



# Free State Provincial Treasury

FREE STATE PROVINCE



**treasury**  
Department of  
Treasury  
FREE STATE PROVINCE



# Vision & Mission of the FS Treasury

## Vision

“Your partner in financial resource management excellence for a better life for all in the Free State Province ”

## Mission

To promote sound financial resource management for improved service delivery in the Free State Province

# Background



- Provincial Treasury's role is defined not only in terms of ensuring compliance to the PFMA and MFMA, but increasingly also to provide support to provincial departments and municipalities to improve on financial management, and thus promoting improved service delivery.
- The Free State Treasury is a key player in the province to embed the planning, budgeting and reporting systems that has been developed nationally to support the outcomes-based approach.
- Apart from the parameters set by the Constitution, the Free State Provincial Treasury (as all the other provincial treasuries) derives its core functions and responsibilities from the Public Finance Management Act (PFMA) Act 1 of 1999, as amended, Treasury Regulations promulgated in terms of Section 76 of the Act, as well as oversight and support functions in respect of municipalities in terms of the Municipal Finance Management Act (MFMA), Act 56 of 2003. It has to do so in a manner that:



## Strategic Management in the FS Treasury

- The Provincial Treasury's cycle for Strategic Planning is five yearly, preparations for a new cycle starting shortly after the general elections have been completed, but effectively becoming operational only in the new financial year following elections. Accordingly the current five-year Strategic Plan covers the period 2010 – 2015, and goes under the theme: **“Value for money”**.
- The starting point of the strategic planning process is a process of collectively revisiting, and reconfirming the mandate with which the provincial treasury is charged. This is gleaned from the legislative framework, directives from National Government, most notable National Treasury as well as political direction from the Provincial government

# Strategic Management Successes in the FS Treasury



- The logical alignment between the department's 5-year strategic plan, its annual performance plans, the prioritization and allocation of its budget, its organizational structuring, its human resource planning endeavors, its performance management as well as its monitoring and reporting practices are exemplary by any measure.
- Institutionalize the factors that underpin our successes with respect to strategic management, the so-called softer issues, such as our carefully nurtured organizational discipline, and the orderly way in which we complete tasks as a department
- To recruit from the best amongst the auditing profession; economists, statisticians and so forth who understand the processes we are involved in, the tools we use and the logics we apply

## Culture, Strategy and Operations, cont....



- The departmental structure was also considered and reconfigured based on a consistent questioning of who does what tasks given the overall mandate, and the structure that emerged out of main elements of the mandate and key performance areas
- Accordingly one finds a very close match between the organizational structure at branch level and the key strategic objectives for the department as contained in the Strategic Plan
- Stability in the treasury environment is protected given that much of its strategic priorities emanate from strong legislation and is thus a legal mandate, rather than a political mandate to be carried out
- Linked to this is a supportive organizational culture on the implementation of established policies. Evidently, the more compatible the two are, the better the chance for successful implementation.

## Culture, Strategy and Operations

- The policy objectives with the changes contained in the PFMA and MFMA are very compatible with the traits of what has been classified as a “controlled” culture, these being;
  - order and alignment based on clear goals and objectives are recognized as the prime drivers
  - hierarchical reporting structures where power and authority are vested at the top are created by leadership
  - quarterly improvement metrics and benchmarks to determine operational excellence are valued by leadership
  - annual and quarterly business plans and key performance measurements are highly valued by the organization.
  - High level of professionalism, meeting timelines and targets

## Our Internal Controls, cont...

- It is strategic planning and management that allows a department to respond to its environment. It is strategic management that allows a department to align the big picture with day-to-day, weekly and monthly planning and activities, accommodating adjustments in a changing environment
- Checking that performance indicators/measures and targets are being reported on a quarterly and annual basis on time
- Ensuring that no directorate increases, decreases or even delete indicators during the implementation period
- Adhering to quarterly and annual reporting guidelines
- Making sure that the indicators meet the SMART principles
- Ensuring alignment between
  - Departmental 5 year Strategic Plan
  - Annual Performance Plans
  - Performance Agreements
  - Provincial growth and development Strategy, and
  - Operational Plans





## Our Internal Controls

### Sign-off Certificate

- All programmes and sub-programme senior executive managers or senior managers have to sign the certificate when they submit their inputs for the Annual Performance Plans and Quarterly reports. This is to confirm knowledge of the contents and correctness of the submitted information or set targets.

### Portfolio of Evidence

- Evidence is collected from all programmes and sub-programmes for the verification of annual and quarterly outputs. These are used for Internal and External performance audits.
- Checklist are kept of who has submitted, when and who has not submitted and follow ups are done constantly.
- Monthly Management Meetings – MANCOM -
- Adhering to a Key Control Matrix – to make sure most of the Internal Controls are monitored

# FEED-BACK FROM THE AUDITORS

- Our Internal Audit has always expressed its satisfaction on the effectiveness of our internal controls, filing systems and synergy of our documents
- AGSA arrived at the same conclusion for the 2011/2012 financial year on non-financial performance
- The department achieved a 92% on our departmental targets ( non-financial performance )
- The appreciation of holding APP sessions with individual directorates for good target setting and performance measures/indicators.
- Setting targets that a within the control of the department, that are also what the department can achieve is very crucial to the achievement of performance targets

## Conclusion

- Setting targets that are within the control of the department, that are also what the department can achieve is very crucial to the achievement of performance targets
- The Department has a vacancy rate of only 5% - excluding the implementation of MFM
- The Department is headed by an HOD well experienced and was a CFO before
- The department has achieved clean audits in the past 3 financial years from the AGSA and received recognition from SAIGA for the Annual Reports of 2010/11 and 2011/12



**THANK YOU**