

# **Annual Performance Plan 2019/20**

## FOREWORD BY THE MEMBER OF THE EXECUTIVE COUNCIL FOR FINANCE

Recent developments in the political sphere, has given momentum to the work of government in general and the Provincial Treasury in particular. The emphasis on renewal and growth as outlined by the administration of President Ramaphosa with two of its priorities being “reasonable, affordable expenditure, stabilising and reducing debt”. As outlined in the recent national Budget speech, is an instruction to us as the department to do more than stabilising the finances of the province, as we have done, but to ensure that we do our part in ensuring that the objectives set out by the president and the Minister become a reality for the good of our country and its people.

In this regard, Provincial Treasury will continue with the implementation of the following key priorities:

- Further strengthening and resourcing Provincial Treasury core functions and responsibilities
- Strengthening our support to Municipalities through the implementation of the Provincial Municipal Strategy.
- Continuously support provincial departments and public entities in order to improve financial management practices and strive towards improving audit outcomes.
- Support provincial departments in infrastructure planning and delivery by maximizing value for money in infrastructure spend.
- Maximize provincial revenue collection by identifying revenue sources in departments and public entities to enable contribution to job creation, skills development and access to public services.
- Pursue the implementation of regulation 4 of the PPPFA by provincial departments and public entities for the empowerment of youth, women, people with disabilities and military veterans.

The department will continue to play a leading role in ensuring that departments, municipalities and public entities within the province exercise adequate financial management controls and instil good governance practices. Furthermore, we will exercise continuous monitoring of costs containments within the province without compromising service delivery.



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**Hon. RWN Tooley**

**EXECUTIVE AUTHORITY**

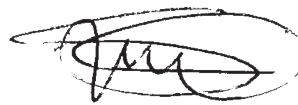
## OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan,

- Was developed by the management of Limpopo Provincial Treasury under the guidance of the Honourable MEC RWN Tooley.
- Was prepared in line with the current Strategic Plan of Limpopo Provincial Treasury, and takes into account all relevant policies, legislations and other mandates for which the department is responsible.
- Accurately reflects the performance targets which Limpopo Provincial Treasury will endeavour to achieve given the resources made available in the budget for 2019/20.

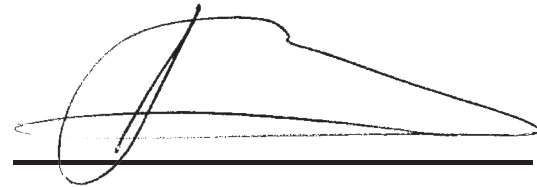
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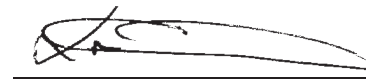
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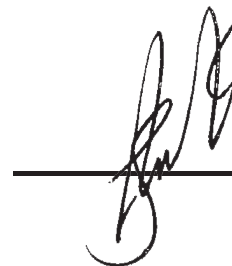
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**Executive Authority**

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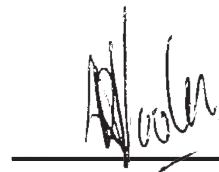


TABLE OF CONTENTS	PAGE
<i>PART A: STRATEGIC OVERVIEW</i>	8
1. <i>UPDATED SITUATIONAL ANALYSIS</i>	8
<b>1.1 Performance delivery environment</b>	<b>9</b>
<b>1.2 Organisational environment</b>	<b>26</b>
2. <i>REVISIONS TO LEGISLATIVE AND OTHER MANDATES</i>	27
3. <i>OVERVIEW OF 2019/20 BUDGET AND MTEF ESTIMATES</i>	28
<b>3.1 Expenditure Estimate</b>	<b>28</b>
<b>3.2 Relating expenditure trends to strategic outcome oriented goals</b>	<b>29</b>
<i>PART B: PROGRAMME AND SUB - PROGRAMME PLANS</i>	31
<i>Budget Structure</i>	31
4. <i>PROGRAMMES</i>	32
<b>4.1 PROGRAMME 1: CORPORATE MANAGEMENT SERVICES</b>	<b>32</b>
4.1.1 PROGRAMME 1 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20	33
4.1.2 PROGRAMME 1 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22	34
4.1.3 PROGRAMME 1 QUARTERLY TARGETS FOR 2019/20	36
4.1.4 RISK MANAGEMENT	37
4.1.5 Reconciling performance targets with the Budget and MTEF	38
<b>4.2 PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT</b>	<b>40</b>
4.2.1 PROGRAMME 2 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20	41
4.2.2 PROGRAMME 2 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22	42
4.2.3 PROGRAMME 2 QUARTERLY TARGETS FOR 2019/20	44
4.2.4 RISK MANAGEMENT	46
4.2.5 Reconciling performance targets with the Budget and MTEF	47
<b>4.3 PROGRAMME 3: ASSETS, LIABILITIES AND SUPPLY CHAIN MANAGEMENT</b>	<b>49</b>
4.3.1 PROGRAMME 3 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20	50
4.3.2 PROGRAMME 3 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22	51
4.3.3 PROGRAMME 3 QUARTERLY TARGETS FOR 2019/20	52
4.3.4 RISK MANAGEMENT	53
4.3.5 Reconciling performance targets with the Budget and MTEF	54
<b>4.4 PROGRAMME 4: FINANCIAL GOVERNANCE</b>	<b>55</b>
4.4.1 PROGRAMME 4 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20	56
4.4.2 PROGRAMME 4 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22	56
4.4.3 PROGRAMME 4 QUARTERLY TARGETS FOR 2019/20	58
4.4.4 RISK MANAGEMENT	59
4.4.5 Reconciling performance targets with the Budget and MTEF	60
<b>4.5 PROGRAMME 5: SHARED INTERNAL AUDIT SERVICES</b>	<b>61</b>
4.5.1 PROGRAMME 5 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20	62
4.5.2 PROGRAMME 5 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22	62
4.5.3 PROGRAMME 5 QUARTERLY TARGETS FOR 2019/20	63
4.5.4 RISK MANAGEMENT	64
4.5.5 Reconciling performance targets with the Budget and MTEF	65

<i>PART C: LINKS TO OTHER PLANS</i>	<i>66</i>
5. <b>Links to the long-term infrastructure and other capital plans</b>	<b>66</b>
6. <b>Conditional grants</b>	<b>66</b>
7. <b>Public entities</b>	<b>66</b>
8. <b>Public-private partnerships</b>	<b>66</b>
<i>ANNEXURES</i>	<i>67</i>
<b>ANNEXURE 1: TECHNICAL INDICATORS FOR PROGRAMME 1</b>	<b>67</b>
Technical Indicator Definitions	67
<b>ANNEXURE 2: TECHNICAL INDICATORS FOR PROGRAMME 2</b>	<b>75</b>
Technical Indicator Definitions	75
<b>ANNEXURE 3: TECHNICAL INDICATORS FOR PROGRAMME 3</b>	<b>83</b>
Technical Indicator Definitions	83
<b>ANNEXURE 4: TECHNICAL INDICATORS FOR PROGRAMME 4</b>	<b>88</b>
Technical Indicator Definitions	88
<b>ANNEXURE 5: TECHNICAL INDICATORS FOR PROGRAMME 5</b>	<b>96</b>
Technical Indicator Definitions	96

## LIST OF ACRONYMS

<b>Acronym</b>	<b>Description</b>
AC	Audit Committee
ACL	Audit Command Language
AFS	Annual Financial Statement
ALSCM	Asset, Liabilities and Supply Chain Management
APP	Annual Performance Plan
BAS	Basic Accounting System
BAUD	Bar Coded Asset Audit
CAM	Combined Assurance Model
CFO	Chief Financial Officer
COE	Compensation of Employees
COGHSTA	Co-Operative Governance, Human Settlement and Traditional Affairs
CPSI	Centre for Public Service Innovation
DPSA	Department of Public Service and Administration
EMC	Executive Management Committee
FG	Financial Governance
GDP	Gross Domestic Product
GITO	Government Information Technology Office
GRCC	Government Risk Control and Compliance
HOD	Head of Department
HR	Human Resource
HRM	Human Resource Management
ICT	Information and Communication Technology
IDMS	Infrastructure Development Management System
IRM	Infrastructure Reporting Model
ISPH	Infrastructure Strategic Planning Hub
IT	Information Technology
ITMC	Infrastructure Technical Management Committee
IYM	In Year Monitoring

LDP	Limpopo Development Plan
LOGIS	Logistics Information System
LPT	Limpopo Provincial Treasury
MEC	Member of the Executive Council
MFIP	Municipal Finance Improvement Programme
MFMA	Municipal Finance Management Act
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NSG	National School of Governance
PERSAL	Personnel Salary
PESTEL	Political, Economic, Social, Technological, Environment and Legal
PFM	Public Finance Management
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PSA	Public Service Act
PSR	Public Service Regulations
QAIP	Quality Assurance Improvement Programme
RMC	Risk Management Committee
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SRM	Sustainable Resource Management
SWOT	Strength, Weakness, Opportunities and Threats

# PART A: STRATEGIC OVERVIEW

## 1. UPDATED SITUATIONAL ANALYSIS

The Provincial Treasury undertook an analysis to review the strategic position and environment of the department during the strategic planning processes. A tool referred to as *McKinsey 7s model* was used to analyse the internal environment and PESTEL was used to analyse the external environment. The focus was on analyzing 7 key internal elements namely: strategy, structure, systems, shared values, style, staff and skills, in order to review the overall strategic position of the department and its environment. PESTEL analysis was used to identify the macro (external) forces facing the organisation. The acronym PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal.

The outcome of the situational analysis assisted branches to align the department's resources and capabilities to the requirements of the mandate of the department. The key issues identified during the situational analysis by all branches are summarized as follows:

### **Strengths**

The department acknowledges the availability of committed, innovative, competent, professional and technically skilled workforce that is able to work as a team towards achievement of a common goal. Brand "Provincial Treasury" is also acknowledged as a strength that earns Limpopo Provincial Treasury officials respect by Provincial Departments, Public Entities and municipalities. Sound stakeholder engagements and strengthened support functions have also demonstrated confidence from the service recipients and oversight structures. The department acknowledges the democratic style of leadership where effective communication is encouraged between management and employees. The newly approved organisational structure is acknowledged as a strength to the department.

### **Weaknesses**

Implementation of the Department's Employment Equity plan is also identified as a weakness. Absence of integrated procurement system is identified as a weakness within the department and the province. Inability to enforce consequence management for non-compliance by public institutions is also a weakness identified that must be urgently addressed.



## **Opportunities**

The department identified opportunities that may maximise the departmental performance. Provincial Treasury through its transversal responsibilities has the ability to share knowledge across various platforms and enable benchmarking with National and other provincial treasuries. Utilising technological capabilities to streamline our activities, for example online banking services. Effective utilisation of the Provincial IT Risk Management system (BARNOWL) which is web enabled.

## **Threats**

There are identified threats that may hinder the department from achieving the desired outputs and outcomes as set out in the Strategic Plan and Annual Performance Plan. Late implementation of MSCOA in municipalities pose a serious threat. Public perception about procurement irregularities poses a threat as citizens lose confidence in public sector procurement. Poor IT infrastructure networks in the province, coupled with the risk of IT systems being hacked are also a threat.

An action plan addressing weaknesses and threats has been developed covering the medium term. An opportunity register was also developed focusing on key opportunities and strengths that can be harnessed over the medium term. The action plan and the opportunity register serve quarterly in EXCOM meetings where progress is presented. The interventions to address SWOT outcomes in the action plan and the opportunity register will be monitored separately from the Annual Performance Plan as they are operational in nature.

## **1.1 Performance delivery environment**

Limpopo Provincial Treasury monitors and supports provincial departments, public entities, municipalities and municipal entities on implementation of the MFMA and PFMA. The provincial institutions that are monitored and supported by Limpopo Provincial Treasury in line with the MFMA and PFMA are as follows:

### **LIMPOPO PROVINCIAL DEPARTMENTS**

1. Vote 1: Office of the Premier (OtP)
2. Vote 2: Legislature (PL)

3. Vote 3: Education (DoE)
4. Vote 4: Agriculture and Rural Development (DARD)
5. Vote 5: Provincial Treasury (LPT)
6. Vote 6: Economic Development, Environment and Tourism (LEDET)
7. Vote 7: Health (DoH)
8. Vote 8: Transport (DoT)
9. Vote 9: Public Works, Roads and Infrastructure (DPW&I)
10. Vote 10: Community Safety (DCS)
11. Vote 11: Co-operative Governance, Human Settlements & Traditional Affairs (CoGHSTA)
12. Vote 12: Social Development (DSD)
13. Vote 13: Sport, Arts and Culture (DSAC)

## **PUBLIC ENTITIES**

1. Limpopo Gambling Board (LGB)
2. Limpopo Economic Development Agency (LEDA)
3. Road Agency Limpopo (RAL)
4. Gateway Airport Authority Limited (GAAL)
5. Limpopo Tourism Agency (LTA)

## **MUNICIPALITIES**

### **CAPRICORN DISTRICT**

1. Capricorn District Municipality
2. Blouberg Local Municipality
3. Molemole Local Municipality
4. Lepelle Nkumpi Local Municipality
5. Polokwane Local Municipality (Not delegated)

### **SEKHUKHUNE DISTRICT**

1. Sekhukhune District Municipality
2. Elias Motsoaledi Local Municipality
3. Ephraim Mogale Local Municipality

4. Makhuduthamaga Local Municipality
5. Fetakgomo Tubatse Local Municipality

#### MOPANI DISTRICT

1. Mopani District Municipality
2. Maruleng Local Municipality
3. Letaba Local Municipality
4. Tzaneen Local Municipality
5. Giyani Local Municipality
6. Ba-Phalaborwa Local Municipality

#### VHEMBE DISTRICT

1. Vhembe District Municipality
2. Makhado Local Municipality
3. Musina Local Municipality
4. Thulamela Local Municipality
5. Collins Chabane Municipality

#### WATERBERG DISTRICT

1. Waterberg District Municipality
2. Mogalakwena Local Municipality
3. Thabazimbi Local Municipality
4. Lephalale Local Municipality
5. Modimolle Mookgophong Local Municipality
6. Bela-Bela Local Municipality

#### **MUNICIPAL ENTITIES**

1. Greater Tzaneen Economic Development Agency
2. Waterberg Development Agency
3. Sekhukhune Development Agency

## **1.1.1. PROGRAMME 1: ADMINISTRATION**

### **1.1.1.1 MPAT**

#### **(a) Departmental MPAT performance**

Limpopo Provincial Treasury was rated a score of 3.21 on MPAT 1.7, which was 0.29 below the Strategic Objective target for the 2017/18 financial year. The department continuously monitors the implementation of MPAT improvement plans with special focus on KPA 3 (Human Resource Management) and PMDS standards in particular.

#### **(b) Provincial MPAT 1.7 performance**

Limpopo Provincial Treasury has a transversal role of supporting provincial departments on issues of governance and accountability as well as financial management matters. Provincial Treasury is responsible and contributes towards the following standard under KPA 2 (Governance and Accountability): Risk Management. The Provincial MPAT 1.7 outcomes indicates that Governance and Accountability KPA, where Risk Management is a standard which Provincial Treasury is responsible for in the Provincial Departments and Public entities, only Office of the Premier and Department of Transport are performing above the average score of 3 and therefore this means that there is need for Limpopo Provincial Treasury to strengthen the monitoring and support role with regards to Risk Management in the province.

The department is also responsible for standards on payment of invoices within 30 days, unauthorized expenditures, cash flow management, demand management, acquisition management, logistics management and disposal management under KPA 4 (Financial Management).

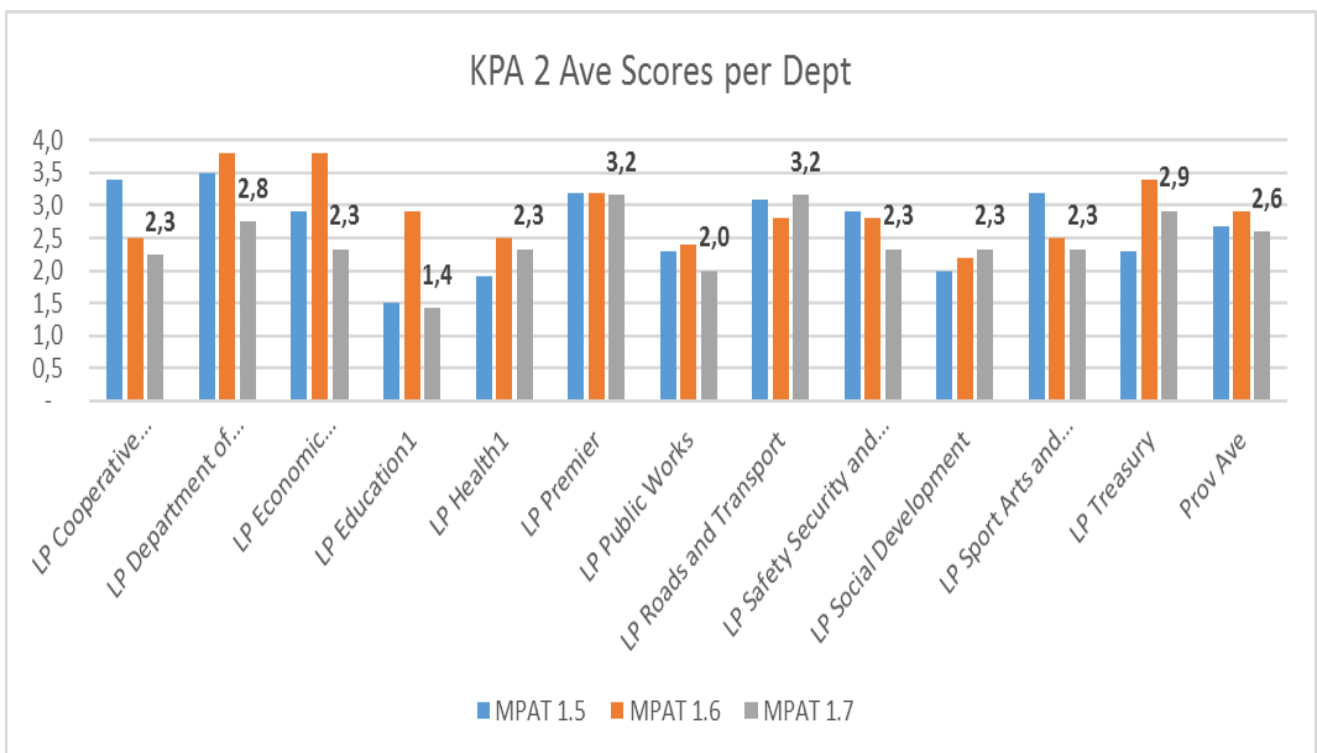
The Provincial MPAT 1.7 outcomes indicates that Limpopo Provincial Departments are performing well with regards to Financial Management as eight (8) out of twelve (12) departments are performing above MPAT average score of 3, however, there is need to strengthen monitoring and support to the four departments (DARD, DoE, DoH and DPWR&I) that are performing below the MPAT average score of 3 under Financial Management KPA.

The department continues to implement the performance indicator on monitoring of 30 days' payment under programme four (4) as an intervention to address poor provincial performance

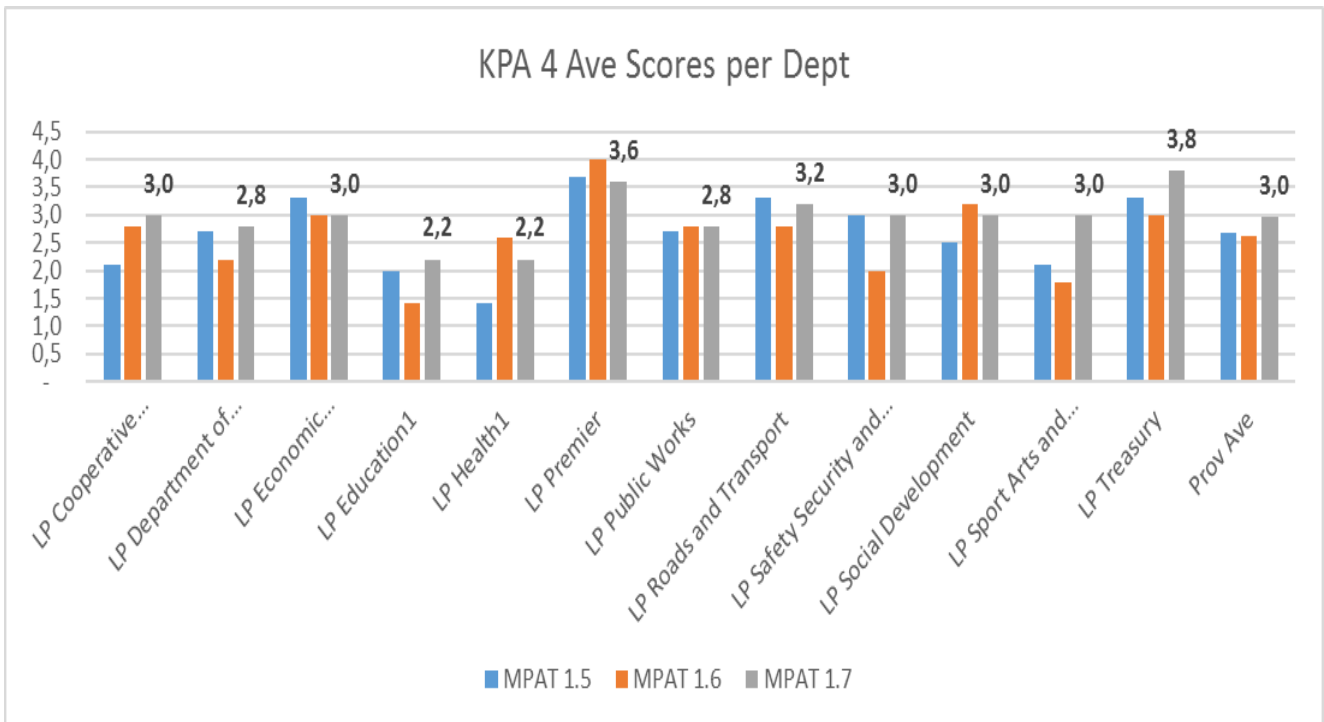
on payment of suppliers within 30 days. Departments have also included a performance indicator on AG Action plans for departments and public entities to address the issues of unauthorized expenditures as part of the issues that may be raised in the AG report. The performance indicator to address disposal management is included in programme 3 where assessment on compliance to SCM prescripts will be measured and disposal management included as one of the focus areas.

The figures below are graphical representations of Provincial MPAT 1.7 outcomes for KPA 2 and KPA 4 that informed the interventions outlined above. The information contained in the two figures below provide the provincial performance on specific focus areas in terms of MPAT standards and the information assists departments that provide transversal support to provincial departments to identify where intervention is required in the province.

Provincial MPAT 1.7 average scores per standard for KPA 2: Governance and Accountability.



Provincial MPAT 1.7 average scores per standard for KPA 4: Financial Management.



### 1.1.1.2 Limpopo Provincial Treasury AG Audit Outcomes

Provincial Treasury received an unqualified audit opinion with findings in the 2015/16 financial year, however the department improved in the 2016/17 and 2017/18 financial years by receiving unqualified audit opinion without findings also referred to as a Clean Audit.

The support environment has been performing fairly well in terms of compliance related matters, where branches are performing adequately in the implementation of their risk registers/action plans where risk management forming part of its business processes. The department has however identified a need to improve in the risk appetite of the department.

The department experienced delays in filling of vacant posts and currently has a high vacancy rate. Factors associated with the delays include the migration processes into the approved organisational structure as well as Provincial Personnel Management Committee (PPMC) prolonged assessment processes.

The programme is also encountering operational challenges that includes amongst others: -

- Delays in approval of transversal HR policies by OTP – resulting in implementation inconsistencies.
- Free education pronouncement and departmental bursary scheme: LPT Bursary awarding v/s NSFAS.
- Delays in rolling out the Provincial Invoice tracking system has compelled LPT to continually use a manual system.
- WAN internet performance
- Delay in SITA procurement processes

### **2019/20 Planned interventions to address challenges**

- Strengthen engagement between the department and PPMC to understand Treasury's role when assessing vacancies
- Engage Office of the Premier in finalising HR transversal policies
- Implementation of the 2019/20 recruitment plan
- Set criteria for bursary allocations above NSFAS free education admission criteria
- Monitor Service Level Agreement with SITA
- Motivate for the fast tracking of Invoice Tracking System

## **1.1.2 PROGRAMME 2: SUSTAINABLE RESOUCCE MANAGEMENT**

### **1.1.2.1 Fiscal Development**

The volatile nature of interest earned on bank balances by Provincial Treasury requires stern measures in increasing Provincial Own Revenue to augment the increasing needs of citizens. Revenue Enhancement Bilateral Meetings are held on quarterly basis to identify projects that could contribute to increase in Provincial Own Revenue. Transport; Health and LEDET are potential revenue generating departments through Revenue Enhancement Allocation. DPWR&I remains a challenge in optimally collecting for house rentals fees from tenants. DPWR&I was advised to enter into SLA's with implementing collection agencies (Departments) to enhance property rental collection.

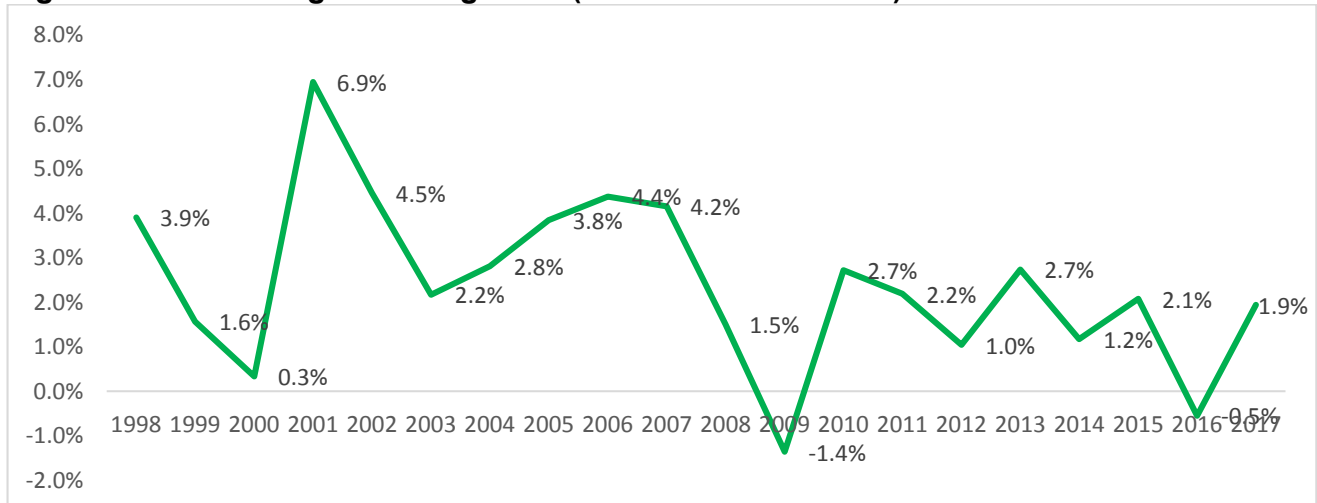
### 1.1.2.2 Macro-Economic Analysis

The difficult economic conditions on national and provincial levels are being analyzed. The economic bulletin highlighted the importance of the informal sector in addressing the challenge of unemployment and further highlights the importance of climate change. The tight fiscal situation on national level is expected to continue with negative consequences for the provincial budget allocation.

#### Limpopo Economy

The growth performance of the Limpopo economy is very important to determine the potential to address the triple challenge of unemployment, poverty and inequality. According to IHS Markit, the Limpopo's economy grew by 1.9 percent in 2017 compared to -0.6 percent in 2016. The growth performance of the Province is still heavily dependent on the mining industry.

**Figure 5: GDP Average annual growth (Constant 2010 Prices)**



IHS Markit Regional eXplorer version 1479

Much of the growth was propelled by Sekhukhune and Waterberg district of which the performance emanates from the primary sector (Mining and Agriculture). In 2016, all districts experienced economic contraction except Capricorn that recorded positive growth of 1.2 percent mainly because of growth in the Finance sector while the growth in the district in 2017 can be attributed to growth in the Agricultural sector.



**Table 1: GDP Average annual growth (Constant 2010 Prices) by Districts**

Years	2013	2014	2015	2016	2017
Mopani	2.8%	0.8%	1.4%	-1.6%	1.3%
Vhembe	1.9%	1.4%	0.9%	-0.1%	1.5%
Capricorn	2.7%	2.4%	2.4%	1.2%	1.3%
Waterberg	3.4%	0.4%	3.5%	-1.6%	2.4%
Sekhukhune	2.9%	0.1%	1.7%	-1.7%	4.3%

IHS Markit Regional eXplorer version 1479

Given the above economic outlook, it is important that all efforts should be exerted to ensure that the provincial economy reach higher levels of economic growth since this is a pre-requisite to address the challenges of unemployment and poverty. It is also important that the inclusive growth takes place to ensure that all citizens benefits from the expected improvement in economic growth. Furthermore, it is important that all spheres of government embrace fiscal discipline that will translate into government deriving value for money.

#### **1.1.1.3 Budget Management**

The department provides support to departments and public entities in order to ensure tabling of a credible budget, however; departments and public entities submit incomplete budget submissions and this hinders the credibility of the budget. First and second Draft budgets are analysed for credibility and feedback is given to departments to improve the final budget submissions. Provincial Equitable Shares decreases year on year against the increasing cost for goods and services (budget reduction versus expenditure growth). There is a challenge of inability of Public Entities (3D) to self-sustain resulting in reliant on Provincial Grants. Departments and entities are assisted to explore other revenue sources in order to be financially self-sustainable.

#### **1.1.1.4 Public Finance Management**

Provincial Treasury monitors and supports departments and entities to ensure that spending is in line with set targets through quarterly bilateral meetings that are held to determine areas of focus which requires close monitoring and support to institutions to improve service delivery. Site visits are also conducted to monitor the economic use of financial resources. The performance of departments in terms of infrastructure plans, IRM and IYM alignment, and reporting still remain a challenge. The capacity of departments to deliver infrastructure is at various levels and the GTAC Phase one (1) support has been used to leverage the non-performance grants departments. The proposed Infrastructure Strategic Planning Hub

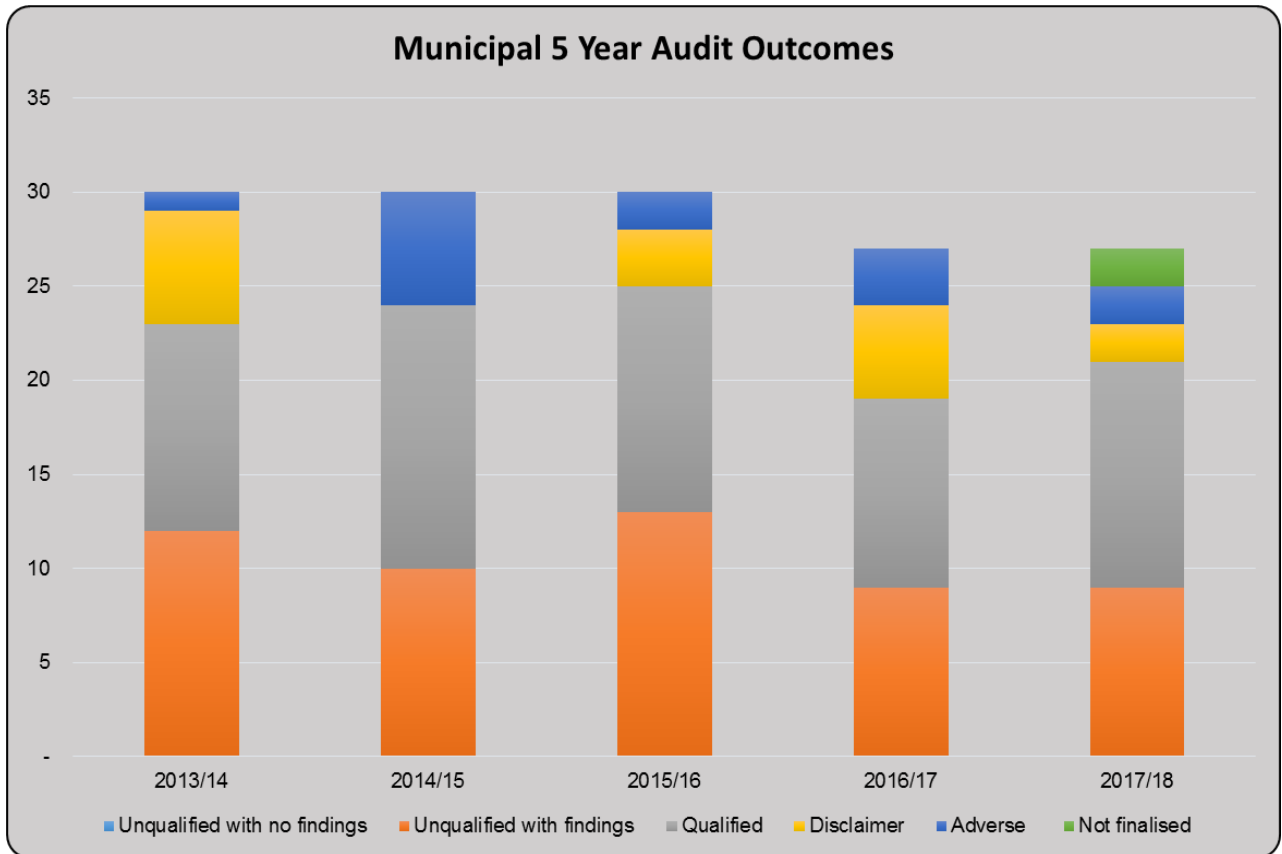
Operationalisation model will sustain the capacity beyond GTAC support. The Provincial Treasury designed the GTAC Phase two (2) support programme to Local Government (LG) to optimise Municipal Infrastructure Grant (MIG) performance. The Department of Cooperative Governance Human Settlement and Traditional Affairs and municipalities including Sekhukhune, Thulamela, Vhembe, Mopani, Polokwane, Capricorn and Ba-Phalaborwa municipalities are participating and provided with requisite management and technical support in order that MIG is spent efficiently and effectively.

#### 1.1.1.5 Municipal Finance

There was a regression of audit outcomes from 2016/17 to 2017/18 from 10 to 9 municipalities in the 2017/18 financial year. The audit outcome performance of the three municipal entities has remained at unqualified audit opinions for 2015/16, 2016/17 and 2017/18 financial years, which shows consistent acceptable performance by these entities. Twelve (12) municipalities were identified to have made illegal investments with a mutual bank which poses a financial risk to the municipalities. The Provincial Executive took a decision to put Modimolle-Mookgophong and Fetakgomo-Tubatse municipalities under administration due to sustained financial and governance failures. A cash flow analysis of municipalities revealed that 10 municipalities are at a risk of immediate cash flow crisis should they not receive their funding from National Treasury. The major cause of these challenges is lack of consequence management, non-compliance with laws and regulations and high turnover rate in management positions and ineffective governance structures.

#### Five (5) Year analysis of Municipal Audit Outcomes

<b>Audit Outcome</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Unqualified with no findings	-	-	-	-	
Unqualified with findings	12	10	13	9	9
Qualified	11	14	12	10	12
Disclaimer	6	-	3	5	2
Adverse	1	6	2	3	2
Not finalised	-	-	-	-	2
<b>Total</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>27</b>	<b>27</b>



### 2019/20 Planned interventions to address challenges

- Conduct quarterly detailed cash flow analysis for provincial departments, public entities and municipalities.
- Develop an agile response team model to assist municipalities within a short turnaround time when the need arises.
- Finalisation of the MOU between CoGHSTA and LPT alternatively, formalise a process of joint planning, execution and reporting between CoGHSTA and LPT
- Appointment of staff in key vacancies

### 1.1.3 PROGRAMME 3: ASSET, LIABILITIES AND SCM

#### 1.1.3.1 Provincial Asset Management

There are currently six (6) provincial departments (DoT, LPT, CoGHSTA, OtP and DCS) out of twelve (12) that are complying with Asset Management prescripts at 90% and above rate, two provincial departments (DoE and LEDET) are complying between 80% and 90% whereas the rest of the departments are below 80% compliance rate.

Asset Management assessment reports findings indicates that challenges leading to high rate of non – compliance in departments and public entities includes among other things; inability to complete verification in time, emerging R1.00 assets that are not evaluated, disposal of assets in the system that are still in existence and lack of capacity (skills and personnel) in departments and public entities

### **2019/20 Planned interventions to address challenges**

- Establishment of departmental forums especially in identified departments and public entities
- Provincial Treasury to improve on support mechanisms to identified departments and public entities

#### **1.1.3.2 Banking and Cash Management**

Two (2) provincial departments (LEDET and LPT) out of thirteen (13) are currently complying with Banking and Cash Management prescripts at a compliance rate of 90% and above, two provincial departments (DoT and CoGHSTA) are complying at the rate between 80% and 90% whereas the rest of the departments are below 80% compliance rate.

Banking and Cash Management assessment reports findings indicates that challenges leading to high rate of non – compliance in departments and public entities includes among other things; growing level of claims against state, departments allowing debtors' books to grow with less effort to create, collect and prevent occurrence of debts, ill-disciplined departments could easily overspend and overdraw draw accounts without following due processes.

### **2019/20 Planned interventions to address challenges**

- Regular bilateral sessions with departments on Banking and Cash management issues

#### **1.1.3.3 Provincial Supply Chain Management**

Limpopo Provincial Treasury is the only department out of twelve (12) that was complying with SCM prescripts at 90% and above rate and two Provincial Departments (DoT and CoGHSTA) are complying at the rate between 80% and 90% whereas the rest of the departments are below 80% compliance rate.

Supply Chain Management assessment reports findings indicates that challenges leading to high rate of non – compliance in departments and public entities includes among other things;

non adherence to Procurement Plans, inadequate Market Research, non-compliance to SCM and Contract Management Frameworks, poor records management, awards to suppliers in the service of the state, employees doing business without prior approvals as well as non-disclosure on Irregular Expenditure.

The department noted the AGSA's 2017/18 audit outcomes on unauthorised expenditure amounting to R 193, 1m, irregular expenditure amounting to R 2 508, 27m, and fruitless and wasteful expenditure amounting to R 215, 035m for the Limpopo provincial departments and public entities. A performance indicator numbered three (3) under programme three (3) (Asset and Liabilities Management) will be implemented to minimise these unwanted expenditures and reduce future findings.

### **Planned interventions to address challenges**

- Structured and targeted SCM and Strategic Sourcing Training

## **1.1.4 PROGRAMME 4: FINANCIAL GOVERNANCE**

### **1.1.4.1 AG audit outcomes**

#### **(a) AG outcomes for provincial departments**

The role of Limpopo Provincial Treasury in supporting and monitoring provincial departments, public entities and municipalities will ensure improved management of financial resources and good governance in the province.

The current status of the province's financial management position in relation to audit outcomes is represented in the information that follows.

## Audit Outcomes for votes

Vote No	DEPARTMENT	2013/14	2014/15	2015/16	2016/17	2017/18	TREND
1	Premier	UQ	CL	UQ	UQ	UQ	↔
2	Legislature	UQ	UQ	UQ	UQ	UQ	↔
3	Education	D	D	D	Q	Q	↔
4	Agriculture & Rural Development	Q	UQ	UQ	Q	UQ	↑
5	Treasury	UQ	UQ	UQ	CL	CL	↔
6	Economic Development	Q	UQ	Q	Q	Q	↔
7	Health	Q	UQ	Q	Q	Q	↔
8	Transport	UQ	UQ	UQ	UQ	UQ	↔
9	Public Works, Roads & Infr	Q	Q	Q	Q	Q	↔
10	Community Safety	UQ	UQ	UQ	UQ	UQ	↔
11	Co-Operative Governance, Housing Settlements & Traditional Affairs	UQ	UQ	UQ	Q	UQ	↑
12	Social Development	Q	UQ	UQ	UQ	UQ	↔
13	Sport, Arts & Culture	Q	Q	Q	Q	Q	↔

The support provided by Provincial Treasury in 2017/18 resulted in improvement by two (2) votes, which is DARD and CoGHSTA that moved from Qualified Audit opinion in 2016/17 to Unqualified Audit opinion in 2017/18. There is still a need for continuous monitoring and support to ensure that these trends are improved and sustained. This Annual Performance Plan has taken these factors into consideration in determining our priorities, hence the performance indicator that measures number of assessment reports on AG Action Plan has been continued in the 2019/20 APP.

### (b) AG outcomes for public entities

No	PUBLIC ENTITY	2013/14	2014/15	2015/16	2016/17	2017/18	TREND
1	Limpopo Economic Development Agency (LEDA)	UQ	UQ	UQ	Q	Q	↔
2	Limpopo Tourism Agency	Q	Q	Q	UQ	UQ	↔
3	Limpopo Gambling Board	UQ	UQ	UQ	CL	UQ	↓
4	Roads Agency Limpopo (RAL)	A	A	Q	UQ	UQ	↔
5	Gateway Airport Authority Limited (GAAL)	D	Q	Q	UQ	Q	↓

There is significant regression in audit outcome performance of public entities where two (2) public entities regressed from 2016/17 to 2017/18. Limpopo Gambling Board moved from Clean Audit to unqualified and Gateway Airport Authority Limited moved from Unqualified Audit to Qualified Audit.

The other three public entities (Limpopo Economic Development Agency, Roads Agency Limpopo and Limpopo Tourism Agency maintained the 2016/17 Audit Outcomes. The department will continue to provide support to these public entities so that they can maintain the commendable performance achieved in 2017/18 and improve the audit opinion of LEDA and GAAL.

### (c) Reflection on 30 days payment (Apr – Dec 2018)

Count of INVOICE AMOUNT Row Labels	Column Labels					Grand Total	Paid in excess of 30 days	Compliance rate %
	0 - 30	31 - 60	61 - 90	91 - 120	> 120			
LP: AGRICULTURE & RURAL DEVELOPM	13 062	82	4	2	1	13 151	89	99,32%
LP: COMMUNITY SAFETY	1 317	2				1 319	2	99,85%
LP: CO-OP GOV;HUM SET; TRAD AFF	10 363	605	37	5	4	11 014	651	94,09%
LP: ECON DEV; ENVIRONM & TOURISM	8 879	4	1			8 884	5	99,94%
LP: EDUCATION	31 296	1 739	210	88	203	33 536	2 240	93,32%
LP: HEALTH	38 155	11 288	3 177	1 918	1 381	55 919	17 764	68,23%
LP: OFFICE OF THE PREMIER	3 648					3 648	0	100%
LP: PROVINCIAL TREASURY	2 570					2 570	0	100%
LP: PUBLIC WORKS;ROADS & INFRAST	28 047	525	22	3	6	28 603	556	98,06%
LP: SOCIAL DEVELOPMENT	16 776	68	4		1	16 849	73	99,57%
LP: SPORT;ARTS & CULTURE	4 336	26	13	2	2	4 379	43	99,02%
LP: TRANSPORT	3 411	52		2		3 465	54	98,44%
<b>Grand Total</b>	<b>161 860</b>	<b>14 391</b>	<b>3 468</b>	<b>2 020</b>	<b>1 598</b>	<b>183 337</b>	<b>21 477</b>	
	<b>88,29%</b>	<b>7,85%</b>	<b>1,89%</b>	<b>1,10%</b>	<b>0,87%</b>	<b>100%</b>	<b>11,71%</b>	

Eleven (11) out of twelve (12) departments were paying all received invoices within 30 days at a compliance rate above 90% as at end of 3<sup>rd</sup> quarter of 2018/19 and one department (Health) is performing at 68.23% on payment of supplier invoices. Only two departments (OtP and LPT) are performing at 100% rate with regards to payment of suppliers within 30 days. Limpopo Provincial Treasury will continue to monitor performance of departments with regards to payment of supplier invoices within 30 days by including the performance indicator on 30 days' payment in the 2019/20 APP and monitor it on monthly basis instead of quarterly basis as it was in 2018/19 APP.

### Challenges in the Performance Delivery Environment

- Material misstatements in financial statements not identified (negative audits) due to:-
  - Non/late submission by clients especially in Public Entities
  - Incomplete IFS
  - Suspense accounts not cleared timely
  - Key officials not attending reviews of FS
- PRF financial statements not up to date
- Lack of / poor IT infrastructure in districts that results in cancellation of planned courses

- Inadequate trainers that lead to poor training outcomes
- Inappropriate use of systems as a result of non – attendance of forum meetings by system controllers
- Inability to focus on planned projects during the financial year due to adhoc requests for implementation of systems.
- SITA Technical Skill Dependency

### **2019/20 Planned interventions to address challenges**

- Upgrading of IT infrastructure in districts
- Establishment of Financial Accounting and Reporting Forum (FARF)
- Regular reporting to CFO's Forum for support and intervention.
- Engage SITA to make provision for provincial projects in their plans in terms of resources and plans.

#### **1.1.5 PROGRAMME 5: Limpopo Provincial Internal Audit Services**

Limpopo Provincial Internal Audit Services managed to conduct 92% of the planned audits in provincial departments, however, challenges that lead to 8% of planned audits not completed are amongst others; inadequate availability of clients and information resulting in delays to finalise audit projects timeously as well as the project management of audits that is compromised because of the imbalance in the span of control.

Late or non-submission of risk assessments reports of Client Departments lead to delays in finalisation of audit plans. It was also discovered during development of 2018/19 Audit Plans that varying maturity (competency) levels of risk profiles results in increased audit risk and LSIAS end up auditing that which is not priority and that there is inadequate knowledge of staff members regarding the IIA Standards which may result in inconsistent Internal Audit processes and practices.



### **2019/20 Planned interventions to address challenges**

- Develop a Quality Assurance and Improvement Policy and communicated to all Internal Audit staff
- Review organisational structure to optimize functionality of Internal Audit function
- Develop a Combined Assurance Map for the planning of assurance subject areas contained in the assurance universe and collaborate with relevant assurance providers.

The department will develop the action plan on planned interventions per branch that will be implemented over the medium term. Implementation of this action plan will be monitored in Executive Management meetings.

## 1.2 Organisational environment

Limpopo Provincial Treasury has secured concurrence and approval of the organisational structure from the Department of Public Service and Administration. The Department has embarked on the migration process to implement the approved organisational structure which will result into placement of employees on the approved structure.

The approved organisational structure will positively impact on the organisational environment. The number of posts have been reduced from 673 to 538 which translates to a Compensation of Employee reduction from R 363 362 746.00 to R 310 683 248.00 and will result into a saving of R 52 679 498.00. All posts on the structure will be subjected to job evaluation and which translated to aligned and revised job descriptions. The Department has also ensured that employees are placed appropriately aligning placement to employee competencies, qualifications and skills.

The Department had introduced a turnaround strategy on performance management in the department. The turnaround strategy has improved the overall compliance and submission statistics. The submission rate stands at 90% which means that employees have contracted on their performance, they are being assessed both for mid-term and annual performance and performance is being rewarded.

The Department conducted a climate survey to determine the satisfaction levels of employees and based on the outcomes developed an action plan to address areas of concern. Overall, the outcomes confirmed a high satisfaction level amongst employees and that employees are content with institutional governance and foresee a brighter future with the departments.

Eleven (11) Senior management officials were enrolled with the Wits School of Governance in August 2018 and a further twelve (12) Senior Management officials were enrolled in a new intake upskilling from Programme and Project Management, Public Finance, Leadership and Risk Management programmes.

The core business units of the department continue to deliver on the three key services which are to support and monitor departments to improve on their expenditure, support municipalities to improve audit outcomes for 27 municipalities and manage payment of invoices within 30 days for the 12 departments. The three key services are monitored regularly where a service delivery improvement plan has been developed and is regularly monitored through reports and presentations submitted to EXCOM.

## **2 REVISIONS TO LEGISLATIVE AND OTHER MANDATES**

The Legislative and other mandates were not revised.

## 3 OVERVIEW OF 2019/20 BUDGET AND MTEF ESTIMATES

### 3.1 Expenditure Estimate

#### Departmental Summary

Provincial Treasury's Annual Performance Plan will continue to be implemented to ensure achievement of strategic objectives as outlined in the Strategic Plan for each budget programme. The outputs and outcomes outlined in the Annual Performance Plan will continue to be implemented even in 2019/20 Annual Performance Plan except for the following minor changes in programme 4:

- The assessment reports on implementation of AG Action Plan by votes and public entities will only be done for the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters in 2019/20 instead of all the quarters as it is in 2018/19 APP because there will be no AG actions plans to assess in the 1<sup>st</sup> quarter of 2019/20 as AG will be busy with the audit of 2018/19 financial year.
- Implementation of LOGIS will no longer appear on the 2019/20 APP as the system has been rolled out in all provincial departments, however, the department will be rolling out implementation of invoice tracking system and Leave Management System.
- The department will conduct assessment implementation of Provincial Risk Profile and feedback provided to the HOD's forum twice per year in 2019/20 instead of three times per year in 2018/19 to align to the terms of reference of the Provincial Risk Profile.

#### Key assumptions

Some of the main assumptions underpinning the 2019/20 MTEF budget are as follows:

- Consumer Price Index (CPI) of 5.3 per cent in 2019/20, 5.5 per cent in 2020/21 and 5.5 per cent in 2021/22.
- Compensation of Employees (CoE) – The department factored in Improvement in conditions of service (ICS) for employees as agreed with labour unions at level 1-7 CPI plus 1 per cent, level 8-10 at CPI plus 0.5 per cent while level 11-12 will be the determined CPI.
- Provision of 1.0 per cent is set aside for staff development in terms of National Skill Development Act.
- Pay progression which is not more than 2 per cent of the wage bill of the department as well as performance bonus equivalent to 1.5 per cent has been set aside for 2019/20 financial year.

**Table 5.2 (a) : Summary of payments and estimates by programme: Provincial Treasury**

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Administration	152 154	183 934	162 475	182 715	180 881	180 882	192 642	202 201	211 396
2. Sustainable Resource Managerr	50 127	94 516	87 450	97 310	88 208	88 208	104 247	111 054	117 875
3. Assets, Liabilities And Supply Cf	83 051	85 092	93 353	56 521	64 763	64 488	60 117	64 024	66 998
4. Financial Governance	43 973	42 504	43 541	91 042	94 832	94 552	104 987	111 219	116 303
5. Shared Internal Audit Services	34 417	35 106	40 741	45 262	44 166	44 179	44 848	45 661	50 072
<b>Total payments and estimates</b>	<b>363 722</b>	<b>441 152</b>	<b>427 560</b>	<b>472 850</b>	<b>472 850</b>	<b>472 309</b>	<b>506 841</b>	<b>534 159</b>	<b>562 644</b>

**Table 5.2 (b) : Summary of provincial payments and estimates by economic classification: Provincial Treasury**

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>346 850</b>	<b>399 010</b>	<b>393 701</b>	<b>454 613</b>	<b>452 845</b>	<b>452 066</b>	<b>495 620</b>	<b>521 282</b>	<b>549 170</b>
Compensation of employees	235 895	259 219	279 640	310 658	292 357	291 818	322 089	340 096	361 309
Goods and services	110 955	139 791	114 061	143 955	160 488	160 248	173 531	181 186	187 861
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>8 668</b>	<b>8 617</b>	<b>7 111</b>	<b>7 301</b>	<b>9 056</b>	<b>9 295</b>	<b>6 528</b>	<b>7 878</b>	<b>8 251</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and acco	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and intern	-	-	-	-	-	-	-	-	-
Public corporations and private	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	8 668	8 617	7 111	7 301	9 056	9 295	6 528	7 878	8 251
<b>Payments for capital assets</b>	<b>7 845</b>	<b>8 494</b>	<b>6 730</b>	<b>10 936</b>	<b>10 936</b>	<b>10 935</b>	<b>4 693</b>	<b>4 999</b>	<b>5 223</b>
Buildings and other fixed structu	-	-	-	-	-	-	-	-	-
Machinery and equipment	7 845	7 536	6 730	10 936	10 936	10 935	4 693	4 999	5 223
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible as	-	958	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>359</b>	<b>25 031</b>	<b>20 018</b>	<b>-</b>	<b>13</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>363 722</b>	<b>441 152</b>	<b>427 560</b>	<b>472 850</b>	<b>472 850</b>	<b>472 309</b>	<b>506 841</b>	<b>534 159</b>	<b>562 644</b>

### 3.2 Relating expenditure trends to strategic outcome oriented goals

There is an increase of 7.2 per cent from R472.9 million in 2018/19 to R506. 8 million in 2019/20 financial year. The increase is as a results of an amount allocated for Infrastructure Capacity, Municipal Intervention Capacity as well as an amount for Provincial Support Programmes.

Programme one constitutes the highest share of the budget at 38 per cent, the programme caters for centralised contractual obligations amongst others, leases of office buildings and cell phone contracts. Programme four and two constitute second biggest share of the budget at 20.7 and 20.6 per cent of the overall budget respectively. The cost drivers within the programmes are payments for SITA Services, printing of main and adjustment budget books as well as fees for Audit committee members. Programme three shares 11.9 per cent of the allocation which will mainly be used for provincial supply chain activities, printing of face value documents as well as bank charges.

Shared Internal Audit get the smallest share of the budget at 8.8 per cent and the budget will be used to pay subsistence & travel claims for Internal Audit personnel while conducting audits in provincial departments and districts offices and also to renew TeamMate software licence.

**Compensation of Employees:** The item indicates an increase of 3.7 per cent in 2019/20 financial year and it is as a result of a new departmental structure that was recently approved by Department of Public Service and Administration (DPSA) as more vacant post will be filled. Funds has been reprioritised to fund contractual obligations under Goods & Services and procurement of working tools under Payment of Capital assets.

**Goods & Services:** There is an increase of 20.5 per cent from R143.9 million in 2018/19 to R173.5 million in 2019/20. Included in the allocation is R18.9 million earmarked for Provincial Support Programmes, R9.6 million for Municipal Intervention Capacity, allocation for escalations on contractual obligations and other variable costs such as Legal Fees, GG vehicle running costs, renewal of software licences, and maintenance of software and subsistence allowance mainly for officials who are required to travel as and when they conduct their transversal unit's functions.

**Transfers & Subsidies:** The decrease of 10.6 per cent is as a result of the department reducing the number of bursary intake in the coming financial year due to limited resources, the allocated funds will mainly cover bursaries for external students in the institutions of higher learning as well as paying leave gratuities for employees who will retire in the public service during the 2019/20 financial year.

**Payment for Capital Assets:** The decrease on CAPEX of 57.1 per cent in 2019/20 financial year is due to capital assets that will be procured in 2018/19 financial year and most of those items are once off purchases.

## PART B: PROGRAMME AND SUB - PROGRAMME PLANS

### Budget Structure

Programme	Sub-programme
<b>a. Programme 1: Corporate Management Services</b>	1.1 Office of the MEC 1.2 HoD Support Services 1.3 Corporate Management Services 1.4 Enterprise Risk Management 1.5 Financial Management (Office of the CFO)
<b>b. Programme 2: Sustainable Resource Management</b>	2.1 Programme Support 2.2 Economic and Fiscal Policy Oversight 2.3 Budget and Public Finance Management 2.4 Infrastructure Management and Public Private Partnership (PPP) 2.5 Municipal Finance and Governance
<b>c. Programme 3: Assets, Liabilities and Supply Chain Management</b>	3.1 Programme Support 3.2 Assets and Liabilities Management 3.3 Provincial Supply Chain Management
<b>d. Programme 4: Financial Governance</b>	4.1 Programme Support 4.2 Accounting Services 4.3 Financial Management Information Systems 4.4 Transversal Risk Management 4.5 Governance Monitoring and Compliance
<b>e. Programme 5: Shared Internal Audit Services</b>	5.1 Programme Support 5.2 Quality Assurance and Technical Support Services 5.3 Risk-Based Auditing, Performance and Consulting Services (Cluster A) 5.4 Risk-Based Auditing and Specialised Audit Services (Cluster B)

## 4. PROGRAMMES

### 4.1 PROGRAMME 1: CORPORATE MANAGEMENT SERVICES

The purpose of the programme is to manage and monitor the implementation of corporate management services.

The programme has the following sub-programmes namely:

- MEC Support Services which is responsible for:
  - To provide support to the MEC.
  
- HOD Support Services which is responsible for:
  - To providing strategic and administrative support to the HOD.
  
- Corporate Management Services which is responsible for:
  - To Manage and monitor the implementation of corporate management services.
  
- Enterprise Risk Management which is responsible for:
  - To provide enterprise risk management services.
  
- Financial Management (Office of the CFO) which is responsible for:
  - To provide internal financial management support services.



#### 4.1.1 PROGRAMME 1 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20

Programme 1 Strategic objectives:	5 Strategic Plan Target	Audited/Actual performance			Estimated performance 2018/19	Medium-term targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Enable the Department to deliver in line with the Departmental mandate by improving management practices on HR, Strategic and Financial Management to level 4 of MPAT standards by 2019/20.								
<b>Strategic outcome oriented Goal 1: Strategic partnership that enables effective execution of the department's legislative mandate by the 4 departmental programmes.</b>								
Departmental average MPAT score.	4	3.1	3.3	3.21	3.8	4	4	4

#### 4.1.2 PROGRAMME 1 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22

Programme 1 Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
<b>Strategic Objective: Enable the Department to deliver in line with the departmental mandate by improving management practices on HR, Strategic Management and Financial Management to level 4 of MPAT standards by 2019/20.</b>							
<b>Indicators contribute towards the MTSF Outcome 12 of building an effective, efficient and development oriented public service and NDP objective 13 of Building and Capable and Developmental State as well as LDP Objective: Sound Financial and Administrative Management</b>							
1	Number of PMDS moderations finalized by moderation committees.	-	-	-	6	6	6
2	Number of risk management reports submitted to EXCOM.	-	-	-	4	4	4
3	Number of prioritised ICT projects implemented in line with ICT Plan.	3	4	2	2	1	2
4	Number of departmental quarterly performance reports produced in line with Performance Information Management Frameworks and guidelines.	-	-	-	4	4	4

Programme 1 Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
<b>5</b> Number of budget documents compiled and submitted.	4	4	4	4	4	4	
<b>6</b> Number of financial statements compiled and submitted for review by Provincial Treasury in line with the reporting framework.	4	4	4	4	4	4	
<b>7</b> % of supplier's valid invoices paid within 30 days.	100%	99.12%	100%	100%	100%	100%	
<b>8</b> Number of reconciliations done on the asset registers.	-	12	12	12	12	12	

### 4.1.3 PROGRAMME 1 QUARTERLY TARGETS FOR 2019/20

Programme 1 Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets				
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	
<b>Strategic Objective: Enable the Department to deliver in line with the departmental mandate by improving management practices on HR, Strategic Management and Financial Management to level 4 of MPAT standards by 2019/20.</b>							
1	Number of PMDS moderations finalized by moderation committees.	Bi-annually	6	3	0	3	0
2	Number of risk management reports submitted to EXCOM.	Quarterly	4	1	1	1	1
3	Number of prioritised ICT projects implemented in line with ICT Plan.	Annually	1	0	0	0	1
4	Number of departmental quarterly performance reports produced in line with Performance Information Management Frameworks and guidelines.	Quarterly	4	1	1	1	1
5	Number of budget documents compiled and submitted.	Quarterly	4	0	1	2	1
6	Number of financial statements compiled and submitted for review by Provincial Treasury in line with the reporting framework.	Quarterly	4	1	1	1	1
7	% of supplier's valid invoices paid within 30 days.	Monthly	100%	100%	100%	100%	100%
8	Number of reconciliations done on the asset registers.	Monthly	12	3	3	3	3

#### 4.1.4 RISK MANAGEMENT

Programme 1: Corporate Management Services		
Strategic objective	Strategic Risk	Mitigation
Enable the Department to deliver in line with the departmental mandate by improving management practices on HR, Strategic Management and Financial Management to level 4 of MPAT standards by 2019/20.	Disruption to business process due to disaster – natural and manmade (both predictable and non-predictable) leading to downtime of critical services.	Development and implementation of the BCP Policy. Development and implementation of the BCP Strategy.
	Communication Network due to failure ICT Infrastructure challenges leading to loss of data, communication and Service Delivery is compromised	Development and implementation of BCP Plan. Implement ICT Infrastructure improvement plans and monitoring thereof.
	Inadequate records management system due to manual records keeping leading to loss of data.	Acquire records management back-up scanner. Scanning and record keeping.

## 4.1.5 Reconciling performance targets with the Budget and MTEF

### Expenditure Estimates

Table 5.3 (b): Summary of payments and estimates by economic classification: Programme 1: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>138 776</b>	<b>170 006</b>	<b>149 785</b>	<b>165 484</b>	<b>163 331</b>	<b>163 332</b>	<b>182 347</b>	<b>190 560</b>	<b>199 938</b>
Compensation of employees	83 786	94 815	97 937	105 381	103 885	103 886	112 432	117 620	125 493
Goods and services	54 990	75 191	51 848	60 103	59 446	59 446	69 915	72 940	74 445
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>6 671</b>	<b>6 380</b>	<b>5 960</b>	<b>6 295</b>	<b>6 614</b>	<b>6 615</b>	<b>5 602</b>	<b>6 642</b>	<b>6 235</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private entities	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	6 671	6 380	5 960	6 295	6 614	6 615	5 602	6 642	6 235
<b>Payments for capital assets</b>	<b>6 632</b>	<b>7 536</b>	<b>6 730</b>	<b>10 936</b>	<b>10 936</b>	<b>10 935</b>	<b>4 693</b>	<b>4 999</b>	<b>5 223</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	6 632	7 536	6 730	10 936	10 936	10 935	4 693	4 999	5 223
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>75</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>152 154</b>	<b>183 934</b>	<b>162 475</b>	<b>182 715</b>	<b>180 881</b>	<b>180 882</b>	<b>192 642</b>	<b>202 201</b>	<b>211 396</b>

### Performance and expenditure trends

There is an overall increase of 5.4 per cent in 2019/20 as compared to 2018/19 budget allocation.

**Compensation of Employees:** There is an increase of 6.7 per cent on the programme CoE in 2019/20 financial year and this is due to the number of posts to be filled as per approved departmental structure, not forgetting Improvement of Condition of Service (ICS), performance bonuses and pay progression.

**Goods & Services:** There is an increase of 16.3 per cent from R60.1 million to R69.9 million in 2019/20 financial year. Funds are earmarked to pay for the lease of office buildings, security services, microsoft licence renewals, legal and audit fees amongst others and as well as an amount of R1.4 million for Coordination of Departmental Evaluation Plan.

**Transfers and subsidies** decrease by 11 per cent from R6.2 million in 2018/19 to R5.6 million in 2019/20. The funds are meant for paying bursaries for external students as well as leave gratuities for employees who will be within the retirement age in the 2019/20.

Payments for capital assets decrease of 57.1 in 2019/20 is as a result of once off purchases to be done in 2018/19 financial year of which the budget was allocated sufficiently and most of the purchases are once off.

## 4.2 PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

The purpose of this programme is to provide sustainable resource management services to the provincial departments and provincial public entities.

The programme comprises of the following sub-programmes:

- Economic and Fiscal Policy Oversight which is responsible for:
  - Managing the development and implementation of economic and fiscal policy framework.
  
- Budget and Public Finance Management which is responsible for:
  - Developing and managing the implementation of budget and public finance.
  
- Infrastructure Management & Private Public Partnership (PPP) is responsible for:
  - To enhance and monitor infrastructure management and PPP.
  
- Municipal Finance and Governance which is responsible for:
  - To promote sound financial management and effective governance in the local government sphere.



#### 4.2.1 PROGRAMME 2 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20

Programme Strategic Objectives 1: To achieve sustainable fiscal policy for the province during the 2015/16 to 2019/20.	2	5 Year Strategic Plan Target	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
			2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
<b>Strategic outcome oriented Goal 2: Responsive, accountable, effective and efficient provincial and local government system</b>									
% provincial annual expenditure achieved.		98%	98%	98%	98.70%	98%	98%	98%	98%
Number of departmental and public entities budget plans that are credible.		13 departme nts and 5 public entities	13 departme nts and 5 public entities	13 departme nts and 5 public entities	13 departme nts and 5 public entities	13 departme nts and 5 public entities	13 departme nts and 5 public entities	13 departme nts and 5 public entities	13 departme nts and 5 public entities
% Provincial revenue collected.		100%	104.9%	101.7%	100%	100%	100%	100%	100%
<b>Programme Strategic Objectives 2:</b> To achieve annual improvement on financial management and effective governance in 26 delegated municipalities and 3 municipal entities by 2019/20.		<b>5 Year Strategic Plan Target</b>	<b>Audited/Actual Performance</b>			<b>Estimated Performance 2018/19</b>	<b>Medium-Term Targets</b>		
			2015/16	2016/17	2017/18		2019/20	2020/21	2021/22

Number of municipalities and entities with unqualified audit opinions	26 Municipalities and 3 municipal entities	10 municipalities and 2 municipal entities	13 municipalities and 3 municipal entities	9 municipalities and 3 municipal entities	15 municipalities and 3 municipal entities	10 municipalities and 3 municipal entities	18 municipalities and 3 municipal entities	26 municipalities and 3 municipal entities
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#### 4.2.2 PROGRAMME 2 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22

Programme 2 Performance Indicators	Audited/Actual Performance		Estimated Performance 2018/19	Medium-Term Targets		
	2015/16	2016/17		2019/20	2020/21	2021/22
<b>Strategic Objective 1: To achieve sustainable fiscal policy for the province during the 2015/16 to 2019/20.</b>						
<b>Indicators contribute towards MTSF Outcome 9 and National Development Plan objective 13: Building a capable developmental state as well as LDP Objectives: Sound Financial and Administrative; and Increase the number of unqualified audit opinions in departments, public entities and municipalities</b>						
1	Number of Research documents produced to align the Provincial Fiscal Policy	7	7	7	7	7
2	Number of revenue assessments conducted to ensure collection of set target.	New Indicator	New Indicator	New Indicator	4	4
3	Number of budget documents tabled in line with the set standards and National Treasury guidelines.	2	2	2	2	2

Programme 2 Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
4 Number of consolidated provincial in year monitoring reports produced in line section 32 of PFMA.	12	12	-	12	12	12	12
<b>Indicators 5 contributes towards the MTSF Outcome 6 and National Development Plan objective number 4: Economic Infrastructure as well as LDP focus area on Infrastructure Development</b>							
5 Number of Infrastructure Reporting Model assessments conducted.	New Indicator	New Indicator	New Indicator	108	108	108	108
<b>Strategic Objective 2: To achieve annual improvement on financial management and effective governance in 26 delegated municipalities and 3 municipal entities by 2019/20.</b>							
<b>Indicator 7 contributes towards MTSF Outcome 9 and National Development Plan objective 13: Building a capable developmental state</b>							
6 Number of infrastructure assessments conducted on support to local government to optimise MIG performance.	New Indicator	New Indicator	New Indicator	New Indicator	4	4	4
7 Number of Municipal budget assessments conducted	New Indicator	New Indicator	New Indicator	26	26	26	26

Programme 2 Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
8	New Indicator	New Indicator	New Indicator	New Indicator	78	78	78

#### 4.2.3 PROGRAMME 2 QUARTERLY TARGETS FOR 2019/20

Programme 2 Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>Strategic Objective 1: To achieve sustainable fiscal policy for the province during the 2015/16 to 2019/20.</b>						
1	Quarterly	7	1	1	2	3
2	Quarterly	4	1	1	1	1
3	Quarterly	2	0	0	1	1

Programme 2 Performance Indicators		Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
4	Number of consolidated provincial in year monitoring reports produced in line section 32 of PFMA.	Monthly	12	3	3	3	3
5	Number of Infrastructure Reporting Model assessments conducted.	Quarterly	108	27	27	27	27
<b>Strategic Objective 2: To achieve annual improvement on financial management and effective governance in 26 delegated municipalities and 3 municipal entities by 2019/20.</b>							
6	Number of infrastructure assessments conducted on support to local government to optimise MIG performance.	Quarterly	4	1	1	1	1
7	Number of Municipal budget assessments conducted	Annually	26	26	0	0	0
8	Number of municipal financial management assessments conducted	Quarterly	78	0	26	26	26

#### 4.2.4 RISK MANAGEMENT

Programme 2: Sustainable Resource Management		
Strategic objectives	Strategic Risk	Mitigation
To achieve sustainable fiscal policy for the province during the 2015/16 to 2019/20.	<p>Financing of uncoordinated infrastructure plans in the province due to inadequate capacity to deliver infrastructure projects in the province, non-alignment of budget to LDP targets and high rates of infrastructure projects (inflated cost price) leading to compromised service delivery and slow economic growth.</p> <p>Low initiative on PPP model from departments, public entities and municipalities due to capacity constrain leading to limited implementation of PPP projects.</p>	<p>Implementation of the infrastructure hub.</p> <p>Capacitate provincial infrastructure Unit.</p> <p>Enforcement of alignment of LDP targets to budget and monitoring thereof.</p> <p>Development and implementation of market analysis framework.</p> <p>Capacitate PPP directorate.</p> <p>Implementation of PPP manual.</p> <p>Awareness to departments and municipalities.</p> <p>Treasury to encourage departments to appoint dedicated PPP champions.</p>
To achieve annual improvement on financial management and effective governance in 26 delegated municipalities and 3 municipal entities by 2019/20.	Financially unsustainable municipalities due to inadequate financial management, inadequate capacity to generate revenue, inadequate built environment skills, ineffective financial management in municipalities, inadequate human resources in CFOs offices, non-compliance to laws and regulations and ineffective governance structures leading to collapse of financial management systems.	<p>Monitor the appointment of skilled officials in the municipalities.</p> <p>Develop Municipal Infrastructure support strategy.</p> <p>Customization of Revenue Enhancement Strategy.</p> <p>Enhance capacity-building strategies.</p>

## 4.2.5 Reconciling performance targets with the Budget and MTEF

### Expenditure Estimates

Table 5.4 (b) : Summary of payments and estimates by economic classification: Programme 2: Sustainable Resource Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>49 277</b>	<b>69 446</b>	<b>67 126</b>	<b>96 504</b>	<b>88 065</b>	<b>87 827</b>	<b>103 956</b>	<b>110 453</b>	<b>117 241</b>
Compensation of employees	44 640	50 819	54 599	64 782	56 782	56 752	68 438	73 114	78 149
Goods and services	4 637	18 627	12 527	31 722	31 283	31 075	35 518	37 339	39 092
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>686</b>	<b>90</b>	<b>324</b>	<b>806</b>	<b>143</b>	<b>381</b>	<b>291</b>	<b>601</b>	<b>634</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and acc	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and intern	-	-	-	-	-	-	-	-	-
Public corporations and private	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	686	90	324	806	143	381	291	601	634
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings and other fixed structu	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible as	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>164</b>	<b>24 980</b>	<b>20 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>50 127</b>	<b>94 516</b>	<b>87 450</b>	<b>97 310</b>	<b>88 208</b>	<b>88 208</b>	<b>104 247</b>	<b>111 054</b>	<b>117 875</b>

### Performance and expenditure trends

The budget for Sustainable Resource Management increase by 7.1 per cent from R97.3 million in 2018/19 main appropriation to R104.2 million in 2019/20 and this is due to allocations for Infrastructure Capacity, Municipal Intervention Capacity and Provincial Support Programmes.

**Compensation of Employees:** There is an increase of 5.6 per cent from R64.7 million in 2018/19 to R68.4 million in 2019/20 and this is due to an amount of R5 million allocated for Infrastructure Capacity.

**Goods and Services:** There is an increase of 11.9 per cent on goods & services and this include an amount of R9.6 for Municipal Intervention Capacity and R18.9 for Provincial Support Programmes. The remainder of the budget will mainly be spent on printing of budget books as well as travelling and accommodation costs for municipal finance sub-programme.

**Transfers and subsidies:** The allocation for households is decreasing by 63.9 and it will mainly cater for leave gratuities of those employees who will be reaching retirement age in the 2019/20 financial year. The amount is determined by the number of employees together with years of service for those employees, so in one year it will increase while on the other there will be a decrease.



### **4.3 PROGRAMME 3: ASSETS, LIABILITIES AND SUPPLY CHAIN MANAGEMENT**

The purpose of the programme is to oversee the management of assets, liabilities and supply chain management to provincial departments and public entities.

The programme is comprised of the following sub-programmes:

- Asset and Liabilities Management which is responsible for:
  - To monitor and support the effective management of assets and liabilities.
  
- Provincial Supply Chain Management which is responsible for:
  - To monitor and support the effective implementation of the SCM framework, transversal contracts and SCM client support for provincial departments and public entities.

#### 4.3.1 PROGRAMME 3 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20

Programme 3 Strategic Objectives:	5 Year Strategic Plan Target	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
To provide policy direction and support to 13 votes and 5 public entities on Assets, Liabilities and Supply Chain Management to ensure improvement of audit outcomes by 2019/20.								
<b>Strategic outcome oriented Goal 2: Responsive, accountable, effective and efficient provincial and local government system</b>								
<b>Goal and Objective contributes to the MTSF Outcome 12 and NDP objective 13 of building an efficient, effective and development oriented public service as well as LDP focus area of Building a Developmental State.</b>								
Number of Votes and Public Entities complying with Assets management prescripts.	12 votes and 5 public entities.	8 votes and 4 public entities.	12 votes and 5 public entities.	12 votes and 5 public entities.	12 votes and 5 public entities.	12 votes and 5 public entities.	12 votes and 5 public entities.	12 votes and 5 public entities.
Number of Votes and Public Entities complying with Cash Management prescripts.	13 votes and 5 public entities.	12 votes and 5 public entities.	13 votes and 5 public entities.	13 votes and 5 public entities.	13 votes and 5 public entities.	13 votes and 5 public entities.	13 votes and 5 public entities.	13 votes and 5 public entities.
Number of Votes and Public Entities complying with SCM prescripts.	12 votes and 5 public entities.	Zero (0) vote and Zero (0) public entity.	12 votes and 5 public entities.	12 votes and 5 public entities.	12 votes and 5 public entities.	12 votes and 5 public entities.	12 votes and 5 public entities.	12 votes and 5 public entities.

#### 4.3.2 PROGRAMME 3 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22

Programme 3 Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
<b>Strategic objective: To provide policy direction and support to 13 votes and 5 public entities on Assets, Liabilities and Supply Chain Management to ensure improvement of audit outcomes by 2019/20.</b>							
<b>Indicators contributes to the MTSF Outcome 12 and NDP objective 13 of building an efficient, effective and development oriented public service as well as LDP focus area of Building a Developmental State</b>							
<b>1</b>	Number of asset management assessments conducted to votes and public entities.	New Indicator	New Indicator	New Indicator	68	68	68
<b>2</b>	Number of cash management assessments conducted to votes and public entities.	New Indicator	New Indicator	New Indicator	72	72	72
<b>3</b>	Number of SCM compliance assessments conducted to votes and public entities.	New Indicator	New Indicator	New Indicator	68	68	68
<b>4</b>	Number of contract management assessments conducted to votes and public entities.	New Indicator	New Indicator	New Indicator	68	68	68
<b>5</b>	Number of assessments conducted on strategic procurement targets of Votes and public entities.	New Indicator	New Indicator	New Indicator	68	68	68

#### 4.3.3 PROGRAMME 3 QUARTERLY TARGETS FOR 2019/20

Programme 3 Performance indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>Strategic objective: To provide policy direction and support to 13 votes and 5 public entities on Assets, Liabilities and Supply Chain Management to ensure improvement of audit outcomes by 2019/20.</b>						
<b>1</b> Number of asset management assessments conducted to votes and public entities.	Quarterly	68	17	17	17	17
<b>2</b> Number of cash management assessments conducted to votes and public entities.	Quarterly	72	18	18	18	18
<b>3</b> Number of SCM compliance assessments conducted to votes and public entities	Quarterly	68	17	17	17	17
<b>4</b> Number of contract management assessments conducted to votes and public entities	Quarterly	68	17	17	17	17
<b>5</b> Number of assessments conducted on strategic procurement targets of Votes and public entities.	Quarterly	68	17	17	17	17

#### 4.3.4 RISK MANAGEMENT

Programme 3: Assets, Liabilities, Financial Systems and Supply Chain Management		
STRATEGIC OBJECTIVE (S)	STRATEGIC RISK	MITIGATION
To provide policy direction and support to 13 votes and 5 public entities on Assets, Liabilities and Supply Chain Management to ensure improvement of audit outcomes by 2019/20.	Non-compliance to SCM prescripts by public institutions due to unethical behaviour, inadequate contract management and bid support functions and high frequency of adhoc instruction notes.	Strengthen Monitoring and Support to SCM Contract Management.  Resuscitation of CSD FOR A.  Education and awareness to line function departments and public entities.

### 4.3.5 Reconciling performance targets with the Budget and MTEF

#### Expenditure Estimates

Table 5.5 (b) : Summary of payments and estimates by economic classification: Programme 3: Assets, Liabilities And Supply Chain Management

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>81 273</b>	<b>83 979</b>	<b>93 051</b>	<b>56 321</b>	<b>63 163</b>	<b>62 888</b>	<b>60 117</b>	<b>64 024</b>	<b>66 998</b>
Compensation of employees	50 348	52 391	57 000	49 176	46 371	46 113	52 875	56 312	58 925
Goods and services	30 925	31 588	36 051	7 145	16 792	16 775	7 242	7 712	8 073
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>524</b>	<b>1 097</b>	<b>296</b>	<b>200</b>	<b>1 600</b>	<b>1 600</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and acc	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and intern	-	-	-	-	-	-	-	-	-
Public corporations and private	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	524	1 097	296	200	1 600	1 600	-	-	-
<b>Payments for capital assets</b>	<b>1 193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings and other fixed structu	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 193	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible as	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>61</b>	<b>16</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>83 051</b>	<b>85 092</b>	<b>93 353</b>	<b>56 521</b>	<b>64 763</b>	<b>64 488</b>	<b>60 117</b>	<b>64 024</b>	<b>66 998</b>

#### Performance and expenditure trends

The budget for the branch increase by 6.4 per cent from R56. 5 million in 2018/19 to R60.1 million in 2019/20.

**Compensation of Employees:** There is an increase of 7.5 per cent from R49.1 million in 2018/19 to R52.8 million in 2019/20 and this will generally cover for improvement in conditions of service as well as filling of vacant posts as per approved structure.

**Goods and Services** increase by 1.4 per cent and the funds will mainly be used to pay for provincial bank charges, face value documents and travel and accommodation costs for provincial supply chain and asset management personnel while performing their duties in the districts.

#### **4.4 PROGRAMME 4: FINANCIAL GOVERNANCE**

The purpose of the programme is to promote accountability and compliance with financial norms and standards as contained in the Public Finance Management Act.

The programme is comprised of the following sub-programmes:

- Accounting Services which is responsible for:
  - To provide support on appropriate accounting practices and to build financial management capacity.
  
- Financial Management Information Systems which is responsible for:
  - To manage the implementation and provide support of financial management information systems.
  
- Transversal Risk Management which is responsible for:
  - To monitor and provide support on the implementation of transversal risk management.
  
- Governance, Monitoring and Compliance which is responsible for:
  - To monitor and provide support on compliance with the provisions of the PFMA and prescribed norms and standards.

#### 4.4.1 PROGRAMME 4 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20

Programme 4 Strategic Objectives:	5 Year Strategic Plan Target	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
To achieve annual improvements in audit outcomes in 12 votes and 5 public entities by 2019/20.								
<b>Strategic outcome oriented Goal 2: Responsive, accountable, effective and efficient provincial and local government system</b>								
Number of votes and public entities with unqualified Audit Outcomes.	11 votes and 5 public entities	-	8 votes and 2 public entities	7 votes and 3 public entities	8 votes and 4 public entities	11 votes and 5 public entities	12 votes and 5 public entities	12 votes and 5 public entities

#### 4.4.2 PROGRAMME 4 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22

Programme 4 Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
<b>Strategic Objective: To achieve annual improvements in audit outcomes in 12 votes and 5 public entities by 2019/20.</b>								
<b>Indicators contributes to the MTSF Outcome 12 and NDP objective 13 of building an efficient, effective and development oriented public service as well as LDP focus area of Building a Developmental State.</b>								
1	Number of courses conducted on transversal systems.	104	89	111	107	107	110	119
2	Number of AG action plan assessments conducted to departments and public entities.	New Indicator	New Indicator	New Indicator	68	51	51	51
3	Number of 30 days payment assessments	New Indicator	New Indicator	New Indicator	4	12	12	12



Programme 4 Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
conducted.							
4 Number of audit committee meetings supported in votes.	97	89	65	85 (65 votes and 20 public entities).	65	65	65
5 Number of financial statement assessments conducted to departments.	New Indicator	New Indicator	New Indicator	68	48	48	48
6 Number of assessment reports on provincial risk profile issued to HOD's forum.	New Indicator	New Indicator	New Indicator	3	2	2	2
7 Number of public sector risk management framework compliance assessments conducted to departments and public entities.	New Indicator	New Indicator	New Indicator	68	68	68	68
8 Number of financial system utilization assessments conducted.	New Indicator	New Indicator	New Indicator	48	48	48	48

#### 4.4.3 PROGRAMME 4 QUARTERLY TARGETS FOR 2019/20

Programme 4 Performance Indicators		Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>Strategic Objective: To achieve annual improvements in audit outcomes in 12 votes and 5 public entities by 2019/20.</b>							
1	Number of courses conducted on transversal systems.	Quarterly	107	21	36	26	24
2	Number of AG action plan assessments conducted to departments and public entities.	Quarterly	51	0	17	17	17
3	Number of 30 days payment assessments conducted.	Quarterly	12	3	3	3	3
4	Number of audit committee meetings supported in votes.	Quarterly	65	13	26	13	13
5	Number of financial statements assessments conducted to departments	Quarterly	48	12	12	12	12
6	Number of assessment reports on provincial risk profile issued to HOD's forum.	Quarterly	2	0	1	0	1
7	Number of public sector risk management framework compliance assessments conducted to departments and public entities.	Quarterly	68	17	17	17	17
8	Number of financial system utilization assessments conducted.	Quarterly	48	12	12	12	12

#### 4.4.4 RISK MANAGEMENT

##### Programme 4: Financial Governance

Strategic Objective(s)	STRATEGIC RISK	MITIGATION
To achieve annual improvement in audit outcomes in 12 votes and 5 public entities by 2019/20.	<p>Regression in audit outcome due to ineffective governance structures in institutions, lack of understanding of relevant accounting reporting framework and lack of accountability and consequence management leading to poor service delivery, misstatement financial statement submitted and adverse audit outcome.</p> <p>Long outdated transversal policies due to poor planning and monitoring leading to service delivery is compromised.</p>	<p>Development of recruitment strategy for appointment of governance structures.</p> <p>Enforcement in the attendance of training programmes.</p> <p>Establish financial accounting and reporting technical FORA.</p> <p>Development and implementation of the Policy tracing tool and monitoring thereof.</p>

## 4.4.5 Reconciling performance targets with the Budget and MTEF

### Expenditure Estimates

Table 5.6 (b) : Summary of payments and estimates by economic classification: Programme 4: Financial Governance

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	43 366	41 224	43 541	91 042	94 133	93 840	104 352	110 584	114 921
Compensation of employees	30 417	31 407	33 231	50 736	45 832	45 567	50 088	54 223	55 872
Goods and services	12 949	9 817	10 310	40 306	48 301	48 273	54 264	56 361	59 049
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	587	322	-	-	699	699	635	635	1 382
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and acco	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and intern	-	-	-	-	-	-	-	-	-
Public corporations and private	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	587	322	-	-	699	699	635	635	1 382
<b>Payments for capital assets</b>	20	958	-	-	-	-	-	-	-
Buildings and other fixed structu	-	-	-	-	-	-	-	-	-
Machinery and equipment	20	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible as	-	958	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	13	-	-	-
<b>Total economic classification</b>	43 973	42 504	43 541	91 042	94 832	94 552	104 987	111 219	116 303

### Performance and expenditure trends

Overall allocation for the programme increase by 15.3 per cent from R91 million in 2018/19 to R104.9 million in 2019/20.

**Compensation of Employees** decrease by 1.3 per cent and this is due to realignment of the baselines which indicated that the budget was more within the branch hence the reduction.

**Goods and Services** increases by 34.6 per cent from R40.3 million in 2018/19 to R54.2 million in 2019/20 and the allocation will cater for SITA services whilst the rest of the budget will mainly be for payments of audit committee members.

## 4.5 PROGRAMME 5: SHARED INTERNAL AUDIT SERVICES

The purpose of the programme is to provide internal audit and consulting services to provincial departments and selected municipalities.

The Branch is comprised of the following sub-programmes:

- Risk-Based Auditing, Performance and Consulting Services (Cluster A) which is responsible for:
  - To provide risk-based auditing, performance and consulting services (for votes: 1,3,4,6 & 12).
  
- Risk-Based Auditing & Specialised Audit Services (Cluster B) which is responsible for:
  - To provide risk-based and specialised audit services (for votes: 5, 7,8,9,10,11 & 13).
  
- Quality Assurance and Technical Support Services which is responsible for:
  - To provide quality assurance and technical support services and monitor compliance within provincial departments.

#### 4.5.1 PROGRAMME 5 STRATEGIC OBJECTIVES ANNUAL TARGETS FOR 2019/20

Programme 5 Strategic Objectives:	5 Strategic Plan Target	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
To achieve annual improvements in audit outcomes in 12 votes and 5 public entities by 2019/20.	11 votes and 5 public entities	-	8 votes and 2 public entities	7 votes and 3 public entities	8 votes and 4 public entities	11 votes and 5 public entities	12 votes and 5 public entities	12 votes and 5 public entities
<b>Strategic outcome oriented Goal 2: Responsive, accountable, effective and efficient provincial and local government system</b>								

#### 4.5.2 PROGRAMME 5 PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20 – 2021/22

Programme 5 Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
<b>Strategic Objective: To achieve annual improvements in audit outcomes in 12 votes and 5 public entities by 2019/20.</b>							
<b>Indicators contributes to the MTSF Outcome 12 and NDP objective 13 of building an efficient, effective and development oriented public service as well as LDP focus area of Building a Developmental State.</b>							
1	Number of three-year strategic rolling and annual audit plans prepared by Provincial Internal Audits and approved by Audit Committee for the year 2020/21.	12	12	12	12	12	12
2	% of Internal Audits finalised in terms of the approved	New Indicator	New Indicator	90%	94%	97%	98%

Programme 5 Performance Indicators	Audited/Actual Performance		Estimated Performance 2018/19	Medium-Term Targets		
	2015/16	2016/17		2017/18	2019/20	2020/21
Audit Plans.						
3 Number of annual internal Quality Assurance Programme (QAIP) implementation report prepared to improve the quality of client service.	1	1	1	1	1	1

#### 4.5.3 PROGRAMME 5 QUARTERLY TARGETS FOR 2019/20

Programme 5 Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>Strategic Objective: To achieve annual improvements in audit outcomes in 12 votes and 5 public entities by 2019/20.</b>						
1 Number of three-year strategic rolling and annual audit plans prepared by Provincial Internal Audits and approved by Audit Committee for the year 2020/21.	Annually	12	0	0	0	12
2 % of Internal Audits finalised in terms of the approved Audit Plans.	Quarterly	94%	94%	94%	94%	94%
3 Number of annual internal Quality Assurance Improvement Programme (QAIP) implementation report prepared to improve the quality of	Annually	1	0	0	0	1

Programme 5 Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
client service.						

#### 4.5.4 RISK MANAGEMENT

Programme 5: Shared Internal Audit Services		
Strategic Objective(s)	STRATEGIC RISK	MITIGATION
To achieve annual improvement in audit outcomes in 12 votes and 5 public entities by 2019/20.	Regression in audit outcome due to clients' not understanding role of Internal Audit function leading to regression in AG Outcome and Good Governance.	Responsive IA Plans. Market Strategy (Brochure). COSO Framework implementation. Attendance EMC, ASC & RMC.



## 4.5.5 Reconciling performance targets with the Budget and MTEF

### Expenditure Estimates

Table 5.7 (b): Summary of payments and estimates by economic classification: Programme 5: Shared Internal Audit Services

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	34 158	34 355	40 198	45 262	44 153	44 179	44 848	45 661	50 072
Compensation of employees	26 704	29 787	36 873	40 583	39 487	39 500	38 256	38 827	42 870
Goods and services	7 454	4 568	3 325	4 679	4 666	4 679	6 592	6 834	7 202
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>200</b>	<b>728</b>	<b>531</b>	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and acc	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and intern	-	-	-	-	-	-	-	-	-
Public corporations and private	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	200	728	531	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
Buildings and other fixed structu	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible as	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>59</b>	<b>23</b>	<b>12</b>	-	13	-	-	-	-
<b>Total economic classification</b>	<b>34 417</b>	<b>35 106</b>	<b>40 741</b>	<b>45 262</b>	<b>44 166</b>	<b>44 179</b>	<b>44 848</b>	<b>45 661</b>	<b>50 072</b>

### Performance and expenditure trends

The overall budget for the branch decreased by 1 per cent from R45.2 million in 2018/19 to R44.8 million in 2019/20.

**Compensation of Employees** is decreasing by 6 per cent in 2019/20 and this is due to the realignment of the structure to be implemented in the new financial year.

Goods and services is increasing by 40.9 per cent in 2019/20 financial year and the allocation will be used mainly for renewal of TeamMate software licences, payment of subsistence & travel allowance for internal audit personnel while conducting audit in all provincial departments and their districts including selected municipalities.

## **PART C: LINKS TO OTHER PLANS**

### **5. Links to the long-term infrastructure and other capital plans**

There are no long-term infrastructure and other capital plans in the department.

### **6. Conditional grants**

The Department does not administer any conditional grants.

### **7. Public entities**

The department does not oversee any public entities.

### **8. Public-private partnerships**

The department has no public-private partnership agreements entered into.

## ANNEXURES

### ANNEXURE 1: TECHNICAL INDICATORS FOR PROGRAMME 1

#### Technical Indicator Definitions

**Strategic outcome oriented Goal 1: Strategic partnership that enables effective execution of the department's legislative mandate.**

<b>Indicator number</b>	1
<b>Indicator title</b>	Number of PMDS moderations finalized by moderation committees.
<b>Short definition</b>	Moderation assessments finalized for level 2- 12 moderation committee, SMS – level 13-14 moderation committee and departmental moderation committee and reports compiled and approved. The Moderation reports for 1 <sup>st</sup> Quarter will be for 2018/19 Annual reviews whereas 3 <sup>rd</sup> Quarter moderations will be on 2019/20 Mid – term reviews
<b>Purpose/importance</b>	To ensure departmental compliance to the PMDS Policy.
<b>Source/collection of data</b>	Performance Agreements and Performance Review Discussion, PMDS Policy and Procedures
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	Non and late submission of PIs by employees.
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-Cumulative
<b>Reporting cycle</b>	Bi-annually
<b>New indicator</b>	No
<b>Desired performance</b>	All moderations completed.
<b>Indicator responsibility</b>	Director: Employee Utilisation and Capacity Building.

<b>Indicator number</b>	<b>2</b>
<b>Indicator title</b>	Number of risk management reports submitted to EXCOM.
<b>Short definition</b>	Quarterly risk management reports discussed by Risk Management Committee and presented to EXCOM.
<b>Purpose/importance</b>	To monitor implementation of mitigations plans.
<b>Source/collection of data</b>	Progress reports by programmes, Departmental Risk Register.
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non - cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 4 risk management reports presented to EXCOM.
<b>Indicator responsibility</b>	Director: Enterprise Risk Management

<b>Indicator number</b>	<b>3</b>
<b>Indicator title</b>	Number of prioritised ICT projects implemented in line with ICT Plan
<b>Short definition</b>	Implementation of prioritized ICT projects in line with ICT Plan through completion of activities and tasks as outlined in the ICT / Operational Plan. The one project is ICT Infrastructure Refresh.
<b>Purpose/importance</b>	Implementation of prioritized ICT project in line with ICT Plan to improve management of information within the department.
<b>Source/collection of data</b>	Branches in the department, IT Steering Committee and SITA.
<b>Method of calculation</b>	Simple count.
<b>Data limitations</b>	None.
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non - cumulative
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	No
<b>Desired performance</b>	The one prioritized ICT project implemented in line with ICT Plan.
<b>Indicator responsibility</b>	Director: Information Communication Technology

<b>Indicator number</b>	<b>4</b>
<b>Indicator title</b>	Number of departmental quarterly performance reports produced in line with Performance Information Management Frameworks and guidelines.
<b>Short definition</b>	1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> and 4 <sup>th</sup> Quarterly Performance Reports that are finalized and submitted to Office of the Premier.
<b>Purpose/importance</b>	Department's compliance to the planning and performance information frameworks and to ensure that there is integrated planning and outcomes based performance monitoring for effective and efficient service delivery.
<b>Source/collection of data</b>	Strategic Plan, Annual Performance Plan, Quarterly and Annual Reports.
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 4 Quarterly Performance Reports submitted to OTP.
<b>Indicator responsibility</b>	Director: Strategic Management

<b>Indicator number</b>	<b>5</b>
<b>Indicator title</b>	Number of budget documents compiled and submitted.
<b>Short definition</b>	Four (4) Budget allocation documents (1 <sup>st</sup> , 2 <sup>nd</sup> , Adjustment and Final Budgets) submitted to Treasury
<b>Purpose/importance</b>	To indicate budget allocations to programmes in the department.
<b>Source/collection of data</b>	BAS, Vulindlela & PERSAL reports
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	4 budget documents compiled and submitted to Treasury.
<b>Indicator responsibility</b>	Director: Management Accounting

<b>Indicator number</b>	<b>6</b>
<b>Indicator title</b>	Number of financial statements compiled and submitted for review by Provincial Treasury in line with the reporting framework
<b>Short definition</b>	Four (4) of financial statements (Annual, 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> Quarter Financial Statements) compiled and submitted to Provincial Treasury in line with reporting framework.
<b>Purpose/importance</b>	To report on how the department accounts for its transactions
<b>Source/collection of data</b>	BAS, Vulindlela & PERSAL reports
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	4 sets of financial statements compiled and submitted for audit purposes
<b>Indicator responsibility</b>	Director: Financial Accounting



<b>Indicator number</b>	7
<b>Indicator title</b>	% of supplier's valid invoices paid within 30 days
<b>Short definition</b>	The performance indicator measures the total number of valid invoices paid versus received within 30 days.
<b>Purpose/importance</b>	This performance indicator indicates how effectively the department pays its supplies
<b>Source/collection of data</b>	Invoice Register and BAS Reports
<b>Method of calculation</b>	% of invoices paid = Number of invoices paid/total number of valid invoices received
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Monthly
<b>New indicator</b>	No
<b>Desired performance</b>	All valid invoices paid within 30 days
<b>Indicator responsibility</b>	Director: Financial Accounting

<b>Indicator number</b>	<b>8</b>
<b>Indicator title</b>	Number of reconciliations done on the asset registers
<b>Short definition</b>	Monthly reconciled asset and inventory registers in line with the Asset and Inventory Management Frameworks.
<b>Purpose/importance</b>	To control and safeguard state owned assets
<b>Source/collection of data</b>	LOGIS, Vulindlela, BAS and Finest
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	Unavailability of integrated SCM systems (Procurement, Asset and Inventory)
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Monthly
<b>New indicator</b>	No
<b>Desired performance</b>	Actual performance is desirable
<b>Indicator responsibility</b>	Director: Supply Chain Management

## ANNEXURE 2: TECHNICAL INDICATORS FOR PROGRAMME 2

### Technical Indicator Definitions

Strategic outcome oriented Goal 2: Responsive, accountable, effective and efficient provincial and local government system.

<b>Indicator number</b>	1
<b>Indicator title</b>	Number of Research documents produced to align the Provincial Fiscal Policy.
<b>Short definition</b>	Conduct research on Provincial Socio-Economic status to produce 1 Socio Economic Review and Outlook (SERO), 4 Quarterly Economic Bulletins (QEB), 1 Medium Term Budget Policy Statement (MTBPS) and 1 Estimated Provincial Revenue and Expenditure (EPRE) Overview
<b>Purpose/importance</b>	To ensure that Provincial resources are allocated according to the needs of the province
<b>Source/collection of data</b>	International Monetary Fund (IMF), Statistics South Africa (StatsSA), National Treasury and IHS Global Insight Company.
<b>Method of calculation</b>	Simple calculations
<b>Data limitations</b>	Most indicators are aggregated at national level
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 7 research documents produced to align the Provincial Fiscal Policy
<b>Indicator responsibility</b>	Director: Macro Economic Analysis

<b>Indicator number</b>	<b>2</b>
<b>Indicator title</b>	Number of revenue assessments conducted to ensure collection of set target
<b>Short definition</b>	Assessment conducted on progress of revenue collection by departments and public entities to ensure collection of revenue set target.
<b>Purpose/importance</b>	Ensure attainment of set target.
<b>Source/collection of data</b>	Monthly and quarterly reports from departments and budget books
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	Maximisation of provincial own revenue generation by maintaining current revenue and identification of sustainable new revenue sources/projects.
<b>Indicator responsibility</b>	Director: Fiscal Policy Analysis (Revenue)

<b>Indicator number</b>	<b>3</b>
<b>Indicator title</b>	Number of budget documents tabled in line with the set standards and National Treasury guidelines.
<b>Short definition</b>	Main Appropriation Bill and Adjustment Budget documents compiled and tabled.
<b>Purpose/importance</b>	To compile and table the Main Appropriation Bill and Adjustment Budget documents in order to improve provincial budgets credibility and alignment of budget to priorities.
<b>Source/collection of data</b>	Budget documents (Budget Statements, Appropriation Bills and Schedules, Citizen Guides, etc.)
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non- Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	Compiled and tabled Main Appropriation Bill and Adjustment Budget documents in line with the set standards
<b>Indicator responsibility</b>	Director: Budget Management

<b>Indicator number</b>	<b>4</b>
<b>Indicator title</b>	Number of consolidated provincial in year monitoring reports produced in line section 32 of PFMA.
<b>Short definition</b>	12 monthly provincial IYMs produced in line section 32 of PFMA to ensure that 13 departments spend within 100% of their allocated budgets
<b>Purpose/importance</b>	To ensure 13 departments and 5 public entities spent within 100% of their allocated budget
<b>Source/collection of data</b>	In Year Monitoring report and budget book
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Monthly
<b>New indicator</b>	No
<b>Desired performance</b>	That all 12 monthly provincial IYMs are produced for 13 departments
<b>Indicator responsibility</b>	Director: Public Finance and Data Management

<b>Indicator number</b>	<b>5</b>
<b>Indicator title</b>	Number of Infrastructure Reporting Model assessments conducted.
<b>Short definition</b>	The Performance indicator measures the number of Infrastructure Reporting Model assessments that are conducted for nine infrastructure departments (Health, Social Development, Agriculture, Public Works, Transport, CoGHSTA, Sport, Arts and Culture, LEDET and Education) and feedback provided for implementation of recommendations.
<b>Purpose/importance</b>	To ensure nine (9) infrastructure departments spent within their allocated budget and deliver infrastructure budget in line with tabled project lists.
<b>Source/collection of data</b>	Web based Infrastructure Reporting Model (IRM) and monthly ITMC reports.
<b>Method of calculation</b>	Simple Count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 108 IRM assessments conducted
<b>Indicator responsibility</b>	Director: Municipal Infrastructure Performance & Private Public Partnership (PPP)

<b>Indicator number</b>	<b>6</b>
<b>Indicator title</b>	Number of infrastructure assessments conducted on support to local government to optimise MIG performance.
<b>Short definition</b>	The performance Indicator measures the number of infrastructure assessment conducted on support to six municipalities (Sekhukhune, Thulamela, Vhembe, Mopani, Polokwane, Capricorn and Ba-Phalaborwa) to optimize MIG performance
<b>Purpose/importance</b>	To provide municipalities with the requisite management and technical capacity support so that the MIG is spent efficiently and effectively in the context of municipal infrastructure management and service delivery
<b>Source/collection of data</b>	<ul style="list-style-type: none"> <li>➢ Municipal documents</li> <li>➢ Section 71 reports</li> <li>➢ MIG reports</li> </ul>
<b>Method of calculation</b>	Simple Count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	Yes
<b>Desired performance</b>	That all 4 infrastructure assessments are conducted on support to local municipalities to optimise MIG performance
<b>Indicator responsibility</b>	Director: Municipal Infrastructure Performance & Private Public Partnership (PPP)



<b>Indicator number</b>	7
<b>Indicator title</b>	Number of Municipal budget assessments conducted
<b>Short definition</b>	Assessment conducted on municipal budget and feedback provided to municipalities for implementation of recommendations. The assessments will cover the following key issues: Credibility, Relevance and Sustainability.
<b>Purpose/importance</b>	Ensure compliance with MFMA and Municipal Budget Reporting Regulation.
<b>Source/collection of data</b>	Municipal Budget Documents.
<b>Method of calculation</b>	Simple count.
<b>Data limitations</b>	Non-submission of budget documents by municipalities.
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	That all 26 Municipal budget assessments are conducted.
<b>Indicator responsibility</b>	Chief Director: Municipal Finance and Governance.

<b>Indicator number</b>	<b>8</b>
<b>Indicator title</b>	Number of municipal financial management assessments conducted
<b>Short definition</b>	Assessment conducted on financial management and governance matters and feedback provided to municipalities for implementation of recommendations. The assessments will cover the following key issues: 2 <sup>nd</sup> Quarter will focus on financial management and governance 3 <sup>rd</sup> Quarter will focus on financial management and governance 4 <sup>th</sup> Quarter will focus on the mid-year reviews
<b>Purpose/importance</b>	Ensure compliance with MFMA.
<b>Source/collection of data</b>	Municipal Documents.
<b>Method of calculation</b>	Simple count.
<b>Data limitations</b>	Non-submission of documents by municipalities
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	That all 26 financial management assessments conducted
<b>Indicator responsibility</b>	Chief Director: Municipal Finance

### ANNEXURE 3: TECHNICAL INDICATORS FOR PROGRAMME 3

#### Technical Indicator Definitions

**Strategic outcome oriented Goal 2: Responsive, accountable, effective and efficient provincial and local government system**

<b>Indicator number</b>	<b>1</b>
<b>Indicator title</b>	Number of asset management assessments conducted to votes and public entities.
<b>Short definition</b>	Conduct Asset Management assessments through monitoring and support activities on Maintenance of assets registers, Asset verifications, Safeguarding of assets, Assets disposals and Inventory management to (12) votes and five (5) public entities and provide feedback to 12 votes and 5 public entities for implementation of LPT recommendations.
<b>Purpose/importance</b>	To ensure effective, efficient and economical Asset Management.
<b>Source/collection of data</b>	Provincial departments and public entities.
<b>Method of calculation</b>	Simple count.
<b>Data limitations</b>	None.
<b>Type of indicator</b>	Output.
<b>Calculation type</b>	Non – cumulative.
<b>Reporting cycle</b>	Quarterly.
<b>New indicator</b>	No.
<b>Desired performance</b>	All 68 assessments conducted.
<b>Indicator responsibility</b>	Director: Provincial Assets Management.

<b>Indicator number</b>	<b>2</b>
<b>Indicator title</b>	Number of cash management assessments conducted to votes and public entities.
<b>Short definition</b>	Conduct Cash Management assessments through monitoring and support activities on Cash flow management, implementation of banking contract, face value documents control, maintenance of the debts register and the clearance of debts to thirteen (13) votes and five (5) public entities. Assessment reports will be submitted to thirteen (13) votes and five (5) public entities as feedback for implementation of LPT recommendations.
<b>Purpose/importance</b>	To enhance compliance with banking and cash management prescripts.
<b>Source/collection of data</b>	Government financial systems, annual financial statements, bank statements (provincial banker and SA Reserve Bank), banking contract and SLA, budget statements, IYM, PFMA, Treasury Regulations, DoRA and National Payment Schedule.
<b>Method of calculation</b>	Simple count.
<b>Data limitations</b>	None.
<b>Type of indicator</b>	Output.
<b>Calculation type</b>	Non – cumulative.
<b>Reporting cycle</b>	Quarterly.
<b>New indicator</b>	No.
<b>Desired performance</b>	All 72 assessments conducted.
<b>Indicator responsibility</b>	Director: Banking, Cash and Liabilities Management.

<b>Indicator number</b>	<b>3</b>
<b>Indicator title</b>	Number of SCM compliance assessments conducted to votes and public entities
<b>Short definition</b>	Conduct assessments of compliance on procurement administration, management of quotations and bids to avoid deviations, irregular expenditure, fruitless and wasteful expenditure in 12 votes and 5 public entities. The assessment reports will be submitted to twelve (12) votes and five (5) public entities as feedback for implementation of LPT recommendations.
<b>Purpose/importance</b>	To increase SCM compliance with SCM prescripts.
<b>Source/collection of data</b>	Vouchers, Contracts, Bid Documents, Procurement Plans, Bid Committee Minutes and reports from Provincial Votes and public entities.
<b>Method of calculation</b>	Simple count.
<b>Data limitations</b>	None.
<b>Type of indicator</b>	Output.
<b>Calculation type</b>	Non- Cumulative.
<b>Reporting cycle</b>	Quarterly.
<b>New indicator</b>	No.
<b>Desired performance</b>	All 68 assessments conducted.
<b>Indicator responsibility</b>	Director: SCM Governance and Compliance.

<b>Indicator number</b>	<b>4</b>
<b>Indicator title</b>	Number of contract management assessments conducted to votes and public entities
<b>Short definition</b>	Conduct contract management reviews and assessment on compliance with deliverables in terms of Service Level Agreements, contract registers, records management and administration of transversal contracts by 12 votes (excluding Legislature) and five (5) public entities. The assessment reports will be submitted to twelve (12) votes and five (5) public entities as feedback for implementation of LPT recommendations.
<b>Purpose/importance</b>	To support execution of contracts by departments to avoid deviations which lead to unnecessary litigations emanating from signed Service Level Agreements.
<b>Source/collection of data</b>	Vouchers, Contracts and Reports on utilisation of contracts from Provincial Votes and Public Entities.
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 68 assessments conducted.
<b>Indicator responsibility</b>	Director: Transversal Contracts Management.

<b>Indicator number</b>	<b>5</b>
<b>Indicator title</b>	Number of assessments conducted on strategic procurement targets of Votes and Public Entities.
<b>Short definition</b>	Conduct assessment on achievement of strategic procurement targets by departments and public entities in line with Limpopo Procurement Strategy (s) The assessment reports will be submitted to twelve (12) provincial departments (excluding Legislature) and five (5) public entities as feedback for implementation of LPT recommendations.
<b>Purpose/importance</b>	To support implementation of the Limpopo Procurement Strategy (s) by votes and public entities.
<b>Source/collection of data</b>	CSD, BAS and LOGIS Reports and reports from Votes and Public Entities.
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 68 assessments conducted.
<b>Indicator responsibility</b>	Director: SCM Client Support.

## ANNEXURE 4: TECHNICAL INDICATORS FOR PROGRAMME 4

### Technical Indicator Definitions

Strategic outcome oriented Goal 2: Responsive, accountable, effective and efficient provincial and local government system

<b>Indicator number</b>	<b>1</b>
<b>Indicator title</b>	Number of courses conducted on transversal systems.
<b>Short definition</b>	Financial management capacity building through training courses. Training of departmental officials (nominated) on transversal systems (BAS & LOGIS 65, PERSAL - 42)
<b>Purpose/importance</b>	Improve skills of officials on utilization of transversal systems in order to improve financial management in the province
<b>Source/collection of data</b>	Departmental nomination list, number of trainers, number and availability of training venues, availability of the system.
<b>Method of calculation</b>	Simple count.
<b>Data limitations</b>	Non-availability of trainers, training venues, network and the system
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non - Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	Actual performance that is higher than targeted performance is desirable
<b>Indicator responsibility</b>	Director: Financial Management Capacity Building.



<b>Indicator number</b>	<b>2</b>
<b>Indicator title</b>	Number of AG action plan assessments conducted to departments and public entities.
<b>Short definition</b>	The assessment reports on implementation of AG Action Plan by votes and public entities and feedback provided for implementation of recommendations. The assessment reports will include progress made by each institution towards resolving AG audit findings, analysis and recommendations.
<b>Purpose/importance</b>	Improved audit outcomes for votes and public entities
<b>Source/collection of data</b>	AG Action Plans for departments and public entities and implementation reports from departments and public entities
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	Non-availability of progress reports and limitation of skills to review and provide advice on submitted progress reports
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 51 assessments conducted.
<b>Indicator responsibility</b>	Director: Governance, Monitoring and Compliance.

<b>Indicator number</b>	<b>3</b>
<b>Indicator title</b>	Number of 30 days payment assessments conducted
<b>Short definition</b>	Assessments conducted to departments on payment of suppliers within 30 days and report compiled and submitted to HOD for presentation at various fora.
<b>Purpose/importance</b>	Assist departments to pay all invoices within 30 days
<b>Source/collection of data</b>	Departmental reports on payment of suppliers
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non - Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 12 assessments conducted
<b>Indicator responsibility</b>	Director: Governance, Monitoring and Compliance.

<b>Indicator number</b>	<b>4</b>
<b>Indicator title</b>	Number of audit committee meetings supported in votes.
<b>Short definition</b>	Support Audit Committee meetings for 12 votes by scheduling, arranging logistics and provision of secretariat support.
<b>Purpose/importance</b>	Ensures that meetings of the Audit Committee take place as planned
<b>Source/collection of data</b>	Audit Committee packs, attendance registers, minutes and Audit Committee reports
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None submission of information by votes
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non - Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 65 meetings of the Audit Committee supported
<b>Indicator responsibility</b>	Director: Governance, Monitoring and Compliance.

<b>Indicator number</b>	<b>5</b>
<b>Indicator title</b>	Number of financial statement assessments conducted to departments.
<b>Short definition</b>	Assessments conducted on departments financial statements and feedback provided for implementation of recommendations.
<b>Purpose/importance</b>	To ensure that all 12 votes and five public entities are adequately assessed and feedback provided so that public funds are properly and timely accounted for.
<b>Source/collection of data</b>	Financial Reports
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	Non-submission of AFS by votes.
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 12 votes are assessed and feedback provided
<b>Indicator responsibility</b>	Director: Financial Accounting and Reporting

<b>Indicator number</b>	<b>6</b>
<b>Indicator title</b>	Number of assessment reports on provincial risk profile issued to HOD's forum
<b>Short definition</b>	Assessment reports on the monitoring of Provincial Risk Profile and feedback provided to the HOD's forum
<b>Purpose/importance</b>	To bring the provincial strategic risks to the attention of EXCO in order to allow them to focus their efforts and limited resources in mitigating the risks that can hinder the achievement of our provincial goals as outlined in the LDP and allow the province to benefit from economies of scale while sourcing measures to address risks that are of transversal nature.
<b>Source/collection of data</b>	Votes and Public Entities risk profiles; Limpopo Development Plan; departments and public entities annual performance plans (APPs); Auditor General reports and Internal Audit reports; Stakeholder Consultations
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non - cumulative
<b>Reporting cycle</b>	Bi - Annually
<b>New indicator</b>	No
<b>Desired performance</b>	Provincial Risk profile monitored quarterly
<b>Indicator responsibility</b>	Director: Transversal Risk Management

<b>Indicator number</b>	7
<b>Indicator title</b>	Number of public sector risk management framework compliance assessments conducted to departments and public entities.
<b>Short definition</b>	Assessment reports on compliance with the Public-Sector Risk Management Framework and feedback provided to Provincial Departments and Public Entities for implementation of recommendations.
<b>Purpose/importance</b>	To ensure compliance by votes and public entities to the Public Sector Risk Management Framework.
<b>Source/collection of data</b>	Votes and Public Entities Quarterly Risk Management Reports, Public Sector Risk Management Framework.
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	Integrity and timeous submission of data is dependent on the submissions by votes. Common language of risks within the departments
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 68 assessments conducted
<b>Indicator responsibility</b>	Director: Transversal Risk Management

<b>Indicator number</b>	<b>8</b>
<b>Indicator title</b>	Number of financial system utilization assessments conducted.
<b>Short definition</b>	Assessments conducted on financial system utilisation on all 12 provincial departments and feedback provided for implementation of recommendations.
<b>Purpose/importance</b>	To track the financial systems utilization in 12 Votes to ensure effective usage
<b>Source/collection of data</b>	HRM Reports, Trial Balance, User Account Management Reports, SITA and IBM SLAs
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non - cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	All 48 assessments conducted
<b>Indicator responsibility</b>	Director: Systems Administration

## ANNEXURE 5: TECHNICAL INDICATORS FOR PROGRAMME 5

### Technical Indicator Definitions

Strategic outcome oriented Goal 2: Responsive, accountable, effective and efficient provincial and local government system.

<b>Indicator number</b>	1
<b>Indicator title</b>	Number of three-year strategic rolling and annual audit plans prepared by Provincial Internal Audits and approved by Audit Committee for the year 2020/21.
<b>Short definition</b>	Three years rolling and annual audit plans for the 12 votes (excluding Legislature as listed under table 2 & 3 of this APP) approved by the Audit Committee for the financial year 2020/21.
<b>Purpose/importance</b>	To agree on the auditable areas for the 12 votes with key stakeholders to ensure a systematic audit Process.
<b>Source/collection of data</b>	Departmental Risk Profiles and departmental strategic goals.
<b>Method of calculation</b>	Simple count
<b>Data limitations</b>	None
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	No
<b>Desired performance</b>	All 12 votes three year rolling and annual audit plans prepared and approved timeously
<b>Indicator responsibility</b>	Chief Audit Executive



<b>Indicator number</b>	<b>2</b>
<b>Indicator title</b>	% of Internal Audits finalised in terms of the approved Audit Plans
<b>Short definition</b>	This performance indicator measures the percentage of audits finalised and communicated to departments (all votes except Legislature) in accordance with the approved internal audit plan. Performance will be calculated as follows:
<b>Purpose/importance</b>	Number of audits finalised against the total planned audits for the quarter and financial year. To audit 12 votes in accordance with the approved internal audit plan to improve the effectiveness of internal controls, risk management and governance in departments.
<b>Source/collection of data</b>	Internal audit practices and departmental data.
<b>Method of calculation</b>	Percentage
<b>Data limitations</b>	Non-submission of required data and delays in management comments from departments.
<b>Type of indicator</b>	Output
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	Actual performance that is higher than targeted performance is desirable.
<b>Indicator responsibility</b>	Chief Audit Executive.





