACFS	PSO 12	Annually	1 month after receipt of audit AFS	-	-	1 month after receipt of AGSA report on ACFS	-
26.1	Number of CGRO assessment reports co-ordinated per vote	PSO 12	Quarterly	4	1	1	1	1
26.2	Number of internal control units assisted in departments	PSO 12	Annually	13	3	4	3	3

## Sub-programme 4.3: Corporate Governance

<b>27. Strategic Objective</b>	To improve institutionalisation of corporate governance in municipalities and departments.
<b>Objective statement</b>	Promote corporate governance in municipalities and departments and to support the development, implementation and enforcement of a generic set of corporate governance norms and standards for municipalities and departments that is responsive to and compliant with the relevant financial legislative framework.
<b>Baseline</b>	13 departments, and via the various fora, 30 municipalities assisted with the development and implementation of the corporate governance norms and standards

**Strategic objective annual targets for 2013/14**

Strategic objective performance indicators		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
27.1	Number of municipalities assisted to improve corporate governance	New PI	New PI	New PI	30 Municipalities assisted with the development and implementation of the corporate governance norms and standards	30	30	30
27.2	Number of departments assisted to improve corporate governance	New PI	New PI	New PI	13 departments assisted to improve corporate governance	13	13	13

**Risk management**

Risk: Dysfunctional risk management, internal audit units and audit committees functions within municipalities.

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

**Programme performance indicators and annual targets for 2013/14**

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
27.1.1	Number of municipalities supported with the implementation of the guideline CFO/BTO structures	New PI	Research correct legislative procedures in respect of framework for BTO offices	Develop an assessment framework to assess municipal CFO structures	Reviewed and approved guideline for ideal BTO structures	4	11	15
27.1.2	Number of MGRO assessment reports coordinated per municipality	New PI	New PI	Perform assessments on assurance structures	Perform assessments on assurance structures	2	2	2
27.1.3	Number of municipal systems of financial delegations assessed	New PI	New PI	New PI	New PI	28	28	28
27.1.4	Number of municipalities assisted in institutionalising ERM and internal audit	Monitoring 12 departments	Monitoring 12 departments	Institutionalise ERM at all municipalities and drive capacity building initiatives at selected municipalities	Institutionalise ERM at all municipalities and drive capacity building initiatives at selected municipalities	30	30	30

Programme performance indicator		Audited/Actual performance			Estimated performance 2012/13	Medium-term targets		
		2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
27.2	Percentage of bills, circulars and guidelines received and responded to	New PI	Provincial financial legislation kept relevant and dynamic	Provincial financial legislation and policy kept relevant and dynamic	Develop and implement a framework and parameters that determines best practise approach for prescripts and regulatory processes with the aim to strengthen the regulatory arena in the internal control environment, that draws on the system capability for optimal utilisation of available systems	100%	100%	100%

#### Quarterly targets for 2013/14

Performance indicator		PSO linkage	Reporting period	Annual target 2013/14	Quarterly targets			
					1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
27.1.1	Number of municipalities supported with the implementation of the guideline CFO/BTO structures	PSO 12	Quarterly	4	-	2	-	2
27.1.2	Number of MGRO assessment reports coordinated per municipality	PSO 12	Bi-annual	2	-	1	-	1
27.1.3	Number of municipal financial delegation frameworks reviewed	PSO 12	Quarterly	28	7	7	7	7
27.1.4	Number of municipalities assisted in institutionalising ERM and internal audit	PSO 12	Quarterly	30	7	7	7	9
27.2	Percentage of bills, circulars and guidelines received and responded to	PSO 12	Quarterly	100%	100%	100%	100%	100%

## Reconciling performance targets with the Budget and MTEF

### Expenditure estimates

**Table 7 Financial Governance**

Sub-programme R'000	Outcome			Main appro- pria- tion 2012/13	Adjusted appro- pria- tion 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
1. Programme Support	1 777	1 452	1 437	1 791	2 068	2 068	2 327	12.52	2 469	2 304
2. Accounting Services	7 292	7 844	9 775	11 046	10 637	10 637	13 941	31.06	14 933	16 147
Provincial Government Financial Accounting and Compliance	4 619	4 619	5 370	5 625	5 496	5 496	7 375	34.19	7 862	8 573
Local Government Accounting	2 673	3 225	4 405	5 421	5 141	5 141	6 566	27.72	7 071	7 574
3. Corporate Governance	4 664	7 516	8 232	9 363	9 734	9 734	8 539	(12.28)	9 157	9 823
4. Risk Management	2 721									
5. Provincial Internal Audit	18 501	1 437								
Sub-programme Support	4 570									
G&A Cluster	4 941									
Economic Cluster	5 630									
Social Cluster	3 360									
<b>Total payments and estimates</b>	<b>34 955</b>	<b>18 249</b>	<b>19 444</b>	<b>22 200</b>	<b>22 439</b>	<b>22 439</b>	<b>24 807</b>	<b>10.55</b>	<b>26 559</b>	<b>28 274</b>

Economic classification R'000	Outcome			Main appro- pria- tion 2012/13	Adjusted appro- pria- tion 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
<b>Current payments</b>	<b>34 002</b>	<b>18 249</b>	<b>19 444</b>	<b>22 200</b>	<b>22 434</b>	<b>22 434</b>	<b>24 807</b>	<b>10.58</b>	<b>26 559</b>	<b>28 274</b>
Compensation of employees	29 538	16 222	17 087	19 517	19 288	19 288	22 127	14.72	23 836	25 608
Goods and services	4 464	2 027	2 357	2 683	3 146	3 146	2 680	(14.81)	2 723	2 666
<b>Transfers and subsidies to</b>					5	5		(100.00)		
Households					5	5		(100.00)		
<b>Payments for capital assets</b>	<b>953</b>									
Software and other intangible assets	953									
<b>Total economic classification</b>	<b>34 955</b>	<b>18 249</b>	<b>19 444</b>	<b>22 200</b>	<b>22 439</b>	<b>22 439</b>	<b>24 807</b>	<b>10.55</b>	<b>26 559</b>	<b>28 274</b>

### **Performance and expenditure trends**

The programme has increased by R8.249 million from R27.526 million in 2009/10 to R35.775 million (revised estimate) in 2012/13, with an average nominal growth of 9.13 per cent per annum. This is due to the steps that were taken to increase the oversight and guidance over supply chain management and financial systems management. Over the MTEF period the allocation will increase by an average nominal growth of 8.91 per cent per annum from R35.775 million in 2012/13 to R46.217 million in 2015/16. This is mainly due to further roll out and implementation of financial systems, as well as the strengthening of the supply chain management in municipalities.



## 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 PT's oversight responsibilities as regards infrastructure planning and spending, the Department's internal responsibilities do not relate to major capital investment.

### 2. Conditional grants

Except as provided for under Sub-programme 2.2, Fiscal Policy, which sets out the PT's fiscal framework responsibilities, inclusive of conditional grants, no such grants are directly applicable to the Department.

### 3. Public entities

The following entity reports to the Minister for Finance, Economic Development and Tourism:

Name of entity	Legislation	Strategic goal of Entity	Strategic objectives of the Entity
WCGRB	WCGRB Act, 1996 (Act 4 of 1996)	To ensure that all gambling, racing and activities incidental thereto are effectively regulated in the Province, while maximising the benefit of regulated gambling and minimising the negative impact.	<p>To provide effective and efficient leadership and oversight of all functions assigned to the Board.</p> <p>To provide effective and efficient management of all functions assigned to the Board.</p> <p>To provide legal advisory support and research services to the Board.</p> <p>To provide a proficient and effective Human Resource service to the Board.</p> <p>To provide an efficient and effective administration and financial service to the Board.</p> <p>To probe/investigate all applications for licences by applicable stakeholders in the Casino and Limited Payout Machines industry.</p> <p>To appropriately recommend licence applications to the CEO and/or Board for approval.</p> <p>To ensure Racing and Betting activities comply with all provisions of the Act.</p> <p>To ensure full compliance to WCGRB.</p> <p>Maintain an uptime of (328.5 days) 93 per cent for all information systems per annum.</p>

The following National Sector Indicators applicable to gambling boards are included in the APP of the WCGRB:

- Number of licenses issued;
- Number of awareness programmes conducted;
- Number of inspections conducted;
- Number of compliance audits conducted; and
- Number of social responsibility programmes conducted.

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

- Periodic meetings between the Minister for Finance, Economic Development and Tourism and the Board;
- Assessment of the WCGRB's quarterly performance reports and feedback to the entity;
- Quarterly meetings with the management of the office of the Board to review revenue receipts and amounts due to the Provincial Revenue Fund; and
- On-going assessment of funding, sustainability, inclusive of possible remedial steps.

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

The Provincial Treasury's responsibilities for PPPs within the Province are set under Sub-programme Public Finance (Element: Immovable Assets). These are currently targeted to monitoring previously awarded PPPs, but with a number of major projects being pursued by the Departments of Transport and Public Works and Economic Development and Tourism. Increased capacity is planned for 2013/14 to be able to play a stronger support and guiding role.

##### **Technical indicator descriptions**

The technical indicator descriptions for the strategic objective performance indicators and the programme performance indicators will be made available on the Department's website, [www.westerncape.gov.za](http://www.westerncape.gov.za).

## ANNEXURE A

## CHANGES TO STRATEGIC OBJECTIVES

Due to operational and tactical adjustments a number of the strategic objectives were amended to better articulate the desired outputs. The detail comparison between the 2011/12, 2012/13 and 2013/14 financial years, as reflected in the three APPs, is set in the table below:

Strategic objectives in Strategic Plan 2010 - 2015 that have changed	New/Adjusted Strategic objectives in APP 2011/12	New/Adjusted Strategic objectives in APP 2012/13	New/Adjusted Strategic objectives in APP 2013/14	Comments
<b>Programme 1</b>				
Provide secretarial and administrative services to the Ministry	Provide support services	Provide support services	To become a highly efficient and effective regional government Ministry.	To adhere to the SMART principle
Render communication services to the Minister	Render communication services to the Minister	Render communication services to the Minister		
Assist with Strategic management and support to the Minister	Assist Minister with Executive Authority role and responsibilities	Assist Minister with Executive Authority role and responsibilities		
Build competencies and enhance and maintain strategic support services	Build competencies and enhance and maintain strategic support services	Build competencies and enhance and maintain strategic support services	To provide quality strategic and operational management support services.	To adhere to the SMART principle
Effective communication and event co-ordination within Treasury	Provide effective and efficient support in the management of the working relationship between the department and the CSC	Provide effective and efficient support in the management of the working relationship between the department and the CSC		
Responsive and credible budget composition and delivery for the department	Responsive and credible budget composition and delivery for the department	Responsive and credible budget composition and delivery for the department	To provide sound financial administrative services to the Department.	To adhere to the SMART principle available
Full and accurate reflection of all financial transactions of the department	Full and accurate reflection of all financial transactions of the department	Full and accurate reflection of all financial transactions of the department		
Level 3 auditable SCM services	Level 3 auditable SCM services	Level 3 auditable SCM services		

Strategic objectives in Strategic Plan 2010 - 2015 that have changed	New/Adjusted Strategic objectives in APP 2011/12	New/Adjusted Strategic objectives in APP 2012/13	New/Adjusted Strategic objectives in APP 2013/14	Comments
Effective internal control measures and risk mitigation	Effective internal control measures and risk mitigation	Effective internal control measures and risk mitigation		
Provide effective auxiliary and specialised support services	Provide effective auxiliary and specialised support services	Part of strategic objective included in strategic objective: Level 3 auditable SCM services and balance included in new strategic objective: Render an effective records management service and ensure that accurate financial and economic data and information are available		
<b>Programme 2</b>				
Build competencies and enhance and maintain the delivery of the programme	Build competencies and enhance and maintain the delivery of the programme	Build competencies and enhance and maintain the delivery of the programme	To build competencies and enhance and maintain the delivery of the programme.	Slight change in wording
Full utilisation of all potential revenue sources available to provincial and local governments	Full utilisation of all potential revenue sources available to provincial and local governments	Fiscal transfer system responsive to provincial and municipal needs in enhancing economic growth, efficient and effective service delivery	To conduct research on the national fiscal transfer system.	To adhere to the SMART principle
Mechanism for revenue collections in provincial and local governments that are optimum inclusive of cash management arrangements	Mechanism for revenue collections in provincial and local governments that are optimum inclusive of cash management arrangements  Cash flow management improvement of provincial departments to achieve a level 3+ financial management capability	Mechanism for revenue collections in provincial and local governments that are optimum inclusive of cash management arrangements	To monitor and promote revenue collections in provincial and local governments inclusive of cash management arrangements.	

Strategic objectives in Strategic Plan 2010 - 2015 that have changed	New/Adjusted Strategic objectives in APP 2011/12	New/Adjusted Strategic objectives in APP 2012/13	New/Adjusted Strategic objectives in APP 2013/14	Comments
	Monitoring & Evaluation of cash flow and investment management that is sustainable and credible to enhance service delivery and improve liquidity in municipalities			
Evaluate the responsiveness of budgets within provincial departments and entities	Evaluate and improve the responsiveness of budgets within provincial departments and entities	To improve the conformance and responsiveness of budgets within provincial departments and entities	To improve the conformance and responsiveness of budgets within provincial departments and entities.	Slight change in wording to adhere to the SMART principle
Conduct economic analysis to inform provincial planning and budgeting processes	Apply economic and other analysis to inform provincial planning and budgeting processes	Apply economic and other analysis to inform provincial planning and budgeting processes	To apply economic and other analysis to inform provincial planning and budgeting processes.	Slight change in wording to adhere to the SMART principle
Evaluate the responsiveness and implementation of the budget	Evaluate and improve the responsiveness of municipal budgets	To improve the conformance and responsiveness of municipal budgets	To improve the conformance and responsiveness of budgets within municipalities.	Slight change in wording to adhere to the SMART principle
Evaluate the credibility and sustainability of the budget	Apply economic and other analysis to inform municipal planning and budgeting processes	Apply economic and other analysis to inform municipal planning and budgeting processes	To apply economic and other analysis to inform municipal planning and budgeting processes.	Slight change in wording to adhere to the SMART principle
Evaluate the credibility and sustainability of the budget	Evaluate the credibility and sustainability of the budget	To evaluate and improve the conformance, credibility and sustainability of the budget	To improve the conformance, credibility and sustainability of the budget.	Slight change in wording to adhere to the SMART principle
Monitor the implementation of the budget in terms of x-efficiency, financial prudence and fiscal discipline	Monitor the implementation of the budget in terms of x-efficiency, financial prudence and fiscal discipline	Monitor the implementation of the budget in terms of accountability, data integrity, and efficiency	To monitor the implementation of the budget in terms of accountability, data integrity and efficiency in departments.	Slight change in wording to adhere to the SMART principle

Strategic objectives in Strategic Plan 2010 - 2015 that have changed	New/Adjusted Strategic objectives in APP 2011/12	New/Adjusted Strategic objectives in APP 2012/13	New/Adjusted Strategic objectives in APP 2013/14	Comments
Develop and capacitate departments and entities through the implementation of standards, knowledge sharing and training (internally and externally)				Deleted strategic objective in 2011/12
Evaluate the credibility and monitor the implementation of the budget	Evaluate and improve the credibility and sustainability of the budget	Improve the conformance, credibility and sustainability of budgets	To improve the conformance, credibility and sustainability of budgets.	To adhere to the SMART principle
	Monitor the implementation of municipal budgets in terms of x-efficiency, financial prudence and fiscal discipline	Monitor the implementation of the budget in terms of accountability, data integrity, and efficiency	To monitor the implementation of the budget in terms of conformance, accountability, data integrity, and efficiency.	Slight change in the words
	Coordination of MFMA Implementation requirements	Coordinate MFMA implementation to improve conformance and performance in municipalities	To Coordinate MFMA implementation to improve conformance and performance in municipalities.	Slight change in the words
Develop the functional ability of municipalities through the implementation of standards, knowledge sharing and training (internally and externally)				Deleted strategic objective in 2011/12
	Entrenching built-environment business principles and processes for effective infrastructure delivery that is aligned and contributes to optimal utilisation of government immoveable assets	Entrenching built-environment business principles and processes for effective infrastructure delivery that contributes to optimal utilisation of government immoveable assets	To entrench built-environment business principles and processes for effective infrastructure delivery.	Slight change in wording to adhere to the SMART principle
		Render an effective records management service and ensure that accurate financial and economic data and information are available	To render an effective information management service.	Slight change in wording to adhere to the SMART principle

<b>Strategic objectives in Strategic Plan 2010 - 2015 that have changed</b>	<b>New/Adjusted Strategic objectives in APP 2011/12</b>	<b>New/Adjusted Strategic objectives in APP 2012/13</b>	<b>New/Adjusted Strategic objectives in APP 2013/14</b>	<b>Comments</b>
New objective	Not applicable	Not applicable	To coordinate and provide for financial support for special programmes/projects	New strategic goal and objective
<b>Programme 3</b>				
Build competencies and enhance and maintain the delivery of the programme	Build competencies and enhance and maintain the delivery of the programme	Build competencies and enhance and maintain the delivery of the programme	To build competencies and enhance and maintain the delivery of the programme	Slight change in wording and to be aligned to the SMART principle
Determine policy to drive, assess and assist departments in the attainment of building capacity, ensuring integrity of data, enforcing transparency and accountability, balancing commercial imperatives with social responsibility and addressing economies of scale and value for money for supply chain and moveable assets	Drive, assess and assist departments in the effective and efficient management of supply chain and moveable assets	Drive, assess and assist departments in the effective and efficient management of supply chain and moveable assets	To ensure compliance with the supply chain and asset management regulatory regime across votes	To adhere to the SMART principle
Determine policy to drive, assess and assist municipalities in the attainment of building capacity, ensuring integrity of data, enforcing transparency and accountability for supply chain and moveable assets	Drive, assess and assist municipalities in the efficient and effective management of supply chain and moveable assets	Drive, assess and assist municipalities in the efficient and effective management of supply chain and moveable assets	To ensure municipalities comply with the supply chain and asset management regulatory regime	To adhere to the SMART principle
Entrenching built-environment business principles and processes for effective infrastructure delivery that is aligned and contributes to optimal utilisation of government immovable assets				Moved to Programme 2 in 2011/12

<b>Strategic objectives in Strategic Plan 2010 - 2015 that have changed</b>	<b>New/Adjusted Strategic objectives in APP 2011/12</b>	<b>New/Adjusted Strategic objectives in APP 2012/13</b>	<b>New/Adjusted Strategic objectives in APP 2013/14</b>	<b>Comments</b>
Cash Flow management improvement of provincial departments to achieve a level 3+ financial management capability				Moved to Programme 2 in 2011/12
Monitoring & Evaluation of cash flow and investment management that is sustainable and credible to enhance service delivery and improve liquidity in municipalities				Moved to Programme 2 in 2011/12
Financial system management improvement to achieve a level 3+ financial management capability	Financial system management improvement to achieve a level 3+ financial capability rating	Financial system management improvement to achieve a level 3+ financial capability rating	To provide for the implementation management and oversight of existing provincially operated financial systems and the transition to new appropriate systems	To adhere to the SMART principles
<b>Programme 4</b>				
Build competencies and enhance and maintain the delivery of the programme	Build competencies and enhance and maintain the delivery of the programme	Build competencies and enhance and maintain the delivery of the programme	To build competencies and enhance and maintain the delivery of the programme	Slight change in wording and to be aligned to the SMART principle
Improving the financial accounting and reporting of municipalities and municipal entities to a financial maturity capability of level 3 by 2015	Improving the standards of accounting and financial reporting within municipalities and municipal entities to a level 3+Financial Management Capability (FMC)	Improving the standards of accounting and financial reporting within municipalities and municipal entities to a level 3+Financial Management Capability (FMC)	To improve the understanding and application of the accounting standards and financial reporting	Slight change in wording
Raising the standard of accounting and financial reporting of departments and entities to a financial maturity capability of level 3+	Improving the standards of accounting and financial reporting within all votes to a level 3+Financial Management Capability	Improving the standards of accounting and financial reporting within all votes to a level 3+Financial Management Capability	To improve compliance with standards of accounting and financial reporting	Slight change in wording to align to SMART principle
			To improve financial compliance	New Strategic objective in 2013/14

Strategic objectives in Strategic Plan 2010 - 2015 that have changed	New/Adjusted Strategic objectives in APP 2011/12	New/Adjusted Strategic objectives in APP 2012/13	New/Adjusted Strategic objectives in APP 2013/14	Comments
Assess, develop, monitor financial norms and standards and, where necessary, enforce compliance by departments, municipalities and entities towards attaining a level 3+ in terms of the Financial Maturity Capability (FMC) model	Drive departmental and municipal CFO offices to function at a level 3 financial capability rating	Drive departmental and municipal CFO offices to function at a level 3 financial management capability (FMC) rating	To improve corporate governance in municipalities and departments	To adhere to the SMART principles
	Develop and facilitate the implementation of an effective assurance framework towards attaining level 3 financial capability rating	Develop and facilitate the implementation of an effective assurance framework towards attaining level 3 financial management capability (FMC) rating		