

PROVINCIAL TREASURY

ANNUAL PERFORMANCE PLAN

2021/22



Province of the
EASTERN CAPE
PROVINCIAL TREASURY



Province of the
EASTERN CAPE
PROVINCIAL TREASURY

ANNUAL PERFORMANCE PLAN FOR

2021/2022

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EXECUTIVE AUTHORITY STATEMENT

The recent outbreak of Coronavirus (COVID-19) could not have come at a worst time when the country and indeed the province was focused on mitigating the devastating effects of the sharp slowdown in economic growth. The pandemic has further dampened the economic growth prospects. Despite these challenges, we are committing to strengthening our oversight role towards improvement of service delivery as well as addressing inefficiencies to ensure financial sustainability.

The devastating effects of the pandemic necessitated the province to exercise fiscal discipline, especially in light of the further budget cuts that have been implemented for the 2020 MTEF and subsequent reprioritisation as a result of the pandemic. Strategic plans and budget had to be adjusted to accommodate the new challenges we are facing. The province has also not been immune from the challenges of electricity outages and the persistent drought that threatens food security. These challenges in a rural province like ours beset by high unemployment especially among the youth, had a negative impact on the implementation of government priorities. We further envisage that these challenges will persist in the 2021/22 financial year. We are more than ever before required to do more with less with a view to bettering the lives of our people.

We once again declare our commitment to the attainment of the outcomes that are outlined in the National Development Plan, the Provincial Development Plan, and the 2020-2025 Strategic Plan we adopted as a department and further operationalise in this Annual Performance Plan. Our focus is on the following key strategic priorities:

- Fiscal Consolidation which entails the implementation of cost containment measures and prioritisation of expenditure on core service delivery programmes;
- Supply Chain Management Reforms which entail support to SMMEs through preferential procurement and payment of suppliers within 30 days;
- Infrastructure Support which enhances infrastructure planning and delivery; and
- Provincial and Municipal Governance and Accountability to improve financial management, audit outcomes and delivery of services in the Province.

I therefore fully endorse this Annual Performance Plan and commit to providing support to the Head of Department and departmental staff in their efforts to achieve departmental outcomes and impact that ensures a province at work for a better life for all our people.



HONOURABLE MLUNGISI MVOKO
MEC FOR FINANCE
24 MARCH 2021

ACCOUNTING OFFICER STATEMENT

This Annual Performance Plan articulates how the department intends to implement its priorities as set out in the 2020-2025 Strategic Plan with a view to realising its mandate of providing strategic and technical leadership in the allocation, management and utilisation of financial resources in order to improve the quality of life in the province.

With the economic outlook still highly uncertain and the economic activity restricted to contain the spread of coronavirus, appropriate measures had to be taken to stabilise provincial finances through the implementation of cost containment measures by prioritising funds on key service delivery areas rather than on non-core items, whilst also improving governance and oversight in the province. The wage bill spending ceilings are being maintained through various measures that include tight management of the Compensation of the Employees (CoE) in the province through participation in the Provincial Coordinating Monitoring Team (PCMT) and the centralisation of authorisation of appointments on PERSAL to ensure fiscal discipline whilst being cognisant of not compromising the services delivery imperatives. The introduction of zero based budgeting further helps to align spending with strategic outcomes and service delivery priorities, and eliminate inefficiencies on expenditure whilst strengthening allocative efficacy.

The department undertook a Public Expenditure Review exercise to assess the extent to which departmental policies influence spending on cost drivers so that it can inform more efficient future resource allocation. The use of consultants forms part of the Performance Expenditure Review Exercise with a view to reducing their overuse and identifying areas for savings.

PT in collaboration with OTP and the Department of Health has appointed an intervention team that is assisting in addressing the rise in medico-legal claims in the Department of Health that poses a serious threat to provincial budget baseline. A diagnostic research was conducted on the root causes of the continued increase of accruals in both Health and Education departments, which also pose a threat to the provincial financial liquidity. The research was completed and presented to the EXCO. The Departments of Health and Education were subsequently requested to develop implementation plans.

Despite the negative impact on tax revenues due to economic contraction brought about by COVID-19, strategies to enhance and increase provincial revenue continued to provide positive results amid the tight fiscal environment. The Provincial Revenue Fund (PRF) continues to be carefully managed to mitigate liquidity risks.

The rationalisation of public entities report was presented to the EXCO and approved for implementation. Measures have been put in place to closely monitor the implementation of the project in order to maximise economic benefits to the province.

The drive to implement LED Procurement Framework remains one of the key focus areas of the Provincial Treasury support to provincial departments to promote local content and procurement opportunities for local suppliers. Consideration is given to women, persons with disabilities and youth on departmental procurement spend. The implementation of invoice tracking application that assists suppliers to enquire about the outstanding invoices online is ongoing. The drive to improve procurement efficiencies through transversal contracts, capacitation of suppliers on opportunities available to enable Small, Medium and Micro-Enterprises (SMMEs) to do business with government, including administrative support and registration on the Central Supplier Database (CSD) and LOGIS continued throughout the financial year.

Implementation of Infrastructure Delivery Management System (IDMS) that promotes and institutionalise the implementation of well-defined infrastructure processes in order to achieve effective infrastructure delivery in all spheres of government, is continuing. PT assisted Infrastructure Departments to revise and reprioritize infrastructure plans in preparation for the special adjustment budget due to COVID-19 pandemic. The

support given to the Department of Health and the Department of Education regarding infrastructure plans has led to both departments receiving incentive funding of R63.3 million and R78.1 million respectively. Ongoing support is being provided to departments to implement the Framework for Infrastructure Delivery and Procurement Management (FIDPM) and align infrastructure projects to the District Development Model to strengthen integrated infrastructure planning, procurement and delivery across the infrastructure value chain.

To institutionalise discipline in the management of public resources and ensure that departments and entities move towards sustainable financial maturity, PT continued with the implementation of the Financial Management Accountability Framework. Breaches of the Accountability Framework standards are escalated to the Executive Authorities of departments. To improve audit outcomes in the province, PT is continuing to co-ordinate audit improvement strategies through the implementation and monitoring of the Provincial Audit Intervention Plan (PAIP) and analysis of audit action plans in municipalities. To this end, eleven departments and all public entities obtained unqualified audit opinions. Ongoing financial management support is being provided to provincial departments and municipalities (including mSCOA implementation in municipalities). PT support to municipalities is spatially referenced and aligned to district development model and municipal integrated development plans.

For the 2021/22 financial year and over the medium term, PT will continue to focus on the four key strategic priorities, namely, Fiscal Consolidation, Supply Chain Management (SCM) reforms, Infrastructure Support and Provincial and Municipal Governance and Accountability.

This Annual Performance Plan reflects the priorities that the department will implement in the 2021/22 financial year in order to achieve the strategic outcomes and make the required impact.



DALUHLANGA MAJEKE
ACCOUNTING OFFICER

24 MARCH 2021

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the Eastern Cape Provincial Treasury under the guidance of the Honourable Mlungisi Mvoko: MEC for Finance
- Take into account all relevant policies, legislation and other mandates for which the Eastern Cape Provincial Treasury is responsible
- Accurately reflects the outcomes and outputs which the Eastern Cape Provincial Treasury will endeavor to achieve over the period 2021 – 2022.



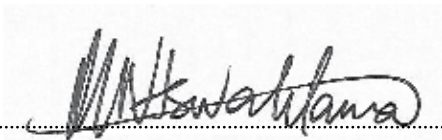
D. CLOETE-PAGE

DDG: CORPORATE MANAGEMENT



J. MHLOMI

DDG: SUSTAINABLE FISCAL RESOURCE MANAGEMENT



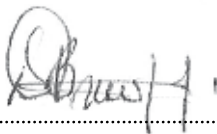
M. NTSWAHLANA

DDG: PROVINCIAL SCM, MOVABLE & IMMOVABLE ASSET MANAGEMENT



G.L.Q. KALIMASHE

DDG: FINANCIAL GOVERNANCE



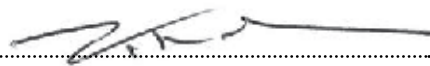
B. NQADOLO

DDG: MUNICIPAL FINANCIAL GOVERNANCE



J. GQIBANI

CHIEF FINANCIAL OFFICER



T. SESELE

HEAD OFFICIAL RESPONSIBLE FOR PLANNING



D. MAJEKE

ACCOUNTING OFFICER

Approved by:



HON. MLUNGISI MVOKO

EXECUTIVE AUTHORITY

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LIST OF ABBREVIATIONS

AC	Audit Committee	MFG	Municipal Finance Governance
ACCFREF	Audit Committee Chairpersons Forum	MFMA	Municipal Finance Management Act
AFS	Annual Financial Statements	MEC	Member of the Executive Council
AG	Auditor-General	MMS	Middle Management Service
AM	Asset Management	MPAC	Municipal Public Accounts Committee
AO	Accounting Officer	MPAT	Management Performance Assessment Tool
APP	Annual Performance Plan	MPSS	Minimum Physical Security Standard
ASGISA	Accelerated and Shared Growth Initiative for SA	mSCOA	Municipal Standard Chart Of Accounts
BAS	Basic Accounting System	MTBPS	Medium Term Budget Policy Statement
B-BBEE	Broad-based Black Economic Empowerment	MTEF	Medium Term Expenditure Framework
BEE	Black Economic Empowerment	MTREF	Medium-Term Revenue and Expenditure Framework
CAE	Chief Audit Executive	MTSF	Medium Term Strategic Framework
CCSA	Certificate in Control Self-Assessment	MVs	Military Veterans
CESD	Centralised Electronic Suppliers Database	NDP	National Development Plan
CFE	Certified Fraud Examiner	NIA	National Intelligence Agency
CFO	Chief Financial Officer	NSFAS	National Student Financial Aid Scheme
CIA	Certified Internal Auditor	NT	National Treasury
CoE	Compensation of Employees	NTR	National Treasury Regulations
COG	Centre of Government	OHSA	Occupational Health and Safety Act
COGTA	Cooperative Governance and Traditional Affairs	OD	Organisational Development
COVID-19	Corona Virus Disease – 2019	OSD	Occupation Specific Dispensation
CPA	Cape Provincial Administration	OTP	Office Of The Premier
CRO	Chief Risk Officer	PAIP	Provincial Audit Improvement Plan
CSD	Central Supplier Database	PAM	Physical Asset Management
DBSA	Development Bank of Southern Africa	PCMT	Provincial Coordinating Monitoring Team
DDG	Deputy Director General	PDP	Provincial Development Plan
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	PERSAL	Personnel and Salary System
DoE	Department of Education	PIA	Provincial Internal Audit
DoH	Department of Health	PIDF	Provincial Infrastructure Delivery Framework
DoRA	Division of Revenue Act	PILIR	Policy and Procedure on Incapacity Leave and Ill-Health Retirement
DPME	Department of Performance Monitoring and Evaluation	PFMA	Public Finance Management Act
DPSA	Department of Public Service and Administration	PFSA	Public Finance Services Agency
DRDAR	Department of Rural Development and Agrarian Reform	PMDS	Performance Management and Development System
DRP	Disaster Recovery Plan	PMG	Paymaster General
DRPW	Department of Roads and Public Works	PMTSF	Provincial Medium Term Strategic Framework
EC	Eastern Cape	PPP	Public-Private Partnership
ECD	Early Childhood Development	PRF	Provincial Revenue Fund
ECDC	Eastern Cape Development Corporation	PT	Provincial Treasury
ECSECC	Eastern Cape Socio-Economic Consultative Council	KSD	King Sabata Dalindyebo

ER	Employee Relations	LED	Local Economic Development
ECPA	Eastern Cape Provincial Administration	LEDPF	Local Economic Development Procurement Framework
EIA	Environmental Impact Assessment	LOGIS	Logistical Information System
EMIS	Education Management Information System	MBRR	Municipal Budget Reporting and Regulation
EWP	Employee Wellness Policy	PGDP	Provincial Growth and Development Plan
EXCO	Executive Council	PMDS	Performance Management Development System
FET	Further Education and Training	PRF	Provincial Revenue Fund
FFC	Financial Fiscal Commission	QAR	Quality Assurance Reviews
FIDPM	Framework for Infrastructure Delivery and Procurement Management	QMS	Quality Management System
FIS	Financial Information System	QPR	Quarterly Performance Report
FIMS	Financial Information Management System	SAPS	South African Police Service
FM	Financial Management	SA	South Africa
FMCM	Financial Management Capability Maturity Model	SALGA	South African Local Government Association
FMAF	Financial Management Accountability Framework	SAQA	South African Qualifications Authority
FMCS	Financial Management Capacity Study	SCM	Supply Chain Management
G&A	Governance and Administration	SCOA	Standard Chart of Accounts
GAAP	Generally Accepted Accounting Practices	SCOPA	Standing Committee on Public Accounts
GDP	Gross Domestic Product	SDIP	Service Delivery Improvement Plan
GIAMA	Government-wide Immovable Asset Management Act	SDM	Service Delivery Model
GIZ	Gesellschaft für Internationale Zusammenarbeit	SIPs	Strategic Infrastructure Project
GRAP	Generally Recognised Accounting Practices	SIPDM	Standard for Infrastructure and Delivery Management
GSDE	Guide to Service Delivery Excellence	SITA	State Information Technology Agency
GTAC	Government Technical Advisory Centre	SLA	Service Level Agreement
GWEA	Government Wide Enterprise Architecture	SMME	Small Medium Micro Enterprise
HRM	Human Resources Management	SMS	Senior Management Service
ICT	Information and Communications Technology	Stats-SA	Statistics South Africa
IDP	Integrated Development Plan	TDI	Technical Indicator Descriptor
IYM	In-Year Monitoring	ToR	Terms of Reference
IBAC	Interim Bid Advisory Committee	TIAS	Transversal Internal Audit Services
IDMS	Infrastructure Delivery Management System	TIMSS	Trends in International Mathematics and Science Study
IIA Standards	Institute of Internal Auditors Standards	TSU	Technical Support Unit
IMF	International Monetary Fund	TVET	Technical and Vocational Education and Training
IPIPS	Infrastructure Procurement Implementation Plans	UAMPs	User Asset Management Plans
IPMM	Infrastructure Procurement Maturity Model	UCS	Unified Communication System
IT	Information Technology	WHO	World Health Organization

**OUR
MANDATE**

A

EASTERN CAPE
**ANNUAL
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PLAN**
2021/22



PART A: OUR MANDATE

1. Updates to the relevant Legislative and Policy Mandates

1.1. Legislative Mandate

The department is governed by the following legislation and policy directives:

- Constitution of the Republic of South Africa, 1996
- Public Finance Management Act 29, 1999
- Municipal Finance Management Act 56, 2003
- Local Government: Municipal Systems Act 32, 2000
- Treasury Regulations for Departments, Trading Entities, Constitutional Institutions and Public Entities, 2005
- Public Service Act 103, 1994 (as amended by the Public Service Amendment Act 30 of 2007)
- Public Service Regulations, 2016
- Service Delivery Improvement Plan Directive, 2019
- Statistics Act 6, 1999
- Promotion of Access to Information Act 2, 2000
- Promotion of Administrative Justice Act 3, 2009
- Spatial Planning and Land Use Management Act 16, 2013
- Construction Regulations, 2014
- Annual Division of Revenue Act 2, 2013
- Annual Provincial Appropriation Act 7, 2020
- Broad-Based Black Economic Empowerment Act 53, 2003
- Preferential Procurement Policy Framework Act 5, 2000
- Intergovernmental Relations Framework Act 13, 2005
- Government Immovable Asset Management Act 19, 2007
- Public Audit Amendment Act 5, 2018
- Promotion of Equality and Prevention of Unfair Discrimination Act 4, 2000

1.2. Policy Mandates

The following policy mandates are primarily for steering the work of Provincial Treasury:

- National Development Plan 2030: Our Future-Make It Work, 2012
- Medium Term Strategic Framework (MTSF)
- Eastern Cape Vision 2030 Provincial Development Plan
- Provincial Medium Term Strategic Framework (PMTSF)
- Budget Prioritisation Framework
- Eastern Cape Spatial Development Plan (2018)
- Policy Framework for the Government-wide Monitoring and Evaluation System, 2005
- National Evaluation Policy Framework, 2011
- Framework for Managing Programme Performance Information, 2007
- Spatial Development Frameworks
- United Nations Sustainable Development Goals
- Agenda 2063
- National Immovable Asset Maintenance Management Standard, 2017

- National Treasury Asset Management Framework v3.3, 2003
- Standard for an Infrastructure Delivery Management System, 2012
- International Infrastructure Management Manual

2. Updates to Institutional Policies and Strategies

The department's key constitutional mandate, as stated above, entails the provision of strategic and technical leadership in the efficient and sustainable allocation, management and utilisation of financial resources in provincial departments, municipalities and public entities in order to improve the quality of life in the province.

2.1. Strategic Priorities

To give effect to this mandate, the PT has selected four strategic priorities stated below that are in line with the National Development Plan (NDP) and the Provincial Development Plan (PDP).

- **Fiscal Consolidation** - implementing cost containment measures that prioritise expenditure on core service delivery programmes and less on non-core items, whilst ensuring the stabilisation of governance in the province, both at a political and administrative levels.
Prudent use of resources and fiscal consolidation that can be implemented through the following interventions:
 - o Controlling expenditure on non-core items, whilst protecting non-negotiable and key service delivery items;
 - o Reprioritisation of budgets, enforcing budget cuts and expenditure ceilings;
 - o Controlling personnel budgets and expenditure;
 - o Rationalising and streamlining Public Entities; and
 - o Provincial Own Revenue Enhancement.
 - o Strengthening financial governance and oversight both at provincial and local government level.
- **SCM reforms** – that entail support to SMMEs and proportion of youth, women, people with disabilities, military veterans and SMMEs supported through preferential procurements. Payment of suppliers within 30 days and continuing to support suppliers to register on the Central Supplier Database including endeavours to achieve value for money.
- **Infrastructure Support** – to ensure that infrastructure planning, delivery, operation and maintenance is improved, whilst also ensuring that infrastructure investments help to unlock economic potential through:
 - o infrastructure budgeting and financing;
 - o procurement and contract management;
 - o localisation of benefits; and
 - o Infrastructure investment responds to spatial aspects of future infrastructure demand.
- **Provincial and Municipal Governance and Accountability** – through the implementation of the Financial Management Accountability Framework to promote good governance and accountability. To improve audit outcomes in the province, concerted effort will be put on the implementation and monitoring of the Provincial Audit Intervention Plan (PAIP).

Below are the institutional policies that, amongst others, the department plans to implement in the 2021/22 financial year:

- Human Capital Recruitment and Selection Policy and Procedure
- Employment Relations Policy
- Performance Management and Development System Policy

-
- Employment Equity Policy
 - Health and Productivity Management Policy, 2014
 - Remote Working Policy
 - Policy on Reasonable Accommodation and Assistive Devices for Employees with Disabilities in the Public Service
 - Departmental Youth Development Strategic Framework
 - Gender Equality Strategic Framework
 - JOBACCESS Strategic Framework
 - Local Economic Development Procurement Framework
 - Information Security Management Policy
 - ICT Policies
 - Records Management Policy
 - Fraud and Corruption Prevention Policy
 - Risk Management Policy
 - Skills Development Policy

2.2. Fiscal Policy

Over and above institutional policies, the Provincial Treasury is also guided by fiscal policy whose central objective is to stabilise the national debt-to-GDP ratio by closing the budget deficit. Due to slow economic growth and tax revenue collections government gross debt levels have been gradually increasing and expected to peak at 81.8 per cent of Gross Domestic Product (GDP) by 2022/23.

Focus will be on promoting fiscal sustainability through strict implementation of cost containment measures that prioritise expenditure on core service delivery programmes and less on non-core items, whilst ensuring the stabilisation of governance in the Province, both at political and administrative levels. Institutions of government should be enhanced through integrated planning, monitoring and evaluation. Cost containment measures will be implemented in the 2021/22 financial year. This situation necessitates prudent use of resources and fiscal consolidation (that is one of the department's key strategic priorities as stated above).

3. Updates to Relevant Court Rulings

There have been no court rulings that have a significant, ongoing impact on operations or service delivery obligations. However, the Provincial Revenue Fund became exposed as a result of court settlement pertaining to medico-legal claims.



**OUR
STRATEGIC
FOCUS**

B

EASTERN CAPE
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2021/22



PART B: OUR STRATEGIC FOCUS

1. Updated Situation Analysis

1.1. External Environment Analysis

Economic and Fiscal Outlook and Projections

From its January 2021 World Economic Outlook the International Monetary Fund (IMF) has revised downward its economic growth outlook for South Africa to 2.8% for 2021 citing risks of weakening public finances, slow implementation of structural reforms, and tightening external financial conditions that could lead to capital outflows.

Figure 1: Economic Growth in selected Countries

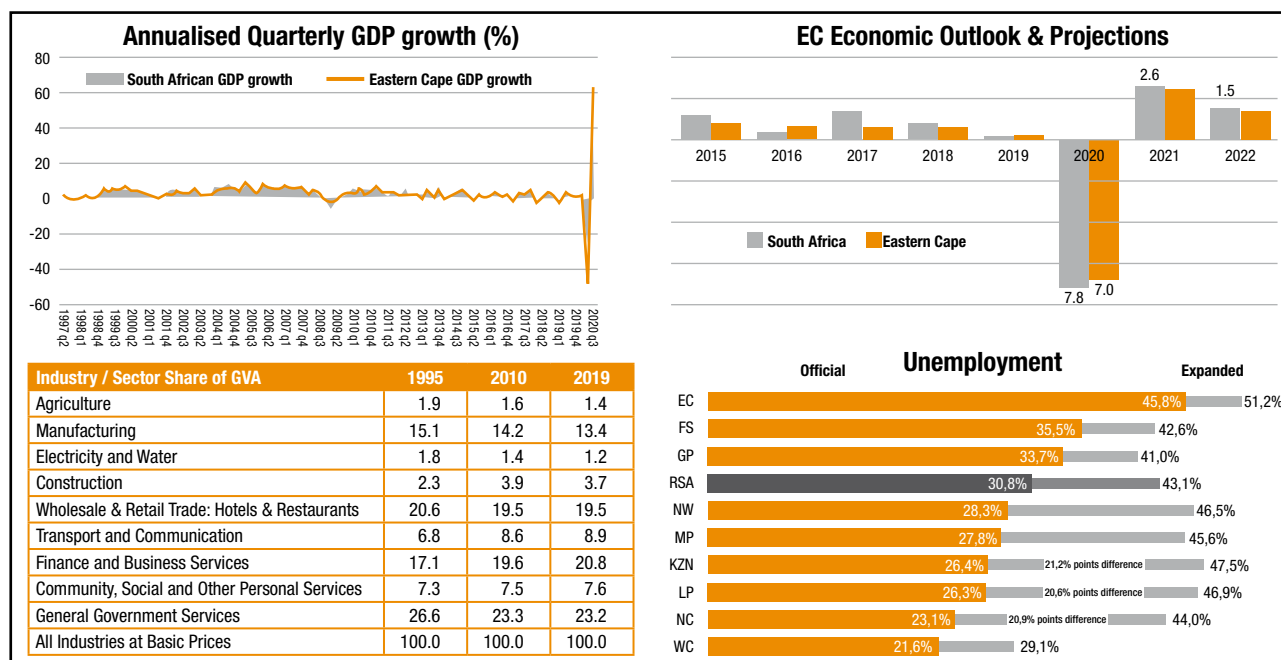
Region/country	2020	2021	2022
Percentage	Estimate	"Difference from June 2020 projections"	
World	-3,5	5,5	4,2
Advanced economies	-4,9	4,3	3,1
United States	-3,4	5,1	2,5
Euro area	-7,2	4,2	3,6
United Kingdom	-10,0	4,5	5,0
Japan	-5,1	3,1	2,4
"Emerging and developing countries"	-2,4	6,3	5,0
China	2,3	8,1	5,6
India	-8,0	11,5	6,8
Brazil	-4,5	3,6	2,6
Russia	-3,6	3,0	3,9
Sub-Saharan Africa	-2,6	3,2	3,9
Nigeria	-3,2	1,5	2,5
South Africa	-7,5	2,8	1,4

Source: IMF World Economic Outlook, Jan 2021

IMF projects 5.5% global economic growth for 2021 after a severe global decline of -3.5% in 2020 due to COVID-19 lockdowns that were implemented across countries to help curtail the spread of the virus. The economy-wide impact of these shutdowns have severely affected women, youth, the poor, the informal sector, and those who work in contact-intensive sectors. Official SA Reserve Bank's forecast for the domestic economy are slightly more optimistic for the medium-term, with the domestic economy forecasted to recover strongly by 3.6 percent in 2021, before moderating to 2.4 percent in 2022.

The anticipated recovery follows from the severe contraction in 2020 estimated to be between 6-8 percent both at a national and provincial level.

Figure 2: Economic Growth and Unemployment



Pre-COVID economic growth in the province averaged 1 percent annually, with the following being some of the constraining factors to sustained growth in the province:

- Declining manufacturing productivity due to underinvestment in economic infrastructure, low investor confidence and endemic shortage of market-related skills.
- Slow expansion of agriculture sector despite the untapped growth potential of emerging farmers. Government remains fully committed to commercialising this sector despite challenges experienced thus far.
- Growth of the services sectors (i.e. Government, Trade, Retailing, Catering and Accommodation) continues to crowd-out investments into other sectors with more potential for future employment and output growth.
- Endemic higher levels of joblessness (at 48.5 per cent) and poverty (approximately at 70 per cent pre-COVID 19).

National Fiscal Outlook

In March/April 2020, government deployed range of fiscal and monetary measures to avert the socio-economic impact of the pandemic and limit the economic damages, whilst supporting recovery efforts.

However, maintaining high spending for an extended period would lead to higher fiscal deficits. In 2020/21, the national main budget deficit is projected to increase to 15.7 per cent of GDP. If this trend is not reversed, the country might likely face hard fiscal constraints in the near future.

Furthermore, due to persistent weak economic growth, gross tax revenues are continually revised downward. High deficits place enormous pressure on South Africa's financial sector and the real economy and crowds out private borrowing and investment.

Government Economic and Fiscal Responses

Government remains committed to achieving fiscal sustainability by stabilising the growth of public debt. This will require large spending reductions and moderate tax increases in the forthcoming medium-term. Government fiscal consolidation proposals have been fully highlighted in the national and provincial 2020 Medium Term Budget Policy Statements (MTBPS), and will include among other things:

-
- Containing growth of the public sector wage bill through salary freeze, limiting non-core and non-essential public sector employment for the next three years, introducing a uniform allowance and benefits structure for public officials, and reviewing pay progression rules and OSD;
 - Undertaking departmental baseline budget cuts, introducing programme expenditure performance reviews, institutionalising supply chain management reforms and zero-based budgeting to identify possible savings;
 - Close monitoring of departmental operations, governance issues and enforcing accountability in departments and public entities;
 - Strict monitoring and enforcement of previously adopted cost containment measures and expenditure controls on non-core items, monitor PILIR cases, centralise the approval of appointments across departments;
 - Ensuring that infrastructure projects are delivered on time with limited or no budget overruns;
 - The 2021 MTEF process will aim to change the composition of spending towards stimulating economic growth, particularly in areas of infrastructure investment;
 - Reducing the medico-legal financial burden in the Department of Health through litigation support, proper financial and records management, and effective health case management systems.

Provincial Health Response to COVID-19

Owing to the fact that there can be no economic recovery without a proper health response to the COVID-19 pandemic, the provincial government through the Department of Health will seek to:

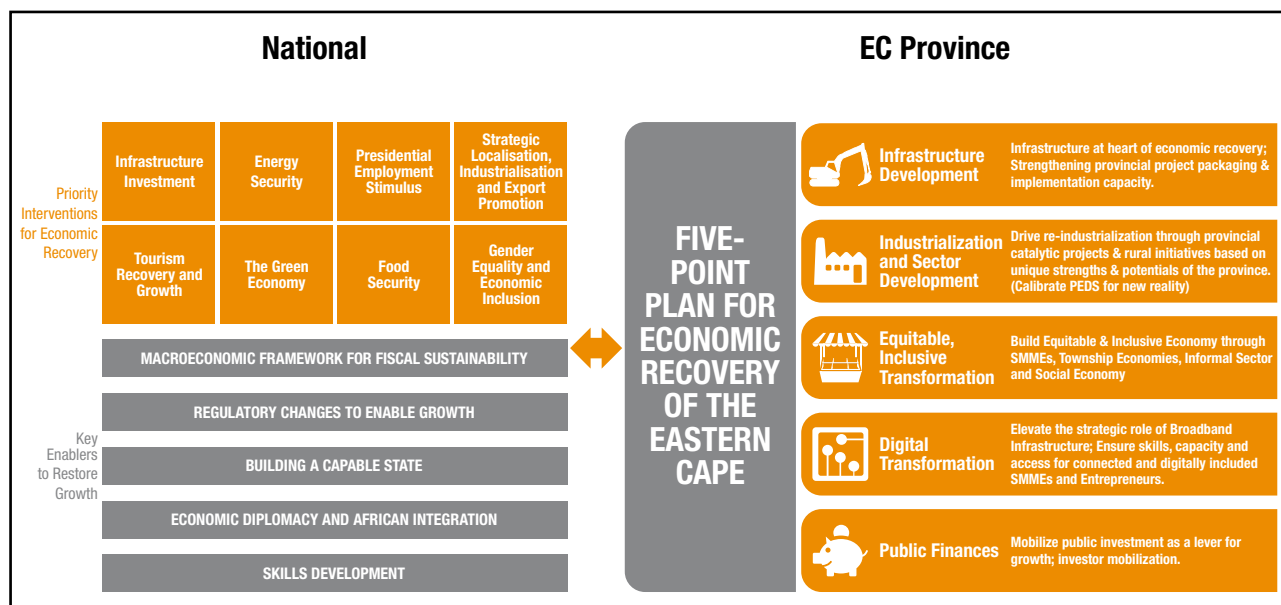
- Upgrade and improve its efficiencies in rolling out interventions aimed at monitoring and suppressing the spread of the COVID-19 virus, including an efficient and equitable rollout of vaccines, whilst avoiding subsequent outbreaks;
- Continue upgrading and maintaining existing health facilities and infrastructure to be ready in dealing with any future public and community health outbreaks;
- Upscale and strengthen interventions and other specific interventions to improve efficiencies and reduce cost within health;
- Strengthening financial management capabilities in supply chain management and in managing health departmental accruals and payables.

Economic Response: Creating Enabling Environment for Shared Economic Recovery

Working with its key social partners from business, labour, communities and social groups the national and provincial government has formulated economic reconstruction and recovery plans for the country and the province. Both plans' overarching aim is to usher in an inclusive, competitive and growing economy. The focus is on:

- targeted sector interventions, sourcing and prioritising investment in public infrastructure and improving its planning and delivery;
- economic sector interventions and regulatory reforms focusing on sustainable energy, tourism, agriculture, local manufacturing, digital transformation; and
- stimulus funding for SMMEs, emerging tourism operators, and smallholder farmers for shared economic recovery post COVID-19.

Figure 3: National and Provincial Economic Reconstruction and Recovery Plans



Some of the key enablers to restore economic growth will include:

- Fostering of public and private partnerships to leverage additional resources towards domestic investment and to ease the pressure on the fiscus;
- Enhance institutional arrangements to ensure implementation and accountability across all organs of state (Building a Capable State);
- Skills Development – from ECD and Basic Education to Post School Skills Development.

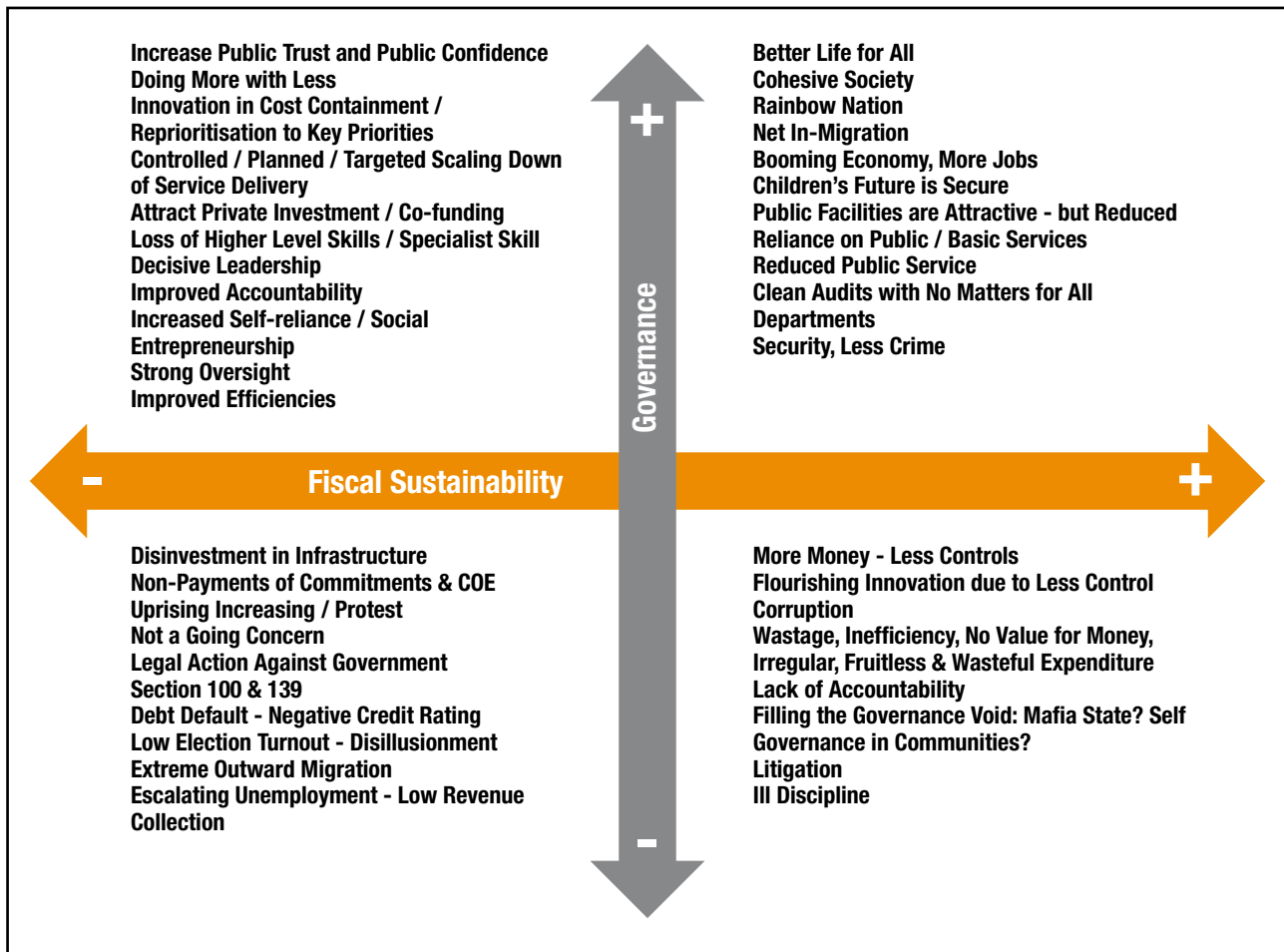
Horizon Scanning and Scenario Development Reflections

In developing its five-year (2020 – 2025) strategic plan, the department embarked on a scenario planning exercise and identified scenarios that could help explore what the future might look like in the coming five to ten years and the likely changes of living in it. Key certainties and uncertainties or drivers that could have a significant impact either positively or negatively on the strategy were defined. The advent of COVID-19 brought to reality the fact that we are living in a vulnerable, uncertain, complex and ambiguous (VUCA) world. Apart from the pandemic, other factors that were identified during the strategic planning process are still relevant and have impact on the strategy, these include political change, land issue, Fourth Industrial Revolution sustainability of energy supply – Eskom, Green Energy, national policy uncertainty, National Health Insurance, shrinking budget allocation, size of the provincial fiscus and size of the wage bill.

The two drivers of change that the department identified during the strategic planning exercise, namely, fiscal sustainability and governance, are still relevant and they form the basis of the departmental impact statement. The two outcome statements that lead to the achievement of the impact statement focus on strengthening the internal operations of the department whilst also ensuring that the external or transversal functions (support to departments, entities and municipalities) are enhanced to achieve socio-economic development in the province.

The use of the two drivers to create contrasting scenarios is still relevant. The two drivers were used to create four possible scenarios (create narratives) using quadrants between the two axes. Scenarios illustrate future possibilities but are not necessarily the same as future aspirations. Figure 1 below describes the view that the department probably has some elements of Quadrant 1 but moving towards Quadrant 2 (fiscal decline and more effective and efficient governance).

Figure 4



COVID-19 has created an entirely new operating environment, from the global and national macro environment, to the micro and institutional environment as the pandemic and the resultant risk adjusted lockdown effects impacted all aspects of society, locally and globally. The department had to review departmental strategy in relation to the institutional and environment factors, particularly in light of the current COVID-19 pandemic. We had to take stock and focus on the internal and external challenges. In the past financial year, every jurisdiction on the globe had to do things differently and learn new things since we had been facing a global pandemic in an interconnected world and at a time of advanced science. The key question we had to ask ourselves was “How do we use this current shock to our systems as a moment to rethink assumptions and redesign the policies, paradigms, methods and behaviours of government and governance in the department and the province?”

The change in environment posed by COVID-19 shifted the focus to technology. Modernising the entire operations of Provincial Treasury has become necessary. The use of technology during the COVID-19 lockdown period has shown us that working remotely is possible and virtual engagements are efficient. Post COVID-19 we must keep the some of the remote working aspects and virtual meetings as they reduce the cost and time. We have to invest in technology so that our oversight and monitoring role can improve.

Further review of the situation analysis information compiled at the beginning of the strategic planning cycle was conducted using the PESTEL analysis as indicated in Table 1 below, to identify external factors that could, if not identified and addressed, affect the chances of success and influence decision making.

Table 1

Domain	Factor 1	Factor 2
Political factors	<ul style="list-style-type: none"> • Serious about curbing corruption • Municipal Elections • Gradual shift to good governance over a 5-year period 	<ul style="list-style-type: none"> • Political instability across all spheres of government. • Role of MECs and change in priorities including the electoral cycle. • Coalition at National and Provincial Level maturity lack – negative impact • Disagreements in political policies/agenda to curb COVID-19.
Economic factors	<ul style="list-style-type: none"> • Understanding and appreciation of COVID-19 effects to the economy • Budget monitoring and allocation in line with priorities • Refinement of the district profiles that define the comparative advantage. 	<ul style="list-style-type: none"> • Absence of approved National, Provincial and Municipal spatial plan framework. Constrained fiscal resources imposed by COVID-19 and how the country responds, backed also by very much muted economic activities both internal and global. • Economic depression • GDP decline • Weak recovery on GDP may lead to staff belt-tightening – at 3 spheres • Slow and long economic recovery • Increased social economic burden on government due to high unemployment • Markets might drop to recover from COVID-19 (high interest rates) due to meltdown in the economy • Increase in Taxes - PAYE may affect global investment in SA • Increase in number of financially distressed municipalities
Social factors	<ul style="list-style-type: none"> • Working close with communities and offer coaching e.g. NGO's, community bodies, on finance, project management, managing their books, etc. • Social unrest and lack of access to basic services, as well as how the communities and people responding to the new way of living and observing the rules as laid by government to guide people's behaviour in response to COVID-19. • Growing importance of health in society such as social distancing, use of sanitizers and mask. 	<ul style="list-style-type: none"> • Understanding needs of communities to ensure our relevance. • Disease prevalence and migration (inward and outward) • Unemployment leads to high social unrest -more on graduates. • Population growth beyond economic recovery. • Scarcity of quality water.
Technological factors	<ul style="list-style-type: none"> • IT Capabilities. • ICT connectivity and infrastructure – 4th Industrial Revolution. • An acceleration of remote working. • A rapid focus on evaluating and de-risking the end-to-end value chain. • As companies seek business solutions to address remote work, social distancing and the need for in-store alternatives, the demand for developer and engineering talent is likely to increase. Retaining top talent will be essential. • Remote work, online education, and social distancing will create demand for products and services delivered by the technology industry. • Ability to adapt to strong IT and Cyber-attack efficiency. 	<ul style="list-style-type: none"> • Broadband and integrated systems. • Infrastructure readiness for online platforms e.g. COVID outbreak. • Cybersecurity risks are likely to rise as a result of more people working remotely. • IT technology support may struggle to keep up with increased customer needs on applications. • Costs of IT knowledge investment. • ICT challenges /network/the importance of information communication technologies (ICT) in South Africa now more than ever.

Domain	Factor 1	Factor 2
Environmental factors	<ul style="list-style-type: none"> • Influence the need for changes in land use to accommodate and provide shelter to communities. • Climate change and sustainable natural resource management (e.g. biodiversity, ecology, water management). • Spatial de-fragmentation towards social inclusion in human settlement. 	<ul style="list-style-type: none"> • Influence discussions on foreign investments in form of industries, to increase and create employment opportunities. • Land size and topography e.g. EIA • Diminishing quantity and quality of fresh water. • Global warming and water resource scarcity.
Legal factors	<ul style="list-style-type: none"> • Strategy to deal with Medico-legal a priority in Eastern Cape agenda. • Issuing of notices on MFMA Legislations frameworks, SCM – procurement, AFS etc. Exemptions. 	<ul style="list-style-type: none"> • Persistent non-compliance/transgression of legislation. • Poor contract management and high litigation against the state in the province. • Legislative red tape on doing business at Provincial and Sub-national level.

The following are the key challenges experienced by the department in its endeavours to improve financial management in the province:

- Misalignment of conditional grants cash flows with spending by departments resulting in departments spending conditional grant cash that has not flown in from national departments;
- Non-compliance by departments to comply with conditions of the grant for example submission of progress reports timeously, resulting in the withholding of funds by national departments;
- Not all transactions were captured to produce a complete trial balance. This is due to the impact of COVID-19 where staff had to work from home with limited days in the office and no provision of work from home tools;
- Departments not providing enough information when submitting deviation request and taking time or not responding on information requested;
- COVID-19 epidemic has had a negative impact on global supply chains hence the delay in procuring ICT equipment like laptops and server infrastructure. The epidemic has also resulted in a delay in finalising projects like the review of ICT Strategy and other related projects.

The current COVID-19 pandemic and the scenarios constructed at the start of the planning cycle will be used to:

- look for new actions or combinations of projects or programmes that will be useful despite the current situation and future change;
- check if existing actions (e.g. projects or programmes) are likely to be suitable given the pandemic and future possibilities of change; and identify how to adapt or specify existing actions so as to make them more resilient to the current pandemic and future change.

Detailed plans will be included in the Annual Performance Plan and Operational Plan.

1.2. Internal Environment Analysis

Since embarking on a restructuring process with the aim of aligning the organisational systems, procedures, processes and human resources to the department's strategic intent, the functional structure has been completed. The next phase involves the completion of the organogram. For the department to deliver its plans, the strategy and the structure must be linked. Organisational structure allocates responsibilities for optimal results, create branches, and decide whether individual efforts or group participation is the best method for the organisation to achieve its outcomes. How everything is done and everything operates needs to be integrated so that all the effort and resources support the strategy. It takes the right structure for a strategy to succeed.

The accomplishment of the organization's strategic outcomes is linked to the ongoing development of workforce through various training programmes and change management initiatives. Over and above other training programmes offered by various training institutions, KHAEDU remains key to equipping staff with the tools and perspectives required to unblock service delivery challenges. Given the challenges and disruptions caused by COVID-19 pandemic, most training programmes had to be either cancelled (especially those like KHAEDU that require a visit to the targetted public institution) or conducted online. PT continued to prioritise 50% minimum representation of women in management training and development programmes to enhance their leadership skills and competence to ensure full participation in decision making. Implementation of the department's employment equity strategy is ongoing with a view to achieving set equity targets. The gender profile of the department below SMS level stands at 61.8% female and 38.2% male. Females at SMS level are at 46.4%. Males at SMS level are at 53.6%, whilst people with disabilities constitute 1.9% of the total staff establishment. The department strives to achieve 50% females' quota at SMS level and a minimum of 2% of people with disabilities constituting the total staff establishment as per DPSA requirements. Departmental plans and budget, especially regarding employment and procurement, prioritise women and the youth. SMME development continues to be prioritised with special focus on preferential procurement that includes designated groups and improvement in payment of creditors within a 30-day period. Concerted effort is placed on implementing the Job Access Strategic Framework by increasing participation by persons with disabilities in all work place activities, promoting their advancement and skills development. The focus is also on mainstreaming youth development through the implementation of the departmental youth strategy that aims to improve service delivery through the utilisation of high level energies brought by youth in the workplace. The departmental Internship Programme targets young persons. To date, the department exceeds the minimum target of 5% of the total workforce youth employment as stipulated in the Youth Employment Accord, 2013. In order to achieve strategic outcomes, it is important to have a PT that performs optimally and with excellence at all times.

It is vital that individual employees' performance is enhanced for the attainment of departmental outcomes and improvement of organisational performance. The Performance Management Development System (PMDS) ensures that employees understand the links between the performance measures, and successful accomplishment of strategic outcomes.

Customer care forms the basis of the department's strategy to ensure that services delivered to clients are in accordance with Batho Pele principles. Maintenance of good customer services in accordance with the set service standards remains the key strategic focus of the department.

The Change Management Strategy, which focuses on optimising the efficiency and effectiveness of PT through leadership, human resource, business process, and systems and culture improvement, continues to be implemented. Change management programme assists employees to understand, commit to, accept and embrace change in the current operational environment. The change management strategy repositions Treasury from compliance to a service delivery centred organisation. The aim is to have a Treasury that does not focus on enforcing financial governance systems only but a Treasury that appreciates the political and socio-economic complexities of its environment and plays a key role in influencing and supporting socio-economic growth. During this period of the pandemic, workforce was taken through the management of change in time of crisis, helping staff to making a successful change to remote work. A remote working policy was developed. A Coronavirus Business Resilience Survey was conducted to keep a finger on the pulse of the departmental workforce and to understand how to stabilize, build and re-build business in this new normal.

COVID-19 pandemic disrupted the department's operating as well as the service delivery environment resulting in most employees working from home except for those performing critical and essential services. The department instituted relevant measures to secure the workplace in line with the government's risk adjusted strategy. Business Continuity Governance Committee meetings are held to update employees on the departmental COVID-19 status and developments. This is to ensure that risk areas are attended to and DPSA guidelines are adhered to and implemented in the workplace. Guidelines for the containment or

management of COVID-19 in the department were developed, including communication protocol that guides and stipulates the manner in which communication is to be handled during this period, to ensure that reliable and accurate information is communicated to the department, and to better manage anxiety amongst staff. The COVID-19 workplace readiness plan was reviewed to be responsive and adaptive to the ever-changing COVID-19 environment.

As stated above, the change in environment posed by COVID-19 has shifted the focus to technology. The use of technology during the COVID-19 lockdown period became essential to ensure business continuity during the current pandemic and enable staff to work remotely. Various ICT intervention strategies were developed to ensure business continuity during the current pandemic. These strategies include, amongst others, the deployment of “Extranet” which is an application that allows for remote collaboration and sharing of information, facilitating Virtual Private Network remote access, and promoting the use of video conferencing platforms to enable ongoing live engagements between staff. The process of reviewing the five-year ICT Strategy is underway to align it to departmental strategy using the Government Wide Enterprise Architecture (GWEA) framework. The strategy will outline those business processes that ICT will be able to automate to improve service delivery and lower costs. ICT remains key enabler to department’s operations, particularly during the pandemic. In supporting departments, public entities and municipalities to improve financial performance during the COVID-19 outbreak, PT had to adopt new ways of communicating with departments through maximum utilisation of electronic platforms at its disposal.

The PT has recognised the need to build synergy and communication internally between the various Programmes so as to engage clients (provincial departments, public entities and municipalities) in a coordinated and integrated manner as one Treasury and not as many different divisions and units. Hence the formal adoption of a Service Delivery Model (SDM) and a framework for its implementation as one of the change programmes that describes “how” the department will deliver on the services and plans identified during the strategic planning process in a coordinated, collaborative and integrated manner.

PT is cognizant of the increasing need for public institutions to work together in the delivery of public services for better results and to achieve maximum impact. Hence the ongoing collaboration with key coordinating departments like OTP and COGTA. Collaboration is also achieved through the District Development Model that promotes integration and synchronisation amongst the different spheres of government when planning, implementing, monitoring and evaluating programmes for development and impact on the lives of the citizens. This is done in the spirit of intergovernmental relations and in line with section 40 of the Constitution which states that the three spheres of government are distinctive, interdependent and interrelated.

In order to improve policy, programme and project performance, PT has embarked on the evaluation of projects to assess their impact, relevance, performance, value for money and sustainability. Recommendations emanating from these studies are implemented to ensure the institutionalization of new approaches and continuous improvement.

Efficiency in financial and non-financial performance remains a key focus of the department by ensuring that all statutory requirements are complied with in terms of the PFMA and related prescripts that lead to improved spending and audit outcomes. Compliance with the B-BBEE Act is addressed through the implementation of the LEDPF that promotes local content and procurement opportunities for local suppliers. The LEDPF, the employment equity strategy and other related prescripts require focused implementation to ensure that the empowerment legislation and regulation is used as a tool for empowering black people, workers, women, youth, people with disabilities, and rural communities, to advance economic transformation. The LEDPF is implemented in collaboration with DEDEAT.





**MEASURING
OUR
PERFORMANCE** **C**

**EASTERN CAPE
ANNUAL
PERFORMANCE
PLAN
2021/22**



PART C: MEASURING OUR PERFORMANCE

Institutional Programme Performance Information

1. Programme 1: Administration

Programme Purpose: Provide leadership and strategic management and appropriate support services to all other programmes.

The programme consists of five sub-programmes, namely:

Office of the MEC	Sets priorities and political directives in order to meet the mandate of the department;
Management Services	Translates policies and priorities into strategies for effective service delivery, manages and monitors organizational performance and provides legal services and information technology support;
Corporate Services	Provides an internal enabling environment and support service to other programmes with regard to human resource management and development, records management and security & facilities management;
Financial Management (Office of the CFO)	To manage and facilitate the provision of financial, supply chain, asset management, and internal control services to the department;
Internal Audit and Risk Management	To manage internal audit and risk management services.

1.1. Outcomes, Outputs, Performance Indicators and Targets

1.1.1. Management Services

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance		Estimated performance	MTEF Period				
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
1.	Highly effective department	Achievement of departmental performance targets	Percentage departmental performance indicator targets achieved	-	-	-	-	95%	97%	99%

1.1.2. Corporate Services

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance		Estimated performance	MTEF Period				
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
1.	Highly effective department	Human resources that meet departmental priorities	Percentage HR Plan Targets achieved	-	-	-	-	80%	85%	90%

1.1.3. Financial Management

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance		Estimated performance	MTEF Period				
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
1.	Highly effective department	Financial performance that meets departmental priorities	Percentage reduction on financial information audit findings	-	-	-	-	25%	25%	25%
2.			Percentage of valid invoices / claims paid / settled within 30 days	-	-	-	-	100%	100%	100%

1.1.4. Internal Audit and Risk Management

Outcome	Output	Output Indicator	Annual Targets								
			Audited /Actual Performance				Estimated performance		MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24		
1.	Highly effective department	Audits conducted	Number of audits conducted to improve internal controls		-	-	11	17	15	15	15

1.2. Indicators, Annual and Quarterly Targets

1.2.1. Management Services

Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1. Percentage departmental performance indicator targets achieved	Quarterly	95%	95%	95%	95%	95%	Chief Director: Strategy and Planning (S&P)

1.2.2. Corporate Services

Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1. Percentage HR Plan Targets achieved	Bi-Annually	80%		80%	-	80%	Chief Director: Human Resource & Facilities Management

1.2.3. Financial Management Services

Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1. Percentage reduction on financial information audit findings	Annually	25%	-	25%	-	-	Chief Financial Officer
2. Percentage of valid invoices / claims paid / settled within 30 days.	Quarterly	100%	100%	100%	100%	100%	

1.2.4. Internal Audit and Risk Management

Output Indicator		Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1.	Number of audits conducted to improve internal controls	Quarterly	15	4	4	4	3	Chief Audit Executive (CAE)

1.3. Explanation of planned performance over the medium-term period

The Programme will continue to provide strategic leadership, strategic management, human resource management and appropriate support services to departmental programmes. The focus will continue to be on improving business processes and internal control systems to enhance efficiency that should lead to positive (unqualified) audit outcomes. For the realisation of its strategic outcomes, the programme will continue to strengthen the implementation of plans and projects in a coordinated, collaborative and integrated manner. Cooperation with client departments, entities, municipalities and other key stakeholders will continue to be improved. Enhanced institutional governance and management structures will continue to guide the department in delivering on its mandate. The programme will continue with ongoing training and human resource development programmes including change management initiatives in an effort to improve organisational efficiencies and competencies particularly during the pandemic. The use of technology (ICT) during the COVID-19 pandemic will be enhanced to ensure business continuity and enable staff to work remotely. Special attention will be on promoting diversity management and transformation to ensure representation and participation of designated groups (women, youth, people with disabilities) in the department.

1.4. Programme Resource Consideration

Table 2: Summary of departmental payments and estimates sub-programme: P1- Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
1. Office Of The Mec	6 503	6 993	7 482	9 124	7 516	7 450	8 250	8 280	8 280	10,7
2. Management Services	38 973	46 450	45 260	50 095	48 734	48 653	44 407	57 319	55 086	(8,7)
3. Corporate Services	41 975	44 410	45 708	50 499	42 428	42 791	46 418	47 108	47 108	8,5
4. Financial Management (Office Of The CFO)	50 783	51 451	51 733	57 825	52 033	52 600	51 100	52 203	52 203	(2,9)
5. Internal Audit	7 518	7 561	7 279	9 311	6 951	6 880	8 070	8 110	8 110	17,3
Total payments and estimates	145 752	156 865	157 462	176 854	157 662	158 374	158 245	173 020	170 787	(0,1)

Table 3: Summary of departmental payments and estimates by economic classification: P1 Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
Current payments	138 728	144 586	151 205	171 395	149 296	149 376	152 127	159 541	157 308	1,8
Compensation of employees	98 402	103 685	110 039	122 287	109 786	109 907	110 150	110 578	110 578	0,2
Goods and services	40 326	40 901	41 166	49 108	39 510	39 469	41 977	48 963	46 730	6,4
Interest and rent on land	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	3 990	2 648	1 729	1 886	1 697	2 271	1 943	2 036	2 036	(14,4)
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	935	830	816	1 086	1 086	1 086	1 103	1 156	1 156	1,6
Higher education institutions	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-
Households	3 055	1 818	913	800	611	1 185	840	880	880	(29,1)
Payments for capital assets	3 034	9 554	4 528	3 573	6 669	6 727	4 175	11 443	11 443	(37,9)
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 620	9 554	4 492	3 573	6 319	6 377	4 175	11 443	11 443	(34,5)
Heritage Assets	-	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	414	-	36	-	350	350	-	-	-	(100,0)
Payments for financial assets	-	77	-	-	-	-	-	-	-	-
Total economic classification	145 752	156 865	157 462	176 854	157 662	158 374	158 245	173 020	170 787	(0,1)

Tables 2 and 3 above show the summary of payments and estimates per sub-programme and economic classification from 2017/18 to 2023/24. The expenditure increased from R145.752 million in 2017/18 to a

revised estimate of R158.374 million in 2020/21. The increase is mainly due to provisions made for the filling of critical vacant posts, additional intake of interns for experiential learning as well as replacement of obsolete computer equipment and server infrastructure. In 2021/22, the budget decreases by 0.1 per cent to R158.245 million due to budget reductions effected over the MTEF period.

Compensation of Employees increased from R98.402 million in 2017/18 to a revised estimate of R109.907 million in 2020/21. The increase is due to provisions made for the filling of critical vacant posts and additional intake of interns for experiential learning. In 2021/22, the budget increases by 0.2 per cent to R110.150 million mainly due to the filling of critical vacant posts.

Goods and Services decreased from R40.326 million in 2017/18 to a revised estimate of R39.469 million in 2020/21 due to budget reductions in response to the COVID-19 fiscal crisis. In 2021/22, the budget increases by 6.4 per cent to R41.977 million due to once-off budget reductions effected in 2020/21.

Transfers and Subsidies decreased from R3.990 million in 2017/18 to a revised estimate of R2.271 million in 2020/21 due to the anticipated reduction in the number of officials exiting the department. In 2021/22, the budget decreases by 14.4 per cent to R1.943 million due to once-off provisions made in 2020/21 for officials exiting the department.

Payments for Capital Assets increased from R3.034 million in 2017/18 to R6.727 million in 2020/21 due to replacement of obsolete computer equipment and server infrastructure. In 2021/22, the budget decreases by 37.9 per cent to R4.175 million due to once-off costs incurred in 2020/21.

1.5. Updated Key Risks

Outcome	Key Risks	Risk Mitigation
Highly effective department	Inadequate skilled human resource capacity	• Continuous training and development
		• Implement recruitment policy and train staff on recruitment techniques
		• Evaluate performance system and culture (conduct a study)
		• Implement service delivery model
		• Review and implement knowledge management
	Poor and inconsistent decision making	• Implement Knowledge Management System
		• Implement leadership programmes
		• Compile Service Level Agreements
		• Implement service delivery model
	Lack of Optimal ICT infrastructure and inefficiencies on the ICT network	• Engagement with SITA and OTP (through DGITO forums)
		• Support broadband rollout
		• Review ICT strategy and align to Government Wide Enterprise Architecture (GWEA) Framework
		• Implement reviewed DRP and Backup Policy
		• Implement and monitor network vulnerability scanner
	Lack of business continuity	• Update business continuity strategy and plan
		• Prioritise resourcing of the ICT strategy
• Support broadband rollout		
• Rollout and implement the remote working policy		
• Reprioritise HR and financial resources		

2. Programme 2: Sustainable Resource Management

Programme Purpose

Allocative efficacy through budget preparations, infrastructure budgeting, expenditure monitoring economic analysis and fiscal policy to all provincial departments, public entities and management of financial assets and liabilities.

The programme consists of four sub-programmes, namely:

PROGRAMME SUPPORT	Provides strategic leadership in implementing strategies to ensure the programme's contribution in realising departmental objectives;
ECONOMIC ANALYSIS	Determines and evaluates economic parameters and socio-economic imperatives within a provincial and macro-economic context;
FISCAL POLICY	Promotes optimal financial resource allocation and enables government to finance its service delivery obligations, and also promotes sound planning, budgeting, financial management and reporting in public entities;
BUDGET MANAGEMENT	Promotes effective optimal resource allocation; manages fiscal assets, optimises liquidity requirements and returns on financial investments and maximises the latter within acceptable levels of risk.

2.1. Outcomes, Outputs, Performance Indicators and Targets

2.1.1. Economic Analysis

Outcome	Output	Output Indicator	Annual Targets								
			Audited /Actual Performance			Estimated performance	MTEF Period				
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24		
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Economic analysis that guides budget and investment decisions	Number of policy briefs produced on key sector focus areas	4	4	4	4	4	4	4	4

2.1.2. Fiscal Policy

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance			Estimated performance	MTEF Period			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
FISCAL POLICY										
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Revenue collected	Amount of own revenue collected	-	-	-	R1.043 billion	R1.516 billion	R1.591 billion	R1.663 billion
PUBLIC ENTITIES										
2.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Use of allocated resources	% expenditure by entities within allocated budget	-	-	-	-	98%	98%	98%

2.1.3. Budget Management Services

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance		Estimated performance	MTEF Period				
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
BUDGETOFFICE										
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Efficient public spending of allocated budget	% expenditure by departments within allocated budget	-	-	-	-	98%	98%	98%
		Reduced Provincial CoE Ratio	CoE Ratio	64:36	64.5: 35.5	64.8:35.2	64:36	63:37	62:38	61:39
FINANCIAL ASSET MANAGEMENT										
3.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Management of financial assets and liabilities	Positive cash balance in the Provincial Revenue Fund	-	-	-	1	1	1	1
		Creditors paid within 30 days	Departments paying creditors within 30 days	-	-	-	13	13	13	13
INFRASTRUCTURE MANAGEMENT										
5.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Infrastructure delivery plans	Number of Infrastructure plans aligned to planning reforms	-	-	-	11	11	11	11
		Spent total infrastructure budget	% expenditure by infrastructure departments of allocated capital budget	-	-	-	-	98%	98%	98%
		Increased gross capital formation	% increase in Gross Capital Formation	-	-	-	-	10%	20%	25%

2.2. Indicators, Annual and Quarterly Targets

2.2.1. Economic Analysis

Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1. Number of policy briefs produced on key sector focus areas	Quarterly	4	1	1	1	1	Chief Director: Economic and Fiscal Policy Oversight

2.2.2. Fiscal Policy

Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
Fiscal Policy							
1. Amount of own revenue collected	Quarterly	R1.516 billion	R350 million	R740 million	R1.120 billion	R1.516 billion	Chief Director: Economic and Fiscal Policy Oversight
Public Entities							
2. % expenditure by entities within allocated budget	Quarterly	98%	25%	50%	75%	98%	Chief Director: Economic and Fiscal Policy Oversight

2.2.3 Budget Management Services

Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
BUDGET OFFICE							
1. % expenditure by departments within allocated budget	Quarterly	98%	25%	50%	75%	98%	Chief Director: Budget and Public Finance Management
2. CoE Ratio	Annually	63:37	-	-	-	63:37	
FINANCIAL ASSET MANAGEMENT							
3. Positive cash balance in the Provincial Revenue Fund	Annually	1	-	-	-	1	Chief Director: Budget and Public Finance Management
4. Departments paying creditors within 30 days	Quarterly	13	13	13	13	13	
INFRASTRUCTURE MANAGEMENT							
5. Number of Infrastructure plans aligned to planning reforms	Quarterly	11	11	11	11	11	Chief Director: Infrastructure Management
6. % expenditure by infrastructure departments of allocated capital budget	Quarterly	98%	25%	50%	75%	98%	
7. % increase in Gross Capital Formation	Bi-Annually	10%	-	10%	-	10%	

2.3. Explanation of planned performance over the medium-term period

The Programme will continue to promote fiscal sustainability through strict implementation of cost containment measures that prioritise expenditure on core service delivery programmes and less on non-core items, whilst ensuring the stabilisation of governance in the province. These measures will include the following interventions: reprioritisation of budgets, especially in view of the recent COVID-19 pandemic; controlling personnel budgets and expenditure; enforcing budget expenditure ceilings, tracking of performance of 30 day payments, rationalising and streamlining Public Entities. The introduction of zero based budgeting will help to align spending with strategic outcomes and service delivery priorities, and eliminate inefficiencies on expenditure whilst strengthening allocative efficacy. Furthermore, the Programme will continue to enhance provincial own revenue and strengthen financial management in provincial departments and public entities. Ongoing support will be provided to strengthen infrastructure delivery in the province in line with the Provincial Infrastructure Strategy. Infrastructure projects will be aligned to the District Development Model to strengthen integrated infrastructure planning, procurement and delivery across the infrastructure value chain.

2.4. Programme Resource Consideration

Table 4: Summary of departmental payments and estimates sub-programme: P2- Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
1. Programme Support	2 681	2 746	2 740	3 347	5 236	5 232	3 318	3 335	3 335	(36,6)
2. Economic Analysis	1 656	2 245	3 476	4 027	3 451	3 451	3 635	3 648	3 648	5,3
3. Fiscal Policy	8 243	9 512	8 507	9 425	8 549	8 544	8 934	8 952	8 952	4,6
4. Budget Management	48 551	53 659	55 750	67 583	55 170	55 108	63 411	63 510	63 510	15,1
Total payments and estimates	61 131	68 162	70 473	84 382	72 406	72 335	79 298	79 445	79 445	9,6

Table 5: Summary of departmental payments and estimates by economic classification: P2 – Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
Current payments	60 993	67 658	70 473	84 382	71 966	71 895	79 298	79 445	79 445	10,3
Compensation of employees	57 634	62 337	68 050	81 329	68 487	68 419	76 627	76 656	76 656	12,0
Goods and services	3 359	5 321	2 423	3 053	3 479	3 476	2 671	2 789	2 789	(23,2)
Interest and rent on land	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies to:	138	504	–	–	440	440	–	–	–	(100,0)
Provinces and municipalities	–	–	–	–	–	–	–	–	–	–
Departmental agencies and accounts	–	–	–	–	–	–	–	–	–	–
Higher education institutions	–	–	–	–	–	–	–	–	–	–
Foreign governments and international organisations	–	–	–	–	–	–	–	–	–	–
Public corporations and private enterprises	–	–	–	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–	–	–	–
Households	138	504	–	–	440	440	–	–	–	(100,0)
Payments for capital assets	–	–	–	–	–	–	–	–	–	–
Buildings and other fixed structures	–	–	–	–	–	–	–	–	–	–
Machinery and equipment	–	–	–	–	–	–	–	–	–	–
Heritage Assets	–	–	–	–	–	–	–	–	–	–
Specialised military assets	–	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–	–
Land and sub-soil assets	–	–	–	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–	–	–	–
Payments for financial assets	–	–	–	–	–	–	–	–	–	–
Total economic classification	61 131	68 162	70 473	84 382	72 406	72 335	79 298	79 445	79 445	9,6

Tables 4 and 5 above show the summary of payments and estimates per sub-programme and economic classification from 2017/18 to 2023/24. Actual expenditure increased from R61.131 million in 2017/18 to a revised estimate of R72.335 million in 2020/21. The increase is mainly due to strengthening of provincial budget management capacity. In 2021/22, the budget increases by 9.6 per cent to R79.298 million due to additional allocation received to increase technical capacity in provincial infrastructure management.

Compensation of Employees increased from R57.634 million in 2017/18 to a revised estimate of R68.419 million in 2020/21 mainly due to strengthening of provincial budget management capacity. In 2021/22, the budget increases by 12 per cent to R76.627 million due to additional allocation received to increase technical capacity in provincial infrastructure management.

Goods and Services increased from R3.359 million in 2017/18 to a revised estimate of R3.476 million in 2020/21 mainly due to once-off provision made for the Provincial Expenditure Review project conducted by GTAC. In 2021/22, the budget decreases by 23.2 per cent due to once-off provisions made for the Provincial Expenditure Review project in 2020/21.

Transfers and Subsidies increased from R138 thousand in 2017/18 to R440 thousand in 2020/21 as this is mainly demand driven. It is anticipated that no officials will be exiting the department, hence there is no further allocation over the 2021 MTEF.

2.5. Updated Key Risks

Outcome	Key Risks	Risk Mitigation
Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Lack of financial viability	<ul style="list-style-type: none"> • Implementation of Section 18 of the PFMA • Persal Centralisation • Enhance PCMT process to analyse the factors affecting the wage bill (overtime, leave management (PILLIR) etc.) • Approval of deviations and variation orders • MEC of Finance to execute the function of delegating the PFMA to Accounting Officers after due diligence of candidates' ability • Assess the credibility of the budget • Assess the quality of Provincial Spent • Improve collaboration between Units in Provincial Treasury and departments and Municipalities (SDM) • PT to engage Premier and MECs on Transversal Risk Register
	Non-credible budget	<ul style="list-style-type: none"> • Implement MTEC budget processes • Implement IYM processes • Hold Strategic planning session • Implement Financial Management Accountability Framework (FMAF) • Implement Infrastructure Development Management System (IDMS) • Continuous training for BAS and Logis • Addressing medico-legal issues • Create a register of unfunded mandates • Establish web-based budget system • Create an activity base budget tool • Establish a permanent IDMS gate control delegation • Automate IDMS • Rollout of Logis
	Liquidity uncertainty in the Province	<ul style="list-style-type: none"> • Ongoing implementation of interventions • Implement Finance Bill • Implement zero based budgeting • Freeze appointments • Identify new revenue sources

3. Programme 3: Asset and Liabilities Management

Programme Purpose

To provide policy direction, promote and enforce transparency and effectiveness of supply chain management and asset management in the province.

The programme consists of two sub-programmes, namely:

- | | |
|--------------------------|--|
| Programme Support | Provides strategic leadership in implementing strategies to ensure the programme's contribution in realising departmental objectives; |
| Asset Management | To provide policy direction, facilitates the effective and efficient management of physical assets and promotes economic development targeted on government procurement. |

3.1. Outcomes, Outputs, Performance Indicators and Targets

3.1.1 Asset and Liabilities Management

Outcome	Outputs	Output Indicators	Annual Targets							
			Audited /Actual Performance			Estimated performance	MTEF Period			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
ASSET MANAGEMENT										
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Optimal utilisation of assets	Achievement of asset management maturity level	-	-	-	Level 3	Level 3	Level 3	Level 4
SUPPLY CHAIN MANAGEMENT										
2.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Value for money achieved on procurement spend	Achievement of supply chain management maturity level	-	-	-	Level 3	Level 3	Level 3	Level 4
3.			Achievement of infrastructure procurement maturity level	-	-	-	50%	50%	50%	50%
4.		EC suppliers benefiting from procurement spend	% procurement spend on EC suppliers	-	-	-	50%	60%	60%	60%

3.2. Indicators, Annual and Quarterly Targets

3.2.1 Asset and Liability Management

Output Indicators	Reporting period	Annual Target	Q1	Q2	Q3	Q4	Responsibility
ASSET MANAGEMENT							
1. Achievement of asset management maturity level	Annually	Level 3	-	-	-	Level 3	Director: Movable & Immovable Asset Management
SUPPLY CHAIN MANAGEMENT							
2. Achievement of supply chain management maturity level	Annually	Level 3	-	-	-	Level 3	Chief Director: Provincial SCM and Asset Management
3. Achievement of infrastructure procurement maturity level	Annually	50%	-	-	-	50%	
4. % procurement spend on EC suppliers	Quarterly	60%	60%	60%	60%	60%	

3.3. Explanation of planned performance over the medium-term period

The Programme will continue to support the departments on the implementation of the LED Procurement Framework in order to achieve 60 per cent local spend, including in the implementation of the procurement procedures to mitigate the pandemic. The drive to improve procurement efficiencies through transversal contracts, capacitation of suppliers on opportunities available to enable SMMEs to do business with government, including administrative support and registration on the CSD and LOGIS will continue to be pursued. The promotion of local procurement will continue with special focus on women, persons with disabilities, youth and military veterans, and enhance improvement in payment of creditors to ensure cash flows and financial sustainability of SMMEs. Ongoing support will be provided to departments to implement the Framework for Infrastructure Delivery and Procurement Management (FIDPM) to ensure integrated infrastructure planning, procurement and delivery across the infrastructure value chain. The Programme will continue to ensure optimal utilisation of assets in the departments and public entities.

3.4. Programme Resource Consideration

Table 6: Summary of departmental payments and estimates sub-programme: P3 – Asset and Liabilities Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
1. Programme Support	–	–	–	–	–	–	–	–	–	
2. Asset Management	24 929	26 633	26 135	29 212	25 604	24 510	25 483	25 572	25 572	4,0
Total payments and estimates	24 929	26 633	26 135	29 212	25 604	24 510	25 483	25 572	25 572	4,0

Table 7: Summary of departmental payments and estimates by economic classification: P3 - Asset and Liabilities Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
Current payments	24 929	26 592	26 028	29 212	24 711	23 567	25 483	25 572	25 572	8,1
Compensation of employees	21 821	24 140	24 739	27 037	22 516	22 494	23 786	23 797	23 797	5,7
Goods and services	3 108	2 452	1 289	2 175	2 195	1 073	1 697	1 775	1 775	58,2
Interest and rent on land	–	–	–	–	–	–	–	–	–	
Transfers and subsidies to:	–	41	107	–	893	943	–	–	–	(100,0)
Provinces and municipalities	–	–	–	–	–	–	–	–	–	
Departmental agencies and accounts	–	–	–	–	–	–	–	–	–	
Higher education institutions	–	–	–	–	–	–	–	–	–	
Foreign governments and international organisations	–	–	–	–	–	–	–	–	–	
Public corporations and private enterprises	–	–	–	–	–	–	–	–	–	
Non-profit institutions	–	–	–	–	–	–	–	–	–	
Households	–	41	107	–	893	943	–	–	–	(100,0)
Payments for capital assets	–	–	–	–	–	–	–	–	–	
Buildings and other fixed structures	–	–	–	–	–	–	–	–	–	
Machinery and equipment	–	–	–	–	–	–	–	–	–	
Heritage Assets	–	–	–	–	–	–	–	–	–	
Specialised military assets	–	–	–	–	–	–	–	–	–	
Biological assets	–	–	–	–	–	–	–	–	–	
Land and sub-soil assets	–	–	–	–	–	–	–	–	–	
Software and other intangible assets	–	–	–	–	–	–	–	–	–	
Payments for financial assets	–	–	–	–	–	–	–	–	–	
Total economic classification	24 929	26 633	26 135	29 212	25 604	24 510	25 483	25 572	25 572	4,0

Tables 6 and 7 above show the summary of payments and estimates per sub-programme and economic classification from 2017/18 to 2023/24. Actual expenditure decreased from R24.929 million in the 2017/18 financial year to a revised estimate of R24.510 million in 2020/21 due to budget reductions effected in response to the COVID-19 fiscal crisis. In 2021/22, the budget increases by 4 per cent to R25.483 million due to provisions made for the filling of critical vacant posts.

Compensation of Employees increased from R21.821 million in 2017/18 to a revised estimate of R22.494 million in 2020/21 due to ICS adjustments. In 2021/22, the budget increases by 5.7 per cent to R23.786 million due to provisions made for the filling of critical vacant posts.

Goods and Services decreased from R3.108 million in 2017/18 to a revised estimate of R1.073 million in 2020/21. The decrease is mainly due to budget reductions effected in 2020/21 in response to the COVID-19 fiscal crisis. In 2021/22, the budget increases by 58.2 per cent to R1.697 million due to the once-off budget reductions effected in 2020/21.

Transfers and Subsidies increased to R943 thousand in 2020/21 compared to nil in 2017/18 due to an increase in the number of officials exiting the department. It is anticipated that no officials will be exiting the department, hence no further allocation over the 2021 MTEF.

3.5. Updated Key Risks

Outcome	Key Risks	Risk Mitigation
Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Failure to implement and monitor national/provincial asset management legislation, regulations guidelines and practices	<ul style="list-style-type: none"> • Development and implement department specific improvements plans • Escalate non-compliance matters through Financial Management Accountability Framework (FMAF)
	Inability to implement and monitor compliance with the relevant SCM practices, legislation and regulations	<ul style="list-style-type: none"> • Issue new SCM Guidelines, circulars and Instruction notes • Escalate non-compliance matters through Financial Management Accountability Framework (FMAF)
	Failure to arrange and monitor transversal contracts	<ul style="list-style-type: none"> • Review and monitor compliance with the Contract Management Strategy
	Lack of understanding of local content and preferential procurement	<ul style="list-style-type: none"> • Conduct supplier workshops
	Data credibility	<ul style="list-style-type: none"> • Develop and implement data management programmes
	Departments not being fully compliant with Asset Management (AM), SCM and Infrastructure Procurement	<ul style="list-style-type: none"> • Conduct training workshops on AM, SCM and Infrastructure Procurement

4. Programme 4: Financial Governance

Programme Purpose

To provide policy direction, promote and enforce transparency and effectiveness of supply chain management and asset management in the province.

The programme consists of six sub-programmes, namely:

Programme Support	Provides strategic leadership in implementing strategies to ensure the programme's contribution in realising departmental objectives;
Accounting Services	To ensure the effective implementation of accounting practices in line with Generally Accepted Accounting Practice (GAAP), Generally Recognized Accounting Practice (GRAP) and prepare consolidated financial statements that reflect the financial position of the province;
Norms and Standards;	Develops and implements financial norms and standards and ensures effective communication;
Risk Management	Provides provincial risk profile, develops and monitors the implementation of the Provincial Risk Management Framework;
Provincial Internal Audit Services	Coordinates the activities and provide technical support for all provincial internal audit units and audit committees;
Supporting and Interlinked Financial Systems	To provide for oversight and management of existing financial systems and the transition to the Integrated Financial Management Systems, enhancement of systems to support the business processes of government and provides capacity building in the usage of financial systems aimed at better provincial financial management.

4.1. Outcomes, Outputs, Performance Indicators and Targets

4.1.1 Accounting Services

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance			Estimated performance	MTEF Period			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Unqualified Financial Statements for the PFMA institutions	Number of Institutions that achieve unqualified audits (Provincial departments and public entities)	-	-	-	22	22	25	25
2.	Credible consolidated Financial Statements tabled at Legislature	Audited consolidated Financial Statements tabled at Legislature		1	1	1	1	1	1	1

4.1.2. Norms and standards

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance			Estimated performance	MTEF Period			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Fiscal discipline and accountability in departments	% Financial Management Accountability Framework (FMAF) standards implemented	-	-	-	-	70%	80%	90%
2.	Adequate financial management capacity in departments	Management Capacity Study elements implemented		-	-	-	-	90%	95%	100%

4.1.3. Risk Management

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance			Estimated performance	MTEF Period			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Risk management maturity achieved	Level of risk maturity achieved by departments	-	-	-	Level 3	Level 3	Level 3	Level 4
2.	Provincial risk profile and mitigation measures	% provincial risk profile mitigation measures implemented by departments	-	-	-	-	100%	100%	100%	100%

4.1.4. Provincial Internal Audit

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance			Estimated performance	MTEF Period			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Internal audit maturity achieved by departments	Level of internal audit maturity achieved	-	-	-	-	2.8	2.9	3.0

4.1.5. Supporting and Interlinked Financial Systems

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance			Estimated performance	MTEF Period			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Credible financial information produced by departments	Departments with no material audit findings on FIS User Account Management	-	-	-	6	9	11	13

4.2. Indicators, Annual and Quarterly Targets

4.2.1. Accounting Services

Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1. Number of Institutions that achieve unqualified audits (Provincial departments and public entities)	Annually	22	-	22	-	-	Chief Director: Provincial Accounting Services
2. Audited Consolidated Financial Statements tabled at Legislature	Annually	1	-	-	1	-	
4.2.2. Norms and Standards							
Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1. % Financial Management Accountability Framework (FMAF) standards implemented	Quarterly	70%	70%	70%	70%	70%	Chief Director: Provincial Accounting Services
2. % Financial Management Capacity Study elements implemented	Quarterly	90%	90%	90%	90%	90%	
4.2.3. Risk Management							
Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1. Level of risk maturity achieved by departments	Bi-Annually	Level 3	-	Level 3	-	Level 3	Chief Director: Transversal Internal Audit, Risk and Forensic Management
2. % provincial risk profile mitigation measures implemented by departments	Bi-Annually	100%	-	100%	-	100%	

4.2.4. Provincial Internal Audit

Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1. Level of internal audit maturity achieved	Annually	2.8	-	-	-	2.8	Chief Director: Transversal Internal Audit, Risk and Forensic Management
4.2.5. Supporting and Interlinked Financial Systems							
Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
1. Departments with no material audit findings on FIS User Account Management	Quarterly	9	9	9	9	9	Chief Director: Supporting and Interlinked Financial Systems

4.3. Explanation of planned performance over the medium-term period

To improve audit outcomes in the province, the Programme will continue to co-ordinate audit improvement strategies through the implementation and monitoring of the Provincial Audit Intervention Plan (PAIP) and analysis of audit action plans. The Programme will continue to support departments with the preparation of year-end reporting and assets related disclosure in the Annual Financial Statements. Technical support on the interpretation of the accounting standards will be provided to departments as well as to ensure that the financial statements are prepared in accordance with the accounting framework. Support will be provided to all departments to assess financial management policies for alignment to legislative framework. Ongoing monitoring of risk management practices in the departments will be conducted using Financial Management Capability Maturity Model (FMCM). Breaches of the Accountability Model Standards and Financial Management Capacity Study (FMCS) will be escalated to the Executive Authorities of the departments.

4.4. Programme Resource Consideration

Table 8: Summary of departmental payments and estimates sub-programme: P4 – Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
1. Programme Support	18 944	17 774	17 909	23 871	18 572	18 415	19 659	19 143	24 207	6,8
2. Accounting Services	13 771	12 800	13 720	14 397	13 382	13 076	13 680	13 729	13 729	4,6
3. Norms & Standards	8 237	6 899	6 407	7 568	7 261	7 251	6 847	6 856	6 856	(5,6)
4. Risk Management	3 778	4 191	4 833	5 192	4 637	4 640	4 685	4 713	4 713	1,0
5. Provincial Internal Audit	14 748	12 539	23 384	15 845	17 239	16 628	15 780	16 089	16 089	(5,1)
6. Supporting and Interlinked Financial Systems	21 328	22 686	24 186	25 160	22 983	23 030	24 486	24 574	24 574	6,3
Total payments and estimates	80 806	76 889	90 439	92 033	84 074	83 040	85 137	85 104	90 168	2,5

Table 9: Summary of departmental payments and estimates by economic classification: P4 – Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
Current payments	77 370	75 920	89 705	92 033	83 665	82 406	85 137	85 104	90 168	3,3
Compensation of employees	65 143	67 058	71 107	81 567	73 869	73 488	74 814	74 315	79 379	1,8
Goods and services	12 227	8 862	18 598	10 466	9 796	8 918	10 323	10 789	10 789	15,8
Interest and rent on land	–	–	–	–	–	–	–	–	–	
Transfers and subsidies to:	3 088	969	421	–	409	634	–	–	–	(100,0)
Provinces and municipalities	–	–	–	–	–	–	–	–	–	
Departmental agencies and accounts	–	–	–	–	–	–	–	–	–	
Higher education institutions	–	–	–	–	–	–	–	–	–	
Foreign governments and international organisations	–	–	–	–	–	–	–	–	–	
Public corporations and private enterprises	–	–	–	–	–	–	–	–	–	
Non-profit institutions	–	–	–	–	–	–	–	–	–	
Households	3 088	969	421	–	409	634	–	–	–	(100,0)
Payments for capital assets	–	–	–	–	–	–	–	–	–	
Buildings and other fixed structures	–	–	–	–	–	–	–	–	–	
Machinery and equipment	–	–	–	–	–	–	–	–	–	
Heritage Assets	–	–	–	–	–	–	–	–	–	
Specialised military assets	–	–	–	–	–	–	–	–	–	
Biological assets	–	–	–	–	–	–	–	–	–	
Land and sub-soil assets	–	–	–	–	–	–	–	–	–	
Software and other intangible assets	–	–	–	–	–	–	–	–	–	
Payments for financial assets	348	–	313	–	–	–	–	–	–	
Total economic classification	80 806	76 889	90 439	92 033	84 074	83 040	85 137	85 104	90 168	2,5

Tables 8 and 9 above show the summary of payments and estimates per sub-programme and economic classification from 2017/18 to 2023/24. The increase in expenditure from R80.806 million in the 2017/18 financial year to a revised estimate of R83.040 million in 2020/21 is due to the appointment of contract personnel for Medico-Legal, PERSAL Centralisation and Technical Support. In 2021/22, the budget increases by 2.5 per cent to R85.137 million due to once-off budget reductions effected in 2020/21 in response to the COVID-19 fiscal crisis.

Compensation of Employees increased from R65.143 million in 2017/18 to a revised estimate of R73.488 million in 2020/21 mainly due to the appointment of contract personnel for Medico-Legal, PERSAL Centralisation and Technical Support. In 2021/22, the budget increases by 1.8 per cent to R74.814 million due to provisions made for the filling of critical vacant posts.

Goods and Services decreased from R12.227 million in 2017/18 to a revised estimate of R8.918 million in 2020/21 due to budget reductions effected in response to the COVID-19 fiscal crisis. In 2021/22, the budget increases by 15.8 per cent to R10.323 million due to once-off budget reductions effected in 2020/21.

Transfers and Subsidies decreased from R3.088 million in 2017/18 to a revised estimate of R634 thousand due to a decrease in the number of officials exiting the department. It is anticipated that no officials will be exiting the department, hence no further allocation over the 2021 MTEF.

4.5. Updated Key Risks

Outcome	Key Risks	Risk Mitigation
Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Ineffective governance	<ul style="list-style-type: none"> • Escalate non-compliance through Financial Management Accountability Framework (FMAF) • Conduct Financial Management Capacity Study (FMCS) and facilitate implementation of recommendations • Centralisation or takeover of functions where misuse is detected in line with PFMA Section 18 • Data warehouse and business intelligence analysis of systems data • Continuous engagement of departments through various governance structures (CFO Forum; SCM Forum; ACCF; Provincial Management; IBAC etc.) • Signing of Financial Management Pledges by MEC and Accounting Officers

5. Programme 5: Municipal Financial Governance

Programme Purpose

Provides support to the achievement of sound and sustainable financial management at municipal level through the provision of technical support, and capacity building in the following areas: budgeting, accounting practices, supply chain management, asset management, as well as MFMA compliance.

The programme consists of 3 sub-programmes, namely:

Programme Support	Provides strategic leadership in implementing strategies to ensure the programme's contribution in realising departmental objectives.
Municipal Budget and Institutional Governance	To monitor the implementation of the budgeting frameworks, coordinate, monitor and report on MFMA.
Municipal Accounting and Reporting	To monitor compliance with Financial Management and Annual Reporting Framework, monitor the effective and efficient compliance with Financial Assets and Liability Management, enhance, monitor and enforce transparent and effective SCM and Asset Management.

5.1. Outcomes, Outputs, Performance Indicators and Targets

5.1.1. Municipal Budget and Institutional Governance

Outcome	Output	Output Indicator	Annual Targets							
			Audited /Actual Performance			Estimated performance		MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Financially sustainable municipalities	Number of funded annual budgets adopted by municipalities	-	20	22	26	30	32	36
2.				Spent allocated Municipal Infrastructure Conditional Grants budget	Number of funded Main Adjustments budgets adopted by municipalities	-	-	-	30	32
3.		% expenditure of Municipal Infrastructure Conditional Grants	-			-	-	-	89%	94%

5.1.2. Municipal Accounting and Reporting

Outcome	Output	Output Indicator	Annual Targets						
			Audited /Actual Performance			Estimated performance		MTEF Period	
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Financial management maturity achieved	-	2.72	-	2.80	2.85	2.90	3.00
2.		Irregular expenditure in municipalities reduced	-	-	-	-	40%	60%	75%
3.		Unqualified audit opinions achieved by municipalities	-	-	-	-	20	24	36

5.2. Indicators, Annual and Quarterly Targets

5.2.1. Municipal Budget and Institutional Governance

Output Indicator	Reporting period	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Responsibility
MUNICIPAL BUDGET AND INSTITUTIONAL GOVERNANCE							
1. Number of funded annual budgets adopted by municipalities	Annually	30	30	-	-	-	Chief Director: Municipal Budget and Institutional Governance
2. Number of funded main adjustments budgets adopted by municipalities	Annually	30	-	-	-	30	
3. % expenditure of Municipal Infrastructure Conditional Grants	Quarterly	89%	15%	40%	65%	89%	
MUNICIPAL ACCOUNTING AND REPORTING							
1. Level of prescribed financial maturity achieved	Annually	2.85	-	-	-	2.85	Chief Director: Municipal Accounting & Reporting, Financial Asset & Liability Management, SCM & Asset Management
2. Percentage reduction of irregular expenditure	Annually	40%	-	-	40%	-	
3. Number of municipalities that achieved unqualified audits	Annually	20	-	-	20	-	

5.3. Explanation of planned performance over the medium-term period

The Programme will continue to support municipalities to improve financial management (revenue, expenditure, asset and liabilities) as informed by FMCMM. The support will include the assessment of the budgets of municipalities followed up by engagements to discuss implementation of recommendations to ensure the tabling of funded budgets. Furthermore, the Programme will continue to assist municipalities with audit improvement strategies through the analysis of audit action plans and monitoring their implementation, assess internal audit and risk management plans, and assist with the implementation of mSCOA. Conditional grants expenditure, particularly infrastructure grants, will continue to be closely monitored.

5.4. Programme Resource Consideration

Table 10: Summary of departmental payments and estimates sub-programme: P5 – Municipal Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
1. Programme Support	354 996	73 601	35 912	19 467	10 294	10 312	21 678	21 721	21 251	110,2
2. Municipal Budget & Institutional Governance	19 608	20 283	21 878	21 538	19 497	19 479	18 974	19 012	19 012	(2,6)
3. Municipal Accounting & Reporting	17 357	18 562	18 935	20 744	17 542	17 582	17 675	17 710	17 710	0,5
Total payments and estimates	391 961	112 446	76 725	61 749	47 333	47 373	58 327	58 443	57 973	23,1

Table 11: Summary of departmental payments and estimates by economic classification: P5 – Municipal Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2020/21	Revised estimate	Medium-term estimates			% change from 2020/21
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24	
Current payments	44 996	49 267	52 625	61 749	45 874	45 831	58 327	58 443	57 973	27,3
Compensation of employees	41 819	45 494	48 415	50 012	44 770	44 740	47 190	47 209	47 209	5,5
Goods and services	3 177	3 773	4 210	11 737	1 104	1 091	11 137	11 234	10 764	920,8
Interest and rent on land	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies to:	346 965	63 179	24 100	–	1 459	1 542	–	–	–	(100,0)
Provinces and municipalities	92 985	41 362	23 587	–	–	–	–	–	–	–
Departmental agencies and accounts	251 732	21 575	–	–	–	–	–	–	–	–
Higher education institutions	–	–	–	–	–	–	–	–	–	–
Foreign governments and international organisations	–	–	–	–	–	–	–	–	–	–
Public corporations and private enterprises	–	–	–	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–	–	–	–
Households	2 248	242	513	–	1 459	1 542	–	–	–	(100,0)
Payments for capital assets	–	–	–	–	–	–	–	–	–	–
Buildings and other fixed structures	–	–	–	–	–	–	–	–	–	–
Machinery and equipment	–	–	–	–	–	–	–	–	–	–
Heritage Assets	–	–	–	–	–	–	–	–	–	–
Specialised military assets	–	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–	–
Land and sub-soil assets	–	–	–	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–	–	–	–
Payments for financial assets	–	–	–	–	–	–	–	–	–	–
Total economic classification	391 961	112 446	76 725	61 749	47 333	47 373	58 327	58 443	57 973	23,1

Tables 10 and 11 above show the summary of payments and estimates per sub-programme and economic classification from 2017/18 to 2023/24. The expenditure decreased from R391.961 million in 2017/18 to a revised estimate of R47.373 million in 2020/21 due to completion of municipal social infrastructure projects in 2019/20. In 2021/22, the budget increases by 23.1 per cent to R58.327 million mainly due to additional allocations received for provincial municipal support interventions.

Compensation of Employees increased from R41.819 million in 2017/18 to a revised estimate of R44.740 million in 2020/21 mainly due to provisions made for planned recruitment aimed at strengthening of municipal financial management. In 2021/22, the budget increases by 5.5 per cent to R47.190 million due to provisions made for the filling of critical vacant posts.

Goods and Services decreased from R3.177 million in 2017/18 to a revised estimate of R1.091 million in 2020/21 due to budget reductions effected in response to the COVID-19 fiscal crisis. In 2021/22, the budget increases by 920.8 per cent to R11.137 million due to mainly due to additional allocations received for provincial municipal support interventions.

Transfers and Subsidies decreased from R346.965 million in 2017/18 to a revised estimate of R1.542 million in 2020/21 due to a decline in the allocation for social infrastructure projects. These projects were completed 2019/20, hence there is no further allocation over 2021 MTEF.

5.5. Updated Key Risks

Outcome	Key Risks	Risk Mitigation
Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Lack of accountability	Rigorous implementation of consequence management
	Lack of integrated governance structures, plans, systems and execution.	Enhance integrated spatial planning for budget and execution within PT, clusters and the Province.
	Data credibility	Develop data management plans





**TECHNICAL
INDICATOR
DESCRIPTIONS
(TIDs)**

D

EASTERN CAPE
ANNUAL
PERFORMANCE
PLAN
2021/22



PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDs)

1. Programme 1- Performance Indicators

1.1. Management Services

1. INDICATOR TITLE	Percentage departmental performance indicator targets achieved			
Short definition	The desired level of performance that is expected to be achieved, as shown by the output indicator, expressed as a percentage by the end of the quarter or financial year			
Source/collection of data	Quarterly Reports			
Means of Verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	95%	95%	95%	95%
Method of calculation	Number of targets achieved divided by the total number of set targets multiplied by 100			
Assumptions	Complete and accurate Portfolio of Evidence is submitted			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women – n/a Target for Youth – n/a Target for People with Disabilities – n/a 			
Spatial Transformation (where applicable)	n/a			
Calculation type	Cumulative			
Reporting cycle	Quarterly			
New indicator	Yes			
Desired performance	Improved organisational performance to build stakeholder confidence			
Indicator responsibility	Chief Director: Strategy & Planning			

1.2 Corporate Services

1. INDICATOR TITLE	Percentage HR Plan Targets achieved			
Short definition	Assessment and monitoring of human resource management's capability and activities to deliver on its objectives and mandate to achieve HR strategic outcomes of the department.			
Source/collection of data	HR Plan			
Means of Verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	-	<ul style="list-style-type: none"> - Coaching and mentoring programme targeting 50% of MMS and SMS - 50% Study opportunities as per WSP granted - 80% employees utilize distance and online training - 50 % of Change Management intervention plan implemented - Exit Management report recommendations are discussed at HR Effectiveness Committee 	-	<ul style="list-style-type: none"> - Coaching and mentoring programme targeting 50% of MMS and SMS - 50% Study opportunities as per WSP granted - 80% employees utilize distance and online training - 50 % of Change Management intervention plan implemented - Exit Management report recommendations are discussed at HR Effectiveness Committee - Conduct health and safety risk assessment (annual report)
Method of calculation	Simple count			
Assumptions	Availability of departmental staff for HR programmes			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women – 60% • Target for Youth – 27.7% • Target for People with Disabilities – 2% 			
Spatial Transformation (where applicable)	N/A			
Calculation type	Cumulative			
Reporting cycle	Bi-Annually			
New indicator	Yes			
Desired performance	To achieve HR strategic outcomes of the department			
Indicator responsibility	Chief Director: Human Resource & Facilities Management			

1.3 Financial Management Services

1. INDICATOR TITLE	Percentage reduction on financial information audit findings			
Short definition	Reduction of audit findings on financial performance			
Source/collection of data	PERSAL, BAS, LOGIS, IYM reports			
Means of Verification	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
	-	AG Report	-	-
Method of calculation	Simple count			
Assumptions	Functional PERSAL, BAS, LOGIS and availability of IYM reports			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women - Target for Youth - Target for People with Disabilities - 			
Spatial Transformation (where applicable)	Entire Eastern Cape (all districts)			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	Yes			
Desired performance	No audit findings on financial performance			
Indicator responsibility	Chief Director: Financial Management Services			

2. INDICATOR TITLE	Percentage of valid invoices / claims paid / settled within 30 days			
Short definition	Payments of valid invoices within 30 days			
Source/collection of data	Valid invoices submitted			
Means of Verification	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
	100%	100%	100%	100%
Method of calculation	Simple count			
Assumptions	Valid invoices are received from suppliers			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women - Target for Youth - Target for People with Disabilities - 			
Spatial Transformation (where applicable)	Entire Eastern Cape (all districts)			
Calculation type	Non-cumulative			
Reporting cycle	Quarterly			
New indicator	Yes			
Desired performance	To ensure that all suppliers are paid with 30 days			
Indicator responsibility	Chief Director: Financial Management Services			

1.4 Internal Audit And Risk Management

1. INDICATOR TITLE	Number of audits conducted to improve internal controls			
Short definition	Approved internal audits conducted within the department to evaluate the effectiveness of internal controls.			
Means of Verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Approved internal audit reports	Approved internal audit reports	Approved internal audit reports	Approved internal audit reports
Source/collection of data	PFMA; NT Regulations; and IIA Standards			
Method of calculation	Simple count			
Assumptions	Information is available to conduct audits			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women – N/A Target for Youth – N/A Target for People with Disabilities –N/A 			
Spatial Transformation (where applicable)	Entire Eastern Cape (all districts)			
Calculation type	Cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Improved internal controls			
Indicator responsibility	Chief Audit Executive (CAE)			

2. Programme 2: Performance Indicators

2.1 Economic Analysis

1. INDICATOR TITLE	Number of policy briefs produced on key sector focus areas			
Definition	Analysis of research reports on key socio-economic areas that have policy implications and influence on budget allocations over the MTEF			
Source of data	StatsSA and Quantec reports, and various research articles / papers / documents			
Method of calculation	Simple count of policy briefs produced			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Approved Policy Brief	Approved Policy Brief	Approved Policy Brief	Approved Policy Brief
Assumptions	Availability of StatsSA and Quantec reports, and various research articles / papers / documents			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Allocative efficacy and alignment of vote budgets with government policy priorities			
Indicator responsibility	Chief Director: Economic and Fiscal Policy Oversight			

2.2 Fiscal Policy

1. INDICATOR TITLE	Amount of own revenue collected			
Definition	Collection of more revenue expressed in Rands generated through current and newly identified revenue sources by revenue generating departments			
Source of data	BAS, IYM reports			
Means of verification	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
	R350 million revenue collected	R740 million revenue collected	R1.120 billion revenue collected	R1.516 billion revenue collected
Method of calculation	Simple count			
Assumptions	Departments collect revenue			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Increased collection of revenue			
Indicator responsibility	Chief Director: Economic and Fiscal Policy Oversight			

2.3 Public Entities

1. INDICATOR TITLE	% expenditure by entities within allocated budget			
Definition	Ability to spend allocated funds in accordance with plans to achieve service delivery priorities			
Source of data	IYM reports			
Means of verification	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
	Consolidated public entities quarterly performance report showing 25% expenditure	Consolidated public entities quarterly performance report showing 50% expenditure	Consolidated public entities quarterly performance report showing 75% expenditure	Consolidated public entities quarterly performance report showing 98% expenditure
Method of calculation	Simple count			
Assumptions	Complete, valid and accurate IYM reports			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Fully utilised budgets by public entities in accordance with spending norms and standards to achieve government priorities			
Indicator responsibility	Chief Director: Economic and Fiscal Policy Oversight			

2.5 Budget Office

1. INDICATOR TITLE	% expenditure by departments within allocated budget			
Definition	Ability to spend allocated funds in accordance with plans to achieve intended priorities in an efficient and effective manner			
Source of data	IYM, Main and Adjusted Budgets			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	25% Expenditure Reports	50% Expenditure Reports	75% Expenditure Reports	98% Expenditure Reports
Method of calculation	Percentage of expenditure occurred against allocated budget			
Assumptions	Valid, accurate and complete IYM reports and availability of Main and Adjusted Budgets			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Fully utilised budgets by provincial departments in accordance with spending norms and standards to achieve government priorities and value for money			
Indicator responsibility	Chief Director: Budget and Public Finance Management			

2. INDICATOR TITLE	CoE Ratio			
Definition	Reduction of provincial cost of current compensation of employees and consultancy services as a proportion of total provincial expenditure to improve service delivery			
Source of data	IYM and Persal reports			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	-	-	-	Analysis report indicating reduction of CoE ratio to 63:37.
Method of calculation	Simple count			
Assumptions	Valid, accurate and complete IYM and Persal reports			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	No			
Desired performance	Reduced personnel expenditure and increased expenditure on goods and services towards funding service delivery priorities			
Indicator responsibility	Chief Director: Budget and Public Finance Management			

2.6 Financial Asset Management

1. INDICATOR TITLE	Positive cash balance in the Provincial Revenue Fund			
Definition	The indicator measures the availability of cash or cash equivalents in departments to meet short term operating needs			
Source of data	Bank Statements, BAS/PERSAL reports			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	-	-	-	Cash Management Report on 13 departments
Method of calculation	Simple count			
Assumptions	Valid, accurate and complete Bank Statements, and BAS/PERSAL reports			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	No			
Desired performance	Positive provincial financial position			
Indicator responsibility	Chief Director: Budget and Public Finance Management			

2. INDICATOR TITLE	Departments paying creditors within 30 days			
Definition	Payment of all received legitimate invoices from suppliers within a period of 30 days as per the Regulations			
Source of data	LOGIS, Basic Accounting Systems (BAS)			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	Creditor Management Report	Creditor Management Report	Creditor Management Report	Creditor Management Report
Method of calculation	Simple count			
Assumptions	Functional LOGIS and valid, accurate and complete BAS systems Valid creditors invoices received			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Full payment of creditors within 30 days on receipt of invoices			
Indicator responsibility	Chief Director: Budget and Public Finance Management			

2.7 Infrastructure Management

1. INDICATOR TITLE	Number of Infrastructure plans aligned to planning reforms			
Definition	Integrated planning and delivery as aligned to the District Development Model to ensure that projects are delivered in line with IDMS principles.			
Source of data	Departmental Infrastructure Plans			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<ul style="list-style-type: none"> End of Year Evaluation Report and User Asset Management Plan for 11 Infrastructure Departments HR Capacitation reports for DoE and DoH 	<ul style="list-style-type: none"> Infrastructure Program Management Plan (IPMP) and / or Construction Procurement Strategy for 11 Infrastructure Departments. Infrastructure MTEC Hearings conducted HR Capacitation reports for DoE and DoH 	<ul style="list-style-type: none"> Infrastructure Adjustment Budget B5s for 11 Infrastructure Departments HR Capacitation reports for DoE and DoH 	<ul style="list-style-type: none"> Infrastructure Benchmark Hearing Presentation in line with Benchmark Terms of Reference, Final B5s aligned to the final allocations for 11 Infrastructure Department HR Capacitation reports for DoE and DoH
Method of calculation	Simple count			
Assumptions	Complete and accurate infrastructure reports			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Delivery of infrastructure projects on time and within budget			
Indicator responsibility	Chief Director: Infrastructure Management			

2. INDICATOR TITLE	% expenditure by infrastructure departments of allocated capital budget			
Definition	Spending of allocated infrastructure funds (capital budget and infrastructure grants) in a proficient manner to achieve value for money			
Source of data	IYM,IRM, Main and Adjusted Budgets			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	25% Expenditure Reports	50% Expenditure Reports	75% Expenditure Reports	98% Expenditure Reports
Method of calculation	Simple count of departments with efficient public spending of allocated capital budget and infrastructure grants			
Assumptions	Valid, accurate and complete IYM reports and availability of Main and Adjusted Budget documents			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Spending of allocated infrastructure funds in a proficient manner and to ensure that projects translate to value created on the ground			
Indicator responsibility	Chief Director: Infrastructure Management			

3. INDICATOR TITLE	% increase in gross capital formation			
Definition	Gross capital formation refers to the net increase in physical assets excluding land and does not account for depreciation			
Source of data	Infrastructure Allocations (Main and Adjusted)			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	-	10% of gross capital formation	-	10% of gross capital formation
Method of calculation	Simple Count of departments supported to increase gross capital formation			
Assumptions	Functional IYM and Valid, accurate and complete BAS systems			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-Cumulative			
Reporting cycle	Bi-Annually			
New indicator	No			
Desired performance	Improvement in gross capital formation			
Indicator responsibility	Chief Director: Budget and Public Finance Management			

3. Programme 3 - Performance Indicators

3.1 Asset and Liability Management

ASSET MANAGEMENT OFFICE				
1. INDICATOR TITLE	Achievement of asset management maturity level			
Short Definition	Departments have sound policies, processes and systems to effectively manage state assets in line with legislation and prescripts, by ensuring that asset management controls are in place			
Source/collection of data	Financial Management Capability Maturity Model (FMCMM) assessment tool			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	-	-	-	Asset Management report that includes Financial Management Capability Maturity Model (FMCMM) assessment in order to achieve FMCMM level 3
Method of calculation	Simple count of 13 departments fully compliant using FMCMM assessment tool			
Assumptions	Complete assessments from departments using FMCMM assessment tool			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	No			
Desired performance	Sound asset management controls in all departments			
Indicator responsibility	Chief Director: Provincial SCM and Asset Management			

3.2 Supply Chain Management Office

1. INDICATOR TITLE	Achievement of supply chain management maturity level			
Definition	Departments are fully in line with legislation and prescripts and have sound policies, processes and systems to effectively manage supply chain and appropriate controls are in place			
Source of data	FMCMM assessment tool			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	-	-	-	<ul style="list-style-type: none"> Adherence to Procurement Plans; Implementation of Contract Management Framework, FMCMM assessment
Method of calculation	Simple count of 13 departments fully compliant using FMCMM assessment tool			
Assumptions	<ul style="list-style-type: none"> Availability of SCM Guidelines and procurement plans, and functional LOGIS and CSD Complete assessments from departments using FMCMM assessment tool 			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			

1. INDICATOR TITLE	Achievement of supply chain management maturity level
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Compliance to SCM legislation and prescripts, efficient and effective SCM system as well as reduction in irregular expenditure and improved audit findings in departments
Indicator responsibility	Chief Director: Provincial SCM and Asset Management

2. INDICATOR TITLE	Achievement of infrastructure procurement maturity level			
Definition	Implementation of standards for infrastructure procurement to improve procurement and implementation of infrastructure projects to obtain value for money			
Source of data	Infrastructure Procurement Maturity Model (IPMM)			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	-	-	-	Report on <ul style="list-style-type: none"> Infrastructure Procurement Implementation Plans (IPIPS); Gateway Review Meetings; Maturity assessment 50% maturity evidenced by IPMM assessment.
Method of calculation	Simple count of 8 departments with at least 50% maturity of IPMM (level 3)			
Assumptions	Co-operation of departments, and resources to undertake the task			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	No			
Desired performance	Implementation of infrastructure supply chain management system and delivery management, which is auditable, compliant and delivers value for money			
Indicator responsibility	Chief Director: Provincial SCM and Asset Management			

3. INDICATOR TITLE	% procurement spend on EC suppliers			
Definition	Promotion of Local Economic Development in the province by ensuring that at least 50% of procurement expenditure benefits provincial SMMEs			
Source of data	LOGIS (BD120); CSD			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Report on LED initiatives undertaken and local spend	Report on LED initiatives undertaken and local spend	Report on LED initiatives undertaken and local spend	Report on LED initiatives undertaken and local spend
Method of calculation	Simple count			
Assumptions	Functional LOGIS and CSD			
Disaggregation of Beneficiaries (where applicable)	All citizens of the province with special focus on women, youth, people with disabilities and military veterans			
Spatial Transformation (where applicable)	Entire province informed by the District Development Model			
Calculation type	Non-cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Growth in number of Eastern Cape based suppliers benefiting from provincial government procurement			
Indicator responsibility	Chief Director: Provincial SCM and Asset Management			

4. Programme 4 - Performance Indicators

4.1 Accounting Services

1. INDICATOR TITLE	Number of Institutions that achieve unqualified audits			
Definition	Institutions that achieve unqualified audits (Departments and Entities)			
Source of data	Audit Reports			
Means of verification	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
	-	22 institutions obtain unqualified audits from AG report	-	-
Method of calculation	Simple count			
Assumptions	Availability of Financial Statements produced as per Accounting Framework			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	No			
Desired performance	Unqualified audit opinion on financial statements			
Indicator responsibility	Chief Director: Provincial Accounting Services			

2. INDICATOR TITLE	Audited consolidated Financial Statements tabled at Legislature			
Definition	Consolidated financial Position and audit outcome for Departments and Public entities			
Source of data	Audited Financial Statements of departments and public entities of the previous financial year			
Means of verification	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
	-	Consolidated AFS and proof of submission to Legislature	-	-
Method of calculation	Simple Count of Letter submitted by MEC to Legislature and acknowledgement letter			
Assumptions	Availability of all departments and Public entities audited Annual Financial Statements in 31 July			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	Yes			
Desired performance	Unqualified consolidated Annual Financial Statements informed by audited annual financial statements that are free from material misstatements and unqualified audit opinion			
Indicator responsibility	Chief Director: Provincial Accounting Services			

4.2 Norms and Standards

1. INDICATOR TITLE	% Financial Management Accountability Framework (FMAF) standards implemented			
Definition	Monitoring compliance to financial management standards (in the AML of the FMAF) and all non-compliance escalated for intervention and consequence management to Executive Authorities and Premier, to ensure increase the levels of accountability and fiscal discipline in departments			
Source of data	Interim Financial Statements, BAS, PERSAL, LOGIS and PT transversal monitoring reports (monthly, quarterly and annually)			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Report on (FMAF) standards level of compliance by departments not escalated for consequence management	Report on (FMAF) standards level of compliance by departments not escalated for consequence management	Report on (FMAF) standards level of compliance by departments not escalated for consequence management	Report on (FMAF) standards level of compliance by departments not escalated for consequence management
Method of calculation	Simple count of departments fully compliant with FMAF			
Assumptions	Valid, accurate, timely and complete Interim Financial Statements and functional BAS, PERSAL, LOGIS and PT transversal monitoring reports (monthly, quarterly and annually)			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Increased accountability and fiscal discipline			
Indicator responsibility	Chief Director: Provincial Accounting Services			

2. INDICATOR TITLE	% Financial Management Capacity Study elements implemented			
Short definition	Compliance to Financial Management Capacity Study (FMCS) requirements as per the five elements (Organograms, Minimum Financial Management Policies, Standard Operating Procedures, Delegations and Competency Assessments)			
Source/collection of data	Financial Management Capacity Study (FMCS) documents on the Capacity Study recommendations Progress reports on the implementation of the Capacity Study recommendations in departments			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Report approved by the Programme Manager on progress with FMCS elements complied with by departments	Report approved by the Programme Manager on progress with FMCS elements complied with by departments	Report approved by the Programme Manager on progress with FMCS elements complied with by departments	Report approved by the Programme Manager on progress with FMCS elements complied with by departments
Method of calculation	Simple count of departments compliant with FMCS elements			
Assumptions	All departments will comply with FMAF			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			

2. INDICATOR TITLE	% Financial Management Capacity Study elements implemented
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	A report highlighting findings on the current HR model in the CFO office, including recommendations for all departments (excluding Provincial Legislature, DoH and DoE), is approved by the Head of Department. This will inform medium term plans for resourcing CFO functions, leading to improved ratings of the Financial Management Capability Maturity Model on a sustainable basis, and eventually improved audit outcomes.
Indicator responsibility	Chief Director: Provincial Accounting Services

4.3 Risk Management

1. INDICATOR TITLE	Level of risk maturity achieved by departments			
Short definition	The Financial Management Capability Maturity Model (FMCMM) is a framework that describes the key elements for effective financial management. It sets out a path upon which a department may self-assess to progressively develop mature financial management practices, as determined by the application of this tool.			
Source/collection of data	FMCMM Tool			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	-	A report on the achievability of FMCMM level 3 in 13 departments	-	A report on the achievability of FMCMM level 3 in 13 departments
Method of calculation	Simple count of departments achieving level 3 in FMCMM			
Assumptions	Completed FMCMM tool			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Bi-annually			
New indicator	No			
Desired performance	Achievement of FMCMM level 3 reflecting mature risk management functions			
Indicator responsibility	Chief Director: Transversal Internal Audit, Risk and Forensic Management.			

2. INDICATOR TITLE	% provincial risk profile mitigation measures implemented by departments			
Short definition	Risks affecting all departments in the province			
Source/collection of data	Provincial Risk Register			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	A report on the implementation of provincial risk profile	A report on the implementation of provincial risk profile	A report on the implementation of provincial risk profile	A report on the implementation of provincial risk profile
Method of calculation	Simple count			
Assumptions	Provincial risk register is available			
Disaggregation of Beneficiaries (where applicable)	All citizens of Eastern Cape including the following: <ul style="list-style-type: none"> • Women • Youth • People with Disabilities and • Military veterans 			
Spatial Transformation (where applicable)	Entire Eastern Cape (all districts)			
Calculation type	Non-cumulative			
Reporting cycle	Bi-Annually			
New indicator	Yes			
Desired performance	Risks affecting the province are mitigated			
Indicator responsibility	Chief Director: Transversal Internal Audit, Risk and Forensic Management.			

4.4 Provincial Internal Audit

1. INDICATOR TITLE	Achievement of internal audit maturity level			
Definition	The Financial Management Capability Maturity Model (FMCMM) is a framework that describes the key elements for effective financial management. It sets out a path upon which a department may self-assess to progressively develop mature internal audit practices, as determined by the application of this tool. Incorporated in the tool are steps indicating progression from a level of internal audit typical of a start-up department to the strong, effective, internal audit capabilities associated with a mature and complex department.			
Source of data	FMCMM Assessment tool			
Means of verification	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	-	-	-	Internal Audit report on the achievability of FMCMM level 2.8 in 13 departments
Method of calculation	Simple count			
Assumptions	Valid, accurate and completed FMCMM tool			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on spatial impact area: N/A 			
Calculation type	Cumulative			
Reporting cycle	Annually			

1. INDICATOR TITLE		Achievement of internal audit maturity level
New indicator	Yes	
Desired performance	Achievement of FMCMM level 2.8 reflecting mature internal controls in departments	
Indicator responsibility	Chief Director: Transversal Internal Audit Services (TIAS)	

4.5 Supporting and Interlinked Financial Systems

1. INDICATOR TITLE	Departments with no material audit findings on FIS User Account Management			
Definition	Financial information extracted from the financial management systems is reliable, accurate, useful, secure and relevant			
Source of data	Systems generated user reports			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	Consolidated user account review report and signed compliance certificate	Consolidated user account review report and signed compliance certificate	Consolidated user account review report and signed compliance certificate	Consolidated user account review report and signed compliance certificate
Method of calculation	Simple count of departments with credible financial information			
Assumptions	Functional Financial Management System			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Quarterly			
New indicator	No			
Desired performance	Reliable, accurate, useful, secure and relevant financial information			
Indicator responsibility	Chief Director: Financial Information Management System			

5. Programme 5: Performance Indicators

5.1 Municipal Budget and Institutional Governance

1. INDICATOR TITLE	Number of funded Annual Budgets adopted by municipalities			
Definition	Municipalities whose budgets are assessed to ensure that they are realistic and are able to fund their activities based on their plans as reflected in the IDPs			
Source of data	DORA, Municipal draft budgets and budget related documents as stipulated in section 17(3) of the MFMA			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	Funded annual budgets adopted	-	-	-
Method of calculation	Simple count of municipalities with funded budgets adopted			
Assumptions	Availability of DORA, Municipal draft budgets and budget related documents as stipulated in section 17(3) of the MFMA			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	No			
Desired performance	A municipality budget that is funded and is responsive to IDP and conforms to budget guidelines			
Indicator responsibility	Chief Director: Municipal Budget & Institutional Governance			

2. INDICATOR TITLE	Number of funded Main Adjustments budgets adopted by municipalities			
Definition	Municipalities whose main adjustments budgets are assessed to ensure that they are realistic and are able to fund their activities based on their plans as reflected in the IDPs			
Source of data	DORA, Municipal budgets and budget related documents as stipulated in section 28 of the MFMA and Regulation 21 of the MBRR			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	-	-	-	Funded Main Adjustments Budget
Method of calculation	Simple count of municipalities with funded main adjustments budgets adopted			
Assumptions	DORA, Municipal budgets and budget related documents as stipulated in section 28 of the MFMA and Regulation 21 of the MBRR			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	Yes			
Desired performance	A municipality's Main Adjustments budget that is funded and is responsive to IDP and conforms to budget guidelines			
Indicator responsibility	Chief Director: Municipal Budget & Institutional Governance			

3. INDICATOR TITLE	% expenditure of Municipal Infrastructure Conditional Grants			
Definition	Spent allocated Municipal Infrastructure Conditional Grants as specified in DORA to meet service delivery imperatives			
Source of data	DORA, MFMA Section 71 Reports			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	15% Expenditure Reports	40% Expenditure Reports	65% Expenditure Reports	89% Expenditure Reports
Method of calculation	Simple count			
Assumptions	Availability of DORA and MFMA Section 71 Reports			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Cumulative			
Reporting cycle	Quarterly			
New indicator	Yes			
Desired performance	Full (100%) spending of municipal Conditional Grants to achieve service delivery obligations			
Indicator responsibility	Chief Director: Municipal Budget & Institutional Governance			

5.2 Municipal Accounting and Reporting

1.INDICATOR TITLE	Level of prescribed financial maturity achieved			
Definition	The Financial Management Capability Maturity Model (FMCMM) is a framework that describes the key elements for effective financial management. It sets out a path upon which a municipality may self-assess to progressively develop mature financial management (revenue, expenditure, asset and liabilities) practices, as determined by the application of this tool. Incorporated in the tool are steps indicating progression from a level of financial management typical of a start-up municipality to the strong, effective, financial management capabilities associated with a mature and complex municipality			
Source of data	FMCMM Tool			
Means of verification	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
	-	-	-	2.85
Method of calculation	Average FMCMM level score of 2.85 attained by municipalities			
Assumptions	Valid, accurate and completed FMCMM tool			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	No			
Desired performance	Achievement of FMCMM level reflecting mature financial management (revenue, expenditure, asset and liabilities) functions			
Indicator responsibility	Chief Director: Municipal Accounting & Reporting, Financial Asset & Liability Management, SCM & Asset Management			

2. INDICATOR TITLE	Percentage reduction of irregular expenditure			
Short definition	Process of supporting the municipalities to prevent occurrence of Irregular Expenditure and dealing with Historical Figures up until the recoverability (Consequence Management) or write off in the event that it cannot be recovered due to valid reasons			
Source/collection of data	Audited AFS and Municipal Strategies to reduce Irregular Expenditure			
Means of verification	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
	-	-	Reduced Audited figure of the Irregular Expenditure (40%)	-
Method of calculation	40% of the Audited Prior Year Provincial Irregular Figure (40% of R1. 267 Billion)			
Assumptions	Implementation of Provincial Framework and Municipal Strategies to reduce Irregular Expenditure			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	Yes			
Desired performance	To reduce (Provincial) Irregular Expenditure by 40%			
Indicator responsibility	Chief Director: Municipal Accounting & Reporting, Financial Asset & Liability Management, SCM & Asset Management			

3.INDICATOR TITLE	Number of municipalities that achieve unqualified audits			
Definition	Report on key observations from the review of Annual Financial Statements.			
Source of data	Audited Financial Statements and Management Audit report from the municipalities.			
Means of verification	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
	-	-	Audit Report on Annual Financial Statements signed by the Auditor General.	-
Method of calculation	Simple count of municipalities that received Unqualified Audit Opinion			
Assumptions	Accurate, credible and timeous Annual Financial Statements submitted to Auditor General as per MFMA			
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A 			
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on spatial impact area: N/A 			
Calculation type	Non-cumulative			
Reporting cycle	Annually			
New indicator	Yes			
Desired performance	Unqualified audit opinion on financial statements			
Indicator responsibility	Chief Director: Municipal Accounting & Reporting, Financial Asset & Liability Management, SCM & Asset Management			



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