

DEPARTMENT OF DEFENCE

Annual Report

FY2005 - 2006



PORTFOLIO COMMITTEE ON
DEFENCE

By
Mr S. KHOSA

14 MARCH 2006

AIM

Briefing to the Portfolio Committee on
Defence on the process of compiling the
DOD Annual Report FY2005/06

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BACKGROUND

- DOD organisational performance management system is rooted in the following aspects
 - Guide from Government (State of the Nation's Address, Cabinet Makgotla decisions, cluster decisions, Minister of Finance's Budget Policy Statement and Budget Speech);

BACKGROUND...

- Ministerial Guidelines provided annually to the Secretary for Defence (Head of Department and Accounting Officer) and the Chief of the SA National Defence Force (SANDF)
- Strategic Business Plan which complies with the prescriptions of the Public Finance Management Act (PFMA), Public Service Act, National Treasury Guidelines, and Public Service Regulations. The SBP covers both the in-year and the Medium Term Expenditure Framework (MTEF) period – now five years. The SBP is linked to the following:

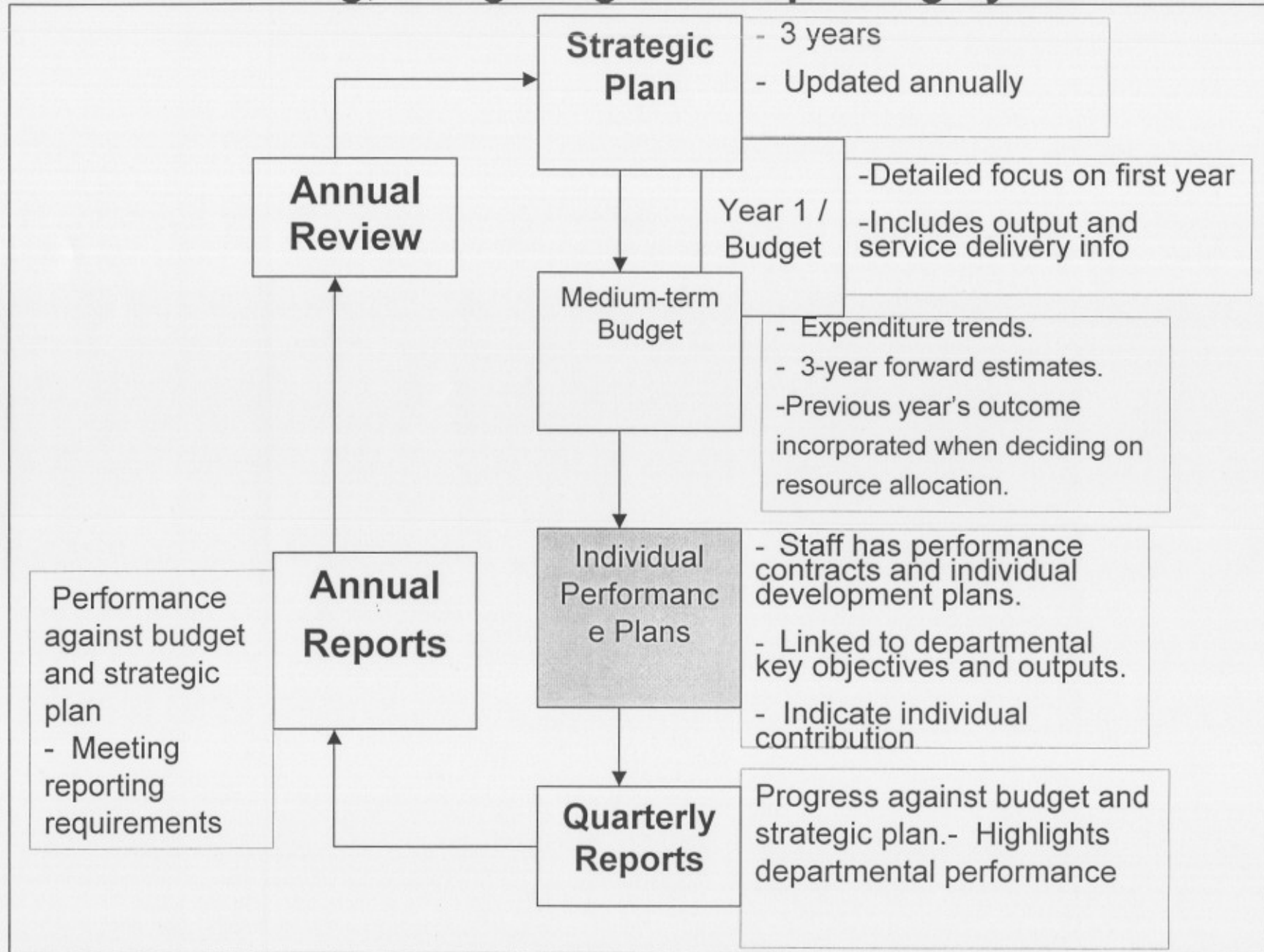
BACKGROUND...

- Performance Agreements
- Quarterly Reports
- Annual Reports
- Regular feedback as may be required by the DOD's strategic management bodies such as the Accountability Management Committee which is chaired by the Head of the Department

INTRODUCTION

- **DOD Annual Report directly correlates with the DOD Strategic Business Plan FY2005/06 and ENE.**
- **Followed guidelines as provided by Parliament regarding linkage with plan.**
- **Compliance with regulatory framework (PFMA, Public Service Act and related regulations)**

Planning, Budgeting and Reporting cycle



Timelines



Cycles vs. Financial Years

	2002	2003	2004	2005	2006	2007
Cycles	0-2	0-1	0	0+1		
		0-2	0-1	0	0+1	
			0-2	0-1	0	0+1
				0-2	0-1	0

Legend:

0 = Year of Expenditure

0-1 = One Year prior to Year of Expenditure

0-2 = Two Years prior to Year of Expenditure

0+1 = One Year after Year of Expenditure

PLANNING CYCLE FOR FY2005/06 ANNUAL REPORT

0-2 [2003]	0-1 [2004]	0 2005/6	0+1 [2006]
<ul style="list-style-type: none"> •Jan Lekgotla, SONA & Budget Speech • Environmental Analysis •Worksessions: <ul style="list-style-type: none"> – MinDef W/session (Guidelines – DOD W/session – DefSec & SANDF w/session • Planning & Budgeting Seminar 	<ul style="list-style-type: none"> •May/Jun DPBECs (Plans & Budgets evaluation) <ul style="list-style-type: none"> •EOE to NT (Aug) • MTEC & MinComBud (Sep and Oct) <ul style="list-style-type: none"> •Allocation (ENE) & Adjust plans(Dec and Jan) 	<ul style="list-style-type: none"> •Table Plan in Parliament(Apr) •Execute Plan(Apr 05 to March 06) • Quarterly Reports (Jul 05, Oct 05,Jan 06 and Apr 06) 	<p>Submit Annual Report (AR) (2005/06)</p> <p>In accordance with PFMA Sec 40(1)(c) – Submit financial statements within 2 months and PFMA Sec 40(1)(d) – Submit AR within 5 months of the end of the fin year</p>

TIMELINE

- **The DOD will also adhere to section 40(3)(a) which stipulates that the Annual Report and Financial Statement must present a fair presentation of the state of affairs of the department,,its financial results, its performance against pre-determined objectives and its financial position as at the end of the financial year**

LAYOUT OF THE ANN REPORT...

- Main considerations (criteria) when compiling the DOD Annual Report for tabling in Parliament:
 - **Readability**: Easy to read, not much interpretation required, limited use of internal (military) jargon. Grammar checked by language specialists (D Lang); style and layout to be checked by CDCC.
 - **Integrity of information**: correctness, completeness, verifiability and possible security concerns.

LAYOUT OF THE ANN REPORT ...

- Forewords by the Minister of Defence & the Deputy Minister of Defence
- Overview Reports by the SecDef & CSANDF
- Part 1 Strategic Direction
Chp 1: Strategic Overview
- Part 2 : Organisation and Human Resources Management
Chp 2: Organisational Structures and Human Resources
- Part 3 Programme Performance
Chp 3: Key Measurable Objectives and Programmes
Chp 4: Programme 1 : Administration
Chp 5: Programme 8 : Force Employment (Joint Operations)
Chp 6: Programme 2 : Landward Defence
Chp 7: Programme 3 : Air Defence
Chp 8: Programme 4 : Maritime Defence

LAYOUT OF THE ANN REPORT ...

Chp 9: Programme 5 : Military Health Service

Chp 10: Programme 6: Defence Intelligence

Chp 11: Programme 7: Joint Support

Chp 12: Programme 9 : Special Defence Account

Appendices

- **Appendix A (Reserve Force)**
- **Appendix B (Fraud in the DOD)**
- **Appendix C (Criminality in DOD - Confidential not for Public Version)**

Part 4: Management Report

- **Report of the Audit Committee**
- **Accounting Officer for the year ended 31 March 2006**

LAYOUT OF THE ANN REPORT ...

Part 5: Auditor-General's Report on DOD
Financial Statements

List of abbreviations and Acronyms

WAY FORWARD

- Annual Report Planning Instructions Coordination Meeting/Workshop 22 February 2006
- Annual Report Reporting Workshop on Financial Statements 23 February 2006
- Forward Annual Report Planning Instruction, to DefSec and CSANDF for signature 15 March 2006
- Distribute AR Planning Instruction to initiate reporting process 17 March 2006
- Prepare Level 2 FY2005/06 AR 22 March 2006 to 25 April 2006
- Integrate DefSec and SANDF's FY2005/06 Annual Report 06-09 June 2006
Present FY2005/06 Annual Report to the PDSC

WAY FORWARD (Cont)

- Presentation to the Minister of Defence 13 June 2006
- Forward Programme Performance to the Auditor General FY2005/06 15 June 2006
- Final Annual Report presentation to Minister of Defence 12 July 2006
- Presentation to Portfolio Committee on Defence 01 August 2006.
- Final Annual Report to Auditor-General 31 July to 7 August 2006

WAY FORWARD (Cont)

- Printing scheduled to commence on: 08-28 August 2006.
- Deliver 700 copies in Parliament 1 September 2006
- Tabling in Parliament: 08 September 2006 (prescribed by law)
- Presentation and discussion to Portfolio Committee on Defence (date to be determined)

DISCUSSION