



PROVINCIAL TREASURY

Ref. No: 12/4/3/1
Enquiries: Kekana R M
Date: 03 October 2013

TREASURY INSTRUCTION NOTE NO 04 OF 2013

THE PREMIER

SPEAKER OF LIMPOPO LEGISLATURE
THE MEC FOR EDUCATION
THE MEC FOR AGRICULTURE
THE MEC FOR PROVINCIAL TREASURY
THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
THE MEC FOR HEALTH AND SOCIAL DEVELOPMENT
THE MEC FOR ROADS AND TRANSPORT
THE MEC FOR PUBLIC WORKS
THE MEC FOR SAFETY, SECURITY AND LIAISON
THE MEC FOR LOCAL GOVERNMENT AND HOUSING
THE MEC FOR SPORT, ARTS AND CULTURE

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

ALL OTHER MEMBERS OF PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 01: DIRECTOR GENERAL
THE ACCOUNTING OFFICER: VOTE 2: SECRETARY FOR PROVINCIAL LEGISLATURE
THE ACCOUNTING OFFICER: VOTE 03: EDUCATION (HOD)
THE ACCOUNTING OFFICER: VOTE 04: AGRICULTURE (HOD)
THE ACCOUNTING OFFICER: VOTE 05: PROVINCIAL TREASURY (HOD)
THE ACCOUNTING OFFICER: VOTE 06: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (HOD)
THE ACCOUNTING OFFICER: VOTE 07: HEALTH (HOD)
THE ACCOUNTING OFFICER: VOTE 08: ROADS AND TRANSPORT (HOD)
THE ACCOUNTING OFFICER: VOTE 09: PUBLIC WORKS (HOD)
THE ACCOUNTING OFFICER: VOTE 10: SAFETY, SECURITY AND LIAISON (HOD)
THE ACCOUNTING OFFICER: VOTE 11: CO-OPERATIVE GOVERNANCE HUMAN SETTLEMENT & TRADITIONAL AFFAIRS
THE ACCOUNTING OFFICER: VOTE 12: HEALTH AND SOCIAL DEVELOPMENT - HOD)
THE ACCOUNTING OFFICER: VOTE 13: FOR SPORT, ARTS AND CULTURE (HOD)

THE CHIEF FINANCIAL OFFICER: VOTE 01: OFFICE OF THE PREMIER OFFICER
THE CHIEF FINANCIAL OFFICER: VOTE 02: LIMPOPO LEGISLATURE
THE CHIEF FINANCIAL OFFICER: VOTE 03: EDUCATION
THE CHIEF FINANCIAL OFFICER: VOTE 04: AGRICULTURE
THE CHIEF FINANCIAL OFFICER: VOTE 05: PROVINCIAL TREASURY
THE CHIEF FINANCIAL OFFICER: VOTE 06: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
THE CHIEF FINANCIAL OFFICER: VOTE 07: HEALTH AND SOCIAL DEVELOPMENT
THE CHIEF FINANCIAL OFFICER: VOTE 08: ROADS AND TRANSPORT
THE CHIEF FINANCIAL OFFICER: VOTE 09: PUBLIC WORKS
THE CHIEF FINANCIAL OFFICER: VOTE 10: SAFETY, SECURITY AND LIAISON
THE CHIEF FINANCIAL OFFICER: VOTE 11: CO-OPERATIVE GOVERNANCE HUMAN SETTLEMENT & TRADITIONAL AFFAIRS

THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT
THE CHIEF FINANCIAL OFFICER: VOTE 13: SPORT, ARTS AND CULTURE)

THE PROVINCIAL AUDITOR

For information

IN YEAR MONITORING (IYM): ADDITIONAL REPORTING REQUIREMENTS

1. PURPOSE

1.1. The purpose of this Circular, issued in terms of sections 18(1)(b-d) and 18(2) of the Public Finance Management Act, 1999 (No 1 of 1999) (PFMA), is to,

- (a) To inform Accounting Officers (AOs) and Chief Financial Officers (CFOs) of departments, of permanency in adhering to the current financial reporting requirements in 2013/14 and subsequent financial years as stipulated in Treasury Instruction Note No. 03 and Treasury Instruction Note No. 09 both of 2012.
- (b) To instruct Accounting Officers (AO) and Chief Financial Officers (CFO) of departments to adhere to additional reporting requirements in order to enhance planning and reporting and encourage increased focus on outcomes.

2. BACKGROUND

2.1. The Provincial Treasury is disturbed by the declining overall performance for all departments which reflects an over expenditure at the end of 2013/14 financial year. This challenge resulted to the intent to roll-out the engagement exercise after each IYM Reporting submission to enhance the spending patterns on monthly basis.

2.1.1 This Provincial Instruction Note does not substitute Treasury Instruction Notes No. 03 and 09 of 2012 but supplementing and enforcing continuity in adhering to the current reporting requirements in 2013/14 and subsequent financial years.

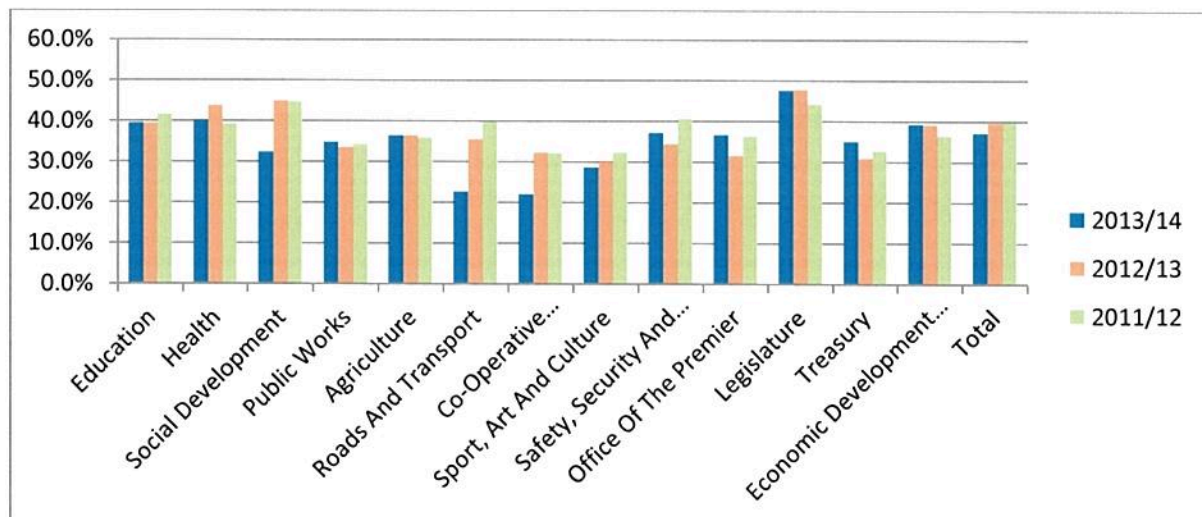
2.1.2 It has come to the attention of Provincial Treasury that the **IYM report does not take into account priorities on financial and non – financial performance as it concentrates mainly on financial performance per programme, economic classification items and conditional grants.**

BELOW IS THE TABLES COMPARING THE PROVINCIAL EXPENDITURE FOR AUGUST, THE PAST TWO FINANCIAL YEARS TO 2013/14 AND THE DECLINING PERCENTAGE GRAPHS.

Picture 1 & 2: Spending trend from 2011/12 to 2013/14 per department as at 31 August

Table 5 : Limpopo budgets and expenditure as at 31 August 2013

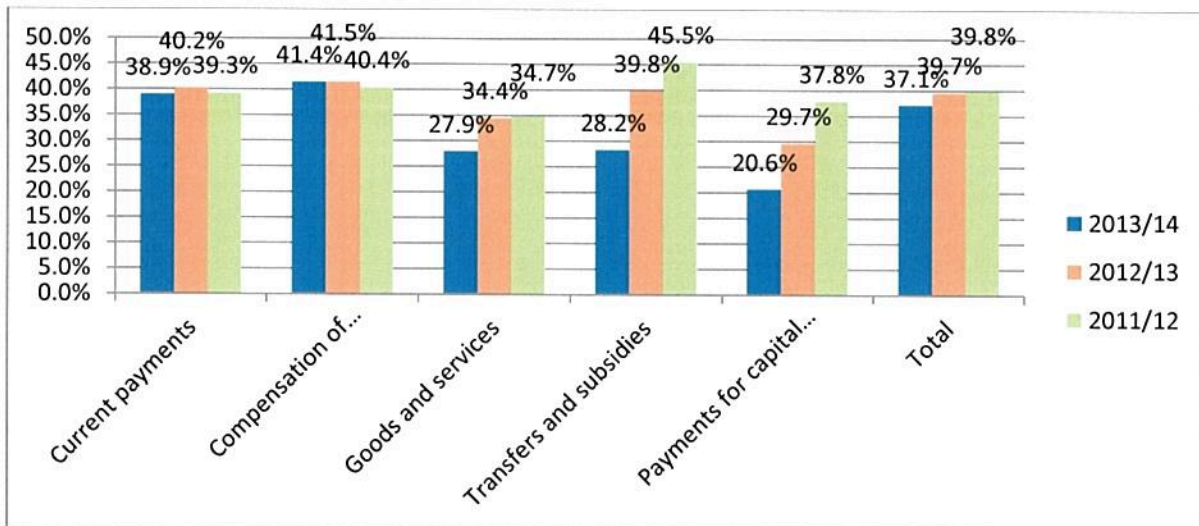
R thousand	2013/14 Financial year				2012/13 Financial year			2011/12 Financial year		
	August 2013 IYM				Main Appropriation	Actual Spending as at 31 August 2012	Actual spending as % of Main budget	Main Appropriation	Actual Spending as at 31 August 2011	Actual spending as % of Main budget
	Main Appropriation	Projected outcome	Actual spending as at 31 Aug 2013	Actual spending as % of Main budget						
Education	23 475 305	23 703 238	9 249 981	39.4%	22 126 035	8 720 151	39.4%	20 859 319	8 675 892	41.6%
Health	13 076 949	13 681 835	5 235 988	40.0%	11 947 985	5 230 568	43.8%	11 587 901	4 553 640	39.3%
Social Development	1 377 843	1 377 843	445 306	32.3%	1 165 929	524 417	45.0%	1 159 184	518 598	44.7%
Public Works	877 061	891 061	304 886	34.8%	859 288	288 472	33.6%	837 064	286 653	34.2%
Agriculture	1 525 716	1 525 716	555 237	36.4%	1 580 374	577 062	36.5%	1 494 504	536 890	35.9%
Roads And Transport	3 521 882	3 521 882	796 045	22.6%	3 776 872	1 342 847	35.6%	3 630 334	1 441 443	39.7%
Co-Operative Governance Hum...	2 231 625	2 231 625	490 367	22.0%	2 374 417	766 427	32.3%	2 209 093	711 605	32.2%
Sport, Art And Culture	266 191	241 347	76 182	28.6%	288 441	86 873	30.1%	279 767	90 368	32.3%
Safety, Security And Liaison	74 749	72 892	27 747	37.1%	67 301	23 190	34.5%	62 474	25 400	40.7%
Office Of The Premier	322 857	322 857	118 227	36.6%	329 288	104 157	31.6%	324 641	117 907	36.3%
Legislature	225 987	239 854	107 292	47.5%	217 664	104 123	47.8%	221 090	97 817	44.2%
Treasury	384 708	384 708	134 543	35.0%	315 521	97 635	30.9%	308 884	101 379	32.8%
Economic Development Environ...	1 073 947	1 073 947	421 804	39.3%	888 338	348 391	39.2%	957 943	349 290	36.5%
Total	48 434 820	49 268 805	17 963 605	37.1%	45 937 453	18 214 313	39.7%	43 932 198	17 506 882	39.8%



The overall spending pattern shows a decline from 39.8 percent in 2011/12 to 39.7 percent in 2012/13 and to 37.1 percent in 2013/14.

Picture 3 & 4: Spending trend from 2011/12 to 2013/14 in economic classification per department as at 31 August

	2013/14	2012/13	2011/12
Current payments	38.9%	40.2%	39.3%
Compensation of employees	41.4%	41.5%	40.4%
Goods and services	27.9%	34.4%	34.7%
Transfers and subsidies	28.2%	39.8%	45.5%
Payments for capital assets	20.6%	29.7%	37.8%
Total	37.1%	39.7%	39.8%



In terms of economic classification the expenditure is declining in Goods and services, Transfers and subsidies as well as Payments of Capital.

Picture 5: Conditional grants spending per department as at 31 August 2013

Table 10: Limpopo: Conditional Grants Expenditure as at 31 August 2013

R thousand	Division of Revenue Act	Provincial Actual Payments	Actual Payments as a % of main budget
Agriculture	279 250	76 885	27.5%
Comprehensive Agricultural Support Programme Grant	205 545	48 417	23.6%
Ilima/Letsema Projects Grant	43 845	17 136	39.1%
EPWP Incentive allocation	10 298	3 608	35.0%
Land Care Programme Grant	19 562	7 724	39.5%
Sport, Arts and Culture	113 607	16 788	14.8%
Mass Sport and Recreation Programme	56 529	5 283	9.3%
EPWP Incentive allocation	550	150	27.3%
Community Library Services Grant	56 528	11 355	20.1%
Education	2 391 874	725 876	30.3%
HIV and Aids (Life Skills Education) Grant	30 852	8 980	29.1%
Further Education and Training Colleges Grant	375 709	163 833	43.6%
National School Nutrition Programme Grant	932 050	281 494	30.2%
Infrastructure Grant	983 599	259 852	26.4%
Dinaledi School grant	10 727	–	0.0%
Social sector EPWP grant	27 768	11 701	42.1%
EPWP Incentive allocation	3 000	16	0.5%
Technical Secondary Schools Recapitalisation Grant	28 169	–	0.0%
Health	1 762 759	346 516	19.7%
Comprehensive HIV and Aids Grant	861 143	147 941	17.2%
Nursing colleges	15 270	925	6.1%
Infrastructure Grant	211 961	15 242	7.2%
Health Professions Training and Development Grant	109 628	61 199	55.8%
EPWP Social Sector	20 964	4 370	20.8%
EPWP Incentive grant	3 000	113	3.8%
Health insurance grant	4 850	1 586	32.7%
Hospital Revitalisation Grant	230 211	18 874	8.2%
National Tertiary Services Grant	305 732	96 266	31.5%
Co-operate Governance , Human Settlements and Tradition:	1 327 742	126 541	9.5%
Disaster : Flood Damage	35 666	466	1.3%
Integrated Housing & Human Settlements Development Grant	1 289 076	126 075	9.8%
EPWP Incentive allocation	3 000	–	0.0%
Public Works	3 000	834	27.8%
Devolution of Property Rate Funds Grant	–	–	0.0%
EPWP incentive grant	3 000	834	27.8%
Economic Development	550	206	37.5%
EPWP Incentive grant	550	206	37.5%
Social Development	8 985	2 092	23.3%
EPWP Incentive grant	8 985	2 092	23.3%
Roads and Transport	1 291 482	132 973	10.3%
Infrastructure Grant	990 578	41 075	4.1%
EPWP Incentive grant	25 972	1 704	6.6%
Public Transport Operations Grant	274 932	90 194	32.8%
Total	7 179 249	1 428 711	19.9%

The slow spending on conditional grants at R1.4 billion or 19.9% of the total budget of R7.2 bil.

3. ADDITIONAL REPORTING REQUIREMENTS

3.1. In order to better assess the impact of resource allocation and to build a common understanding on where the government is going in terms of service delivery, Provincial Treasury found it appropriate to also include priorities on financial and non – financial performance in the In Year Monitoring (IYM) report.

Departments are requested to provide:

- Monthly expenditure report on priorities performance,
- Quarterly expenditure report aligned to quarterly non – financial performance on priorities as planned on the Annual Performance Plan. Regarding priorities that have only annual targets, progress report on performance should be furnished,
- Explanations on variances between actual performance and projections / planned outputs.
- Possible under-spending and indication of suspending the savings for further allocations identified pressures.
- Spending pressures and how did departments deal with it to normalise the situation
- Progress with regard to the implementation of the **conditional grant framework and key aspects of the DORA** w.r.t. infrastructure;

4. ACTION REQUIRED

4.1. The Accounting Officers (AOs) and Chief Financial Officers (CFOs) of the departments are required to take note that the contents of this Instruction Note are **effective for the IYM reporting as from October 2013.**

4.2. The Accounting Officers (AOs) and Chief Financial Officers (CFOs) of the departments are required to **ensure that all programme managers are available and prepared to respond to issues raised per the challenging expenditure items of the specific responsibility.**

**5. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY
INSTRUCTION NOTE**

5.1. The Accounting Officers (AOs) and Chief Financial Officers (CFOs) of the departments are required to please bring the contents of this Instruction Note to the attention of all Programme Managers and relevant employees in the departments.

6. AUTHORITY FOR THIS INSTRUCTION NOTE

6.1. This Instruction Note is issued in terms of Section 18 (2) of the PFMA and takes effect from the date of issue.

7. APPLICABILITY

7.1 This Instruction Note applies to all provincial departments. **Failure to comply with this Instruction Note shall be regarded as financial misconduct in terms of Treasury Regulations.**

8. EFFECTIVE DATE

8.1. This Instruction Note takes effect from October 2013.


9. ATTACHMENTS

9.1 Information required should be submitted as per the attached template,

9.1.1 The attached **programme will serve for the August expenditure engagements but Provincial Treasury will issue out a programme after each monthly submission and circulate to the departments for the specific month.**

10. Your co-operation is appreciated.

Phukuntsi M


**Acting Head of Department
Limpopo Provincial Treasury**

04 - 10 - 2013
Date

PROGRAM: IYM AUGUST 2013/14 DISCUSSION

DATE	DEPARTMENT	TIME
GROUP 1		
07/10/2013 Monday	Provincial Treasury <i>Break</i> Office of the Premier <i>Break</i> Safety, Security and Liaison <i>Break</i> Legislature	08h00 – 09h00 <i>09h00 – 09h30</i> 09h30 – 10h30 <i>10h30 – 11h00</i> 11h00 – 12h00 <i>12h00 – 14h30</i> 14h30 – 15h30
GROUP 2		
08/10/2013 Tuesday	Public Works <i>Break</i> Roads and Transport <i>Break</i> Local Government and Housing	09h00 – 11h00 <i>11h00 – 11h30</i> 11h30 – 13h00 <i>13h00 – 14h30</i> 14h30 – 16h00
GROUP 3		
09/10/2013 Wednesday	Education <i>Break</i> Health <i>Break</i> Social Development	08h30 – 10h30 <i>10h30 – 11h00</i> 11h00 – 13h00 <i>13h00 – 14h30</i> 14h30 – 16h00
GROUP 4		
10/10/2013 Thursday	Agriculture <i>Break</i> Economic Development, Environment and Tourism <i>Break</i> Sports, Arts and Culture Wrap up	09h00 – 11h00 <i>11h00 – 11h30</i> 11h30 – 13h00 <i>13h00 – 14h30</i> 14h30 – 16h00
<i>End</i>		

TABLE: Priorities Performance as at end September 2013

Rank	Priority Name	Programme	Scoa Items	Main Appropriation	Adjusted Appropriation	Projected Outcome as at 31 March 2014	Actual spending as at 30 Sep 2013	% Actual spending as at 30 Sep 2013	Actual Projections as per August FYM 2013	Actual Projections as per August FYM 2013	Original Projections as per Sec 40(3)(a)	% Original Projections as per Sec 40(3)(a)	Explanations for actual (Over)/Under Projected (Over)/Under	Suggested Interventions	NON-FINANCIAL PERFORMANCE			
															2013/14 Annual Target	2nd Qtr Planned Output	2nd Qtr Actual Output	Explanations for Over or Under performance
National Priorities																		
1																		
2																		
3																		
4																		
5																		
6																		
7																		
Provincial Priorities																		
1																		
2																		
3																		
4																		
5																		
6																		
7																		

Chief Financial Officer / Deputed Official
Date:

Accounting Officer: Department's name >>
Date: