



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Strategic Plan

for 2020 – 2025

EXECUTIVE AUTHORITY STATEMENT

The advent of COVID-19 necessitated the need to redirect resources and plans by government to respond to the challenges brought by the pandemic. This resulted in the urgent special adjustment that sought to modify the 2020/21 budget to enable spending in response to COVID-19 and allocations thereof to provide for the rapidly changing economic conditions, as well as amending any changes in the conditional grant allocations.

In response to these changes, the Department revised its strategic management and planning process to appropriately and reasonably integrate the implementation and evaluation of the Framework for Strategic and Annual Performance Plans to the new changes.

The process was done to enable the continued benefit and enhancement of our Departmental mission, meeting our mandates, continuous learning, and sustained creation of sound fiscal management systems. It is through this revised strategic plan that we will continue to generate a central integrative process that gives the Department a sense of direction and ensuring the concerted efforts of achieving our strategic goals and objectives.

Therefore, as Provincial Treasury we embarked on a strategic planning exercise to revise the current strategic position and environment of the Department, where 2015 – 2020 Strategic Plan and 2019/20 Annual Performance Plan were revised to respond to the existing COVID-19 challenges.

Our strategic outcome-oriented goals will continue to indicate the broad strategic focus areas that the Department will continue to pursue towards the achievement of our vision and mission.

The Department thoroughly revised and reformulated these goals in line with the Medium-Term Strategic Framework of creating **“A Capable, Ethical and Developmental State”**, as well as the Medium-term Strategic Framework (MTSF) and National Development Plan (NDP)

Amongst other things, our revised plans will continue, through our Administration Programme, to enhance the talent management programme in order to strengthen the relevance of the needs of the Provincial Treasury; as well as developing information and communication technology (ICT) systems and services that will support our organisational objectives under the current circumstances.

We also appreciate the economic conditions of the country and that of our Province, and the overwhelming burdens it places on our shoulders as Provincial Treasury as a Department to ensure that we continue to deliver on the apex priorities of the 6th Administration, hence it is our conviction that through this revised strategic plan, we shall continue to deliver in our mandate. This we will do through, inter alia:

- i. Introduction of longer-term expenditure forecasting for selected programmes and entities;
- ii. Monitoring expenditure on a monthly and quarterly basis and provide analysis of expenditure trends;
- iii. Improving the budget process and provision of information by departments and entities;
- iv. Creation of economic and employment opportunities, and public service delivery improvement;
- v. Reviewing of the provincial and local government fiscal framework to be in line with national and provincial budget frameworks and policy objectives;
- vi. Implementing key local budget reforms to improve budget implementation and reporting;
- vii. Applying strategic sourcing methodologies to improve value for money in transversal term contracts;
- viii. Issue Treasury Instructions as a step to enforce supply chain compliance and to counter fraud and corruption; and
- ix. Provide targeted support to priority departments and municipalities to improve financial management.

I therefore wish the Head of Department and his team all the best with this enormous task, with the knowledge and confidence that they have the capability to give effect to this plan.



SC Sekoati (MPL)

Executive Authority

Limpopo Provincial Treasury

ACCOUNTING OFFICER STATEMENT

The Provincial Treasury is mandated in terms of s18 of the Public Finance Management Act (PFMA), Act 1 of 1999, as amended, and in terms of s5 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, as amended, to fulfil its responsibilities in management of the provincial financial resources.

The department will strive towards ensuring that its vision of excellence in public resource management for sustainable socio – economic development is attained through strengthening good governance and sound public resource management in provincial and local government for sustainable service delivery.

During 2015/16 to 2018/19 financial years Provincial Treasury managed to allocate and monitor the appropriated provincial budget of all departments. The province is still faced with a high percentage of the provincial budget that is been spent on Compensation of Employees (COE), however the province has put in place measures to reduce the COE spend and has managed to stabilise the COE spending at 68% of the budget and will continue with the plans to further reduce the COE expenditure in this strategic plan term.

Provincial Treasury has provided focus support to the Municipalities in the province and where a need has been identified also seconded officials to Departments in an endeavour to improve financial management in our institutions. Provincial Treasury will continue with these efforts in order to further improve the audit outcomes during this term.

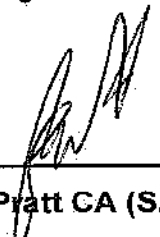
Provincial Treasury's organisational structure was reviewed and approved by the Department of Public Service and Administration in April 2018 and all our employees were successfully placed in the new structure. In 2019/20 and beyond the Department will to fill all key funded posts and endeavour to strengthen our support role to departments and municipalities in the province.

During the year, Limpopo Treasury was successfully approved by the South African Institute of Chartered Accountants (SAICA) as an accredited training office for the purpose of training prospective Chartered Accountants (SA) and will see 5 new prospective trainees on-

boarded every year over the next three financial years commencing on or before 1 April 2020. This will enable Treasury to build and enhance professional capacity to proficiently execute the PFMA's Section 18 responsibilities in the medium term.

With the pronouncement by the Minister of Cooperative Government and Traditional Affairs having declared a National State Disaster in terms of Section 27(1) of the Disaster Management Act of 2002, due to the outbreak of the Novel Coronal Virus Disease of 2019 in the country, the Provincial Treasury is and will continue to implement sectoral regulatory frameworks. The business continuity plan was implemented during the lockdown and its various stages. The Provincial Treasury did not discontinue any services and were able to continue with operations. However, enhanced mechanisms would need to be considered to roll out strengthened support to institutions in enabling the effective implementation of the 2020/21 to 2025/26 Strategic Plan whilst constantly reviewing the impact that COVID-19 will have in its implementation.

The department remains committed to implementing the 2020/21 to 2025/26 Strategic Plan by ensuring that the limited provincial resources are distributed towards service delivery programmes in provincial departments as outlined in the 2019 – 2024 Medium Term Strategic Framework and the National Development Plan.




GC Pratt CA (SA)
Accounting Officer
Limpopo Provincial Treasury

OFFICIAL SIGN-OFF


It is hereby certified that this Strategic Plan:

- Was developed by the management of the Limpopo Provincial Treasury under the guidance of Honourable MEC S.C. Sekoati.
- Takes into account all the relevant policies, legislation and other mandates for which the Limpopo Provincial Treasury is responsible.
- Accurately reflects the Impacts and Outcomes which Limpopo Provincial Treasury will endeavour to achieve over the period 2020 – 2025.

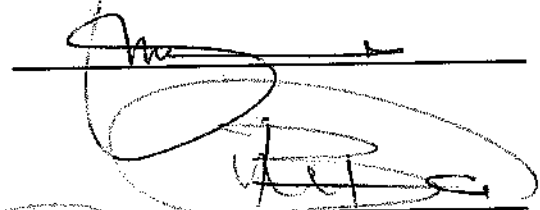
Ms L Ebrahim
Deputy Director General
Corporate Management Services



Mr M Phukuntsi
Deputy Director General
Sustainable Resource Management



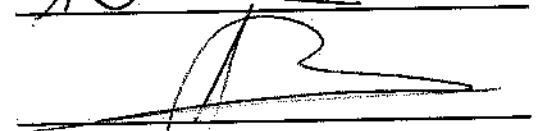
Mr FP Mushwana
Deputy Director General
Asset Liabilities & Supply Chain Management



Deputy Director General
Financial Governance



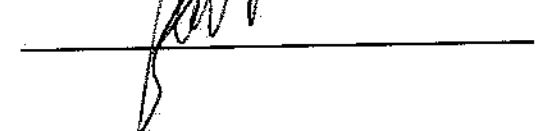
Mr H Petrie
Chief Audit Executive



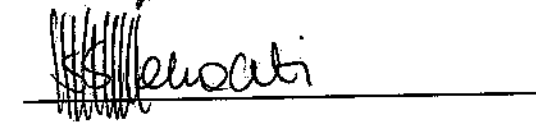
Mr HM Mawela
Chief Financial Officer



Mr MS Machevele
Director: Strategic Management



Mr GC Pratt CA (SA)
Accounting Officer



Approved by:

Hon. SC Sekoati (MPL)
Executive Authority

TABLE OF CONTENTS

LIST OF TABLES AND FIGURES.....	9
LIST OF ACRONYMS.....	10
PART A: OUR MANDATE.....	12
1. Constitutional Mandate.....	12
2. Legislative and Policy Mandates.....	12
3. Institutional Policies and Strategies over the five year planning period.....	14
4. Relevant Court Rulings	15
PART B: OUR STRATEGIC FOCUS.....	16
1. Vision.....	16
2. Mission.....	16
3. Values	16
4. Situational Analysis	16
5. External Environmental Analysis	19
6. Internal Environmental Analysis.	42
PART C: MEASURING OUR PERFORMANCE.....	47
1. Institutional performance information.....	47
2. Impact statement.....	47
3. Measuring our outcomes.....	47
3.1. Explanation of Planned Performance over Five Year Planning Period.....	48
4. Key risks and mitigations	51
5. Public entities.....	54
Part D: Technical indicator descriptions (TIDs).....	55
Annexures to the Strategic Plan.	65
Annexure A: District Development Model.....	65

LIST OF TABLES AND FIGURES

TABLES

- Table 1: Stakeholder Analysis
- Table 2: List of Public Institutions supported by Limpopo Provincial Treasury.
- Table 3: GDP Average Annual Growth (Constant 2010 Prices) by Districts.
- Table 4: Audit Outcomes for Provincial Departments
- Table 5: AG outcomes for Public Entities.
- Table 6: Five (5) Year Analysis of Municipal Audit Outcomes.
- Table 7: Reflection on 30 days Payment (April – August 2020).
- Table 8: Status of Report of Unresolved Findings.
- Table 9: Transversal Repeat Internal Audit Findings.

FIGURES

- Figure 1: GDP Average Annual Growth (Constant 2010 Prices).

LIST OF ACRONYMS

ACRONYMS	-	DESCRIPTION
AG	-	Auditor General
AGSA	-	Auditor General South Africa
AFS	-	Annual Financial Statements
AMD	-	Accounting Manual for Departments
AR	-	Annual Report
AL&SCM	-	Asset, Liabilities and Supply Chain Management
APP	-	Annual Performance Plan
BAS	-	Basic Accounting System
BCP	-	Business Continuity Plan
BAUD	-	Bar Coded Asset Audit
CAA	-	Chartered Accountancy Academy Programme
CAE	-	Chief Audit Executive
CFO	-	Chief Financial Officer
CG	-	Corporate Governance
CGAP	-	Certified Government Auditing Professionals
CIA	-	Certified Internal Auditor
COO	-	Chief Operations Officer
CMS	-	Corporate Management Services
CS	-	Corporate Services
DDG	-	Deputy Director General
DORA	-	Division of Revenue Act
DPME	-	Department of Planning Monitoring and Evaluation
DPSA	-	Department of Public Service and Administration
EE	-	Employment Equity
EXCO	-	Executive Council
EXCOM	-	Executive Management Meeting
FG	-	Financial Governance
FY	-	Financial Year
FMIS	-	Financial Management Information Systems
GDP	-	Gross Domestic Product
GRCC	-	Governance, Risk Management, Internal Control and Compliance
GTAC	-	Government Technical Advisory Council
HOD	-	Head of Department
HR	-	Human Resource

IAT	-	Internal Audit Technician
ICU	-	Intensive Care Unit
IFS	-	Integrated Financial Statement
IRM	-	Infrastructure Reporting Model
IT	-	Information Technology
IYM	-	In Year Monitoring
KPA	-	Key Performance Area
LDP	-	Limpopo Development Plan
LPIA	-	Limpopo Provincial Internal Audit
MCS	-	Modified Cash Standards
MEC	-	Member of the Executive Council
MFIP	-	Municipal Finance Improvement Programme
MOU	-	Memorandum of Understanding
MM	-	Municipal Manager
MPL	-	Member of the Provincial Legislature
MTEF	-	Medium Term Expenditure Framework
NT	-	National Treasury
UIF	-	Unemployment Insurance Fund
PIA	-	Provincial Internal Audit
PMDS	-	Performance Management and Development System
PPMC	-	Provincial Personnel Management Committee
PRF	-	Provincial Revenue Fund
SA	-	South Africa
SALGA	-	South African Local Government Association
SCM	-	Supply Chain Management
SDG	-	Sustainable Development Goals
SDP	-	Skills Development Plan
SIAS	-	Shared Internal Audit Services
SITA	-	State Information Technology Agency
SLA	-	Service Level Agreement
SMME	-	Small, Medium and Micro-Sized Enterprise
SMS	-	Senior Management Services
SONA	-	State of the Nation Address
SOPA	-	State of the Province Address
SRM	-	Sustainable Resource Management
SWOT	-	Strengths, Weaknesses, Opportunities and Threats
PESTEL	-	Political, Economic, Social, Technological, Environmental and Legal

PART A: OUR MANDATE

Limpopo Provincial Treasury has been established in terms of section 17 of the **Public Finance Management Act 1 of 1999** (as amended by Act 29 of 1999). The functions and powers of the provincial treasury are provided in the Act under section 18 (1) and (2).

The organisation is directly responsible for implementing, managing or overseeing the following legislation and their relevant regulations:

- Public Finance Management Act of 1999 (as amended by Act 29 of 1999);
- Municipal Finance Management Act 56 of 2003;
- Annual Division of Revenue Act
- Appropriation Act
- Adjustments Appropriation Act
- Preferential Procurement Policy Framework Act

1. Constitutional Mandate

The Provincial Treasury is responsible for assisting the National Treasury in enforcing compliance with the measures established in terms of section 216 (1) of the Constitution.

2. Legislative and Policy Mandates

The functions and powers of the provincial treasury as provided by the PFMA are as follows:

Section	Function and powers
18 (1)	A Provincial treasury must:
(a)	Prepare the provincial budget
(b)	Exercise control over the implementation of the provincial budget

(c)	Promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities; and
(d)	Ensure its fiscal policies do not materially and unreasonably prejudice national economic policies.
18 (2)	A provincial treasury
(a)	Must issue provincial instructions not inconsistent with the Act;
(b)	Must enforce the PFMA and any prescribed national and provincial norms and standards, including any prescribed standards of generally recognized accounting practice and uniform classification systems, in provincial departments
(c)	Must comply with annual DORA and monitor and assess the implementation of that Act in public entities;
(d)	Must monitor and assess implementation in provincial public entities of national and provincial national norms and standards
(e)	May assist provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management;
(f)	May investigate any system of financial management and internal control applied by a provincial department or public entity
(g)	Must intervene by taking appropriate steps to address a serious and persistent material breach of the PFMA by a provincial department or a provincial public entity, including withholding of funds.
(h)	Must promptly provide National Treasury with any information required in terms of the PFMA
(i)	May do anything further that is necessary to fulfil its responsibilities effectively

The Provincial Treasury is also mandate by section 5 of the **Municipal Finance Management Act 56 of 2003** and the functions and powers are tabled below:

Section	Function and powers
3	A provincial treasury must in accordance with a prescribed framework:

(c)	Assist the National Treasury in enforcing compliance with the measures established in terms of section 216(1) of the Constitution, including those established in terms of this Act.
4	To the extent necessary to comply with subsection (3), a provincial Treasury
(a)	Must monitor:
	(i) compliance with the MFMA by municipalities and municipal entities in the province;
	(ii) the preparation by municipalities in the province of their budgets;
	(iii) the monthly outcome of those budgets; and
	(iv) the submission of reports by municipalities in the province as required in terms of this Act;
(b)	May assist municipalities in the province in the preparation of their budgets;
(c)	May exercise any powers and must perform any duties delegated to it by the National Treasury in terms of this Act; and
(d)	May take appropriate steps if a municipality or municipal entity in the province commits a breach of this Act.

Policy Mandates

The following broad policy mandates are key to the department in its endeavour to achieve its legislative mandate:

- National Development Plan.
- Medium Term Strategic Framework (2019 – 2024).
- National Spatial Development Perspective.
- National Industrial Policy Framework.
- Broad Based Black Economic Empowerment.

3. Institutional Policies and Strategies over the five year planning period

The Limpopo Provincial Treasury will continue to oversee the implementation of the Public Finance Management Act and Municipal Finance Management Act in Provincial departments, public entities as well as municipalities and municipal entities.

The focus in the next five years will be to strengthen support to municipalities to ensure sound financial management for effective and efficient service delivery. The support will not be a one-size-fit-all approach, but a targeted approach based on the financial status and need of each municipality.

In view of the economic environment, focus will continue to be on prudent utilization of resources without compromising on government priorities and therefore monitoring of expenditure, especially on conditional grants and infrastructure, will be key initiatives during this planning cycle.

The transfer of the Performance Monitoring function to Office of the Premier from 2015/16 will ensure alignment of functions with that of National government.

4. Relevant Court Rulings

None

PART B: OUR STRATEGIC FOCUS

1. Vision

Excellence in public resource management for sustainable socio – economic development.

2. Mission

Strengthening good governance and sound public resource management in provincial and local government for sustainable service delivery.

3. Values

- Integrity.
- Transparency.
- Accountability.
- Fairness.
- Professionalism.

4. Situational Analysis

The Provincial Treasury embarked on a strategic planning exercise to review the strategic position and environment of the department where 2015 – 2020 Strategic Plan and 2019/20 Annual Performance Plan were reviewed. The situational analysis was conducted during two preparatory strategic planning sessions that took place for two days each. The first strategic planning preparatory session was held by all four core branches on the 7th to the 8th of August 2019 and the second session was held by Administration branch on the 13th and 14th of August 2019. *McKinsey 7s model* was used to analyze the internal environment and PESTEL was used to analyze 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 Branches also conducted strategic mandate analysis by identifying relevant goals from the Sustainable Development Goals and African Union 2063 that the department is contributing towards. Medium Term Strategic Framework Priorities were also analysed to identify relevant priorities, outcomes and outputs that are relevant to Limpopo Provincial Treasury to ensure alignment to the 2020 to 2025 strategic plan.

MTSF Priority number 1 of **"A Capable, Ethical and Developmental State"** was identified by all branches as the one priority that Department is contributing towards in terms of MTSF 2019 – 2024.

Problem Statements were formulated based on the identified focal problems by each branch and problem analysis conducted for each problem and interventions to deal with identified problems were also indicated. Action Plans were also developed to address the identified problems by indicating how the proposed interventions will be implemented over the strategic plan term.

Impact Statement was crafted by each branch making reference to MTSF priority number one (1) outcomes and outputs. The crafted impact statements were subjected to a Theory of change exercise in order to complete the Logic model by identifying all the levels of results from the identified impact statements to outcomes, outputs, activities and inputs using "If and then" principle to test their relevance. The outcome of this exercise assisted all branches to craft proposed 2020 to 2025 Strategic Plans and 2020/21 Annual Performance Plans that were discussed and adopted during the Departmental Strategic Planning session held on the 15th to 17th of September 2019.

The Minister of Cooperative Government and Traditional Affairs has declared a National State Disaster in terms of Section 27(1) of the Disaster Management Act 2002 due to the outbreak of the Novel Coronal Virus Disease of 2019 in the country. Subsequently, the President of the Republic of South Africa pronounced a national lockdown on the 23rd of March 2020 that took effect from the 26th March 2020.

Following the President's sequential pronouncements on the levels of lockdown, various Ministerial Directives were issued and circulated to all departments in order to provide guidance on management of COVID-19. Additionally, Regulation 53 of Public Service

guidance on management of COVID-19. Additionally, Regulation 53 of Public Service Regulations, 2016 states that a Head of Department shall establish and maintain a safe and healthy work environment for employees of the department and a safe and healthy service delivery environment for members of the public.

DPME issued circular number 2 of 2020 on revision and re-tabling of 2020/2025 Strategic Plans and 2020/21 APPs. All national and provincial departments are required to revise and re-table the current plans in terms of this circular to incorporate COVID-19 interventions and alignment to special budget adjustment. Subsequent to DPME circular number 2 of 2020, Office of the Premier sent out letters to all provincial departments requesting submission of revised Strategic Plans and APPs by the 31st of July 2020.

The department conducted Branch Strategic Planning sessions with all the Branches to review the 2020/2025 Strategic Plan and 2020/21 APP from the 29th of June to the 3rd of July 2020 based in line with DPME circular number 2 of 2020. All review decisions during these sessions were documented and discussed at the Departmental Strategic Planning session that was held on the 17th of July 2020 for discussion and adoption. The decisions taken in the departmental strategic planning session were as follows:

- The department is not amending / changing the 2020/2025 Strategic Plan as it is still relevant even after the COVID-19 outbreak and therefore the situational analysis in the tabled 2020/2025 Strategic Plan and 2020/21 APP remains relevant.
- Minor changes in 2020/21 Annual Performance Plan are introduced for programme 4 and 5 as follows:
 - 2020/21 Annual Target for Performance Indicator number 1 for programme 4 will be reduced by 2 from 84 to 72 where 3rd Quarter will be reduced from 22 to 15 and 4th quarter from 18 to 13 due to changes in service delivery environment after COVID-19 outbreak
 - Performance Indicator number 1 in programme 5 was rephrased from measuring performance by number of departmental audit plans to number of cluster plans.

5. External Environmental Analysis

Opportunities

PESTEL was utilized to identify opportunities that the department may capitalize on to maximise the departmental performance. Provincial Treasury identified an opportunity to recruit a younger generation after implementation of DPSA Directive on Early Retirement without penalisation of pension benefits. Provincial Treasury transversal branches also identified an opportunity of sharing best practices across other provincial treasuries in the country. There is an opportunity on maximising the National Treasury GTAC support and MFIP to beef-up Provincial Treasury support to municipalities. Utilization of Enterprise Development Fund from banking institutions is an opportunity to develop SMMEs and grow the local economies.

Threats

Identified threats may hinder the department from achieving the desired outputs and outcomes as set out in the Strategic Plan and Annual Performance Plan if they are not addressed. Shrinking provincial budgets pose a serious threat on allocation of budget to national and provincial priorities and service delivery in the province as this has implications on potential growth of COE budget. Influx of foreign nationals pose a serious threat on putting severe pressure on limited resources. Litigations in Public Service also pose a serious threat where resources meant for services delivery are deviated to fund litigations. Poor IT infrastructure networks in the province, coupled with the risk of IT systems being hacked are also a threat.

An action plan to minimize the impact of identified threats and maximise the identified opportunities has been developed covering the medium term. Progress on implementation of these action plans and the opportunity registers serve quarterly in EXCOM meetings. The interventions to address SWOT outcomes in the action plan and the opportunity register will be monitored separately from the Strategic Plan and Annual Performance Plan as they are operational in nature.

Table 1: Stakeholder Analysis

Stakeholder	Reason for collaboration	Collaboration Description	Challenges	Proposed interventions
SITA	Custodians of IT Service in Government as per SITA Act	Implementation of new systems. Hosting of transversal systems. Maintenance of Transversal systems. IT technical Skills. IT Project Management Skills.	Non adherence to SLA's. Budgetary Constraints. Involvement of additional Stakeholders from SITA in the process	Effect penalty clauses as per SLA. Lobby for additional funding during MTEF hearings. Increase in FMIS capacity Update own SLA to incorporate usage of third parties by SITA.
All Departments	Effective Utilization of transversal systems.	Adherence to transversal user accounts management policies.	Non adherence to user accounts management policy. System Controllers are incorrectly placed as per generic structure of CFO's office.	Revoke ID's of non-complying System Controllers. Centralise the function of System Controllers in Limpopo Treasury.
All Departments and Public Entities	Effective Budget Planning and implementation	Compliance with budget guideline framework and performance reporting standards	Poor implementation of infrastructure and procurement plans	Capacity building and consequence management – issuing of noncompliance letters and financial performance analysis reports
National Treasury	Custodians of PFMA and its prescripts	Financial Reporting Frameworks Risk Management framework Annual Reporting Framework Instruction Notes	Reporting Templates are not error free AMD and MCS are not aligned to the templates	Automation of the reporting template Alignment of templates to AMD and MCS

	Custodian of Transversal Systems	and Guidelines Systems policies and Procedures Transversal system support	Outdated Frameworks None Limited training capacity	Regular review of the frameworks None Capacitate Financial Training Capacity Building Directorate
National Treasury	Custodians of PFMA and its prescripts	Budget planning and financial reporting frameworks. Treasury Instruction Notes and Guidelines.	Budget cuts and tight deadlines on budget submissions.	Strengthen measures to contain provincial costs, maximise own revenue, and capacitate Province to be proactive in budget planning.
CoGHSTA	CoGHSTA is responsible for MPRA, DoRA, Systems Act and other sections of the MFMA.	CoGHSTA is responsible for Municipal Property Rates Act which affects revenue, DoRA on conditional grants, Systems Act on revenue by-laws and appointment of officials, MFMA on non-adoption of the budgets, reporting on UIF and annual financial statements.	Weak integration of work performed by both departments.	Strengthen governance structures.

Municipalities	Improvement of municipal audit outcomes.	Compliance with Provincial Treasury budget planning; reporting standards; and financial management prescripts in line with MFMA, DORA and other legislations.	Financially unsustainable municipalities.	Enhance capacity building strategies. Escalation of non-compliance to highest authority.
----------------	--	---	---	---

Performance Delivery Environment

Limpopo Provincial Treasury monitors and supports Provincial Departments, Public Entities, Municipalities and Municipal Entities on implementation of the PFMA and MFMA. The Provincial Institutions that are monitored and supported by Limpopo Provincial Treasury in line with the PFMA and MFMA are as follows:

Table 2: List of Public Institutions supported by Limpopo Provincial Treasury.

Provincial Departments	Public Entities	Municipalities (27)
Office of the Premier (OtP).	Limpopo Gambling Board (LGB).	Capricorn District Municipality
Education (DoE).	Limpopo Economic Development Agency (LEDA).	Molemole Local Municipality.
Agriculture and Rural Development (DARD).	Road Agency Limpopo (RAL).	Blouberg Local Municipality.
Provincial Treasury (LPT).	Gateway Airport Authority Limited (GAAL).	Lepelle Nkumpi Local Municipality.
Economic Development, Environment and Tourism (LEDET).	Limpopo Tourism Agency (LTA).	Polokwane Local Municipality (Not delegated).
Health (DoH).		Sekhukhune District Municipality
Transport and Community Safety (DTCS).		Elias Motsoaledi Local Municipality

Public Works, Roads and Infrastructure (DPW&I).	Ephraim Mogale Local Municipality
Co-operative Governance, Human Settlements & Traditional Affairs (CoGHSTA).	Makhuduthamaga Municipality Local
Social Development (DSD).	Fetakgomo Tubatse Local Municipality
Sport, Arts and Culture (DSAC).	Mopani District Municipality
	Maruleng Local Municipality
	Ba-Phalaborwa Local Municipality
	Tzaneen Local Municipality
	Giyani Local Municipality
	Letaba Local Municipality
	Vhembe District Municipality
	Makhado Local Municipality
	Musina Local Municipality
	Thulamela Local Municipality
	Collins Chabane Municipality
	Waterberg District Municipality
	Mogalakwena Local Municipality
	Thabazimbi Local Municipality
	Lephalale Local Municipality
	Modimolle Mookgophong Local Municipality
	Bela-Bela Local Municipality

Fiscal Policy Analysis (Revenue)

Provincial own revenue collection remains vital in augmenting the Provincial Share of Revenue given the underperforming national revenue collection which results from weak

economic growth and tax administration concerns. To this end, the Limpopo Provincial Revenue Enhancement and Retention Strategy has been introduced to ensure maximization and sustainability of provincial own revenue; and to provide incentives to departments and public entities that enhance and effectively manage their own revenue collection, and thereby continuously improving the management of own revenue. Quarterly Revenue Enhancement Bilateral Meetings are held to support Departments and Public Entities on the identification of revenue enhancement projects / new sources, and to monitor the implementation of such projects.

Over a five-year period, Provincial Own Revenue collected a total amount of R6.793 billion which reflect an average collection of R1.359 billion per annum. The revenue collection has since improved as compared to R586.5 million in 2011/12 and R844.4 million in 2013/14. The increased collection had contributed positively to the Provincial Revenue Fund and was utilised to augment the Provincial Share of Revenue to enhance service delivery in the Province. Departments of Transport; Health and LEDET are potential revenue generating departments through Revenue Enhancement Allocation. Provincial interest revenue is not a reliable source of revenue owing to its volatility nature. Also, DPWR&I remains a challenge in optimally collecting for house rentals fees from tenants. Provincial Treasury provide support to DPWR&I to ensure the development of an effective Rental Collection Turnaround Strategy; and to enter into SLA's with implementing collection agencies (Departments) to enhance property rental collection.

Interventions over the medium term period

Facilitate the implementation of the reviewed Provincial Revenue Enhancement and Retention Strategy with more emphasis on the identification and implementation of the Revenue Enhancement projects.

Macro-Economic Analysis

The role of the Macro-Economic Analysis unit is to perform research and provide economic intelligence to influence the budget allocation on Provincial Level. The difficult economic conditions on global, national and provincial levels are being analyzed. The quarterly economic bulletin highlights the most recent economic developments on a quarterly basis

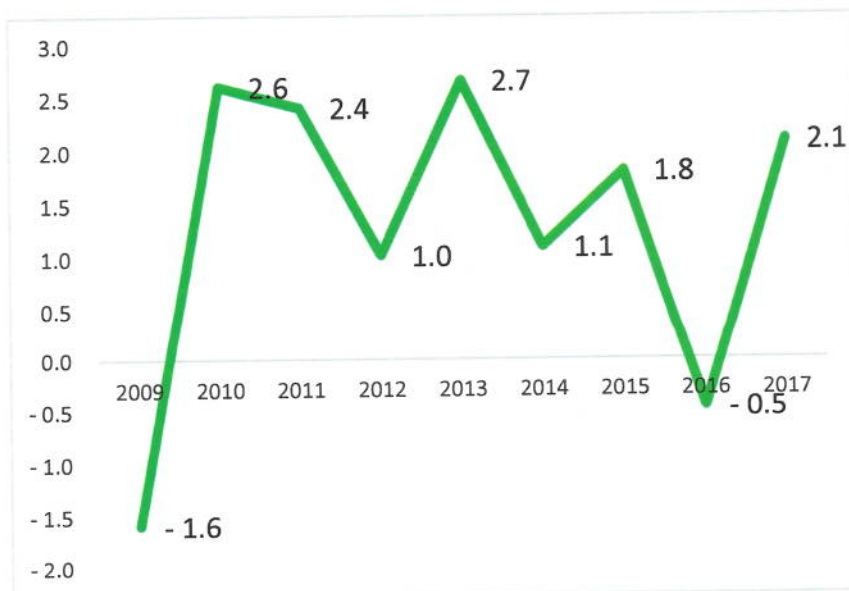
and also provide inputs on relevant economic topics of the day like the importance of the informal sector in addressing the challenge of unemployment and further highlights the importance of climate change. Other topics dealt with included inclusive growth and the role of rating agencies amongst others. The tight fiscal situation on national level is expected to continue with negative consequences for the provincial budget allocation.

Except for the documents produced as part of the APP the unit is also conducting research on other topics like explaining the expanded definition of unemployment and the evaluation of the extension services at the Department of Agriculture in Limpopo.

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 2.1 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 1: 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 3: 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.

Provincial 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.

Interventions over the medium term period

- Prioritise allocation of budget to economic stimulating projects.

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 ultimate aim is to achieve improved provincial budget planning and implementation; enhanced oversight on service delivery by the departments and public entities and improved communication and working relations with departments and public entities. On a monthly basis performance by departments is being reported to National treasury through In-year monitoring report and a detailed report is prepared for discussion during Head of departments forum and Executive Council meetings. These monitoring mechanism resulted into improved spending by the province from 99.1 percent in 2017/18 financial year to 99.2 percent in 2018/19. The public finance ascertain that Public Entities report quarterly in line with the PFMA without failure.

Interventions over the medium term period

- Ensure effective expenditure reporting by both departments and public entities.
- Conduct quarterly detailed cash flow analysis for provincial departments and public entities

Infrastructure Management and PPP

Departments are supported through institutional arrangements forums and monthly IRMs analysis on a monthly basis to improve infrastructure planning and spending. 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 BaPhalaborwa municipalities are participating and provided with requisite management and technical support in order that MIG is spent efficiently and effectively.

Interventions over the medium term period

- Coordinate the Operationalisation of the Infrastructure Strategic Planning Hub model which will sustain the infrastructure planning and implementation capacity beyond GTAC support.
- Continuous provision of requisite management and technical support to Municipalities in order to ensure that MIG is spent efficiently and effectively.

Provincial Asset Management

There are currently nine (9) provincial departments (DoT, LPT, CoGHSTA, OtP, DARD, DoE, LEDET, DSD and DCS) out of twelve (12) that are complying with Asset Management prescripts at 90% and above. The remaining three (3) Departments were qualified mostly on transfers (s42) and valuation

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 fair-valued, disposal of assets in the system that are still in existence and lack of capacity (skills and personnel) in departments and public entities.

Identified Challenge	Intervention over the medium term period	Nature or level of intervention	Collaboration needed
Departments were qualified mostly on	Benchmarking with other provinces and	Operational	Engagement with National Treasury and

transfers (s42) and valuation	training		Public Works
Inability to complete verification in time	Development of Asset Verification Strategy	Operational	None
Emerging R1.00 assets that are not fair-valued	Strengthen Consequence Management	Operational	Audit Committee
Disposal of assets in the system that are still in existence	Asset reinstatement and continuous training	Operational	None
Lack of capacity (skills and personnel) in departments and public entities.	Formal training	Operational	None

Banking and Cash Management

In the 1st quarter of the current year all departments are below 90% in compliance with Banking, Cash and Liabilities Management prescripts. 10 departments range from 84% to 89% while Departments of Agriculture, Education and Social Development are staggering at 62%, 77% and 79% compliance rates respectively.

Banking, Cash and Liabilities Management assessment findings indicates that challenges leading to this average compliance rates in departments 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, and ill-disciplined departments could easily overspend and overdraw accounts without following due processes. Departments are also growing tendencies of inefficiencies in payment processing resulting in high levels of recalls with potential risk of recovery and loss of public funds.

Identified Challenge	Intervention over the medium term period	Nature or level of intervention	Collaboration needed
Growing level of claims against state	Advising State Attorney through departmental Legal Services to establish departmental committees that are going to deal with claims against the state.	Operational	None
Departments allowing debtors' books to grow with less effort to create, collect and prevent occurrence of debts.	Advising State Attorney through departmental Legal Services to establish departmental committees (Loss Control Committees) that are going to deal with debts recovery.	Operational	None
Overspending and overdrawing of accounts.	Training on cash flow planning, regular monitoring and consequence management on negligence in the whole value chain.	Operational	None
High levels of payment	Training on	Operational	None

recalls with potential risk of recovery and loss of public funds	payments processing, regular monitoring and consequence management on negligence in the whole value chain.		
--	--	--	--

Provincial Supply Chain Management

The Provincial Departments achieved the following audit outcomes for the financial year 2018/19: Two (2) Clean Audits, six (6) Unqualified Audits, and five (5) Qualified Audits, Provincial Treasury and Community Safety recorded a clean audit. Improvements were reported in two (2) Departments from Qualified to Unqualified – LEDET, and from unqualified to Clean – Community Safety. 1 regression was reported for the Department of Social Development

The Public entities achieved the following audit outcomes: Three (3) unqualified Audits; two (2) Qualified Audits, and no regression during the financial year under consideration.

Supply Chain Management audit outcome as reflected in AGSA 2018/19 Report indicated challenges relating to high rate of non – compliance to prescripts by departments and public entities, which includes among others; non adherence to Procurement Plans, inadequate Market Research, unwarranted deviations from normal SCM processes, inadequate Contract Management, poor records management, awards to suppliers in the service of the state, employees doing business with government without prior approvals, services rendered without official orders, general non-compliance to SCM Prescripts which resulted in Irregular Expenditure.

Identified Challenge	Intervention over the medium term period	Nature or level of intervention (Operational or strategic)	Collaboration needed
Non adherence to	Bi-annual bilateral	Operational	Expected

Procurement Plans,	with departments and public entities.		commitment from departments and entities.
Inadequate Market Research.	Provide training departments and entities.	Operational	Expected commitment from departments and entities.
Unwarranted deviations from normal SCM processes.	Provide training departments and entities.	Operational	Expected commitment from departments and entities.
Inadequate Contract Management	Facilitate the approval of the Contract management framework, train contract managers, monitor and evaluate performance.	Operational.	National Treasury to fast-track the approval of the framework.
Poor records management	Provide training on audit trail for procurement transactions.	Operational	Expected commitment from departments and entities.
Awards to suppliers in the service of the state, employees doing business with government without prior approvals,	Increase awareness, and monitor compliance with Public Service Management Act.	Operational.	Auditor General SA to assist in accessing the system used to detect government employees doing business with government.

Services rendered without official orders	Provide training departments and entities.	Operational	Expected commitment from departments and entities.
---	--	-------------	--

AG AUDIT OUTCOMES

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.

AG outcomes for Provincial Departments

The support provided by Provincial Treasury in 2017/18 resulted in improvement by two (2) votes, which is Limpopo Economic Development, Environment and Tourism and Community Safety, where LEDET moved from Qualified Audit opinion in 2017/18 to Unqualified Audit opinion in 2018/19 and DCS moved from Unqualified Audit Opinion in 2017/18 to Clean Audit in 2018/19. Limpopo Provincial Government achieved two Clean Audits in 2018/19 from Community Safety and Provincial Treasury. There is still a need for continuous monitoring and support to ensure that these trends are improved and sustained.

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

Table 4: Audit Outcomes for Provincial Departments.

Vote No	DEPARTMENT	201415	201516	201617	201718	201819	TREND
1	Premier	CL	UQ	UQ	UQ	UQ	↔
2	Legislature	UQ	UQ	UQ	UQ	UQ	↔
3	Education	D	D	Q	Q	Q	↔
4	Agriculture & rural Development	UQ	UQ	Q	UQ	UQ	↔
5	Treasury	UQ	UQ	CL	CL	CL	↔
6	Economic Development	UQ	Q	Q	Q	UQ	↑
7	Health	UQ	Q	Q	Q	Q	↔
8	Transport	UQ	UQ	UQ	UQ	UQ	↔
9	Public Works , Roads &	Q	Q	Q	Q	Q	↔

	Infrastructure							
10	Community Safety	UQ	UQ	UQ	UQ	CL		↑
11	Co-Operative Governance, Housing Settlements & Traditional Affairs	UQ	UQ	Q	UQ	UQ		↔
12	Social Development	UQ	UQ	UQ	UQ	Q		↓
13	Sport, Arts & Culture	Q	Q	Q	Q	Q		↔

AG outcomes for Public Entities.

There is consistent performance in audit outcome performance of public entities where all public entities audit outcomes for 2016/17 and 2017/18 are the same. Gateway Airport Authority Limited and Limpopo Development Agency are still qualified and requires continuous monitoring and support to ensure improvement to unqualified audit opinions in 2018/19 financial year. The department will also continue to provide support to the three public entities (Limpopo Tourism Agency, Gambling Board and Road Agency Limpopo) so that they can improve from Unqualified Audit opinions to Clean Audit.

Table 5: AG outcomes for Public Entities

Vote No	PUBLIC ENTITY	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	TREND
1	Limpopo Economic Development Agency (LEDA)	UQ	UQ	UQ	Q	Q	Q	↔
2	Limpopo Tourism Agency (LTA)	Q	Q	Q	UQ	UQ	UQ	↔
3	Limpopo Gambling Board (LGB)	UQ	UQ	UQ	CL	UQ	UQ	↔
4	Roads Agency Limpopo (RAL)	A	A	Q	UQ	UQ	UQ	↔
5	Gateway Airport Authority Limited (GAAL)	D	Q	Q	UQ	Q	Q	↔

Identified Challenge	Intervention over the medium term period	Nature or level of intervention	Collaboration need
Material misstatements in financial statements not identified (negative audits) due to:- <ul style="list-style-type: none"> o Non/late submission by clients especially in Public Entities o Incomplete IFS o Suspense accounts not cleared timely o Key officials not attending reviews of FS 	Establishment of Financial Accounting and Reporting Forum (FARF) to address technical accounting and reporting matters Regular reporting to CFO's Forum for support and intervention Timely escalation of noncompliances	Strategic at Provincial Level	Provincial Internal Audit Unit Departmental Internal Control Unit
PRF financial statements not up to date	Engagement with AGSA to complete audits of the financial years submitted for audit and Branch 3 for PRF financial statements	Operational at Departmental and Branch Level	AGSA and Branch 3
Lack of / poor IT infrastructure in districts that results in cancellation of planned courses	Upgrading of IT infrastructure in districts	Operational	Departmental GITO
Inadequate trainers that lead to poor training outcomes	Request additional trainers through structure review committee	Strategic Departmental Level	Corporate Services
Inappropriate use of systems as a result of non – attendance of forum meetings by system controllers	Centralisation of Syscons in Treasury	Strategic Provincial Level	EXCO
Inability to focus on planned projects during the financial year due to adhoc requests for implementation of systems.	Engage SITA to make provision for provincial projects in their plans in terms of resources and plans	Strategic Departmental Level	SITA
SITA Technical Skill	Review the SLA entered	Strategic	SITA

Dependency	with SITA	Departmental Level	
------------	-----------	--------------------	--

AG outcomes for Municipalities

There was a regression of audit outcomes from 2016/17 to 2017/18 from 9 to 8 unqualified audit opinions by 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.




Identified Challenge	Intervention over the medium term period	Nature or level of intervention	Collaboration need
Non-compliance with laws and regulations	Strengthening of governance structures	Strategic	NT, CoGHSTA, SALGA, and AGSA

Table 6: Five (5) Year analysis of Municipal Audit Outcomes

Audit Opinion	2014/15	2015/16	2016/17	2017/18	2018/19
Disclaimed	5	3	5	4	1
Adverse	1	2	3	2	0
Qualified	14	12	10	13	17
Unqualified	10	13	9	8	6
Clean Audit	0	0	0	0	1
Outstanding	0	0	0	0	2
TOTAL	30	30	27	27	27

Figure 2: Five Year Period Audit Opinions

No	MUNICIPALITIES	2013/14	2014/15	2015/16	2016/17	2017/18	TREND
1	Vhembe District	D	A	D	D	D	↔
2	Makhado	UQ	Q	Q	A	Q	↑
3	Musina	UQ	UQ	UQ	UQ	Q	↓
4	Mutale	Q	Q	Q	N/A	N/A	↔
5	Colins Chabane				Q	D	↓
6	Thulamela	UQ	UQ	UQ	UQ	UQ	↔
7	Waterberg District	UQ	UQ	UQ	Q	Q	↔
8	Bela-bela	UQ	UQ	UQ	Q	Q	↔
9	Lephalale	UQ	UQ	UQ	UQ	Q	↓
10	Modimolle	Q	Q	Q	D	D	↔
11	Mogalakwena	UQ	D	A	A	A	↔
12	Mookgophong	Q	Q	Q	N/A	N/A	↔
13	Thabazimbi	D	D	D	D	D	↔
14	Capricorn District	UQ	UQ	UQ	UQ	UQ	↔
15	Aganang	Q	Q	Q	N/A	N/A	↔
16	Blouberg	UQ	Q	Q	Q	Q	↔
17	Lepelle-Nkumpi	Q	Q	Q	Q	Q	↔
18	Molemole	Q	UQ	UQ	UQ	UQ	↔
19	Polokwane	Q	UQ	UQ	Q	Q	↔
20	Mopani District	A	D	A	D	A	↑
21	Ba-Phalaborwa	D	Q	D	D	Q	↑
22	Greater Giyani	Q	Q	Q	A	Q	↑
23	Greater Letaba	Q	Q	Q	Q	UQ	↑
24	Greater Tzaneen	Q	Q	UQ	UQ	Q	↓
25	Maruleng	UQ	Q	UQ	UQ	UQ	↔
26	Sekhukhune District	UQ	UQ	UQ	UQ	UQ	↔
27	Elias Motsoaledi	Q	Q	Q	Q	UQ	↑
28	Fetagomo	D	Q	UQ	N/A	N/A	↔

29	Ephraim Mogale	D	D	Q	Q	UQ	
30	Tubatse	D	D	Q	Q	Q	
31	Makhudutamaga	UQ	UQ	UQ	UQ	Q	

30 days payment of invoices

The percentage of invoices paid in the province within the prescribed 30 days of receipt is reflected in Table 1. During the month of January 2020, compliance to section 38 (1) (f) of the PFMA is 88.44%. The 88.44% compliance rate is 11.56% below the 100% compliance rate set for all departments for the period 2019/20. The 88.44% compliance rate is also informed by invoices older 30 days which were on hand and not paid at the end of January 2020. See Table 2 below.

Only LEDET, Treasury and Premier have achieved the 100% compliance rate for January 2020.

CUMMULATIVE COMPLIANCE RATE TO SECTION 38 (1) (F) OF THE PFMA

Table 4 – COMPLIANCE RATE (Apr - January 2020): **92.41%**

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	11 765	22	2	1	4	11 794	29	99,75%
LP: COMMUNITY SAFETY	1 061	10	1			1 072	11	98,97%
LP: CO-OP GOV; HUM SET; TRAD AFF	8 330	146	8		4	8 488	158	98,14%
LP: ECON DEV; ENVIRONM & TOURISM	9 168	1	1	3		9 173	5	99,95%
LP: EDUCATION	35 130	855	58	13	25	36 081	951	97,36%
LP: HEALTH	63 846	9 494	2 027	895	1 578	77 840	13 994	82,02%
LP: OFFICE OF THE PREMIER	3 764					3 764	0	100%
LP: PROVINCIAL TREASURY	3 113	1				3 114	1	99,97%
LP: PUBLIC WORKS;ROADS & INFRAST	27 932	495	43	4	12	28 486	554	98,06%
LP: SOCIAL DEVELOPMENT	18 556	10			1	18 567	11	99,94%
LP: SPORT;ARTS & CULTURE	4 959	52	7	5	1	5 024	65	98,71%
LP: TRANSPORT	5 744	100	4	1	2	5 851	107	98,17%
Grand Total	193 368	11 186	2 151	922	1 627	209 254	15 886	
	92,41%	5,35%	1,03%	0,44%	0,78%	100%	7,59%	

The Internal Audit Process

Necessarily the internal audit process entails implementing the approved internal audit plan. Internal audit findings emerge from a process of:

- (i) having to compare the desired state, i.e. the criteria, with the current conditions or state;
- (ii) commendation is given where the current condition/s meets or exceed the criteria;
- (iii) However, where the contrary is observed, internal audit findings will accordingly be communicated to Client Auditee Management.

The Internal Audit Report

The eventual output of the internal audit process is the Internal Audit Report. Such reports are intended to provide client management as well as stakeholders, such as the Audit Committee and Executive Authority, with reliable and credible information for decision making. In this regard, implementing recommendations to internal findings assist client Department in improving their governance, risk management, internal control and compliance processes resulting in improved audit outcomes.

The table below provides a summary of internal audit findings and the resolution status. As it may be observed from the table below, the Departments of Education, Public Works Roads & Infrastructure and Health need relatively more attention.

Combined Assurance Approach

SIAS recognises that there are other role-players within LPT as well as client departments that also provide assurance/compliance or consulting/support services. Such role-players include LPT and OtP Transversal function as well as Department, Internal Control/Compliance and Risk Management functions. The potential for duplication/s resulting in “assurance fatigue” is genuine. – Hence, the need to enhance the Provincial Combined Assurance Model

Table 8: Status of Report of Unresolved Findings.

Dept.	Unresolved Findings for Financial Years					Not Followed up by LSIA	Total Findings over 5 Years	Total Findings Resolved at 30 June	Total Unresolved Findings at 30 June	% Resolved
	2014/15	2015/16	2016/17	2017/18	2018/19					
EDU	290	205	90	160	180		925	620	305	67%
OTP	4	15	1	2	10		32	32	0	100%
DSD		74	60	114	89		337	272	65	81%
Cluster 1	294	294	151	276	279	0	1294	924	370	71%
CoG	80	43	37	51	66		277	225	52	81%
PRI	189	178	119	98	288		872	673	199	77%
SAC		84	39	56	46		225	176	49	78%
Cluster 2	269	305	195	205	400	0	1374	1074	300	78%
HEA			19	85	18	24	146	51	95	35%
LPT		1	2	8	11		22	11	11	50%
DSC				4	7	6	17	4	13	24%
Cluster 3	0	1	21	97	36	30	185	66	119	36%
AGR				6	25		31	15	16	48%
DOT		1	3	5	70		79	58	21	73%
EDET		3	2	10	53		68	15	53	22%
Cluster 4		4	5	21	148	0	178	88	90	49%
Total	563	604	372	599	863	30	3031	2152	879	
% of Findings over 5 years	19%	20%	12%	20%	28%	1%	100%	71%	29%	

Table 9: Transversal Repeat Internal Audit Finding

The following critical internal audit findings are pervasive in most of the Provincial Departments for the past 3 year period:	
1	Interim Financial Statement Audits - Misstatement of AFS/IFS
2	HR Management
2.1	Irregular appointments made at the Department
2.2	High vacancy rate in Supply Chain Management
3	Asset Management
3.1	Assets could not be traced to AR; Assets not found in location
3.2	Asset Register not updated
3.3	Assets not recorded in the assets register
4.	Supply Chain Management
4.1	Bid Evaluation and Adjudication Committee Minutes not signed/ Not located
4.2	Department deviated from the prescribed procurement processes without justifiable

	reason/deviation not recorded in the register
5	Expenditure Management
5.1	Budget not confirmed/checked prior to procurement of goods/measures used to check budget not appropriate
5.2	Late payment of service providers /suppliers
6	Vehicle Management and Maintenance
6.1	Long turnaround time for repairs of state vehicle
6.2	Accidents on vehicles not investigated/accidents not investigated
7	Monitoring of State Owned Entities - Department not adequately monitoring entities

Challenges in the Performance Delivery Environment.

- The requirement for the establishment of an Internal Audit System/Function in a Department is in terms of the PFMA 38 (a) (ii). Instead, the previous Executive Council (EXCO) opted for a Shared Internal Audit Service model in terms of paragraph 3.2.3 of the Treasury Regulations (TR). There is a possibility that the current Executive Council may decide to have Departmental in-house internal audit functions as a result of requests from the, particularly larger Departments.
- Technological changes brought about through the Fourth Industrial Revolution provides indeed a number of opportunities. Nevertheless, the downside of such changes may affect SIAS performance delivery environment in that staff members may not be adequately capacitated to deal with the changes.
- Over the years, SIAS has observed that there is a high staff turnover rate of particularly of operational staff members in time when the economy is flourishing. Now that the economy is slowing down the turnover of operational staff appears to be stable. Given that SIAS invests a substantial amount of resources in training and capacitating staff, the challenge is that it may not be able to retain operational staff when the economy in the country improves. In general, it has been observed that SIAS operational staff members are attracted by better opportunities in other provinces.

2020/21 to 2024/25 Planned interventions to address challenges

- Conduct client satisfaction surveys and respond to concerns by providing Client Departments with improved quality of internal audit services;
- Review the analysis of findings of exit interviews obtained from the Human Resources component and respond to findings through the development of an action plan;
- Review a Quality Assurance and Improvement Policy and communicated to all Internal Audit staff;
- Develop an Internal Audit Methodology that will enable an integrated report on Departmental GRCC processes;
- Develop integrated skills development programme and plan focusing on the core skills competency requirements of the Branch and guided by the IIA'S Global Internal Audit Competency Framework;
- Review the organisational structure to optimize functionality of Internal Audit function;
- Review the Provincial Combined Assurance Model/Framework;
- Facilitate the evaluation of the IAT Programme.

6. Internal Environmental Analysis.

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.

Weaknesses

Implementation of the Department's Employment Equity plan is 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. Inability to fill funded vacant posts due to reliance on external approval processes.

Performance Delivery Environment.

Departmental MPAT Performance.

The Management Performance Assessment tool (MPAT) has been used for the past eight years by the Department of Performance Monitoring and Evaluation (DPME) in the Office of the Presidency to measure and assess management practices in four Key Performance Areas (Strategic Management, Governance & Accountability, Human Resource and Financial Management) in order to improve performance and service delivery in the public service. However, in a communique dated 29 March 2019, DPME decided to discontinue with the implementation of MPAT programme in departments.

Following this communique from DPME, EXCOM took a decision to continue with the implementation of the programme as a tool to monitor Limpopo Provincial Treasury departmental performance against the four KPAs. Strategic Management Services Directorate has been mandated to establish internal processes and systems to ensure proper implementation of MPAT programme in the department.

Limpopo Provincial Treasury was rated a score of 3.28 on MPAT 1.8, which was 0.52 below the Strategic Objective target for the 2018/19 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.

Limpopo Provincial Treasury AG Audit Outcomes.

Provincial Treasury received an unqualified audit opinion without findings for the 2016/17, 2017/18 and 2018/19 financial years, also referred to as a Clean Audit. The department incurred fruitless and wasteful expenditure amounting to R 0, 1m in 2018/19 financial year. Treasury has developed procedures and put in systems to prevent and detect unwanted expenditures.

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: -

- EE Target not reached at SMS level
- Loss of Institutional Memory (as a result of ageing workforce)
- Non-compliance to submissions and poor financial planning e.g. unspent funds, non-alignment of budget.

2020/21 to 2024/25 Planned interventions to address challenges

- Empower females at MMS level.
- Encourage people from the designated groups to apply for posts.
- Strengthen relations with stakeholders.
- Implement Knowledge Management Strategy and Policy.
- Review HR Plan
- Implement consequence management. E.g. withhold budget allocation to affected directorates, suspend procurement of goods and services.

Organisational Environment

Limpopo Provincial Treasury has migrated into the approved organisational structure, however, there will be a need to review the approved organisational structure to ensure alignment to the five-year strategic plan in an effort to create operational efficiency. The current organisational structure makes provision for 535 posts of which 408 are filled and 127 are vacant. The department has received approval to advertise and fill critical posts which will support the department in achieving its mandates and objectives.

The Department will continuously implement the turnaround strategy on performance management in the department which has yielded positive results thus far by improving submission statistics and overall compliance to policy and directives. 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 and areas of development are being attended to.

The Department conducted a climate survey to determine the satisfaction levels of employees and based on the outcomes developed and implemented an action plan to address areas of concern. A follow – up climate survey will need to undertake during the strategic plan term.

Eleven (11) Senior Management Service officials were enrolled and graduated with Wits School of Governance in August 2018. Furthermore, twelve (12) Senior Management Service officials were enrolled in 2019 for Programme and Project Management, Public Finance, Leadership and Risk Management programmes. Ninety - one (91) officials were registered for various qualifications (from Undergraduate to Doctoral studies) with various institutions of higher learning in the academic year 2019. Sixty – one (61) graduates were placed on internship programme in 2018/2019 and 2019/2020 financial years. Twenty (20) graduates were placed on Internal Audit Technician Learning Programme in 2018/2019 financial year. The Department will implement the Chartered Accountancy Academy Programme in 2019/2020 FY. Five (5) trainee Chartered Accountants will be enrolled on the Programme.

The core business units of the department implemented the identified three key service areas, namely: 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 department will undertake a review of Service Delivery Improvement Plan to assess the three key services areas and consider maintenance or development of new key service areas.

The Service Delivery Model will be reviewed to ensure alignment to 2020 – 2025 Strategic Plan in an effort to determine the alternative service delivery mechanisms and operational improvement for each area of service. In addition, information technology requirements, HR and general capacity requirements and risks and mitigation plans will be reviewed.

PART C: MEASURING OUR PERFORMANCE

1. Institutional performance information

2. Impact statement

Impact Statement	Strengthened capability and accountability of provincial departments, public entities and municipalities by 2030.
-------------------------	--

3. Measuring our outcomes

MTSF Priority no 1	Capable, Ethical and Developmental State.		
Outcomes	Outcome Indicators	Baseline	Five-year target
Sustainable Support Services and Good Governance.	Percentage of improvement in Departmental Performance.	84%	100%
	Percentage compliance to Institutional Arrangements Framework.	85%	100%
Departmental Unqualified Audit Outcomes.	Number of unqualified audit outcomes.	Clean Audit	Clean Audit
Sustainable fiscal policy for the province by 2025.	% of Provincial revenue collected.	100%	100%
	% of credible provincial budgets tabled.	100%	100%
	% of provincial annual expenditure achieved.	99.1%	99%
Unqualified Audit Outcomes of provincial departments, public entities and municipalities.	% of unqualified audit outcomes in municipalities	22%	70%
	% of unqualified audit outcomes in provincial departments	62%	100%
	% of unqualified audit outcomes in public entities	60%	100%

Increased economic participation of youth, women, Military Veterans and persons with disability (SMMEs).	% of government spend on small business.	50%	70%
--	--	-----	-----

3.1. Explanation of Planned Performance over Five Year Planning Period

a) The outcomes' contribution to achieving the aims of the Medium Term Strategic Framework (MTSF); the mandate of the institution including, where applicable, priorities in relation to women, youth and people with disabilities; and provincial priorities, where applicable.

(i) Sustainable Support Services and Good Governance.

The outcome on "Sustainable support services and good governance" will contribute towards MTSF priority no 1 of "**Capable, Ethical and Developmental State**", particularly on the achievement of a professional, meritocratic and ethical public administration. Sustainable support services related to Information communication technology, human resources provisioning and capacity building programmes which will contribute directly to professional public administration.

Good governance is institutionalized by affirming the implementation of structures and committees in the department and ensuring that through all responsibilities departmental values are practiced to ensure ethical leadership.

(ii) Departmental Unqualified Audit Outcomes.

The outcomes on "Unqualified audit opinion without findings," will contribute towards MTSF priority no 1 of "**Capable, Ethical and Developmental State**", particularly on the achievement of a professional, meritocratic and ethical public administration. A Clean audit demonstrates the ability of the department to be competent, professional and capable through sound annual financial statements, performance reporting.

(iii) Sustainable fiscal policy for the province by 2025.

Improved expenditure and revenue budget planning and implementation by provincial departments and public entities will enhance public trust thereby contributing to MTSF priority 1 in particular the achievement of outcome “improved leadership, governance and accountability” and the intervention – “Enable leadership in National and Provincial departments to build capacity and also intervene to resolve blockages in government bodies and administration”.

(iv) Unqualified Audit Outcomes of provincial departments, public entities and municipalities.

Improved audit outcomes within the provincial municipalities, provincial departments and public entities will contribute towards achieving the MTSF priority 1, particularly on the intervention of improving financial management capability in the public sector and ultimately contribute towards the outcome of Functional, Efficient and Integrated Government

(v) Increased economic participation of youth, women, military veterans and persons with disability (SMMEs).

Increasing procurement spend percentage to SMMEs means there will be increased ownership and participation of SMMEs in the provincial economy by 2029 and thereby contribute to MTSF priority 1, particularly on 2024 Impact of Gender, Youth and Disability Responsive Public Service

b) A description of the enablers intended to assist with achieving the five-year targets.

- (i) Budget, Human Resources, Institutional Arrangement Framework and Technological Systems.
- (ii) Tools of trade – working tools to enable efficiencies to staff such as computers, printers, data projectors and cellular phones
- (iii) Legislative, policies, procedures and guidelines – Provision of standards and

frameworks on performance and strengthens internal controls

- (iv) Support by Executive and leadership – Provide guidance, directions on implementation of strategies, work-plans and approval on delegated areas of responsibility and decision making.
- (v) Internal Audit Methodology – Review and update IA methodology workshop and adequately communicate the IA methodology to all staff.
- (vi) Client Service Agreement/s – Engage Accounting Officer and SMS support for resolving disputes between auditor/auditee relations.
- (vii) Effective Audit Committees

c) An explanation of the outcomes' contribution to achieving the intended impact.

(i) Sustainable Support Services and Good Governance.

If sustainable support services and good governance is maintained in LPT through capacity building programmes and enforcement of good governance through departmental governance structures and the rendering of adequate financial management support services, and officials utilise the knowledge gained through capacity building programmes, then a Strengthened, capable and accountable institution will be enabled to manage LPT's resources sustainably.

(ii) Departmental Unqualified Audit Outcomes.

The attainment of unqualified audit outcome by the department is an indication that the public institutions is able to account for use of public funds and this ultimately lead to community confidence towards this department.

(iii) Sustainable fiscal policy for the province by 2025.

Successful implementation of fiscal policy means the Provincial government is capable, ethical and developmental in the execution of responsibilities, which will be evident through increased revenue that will improve Provincial Cash Flow. Credible budgets also enhance accountability and improved spending enhances service delivery.

(iv) Unqualified Audit Outcomes of provincial departments, public entities and municipalities.

The improvement of municipalities, provincial departments and public entities audit outcomes is an indication that these public institutions are able to account for use of public funds and enhances municipal credit rating which provides capability to access more funding. This ultimately lead to community confidence towards these public institutions.

(v) Increased economic participation of youth, Military Veterans, women and persons with disability (SMMEs).

By targeting SMMEs in procurement spend will then contribute towards their economic empowerment that will in turn lead to their increased participation in the provincial economy.

4. Key risks and mitigations

Outcomes	Key risks	Risk mitigations
Sustainable Support Services and Good Governance.	<ul style="list-style-type: none"> ➤ Inability to perform optimally due to non-approval for filling of vacant posts by PPMC leading to Poor departmental performance. ➤ Disruption to Business process due to Disasters - Natural & manmade [both predictable and unpredictable] and poor turn-around time in system recovery leading to down-time of critical services. ➤ Communication network failure due to ICT Infrastructure challenges leading to loss of data and communication and service delivery being compromised. 	<ul style="list-style-type: none"> ➤ Strengthen engagement with the PPMC. ➤ Improve capacity (training and development) to the existing employees for more diversity. ➤ Monitor the implementation of the BCP Strategy and Plan. ➤ Continuous Replication of Systems and Periodic Recovery Tests. ➤ Implement ICT Infrastructure improvement plans and monitoring thereof.
Departmental Unqualified Audit Outcomes	<ul style="list-style-type: none"> ➤ Compromised service delivery due to decline in budget leading into inability to meet the set targets. 	<ul style="list-style-type: none"> ➤ Intensify budget cuts on non-core items.(Venues and facilities, catering, travel and subsistence)

Sustainable fiscal policy for the province by 2025	<ul style="list-style-type: none"> ➤ 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 leading compromised service delivery and slow economic growth. 	<ul style="list-style-type: none"> ➤ Implementation of the infrastructure hub. ➤ Capacitate provincial infrastructure Unit. ➤ Enforcement of alignment of LDP targets to budget and monitoring thereof.
Unqualified Audit Outcomes of provincial departments, public entities and municipalities.	<ul style="list-style-type: none"> ➤ Unsustainable municipalities due to non-implementation of Treasury recommendation, lack of consequence management, non-compliance to legislation leading to compromised service delivery and collapse of municipalities, negative audit outcomes. 	<ul style="list-style-type: none"> ➤ Submit municipal assessment reports with specific recommendations to oversight bodies (i.e. Legislature, National Treasury, etc.). ➤ Focused Capacity Building on areas of concern be prioritised.
	<ul style="list-style-type: none"> ➤ Low initiative on PPP model from departments, public entities and municipalities due to capacity constrain leading limited implementation of PPP projects. 	<ul style="list-style-type: none"> ➤ Capacitate PPP directorate. ➤ Implementation of PPP manual. ➤ Awareness to departments and municipalities. ➤ Treasury to encourage departments to appoint dedicated PPP champions.
	<ul style="list-style-type: none"> ➤ Limited resources for service delivery due to high provincial COE cost leading to compromised service delivery. 	<ul style="list-style-type: none"> ➤ Continue to implement the Provincial Personnel Management Framework to reduce the provincial COE.
Unqualified Audit Outcomes of provincial departments, public entities and municipalities.	<ul style="list-style-type: none"> ➤ Increased departmental contingent liabilities due to unsatisfactory service delivery and wrong doing by government departments leading to depleting the available budget for service delivery. 	<ul style="list-style-type: none"> ➤ Establishment of reporting framework. ➤ Establishment of the Contingent Liabilities Forum. ➤ Identify and evaluate the challenges from clients. ➤ Review and implement Action Plan to address non-compliance issues. ➤ Train public institutions on job

		specific challenges identified.
	<ul style="list-style-type: none"> ➤ Non-compliance to SCM prescripts by public institutions due to inadequate skills leading to increase in irregular expenditure and service delivery being compromised. 	<ul style="list-style-type: none"> ➤ Identify and evaluate the challenges from clients. ➤ Review and implement Action Plan to address non-compliance issues. ➤ Train public institutions on job specific challenges identified.
Increased economic participation of youth, Military Veterans, women and persons with disability (SMME's).	Non participation of the designated groups in the relevant service categories due to lack of information and interest leading to unequal distribution of wealth in the province.	<ul style="list-style-type: none"> ➤ Increase awareness focusing more on the designated groups on the government procurement plan and processes.

<p>Unqualified Audit outcomes of provincial departments and public entities.</p>	<p>Regression in audit outcomes due to:</p> <ul style="list-style-type: none"> • Ineffective governance structures in institutions. • Lack of understanding of relevant accounting and reporting frameworks resulting in misstatements in financial statements submitted for audit. • Instability and inadequate capacity in the office of the CFO's. • Ineffective implementation of CAM • Lack consequence management leading to poor service delivery outcome. 	<ul style="list-style-type: none"> ➤ Assessment of governance structures (Audit Committee, Risk Management Committee, Audit Steering Committee, Budget Com, Executive Management, ICT Steering Com, Infrastructure Committee). ➤ Review and implement CAM framework and methodology ➤ Assess effectiveness of the workshops, trainings and FORA (Financial Accounting and Reporting Forum, Training forum, BAS Forum, LOGIS Forum, PERSAL Forum). ➤ Establish inclusive LPT team for review of financial statements. ➤ Assess effectiveness of Financial Misconduct Boards. ➤ Assessment of the CFO's offices. ➤ Professionalization of CFO's office staff. ➤ Influence and monitor the recruitment process of critical posts in CFOs' office.
--	--	--

5. Public entities

Not applicable

Part D: Technical indicator descriptions (TIDs)

Indicator 1 Title	Percentage of improvement in Departmental Performance.
Definition	This indicator measures the annual departmental performance at output level.
Source of Data	Annual Report.
Method of calculation / Assessment	Number of achieved targets over the total number of planned targets at output level on annual basis.
Assumptions	Improvement in departmental performance is as a result of capabilities by officials to perform maximally.
Disaggregation of Beneficiaries (Where applicable)	N/A
Spatial Transformation (Where applicable)	N/A
Reporting Cycle	Annual.
Desired Performance	Targeted Performance.
Indicator Responsibility	DDG: CMS.

Indicator 2 Title	Percentage compliance to Institutional Arrangements Framework.
Definition	This indicator measures compliance of governance structures established in terms of approved Institutional Arrangements Framework with regards to frequency of meetings and agenda items discussed.
Source of Data	Agenda, Attendance Registers and Minutes of meetings held.
Method of calculation / Assessment	Number of governance structures that are complying with Institutional Arrangements Framework over the total number of governance structures in the department.
Assumptions	That all structures will comply with the Institutional Arrangement Framework.
Disaggregation of Beneficiaries (Where applicable)	N/A
Spatial Transformation (Where applicable)	N/A
Reporting Cycle	Annual.
Desired Performance	100% compliance to Institutional Arrangement Framework by all governance structures.
Indicator Responsibility	DDG: CMS.

Indicator 3 Title	Number of unqualified audit outcomes.
Definition	This indicator measures the Annual Audit Outcomes by the Auditor General South Africa.
Source of Data	AGSA Audit Report.
Method of calculation / Assessment	Audit Outcome.
Assumptions	Proper planning and branches are complying to financial management processes.
Disaggregation of Beneficiaries (Where applicable)	N/A
Spatial Transformation (Where applicable)	N/A
Reporting Cycle	Annual.
Desired Performance	Targeted Performance.
Indicator Responsibility	CFO

Indicator 4 Title	% of Provincial revenue collected.
Definition	The performance indicator measures the % of total provincial revenue budget that is collected at the end of each financial year
Source of data	IYM and revenue reports from Departments BAS reports
Method of calculation / Assessment	% of revenue collected against the total approved provincial revenue set target
Assumptions	That all Provincial Departments and Public Entities collect revenue as targeted.
Disaggregation of beneficiaries (Where applicable)	None
Spatial Transformation (Where applicable)	None
Reporting cycle	Annually
Desired performance	Attainment of set revenue target or higher.
Indicator responsibility	DDG: SRM

Indicator 5 Title	% of credible provincial budgets tabled.
Definition	The performance indicator measures the percentage of credible provincial budget tabled (funded budget that is aligned to priorities and procurement plan)
Source of data	Budget submissions; National and Provincial priorities; SONA & SOPA
Method of calculation / Assessment	% of credible provincial budgets tabled against the total provincial budgets that are tabled in the financial year
Assumptions	All Provincial Departments and Public Entities implements integrated budget planning.
Disaggregation of beneficiaries (Where applicable)	None
Spatial Transformation (Where applicable)	None
Reporting cycle	Annually
Desired performance	Tabling of credible Provincial budgets – Main and adjustment budget.
Indicator responsibility	DDG: SRM

Indicator 6 Title	% of provincial annual expenditure achieved.
Definition	The performance indicator measures the % of total provincial budget that is spent at the end of each financial year
Source of data	IYM Reports from Departments and Public Entities Section 32 reports BAS reports
Method of calculation / Assessment	% of Expenditure against the total approved provincial budget
Assumptions	All Provincial Departments and Public Entities implements approved procurement plans.
Disaggregation of beneficiaries (Where applicable)	None
Spatial Transformation (Where applicable)	None
Reporting cycle	Annually
Desired performance	Provincial Expenditure against the approved provincial budget is between 98 and 100 percent.
Indicator responsibility	DDG: SRM

Indicator 7 Title	% of unqualified audit outcomes in municipalities.
Definition	The performance indicator measures the % of unqualified AG audit outcomes of municipalities against the total number of municipalities for each financial year after AG Audit is completed.
Source of data	Auditor General Reports for municipalities
Method of calculation / Assessment	% of municipalities with unqualified AG audit outcomes against the total number of municipalities in the province.
Assumptions	All municipalities have skilled personnel.
Disaggregation of beneficiaries (Where applicable)	None
Spatial Transformation (Where applicable)	None
Reporting cycle	Annually
Desired performance	100% of the municipalities in the province achieve unqualified audit opinion.
Indicator responsibility	DDG: SRM

Indicator 8 Title	% of unqualified audit outcomes in provincial departments.
Definition	Measures percentage of unqualified audit outcomes of provincial departments as confirmed by AGSA Report after completion of audit.
Source of data	AGSA Audit Report for provincial departments
Method of calculation / Assessment	% of unqualified audit outcomes of provincial departments against the total number of provincial departments in the province
Assumptions	Provincial Departments will comply with prescripts and recommendations by oversight bodies.
Disaggregation of beneficiaries (Where applicable)	N/A
Spatial Transformation (Where applicable)	N/A
Reporting cycle	Annually
Desired performance	Targeted performance
Indicator responsibility	DDG: ALSCM, DDG:FG & CAE

Indicator 9 Title	% of unqualified audit outcomes in public entities.
Definition	Measures percentage of unqualified audit outcomes of public entities as confirmed by AGSA Report after completion of audit.
Source of data	AGSA Audit Report for public entities
Method of calculation / Assessment	% of unqualified audit outcomes of public entities against the total number of public entities in the province
Assumptions	Public entities will comply with prescripts and recommendations by oversight bodies
Disaggregation of beneficiaries (Where applicable)	N/A
Spatial Transformation (Where applicable)	N/A
Reporting cycle	Annually
Desired performance	Targeted performance
Indicator responsibility	DDG:FG

Indicator 10 Title	% increase of government spend on small business.
Definition	Measures percentage annual increase in procurement spend on SMMEs
Source of data	BAS and LOGIS Expenditure Reports
Method of calculation / Assessment:	Total expenditure on designated group over the total provincial expenditure.
Assumptions	Departments and public entities will comply with prescripts and recommendations by oversight bodies
Disaggregation of beneficiaries (Where applicable)	N/A
Spatial Transformation (Where applicable)	N/A
Reporting cycle	Quarterly
Desired performance	Targeted performance
Indicator responsibility	DDG:ALSCM

Annexures to the Strategic Plan.

Annexure A: District Development Model

Provincial Own Revenue

Fiscal Policy Analysis – Revenue promote and enforce transparency and effective management of revenue in departments and public entities. Own revenue is generated from communities and as such, Provincial Treasury jointly with Departments will capacitate districts in effective revenue management and continuous revenue enhancement. The implementation of Provincial Revenue Enhancement and Retention Strategy will consider Districts' performance with a view to encourage effective revenue management, enhancement and sustainability of revenue sources. Provincial own revenue plays a critical role in augmenting Provincial Share of Revenue that is faced with continuous budget cuts pending low economic growth.

Provincial Budget

The role of Provincial Budget Management towards the District Development Model is to prepare provincial budget in collaboration with Departments and Public Entities considering provincial priorities and the scarcity of resources. Budget allocation will focus mainly on developmental plans in the districts, however this is a conjoint function with departments and public entities.

Public Finance Management

The Directorate exercise control over the implementation of provincial budgets in ensuring resource allocation efficiency to achieve maximum social, environment and economic benefits. In the implementation of District Development Model, Provincial Treasury provide capacity building to Departments, Public Entities and Districts to ensure costs minimisation and monitoring that funds are spend for intended purposes. The expenditure performance of the departments will also be monitored through Districts.

Infrastructure Management

In ensuring the success of the District Development Model on provincial infrastructure development, Limpopo Provincial Treasury provide infrastructure planning support to provincial departments and municipalities; and also exercise an oversight role in the implementation of such plans and the implementation of infrastructure budget. Since the infrastructure developmental needs are informed by community needs, Provincial Treasury coordinate such information through collaboration with infrastructure departments; Office of the Premier and public entities and coordinate the required financial and technical support. Infrastructure development is a necessity to accelerate economic growth and for poverty alleviation.

Municipal Finance and Governance

Limpopo Provincial Treasury plays oversight on the financial matters to strategic guide the financial planning process of the District Development Model, and also exercise control over implementation of such budgets. Therefore the department assist in the District Development Model in ensuring that resource allocation efficiency to achieve maximum social and economic benefits.

Shared Internal Audit Services

The province has established and adopted a Shared Internal Audit Services model operating within Provincial Treasury but provides assurance and consulting services to all departments. The Provincial Internal Audit Function will audit and provide assurance on the establishment and integrity of the District Development Models (DDM) of all department will be audited. This will entail auditing the completeness of the DDM's including the implementation and integration of the model into the organisation's operational plans.