

Annual Report 2017/18

Free State Office of the Premier

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PART A

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ ACRONYMS

AGSA	Auditor General of South Africa
AR	Annual Report
BAS	Basic Accounting System
CFO	Chief Financial Officer
DPSA	Department of Public Service and Administration
EXCO	Executive Council of the Free State Province
FSPG	Free State Provincial Government
FOHOD	Forum of Heads of Departments
FSGDS	Free State Growth and Development Strategy
FSTDI	Free State Training and Development Institute
MEC	Member of Executive Council
NSF	National Skills Fund
HOD	Head of Department
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IT	Information and Technology
LED	Local Economic Development
PFMA	Public Finance Management Act
MTEF	Medium Term Expenditure Framework
SALGA	South African Local Government Association
SCM	Supply Chain Management
SITA	State Information Technology Agency
SDIP	Service Delivery Improvement Plan

3. FOREWORD BY PREMIER

Yet again, the 2017/18 financial year was characterised by notable attainments. Not only did the Office of the Premier provide much needed strategic direction and integrated coordination to provincial government departments, but also served as the driver of change in our endless desire for a better life for the people of the Free State province.

For the reporting period, our focus was on ensuring that big strides were made to significantly improve the growth and development landscape of the Free State. Our Annual Performance Plan was structured to give practical meaning to this in line with the Medium Term Strategic Framework (MTSF), the National Development Plan (NDP) as well as the Free State Growth and Development Strategy (FSGDS).

Programme 1 was pivotal in providing support to the Premier, the Executive Council and the Director General, enabling them to discharge of their respective responsibilities in terms of the Constitution, the Public Service Act and the Public Finance Management Act as well as the Regulations published in terms of the last mentioned 2 instruments of law. It also facilitated the effectiveness and efficiency of inter- and intra-governmental relations structures, such as the Executive Council, the Premier's Co-ordinating Forum, the Forum of Heads of Department and the various Clusters of Departments in order to ensure that service delivery is constantly improved. Emphasis was placed on improving the quality of internal controls and assurance components, such as the Internal Audit and Risk Management Components. Ethics Management, an imperative of the new Public Service Regulations was factored into the work streams of these assurance components. Equally, physical security assessments were conducted and the Fraud Prevention and Detection Plan was implemented.

Being well aware of the importance of a well-trained, well-structured workforce in which good labour relations are maintained, Programme 2 was instrumental in providing corporate support functions to the Office of the Premier and to assist the Director General with his obligation to provide strategic direction to other Provincial Departments. Our endeavours included the embedding of a culture of service to the people and provision of quality training through the implementation of the Human Resource Development Plan, Organisational Development Interventions, and the provision of bursaries on scarce skills. Similarly, we opened the doors of work experience and learning through learnerships and internships programmes. On-going investment in the fourth industrial revolution was realised through the ICT Governance Framework and Strategy. Legal Services managed all litigation against the Free State Provincial Government, drafting of contracts and legislation for all departments as well as providing legal opinions and other work related to topical legal issues. Through our Hlasela Newspaper and other communications platforms that included media analysis reports and information sessions, we managed to connect people with their government.

Significant to the work of the Office of the Premier is the alignment, integration and coordination of the activities of the three spheres of government, the function of Programme 3. Implementation of the NDP and FSGDS entailed undertaking alignment workshops, provision of support and compilation of analysis reports. Importantly, Infrastructure Delivery and Implementation Plan was developed and support provided to departments and municipalities as part of the strategic infrastructure programme critical to the implementation of the NDP and FSGDS. We had numerous incoming and outgoing international visits as we strive to strengthen mutual beneficial relations across the world and enhance our efforts towards radical economic transformation. Development assistance was equally sought for the same purpose. In honour of our military veterans, the province developed a Military Veterans Provincial Strategy following a successful Military Veterans Summit. Our special programmes interventions are a reflection of our commitment to assist women, children, the aged, people with disabilities and youth. We therefore undertook gender awareness sessions and compiled Monitoring and Evaluation reports on services rendered per these targeted groups.

Monitoring and evaluation remains an indispensable resource to assess the impact of our service delivery initiatives.



S.H. NTOMBELA
FREE STATE PREMIER

Programme 4 led efforts to determine the linkage between our service delivery efforts and the success thereof. It is only when we know what we are measuring that we can manage, improve and attain our set service delivery priorities. Various reports on the implementation of MTSF Programme of Action, Analysis Reports on Departmental Performance, Departmental Improvement Plans for the Institutional Performance Monitoring, and Analysis Report on Frontline Service Delivery Monitoring were compiled in order to critically assess the immediate outcomes of what has been implemented. Channels of participatory democracy were maintained through community liaison assistance intervention services and responses to community concerns thorough Community Development Workers and the Presidential hotline.

All these we attained with the dedication and support of the Director-General and all staff members in the Office of the Premier.



S.H. NTOMBELA
FREE STATE PREMIER
31 July 2018

4. REPORT OF THE ACCOUNTING OFFICER

4.1 Overview of the operations of the department:

The total original appropriated budget for the 2017/2018 financial year amounts to R564,980 million in comparison to R358,400 million of the previous financial year. This reflected an increase due to the transfer of Provincial Bursaries function from the Department of Education and the creation of the 4th Programme: Monitoring and Evaluation.

The main appropriation of the 2017/18 financial year was R564,980 million, which was adjusted during the annual adjustment budget period with an amount of R91,806 million. The Department was also granted a special adjustment amounting to R2 million, which led to appropriation of R658,786 million for the 2017/18 financial year.

The adjusted budget for the 2017/18 financial year was constituted as follows:

- An amount of R8,622 million to finance the annual cost of living adjustments of employees.
- An amount of R69,476 million to finance excess expenditure relating to goods and services.
- An amount of R15,885 million to finance the expenditure of students who study with local and foreign training institutions.
- The appropriation for capital assets was reduced with R675 000.00.
- An amount of R282 000.00 to provide for the write-off of irrecoverable debts.



KOPUNG RALIKONTSANE
DIRECTOR GENERAL

The Department underspent with R7,905 million which is 1.2% of the total appropriation. The variance is mainly due to a special adjustment bill which was retrospectively enacted after the end of the financial year and therefore the funds could not be utilised before the end of the financial year. Furthermore, interdepartmental claims were received late and could not be paid before the end of the financial year.

4.2 Overview of the financial results of the department:

4.2.1 Departmental receipts

Departmental receipts	2017/2018			2016/2017		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	5,920	4,323	1,597	5,827	5,471	356
Transfers received from public corporations and private enterprises	-	-	-	-	542	(542)
Sale of capital assets	-	-	-	-	32	(32)

Departmental receipts	2017/2018			2016/2017		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Financial transactions in assets and liabilities	29	1,408	(1,379)	27	2,162	(2,135)
Total	5,949	5,731	218	5,854	8,207	(2,353)

The under-collection under "Sale of goods and services other than capital assets" was due to:

- The small number of notices published in the Provincial Gazette than in previous years. The trend over the past financial years has indicated a decrease in the size and quantity of notices published.
- The delay in the renewal of the transversal contract for cellphones, which led to cell phone contracts not upgraded and instruments were utilised beyond the expiry of the lease contract.

The over-collection under "Financial transactions in assets and liabilities" were due to:

- The recovery of amounts from other Provincial Departments, which were previously recognised as fruitless and wasteful expenditure, as well as a correction journal which was processed to take into account credit notes not captured against a recoverable amount due from suppliers, regarding fruitless and wasteful expenditure incurred.
- The recovery of the losses from the responsible employees.

Tariff Policy

The Department is responsible for the production of the Free State Provincial Gazette and Tender Bulletin. These publications are for sale to the public and other Government Institutions. In terms of Treasury Regulations 7.3.1, tariffs must be reviewed on an annual basis and are subject to approval by the Provincial Treasury. Since these publications are printed in-house, the Department reviews the annual tariffs by taking into account the following factors:

- Overall inflation rate
- Cost of photocopying
- Cost of paper
- Cost of the plastic wrapping for postage
- Cost of postage
- Production cost.

The tariffs for the 2017/18 financial year were as follows:

SELLING PRICE PER COPY (Distributed through post)	TARIFF
Provincial Gazette	R 27.00
Tender Bulletin	R 0.00
SELLING PRICE PER COPY (Over the counter and per e-mail)	
Provincial Gazette	R 19.00
Tender Bulletin	R 4.70
SUBSCRIPTION (Distribution through post)	

Half-yearly:	
Provincial Gazette	R 678.00
Tender Bulletin	R 0.00
Yearly:	
Provincial Gazette	R1 356.00
Tender Bulletin	R 0.00
SUBSCRIPTION (Collected per hand and per e-mail)	
Half-yearly:	
Provincial Gazette	R 470.00
Tender Bulletin	R 0.00
Yearly:	
Provincial Gazette	R 940.00
Tender Bulletin	R 0.00
(The cost to wrap and postage excluded)	
ADVERTISING CHARGES PER CENTIMETER (cm)	
Provincial Gazette/ Tender Bulletin	R 34.00
PHOTO COPYING COSTS	
A4 size copies:	
Single sided	R 0.70
Double sided	R 1.20
A3 size copies:	
Single sided	R 2.20
Double sided	R 3.40

Revenue sources in the Department are limited to the following:

- Sale of the Provincial Gazette and Tender Bulletin
- Advertising charges for the advertisements placed in the above-mentioned publications
- Commission on the deduction of insurance premiums and garnishee orders from salaries of officials
- Sale of obsolete and redundant assets
- Interest on outstanding debts
- Recovery of departmental debts
- Recovery of previous year expenditure

The following factors influenced revenue collected by the Office of the Premier:

- Voluntary subscription by Government institutions, businesses and the public
- Nature and length of advertisements placed in the publications
- Legislation that compels advertisement in the Provincial Gazette
- Recovery of outstanding debts.

4.2.2 Programme Expenditure

Programme	2017/2018			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	71,002	70,454	548	151,083	151,043	40
Institutional Development	364,060	359,070	4,990	111,812	111,811	1
Policy and Governance	97,706	97,700	6	95,505	96,564	(1,059)
Monitoring and Evaluation	126,018	123,567	2,361	-	-	-
Total	658,786	650,881	7,905	358,400	359,418	(1,018)

Reasons for under spending:

Administration

The underspending realised is due to vacant posts which were not filled at the end of the financial year.

Institutional Development

The underspending is mainly due to vacancies that could not be filled and late interdepartmental claims received, which were not paid on time.

Policy and Governance

Variance is immaterial.

Provincial Monitoring & Evaluation

The underspending is mainly due to a special adjustment bill which was not enacted before the end of the financial year, and therefore the funds could not be spent.

4.2.3 Virements/ Roll overs

Roll overs

No rollover occurred in the Department during the 2017/18 financial year.

Virements

The Provincial Treasury approved a virement amounting to R3.462 million from the savings realised in Programme 2, and allocated to Programme 3 and 4.

Programme	Compensation of Employees R'000	Goods and services R'000	Transfers and subsidies R'000	Capital assets R'000	Total R'000
Administration	-	-	-	-	-
Institutional Development	(3,462)	-	-	-	(3,462)
Policy and Governance	960	2,250	-	-	3,210
Provincial Monitoring and Evaluation	227	-	9	16	252
Total	(2,275)	2,250	9	16	-

4.2.4 Public Private Partnerships

The Department was not involved in any public private partnerships during the 2017/18 financial year.

4.2.5 Discontinued Activities/ Activities to be discontinued

The Department did not discontinue activities during the 2017/18 financial year and it's not intending to discontinue activities in the near future.

4.2.6 New or proposed activities

The Provincial Bursaries function has been transferred from Department of Education with effect from 1 April 2017.

4.2.7 Supply Chain Management

The Department continuously strives to improve its performance and the effectiveness of Supply Chain Management. The Supply Chain Management function will be strengthened to ensure that proper processes and systems are in place to adequately curb and minimize the occurrence of irregular/ fruitless and wasteful - and unauthorized expenditure, as well as the non-compliance to Supply Chain Management processes and relevant regulations. The Internal Control Unit will also be improved to assist the Department to enhance internal control measures in this regard.

4.2.8 Gifts and donations received in kind from non-related parties

No donations were received in the 2017/18 financial year.

4.2.9 Exemptions and deviations received from National Treasury

The Department did not request any exemptions or deviations from the National Treasury in the 2017/18 financial year.

4.2.10 Events after the reporting dates

No events whether favorable and unfavorable, occurred between the reporting date and the date when the financial statement was authorized, which may have an impact on the financial position and performance of the Department in the past financial year.

4.2.11 Related Parties

The Department of Public Works provided office accommodation to the Office of the Premier in the OR Tambo House and the Fidel Castro Building. No value for this service can be attributed to this transaction.

The Provincial Treasury paid for the use of the transversal operating systems (BAS, PERSAL and LOGIS) to SITA, on behalf of the Office of the Premier. No value for these services can be attributed to this transaction.

The Department of Public Works and Infrastructure rendered services on the administration of infrastructure contracts, free of charge to the Office of the Premier. No value for this service can be attributed to this transaction.

4.2.12 Acknowledgement/ Appreciation

I would like to express my appreciation to the Executive Authority, Members of the Executive Management and the entire staff of the Office of the Premier for the support and hard work in ensuring the Department's success during the 2017/18 financial year.



KOPUNG RALIKONTSANE
DIRECTOR GENERAL

31 July 2018

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2018.

Yours faithfully



KOPUNG RALIKONTSANE
DIRECTOR GENERAL

31 July 2018

6. STRATEGIC OVERVIEW

6.1 Vision

Leading Free State Province towards Service Excellence

6.2 Mission

To provide strategic direction and coordinate integrated service delivery within government in the Free State

6.3 Values

Patriotism manifested through upholding the Constitution, respecting the National Symbols, mutual respect demonstrated between employer and employees and commitment to serve and achieve government goals and priorities

Customer Care characterised by understanding and meeting/exceeding customer expectations, displaying a positive attitude, delivering quality work and treating customers (internal and external) with courtesy and respect.

Honesty and Integrity as illustrated by transparency, fair treatment for all and ethical behaviour towards all

Spirit de Corps (Team Spirit) achieved through working effectively in teams, participative /consultative decision-making, confidence, reliability, treating each other with respect, respecting differences and freely sharing ideas and information

Professionalism through accountability, knowledge, knowing best practices in the area of responsibility and punctuality

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional Mandates

In terms of section 125 of the Constitution, 1996, the Premier together with the Executive Council, supported by the Department, is responsible for:

- Implementing provincial legislation;
- Implementing national legislation in functional areas;
- Administering in the Province, national legislation outside functional areas;
- Developing and implementing provincial policy;
- Co-ordinate the functions of the Provincial Administration and its departments; and
- Preparing and initiating provincial legislation.
- Any other function assigned in terms of the Constitution.

In terms of section 127 of the Constitution, 1996, the Premier, supported by the Department, is responsible for:

- Assenting to and signing Bills;
- Referring a Bill back to the provincial legislature for reconsideration of the Bill's constitutionality;
- Referring a Bill to the Constitutional Court for a decision on the Bill's constitutionality;
- summoning the Legislature to an extraordinary sitting to conduct special business;

- Appointing commission of inquiry; and
- Calling a referendum in the province in accordance with national legislation.

7.2 Other Legislative Mandates

In terms of section 7(3)(c) of the Public Service Act, 1994 as amended, the Director General, as supported by the Department, has functions in addition to functions as Head of Department of the Office of the Premier, namely to be the Secretary to the Executive Council;

- subject to the provisions of sections 85(2)(c) and 125(2)(e) of the Constitution, 1996, responsible for intergovernmental relations between the relevant provincial administration and other provincial administrations as well as national departments and for the intra-governmental co-operation between the relevant provincial administration and its various provincial departments, including the co-ordination of their actions and legislation; and
- subject to the provisions of the Public Service Act, 1994, responsible for the giving of strategic direction on any matter referred to in section 3(1) namely:
 - o The functions of, and organizational arrangements in, the public service;
 - o Conditions of service and other employment practices;
 - o Labour Relations, health and wellness of employees;
 - o Information Management and electronic government;
 - o Integrity, ethics conduct and anti-corruption; and
 - o Public Service Transformation, Innovation and Reform.

The Intergovernmental Relations Framework Act, 2005, regulates the intergovernmental relations between spheres of government. This Act, amongst others, establishes the Premier's Intergovernmental Forum, and determines that the Premier convenes the Forum and that the Office of the Premier must deliver administrative and other support to the Forum. In essence the Forum must promote and facilitate intergovernmental relations between the province and local government in the province by discussing and consulting on matters of mutual interest.

7.3 Policy Mandates

The Office of the Premier must ensure that the policy guidelines as stated in the under mentioned policies are entrenched and adhered to by all Provincial Departments and Municipalities.

- National Development Plan;
- Provincial Growth and Development Strategy;
- Medium Term Strategic Framework; and
- Ruling Party's (ANC) Election 2014 Manifesto.

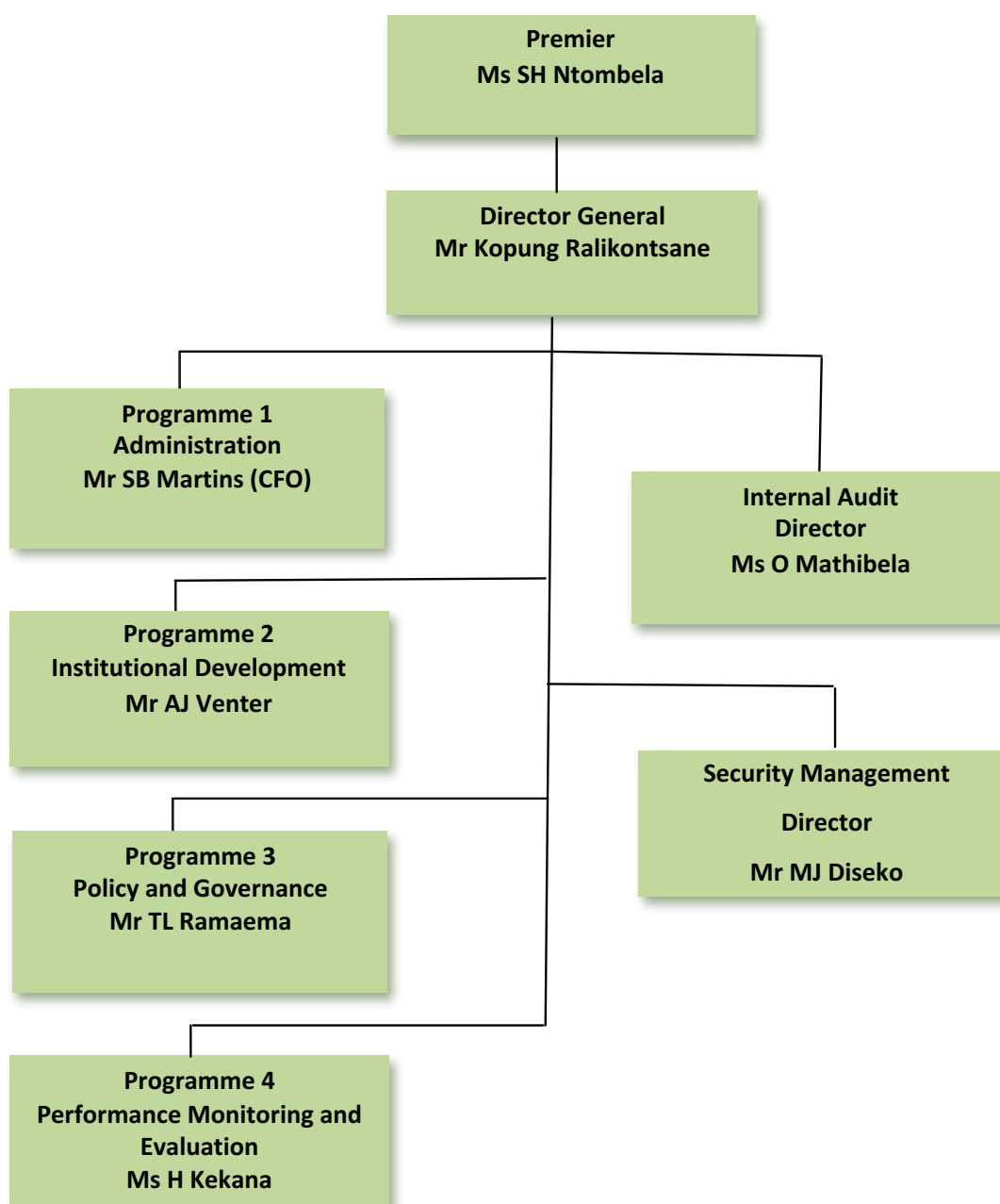
Fourteen distinct priorities (outcomes) derived from these documents which must be the focus for all relevant Government Departments for this term of office. These priority outcomes are the following:

1. Quality Basic Education;
2. A long and healthy life for all South Africans;
3. All people in South Africa are and feel safe;
4. Decent employment through inclusive economic growth;
5. A skilled and capable workforce to support an inclusive growth path;
6. An efficient, competitive and responsive economic infrastructure network;
7. Comprehensive rural development and land reform;
8. Sustainable human settlements and improved quality of households life;
9. Responsive, accountable, effective and efficient developmental local government system;
10. Protect and enhance our environmental assets and natural resources;
11. Creating a better South Africa and contributing to a better and safer Africa in a better world;
12. An efficient, effective and development oriented public service;

13. An inclusive and responsive social protection system; and
14. Nation building and social cohesion.

The Department plays a leading role in the implementation of priority outcomes five, eleven and twelve. The activities which were developed in support of these three priority outcomes are taken care of in the strategic objectives. However, the Department also plays an oversight role by ensuring that Strategic Plans and Integrated Development Plans of Provincial Departments and Municipalities respectively, respond to these Priority Outcomes. The oversight process is furthermore enhanced by means of an intensive performance monitoring and evaluation role.

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE PREMIER

There are no entities reporting to the Premier during the 2017/18 financial year.



PART **B**

**PERFORMANCE
INFORMATION**

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General of South Africa (AGSA) performed certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management.

Refer to page 123 of the Annual Report, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

During the period under review the Office of the Premier made every effort to ensure greater alignment of the department's performance delivery environment to the overall objective as stated in the National Development Plan (NDP) of "the need to have established a state that is more capable, more professional and more responsive to the needs of its citizens".

Against this background and in line with the NDP, the Office of the Premier strived to ensure that the Free State Provincial Government addresses development challenges and serves people of the province in a coordinated and sustainable manner. This has been done through the implementation of the FSGDS Vision 2030, which charts a long-term development path for the province. The FSGDS outlines six pillars and a set of drivers to deal with these challenges which confronts the province. It is about creating synergy between development, implementation and value in attaining shared development outcomes based on the province's development experiences, challenges, needs and priorities. It articulates policy inter-linkages between the national, provincial and local spheres of governance as central to integrated service delivery. This entails creating the environment, institutions and mechanisms crucial for shared growth and integrated development.

Although great strides have been made in addressing the challenges - the provincial government in conjunction with its partners, including local government still have a huge responsibility in impacting on a series of interrelated development issues. The latter refers to unemployment (especially amongst the youth), poverty as well as constraints related to energy, natural resources, climate change, infrastructure, housing, skills, crime, and health related issues. Hence, the strong focus and dedicated efforts by the Office of the Premier on alignment of provincial and municipal policies and plans to the MTSF and FSGDS.

The Office of the Premier continued its emphasis on consolidating the department's leadership and oversight role through the strengthening of provincial decision-making *fora* at EXCO and top management level such as EXCO, PCC, PCF, FOHOD, Provincial Clusters, as well as frequent provincial and local government interactions through established fora.

In particular, the department's performance was characterised by the provision of *strategic guidance, direction and leadership* with regard to a variety of transversal functions within the Free State Provincial Government. The latter related to:

- Executive support to the Premier, Executive Council and the Director General;
- Transversal services such as Human resources, training & development, administering the national skills fund, provincial bursaries, organisational development, information communication technology, legal services and corporate communication, media and community liaison;
- Policy coordination and alignment services, infrastructure coordination, guiding intergovernmental services, coordinating special programmes focussing on gender, youth, the elderly, disabled and HIV/AIDS, including support to military veterans;
- Conducting oversight, monitoring and evaluation of performance of provincial departments, assessing management practices, ensuring government services reaches communities through community liaison and Operation Hlasela Centres, Community Development Worker programme and the Presidential Hotline.