



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Strategic Plan

**For the
Fiscal Years
2015 – 2020**
[5 years beginning with 2015/16]

2017/18 Amendment

Date of tabling:

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LIST OF ACRONYMS

Acronym	Description
AG	Auditor General
AL&SCM	Asset, Liabilities and Supply Chain Management
APP	Annual Performance Plan
BCP	Business Continuity Plan
BAUD	Bar Coded Asset Audit
CFO	Chief Financial Officer
CG	Corporate Governance
CGAP	Certified Government Auditing Professionals
CIA	Certified Internal Auditor
CoE	Compensation of Employees
COO	Chief Operations Officer
CS	Corporate Services
DORA	Division of Revenue Act
EXCO	Executive Council
FG	Financial Governance
GDP	Gross Domestic Product
GAAL	Gateway Airports Authority Limited
HOD	Head of Department
HR	Human Resource
ICT	Information and Communication Technology
ICU	Intensive Care Unit
IT	Information Technology
IYM	In Year Monitoring
LDP	Limpopo Development Plan
LPIA	Limpopo Provincial Internal Audit
LPT	Limpopo Provincial Treasury
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MPAT	Management Performance Assessment Tool
MPL	Member of the Provincial Legislature
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
PFMA	Public Finance Management Act
PIA	Provincial Internal Audit
PMDS	Performance Management and Development System
PPP	Public Private Partnership
Q1	Quarter 1
Q2	Quarter 2
Q3	Quarter 3

SCM	Supply Chain Management
SGM	Senior General Manager
SM	Senior Manager
SMS	Senior Management Services
SRM	Sustainable Resource Management

FOREWORD BY THE LIMPOPO MEC FOR FINANCE

As we enter this fifth government cycle, we reflect on challenges experienced and draw lesson from them in order to ensure that we continue telling an even better story. We do so by renewing our commitment to the citizens of our country in ensuring financial prudence and good governance that will contribute to the achievement of the ideal of a developmental state. The National Development Plan (NDP) and the Medium Term Strategic Framework (MTSF) 2014 -2019 provide direction towards achieving Vision 2030. The Limpopo Develop Plan also guides initiatives in improving the standards of living for citizens in the province and to reduce poverty, unemployment and the unacceptable levels of inequality. The Plan aims to achieve this through sustainable economic, social, infrastructure and institutional development, with emphasis on transformation.

As we reflected on the lessons learnt, we identified the following key priorities that would help Provincial Treasury move to a new and better performance trajectory:

- a. Further strengthening of the Provincial Treasury
- b. Strengthening our support to Municipalities
- c. Achieve and maintain Unqualified Audit Outcomes
- d. Enforce and ensure compliance
- e. Monitor and facilitate infrastructure spending
- f. Enhance our oversight over public entities
- g. Strengthen CFO offices
- h. Monitor the Revenue Enhancement Strategy
- i. Implement Section 100 sustainability projects

It is clear that in the five years ahead, we have to be more focused as a collective to ensure that political and socio-economic gains of the past years are not eroded and that Government programs that seek to change the conditions of the poor will be protected at all cost. It is within this context that we further commit ourselves to the new Medium Term Strategic Framework (MTSF) National Outcomes, with special emphasis to Outcome 9 and 12. Key sub-outcomes that are linked to these outcomes include:

- Sub-Outcome 3: Sound financial and administrative management (Outcome 9)
- Sub-Outcome 5: Procurement systems that deliver value for money (Outcome 12)

I therefore endorse this Strategic Plan and commit to ensuring that it is implemented. Detailed performance indicators and targets are outlined in the Annual Performance Plan (APP) of the Department.



RWN Tooley (MPL)
EXECUTIVE AUTHORITY

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 MEC TWN Tooley;
- Takes into account all the relevant policies, legislation and other mandates for which the Limpopo Provincial Treasury is responsible;
- Accurately reflects the strategic outcome oriented goals and objectives which the Limpopo Provincial Treasury will endeavour to achieve over the period 2015 – 2020.

Mr HM MAWELA
Chief Financial Officer

Signature:  _____


Mr MS MACHEVELE
Director: Strategic Operations
and Policy Coordination

Signature:  _____

Ms EBRAHIM L.
Deputy Director General: Corporate
Governance

Signature:  _____

Mr GC PRATT
Accounting Officer

Signature:  _____

Approved by:

RWN Tooley (MPL)
Executive Authority

Signature:  _____

PART A: STRATEGIC OVERVIEW

1. VISION

Excellence in public resource management for socio-economic development

2. MISSION

Empowering provincial and local government for sustainable service delivery through good governance and sound public resource management

The Department's motto will be, **"We are the best in what we do"**.

3. VALUES

Limpopo Provincial Treasury will be guided by the following values:

- a. Integrity
- b. Transparency
- c. Accountability
- d. Fairness
- e. Professionalism

4. LEGISLATIVE AND OTHER MANDATES

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

4.1. Constitutional mandates

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.

4.2. Legislative 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

Section	Function and powers
	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.

4.3. 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 (2014 – 2019)
- Limpopo Development Plan (2015 – 2019)
- National Spatial Development Perspective
- National Industrial Policy Framework
- Broad Based Black Economic Empowerment

4.4. Relevant court rulings

None

4.5. Planned policy initiatives

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.

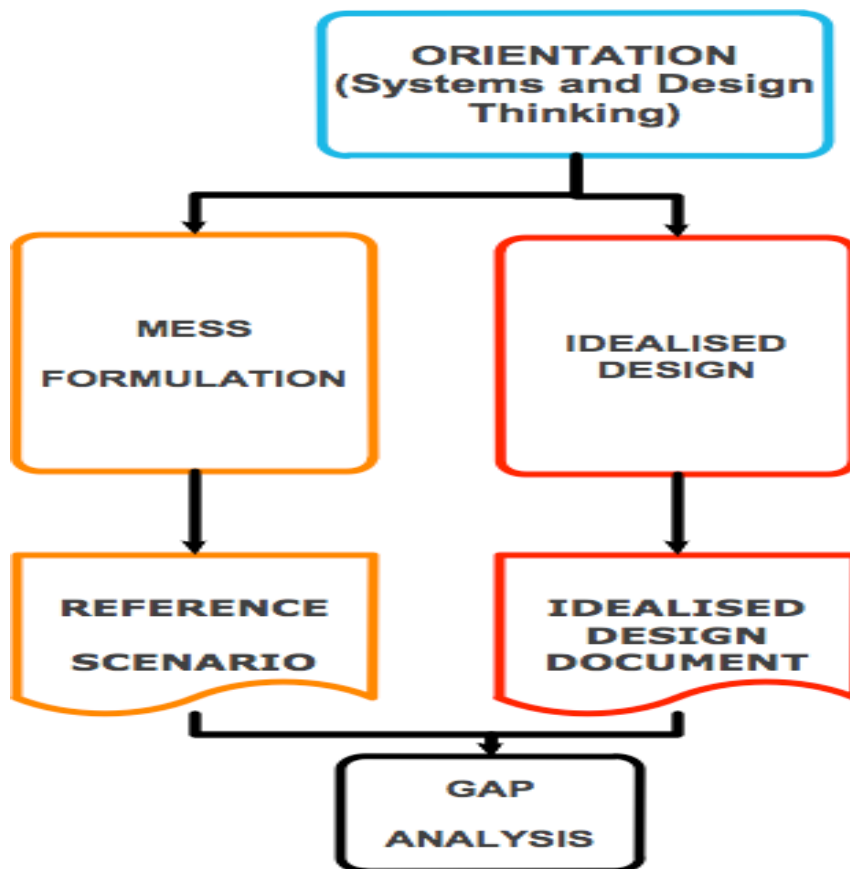
5. SITUATIONAL ANALYSIS

The department performs within the environment that affects its efficiency in delivering its service. The internal and external environments are therefore important factors to be considered when developing plans.

5.1. Performance environment

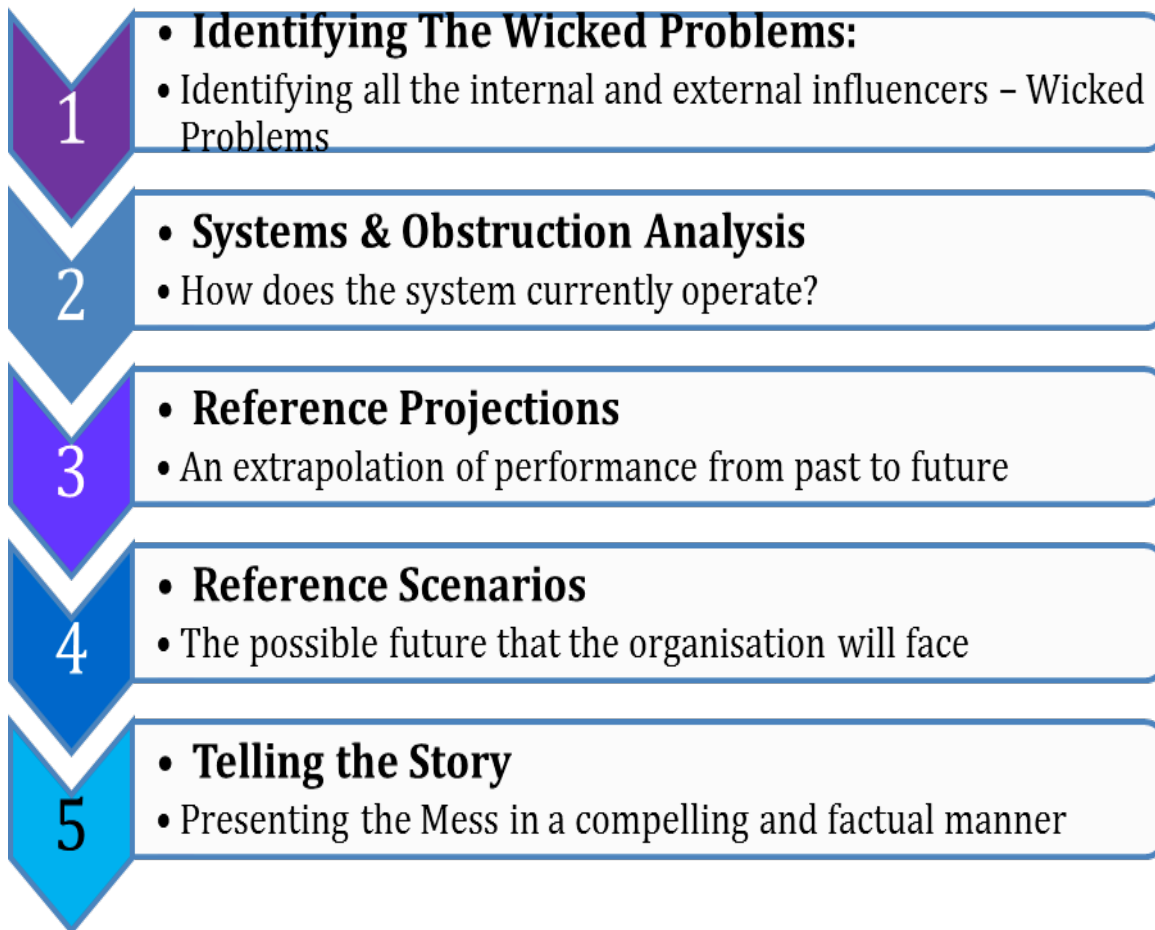
5.1.1. Situational Analysis

During the Strategic Planning process, Limpopo Provincial Treasury conducted a situational analysis using the Da Vinci Interactive Planning process of Systems and Design Thinking approach. The following diagram represents the Systems and Design Thinking approach:



The Systems and Design Thinking approach analyses the environment using the **Mess Formulation** and the **Idealised Design**.

The **Mess Formulation** process consists of 5 distinct steps:

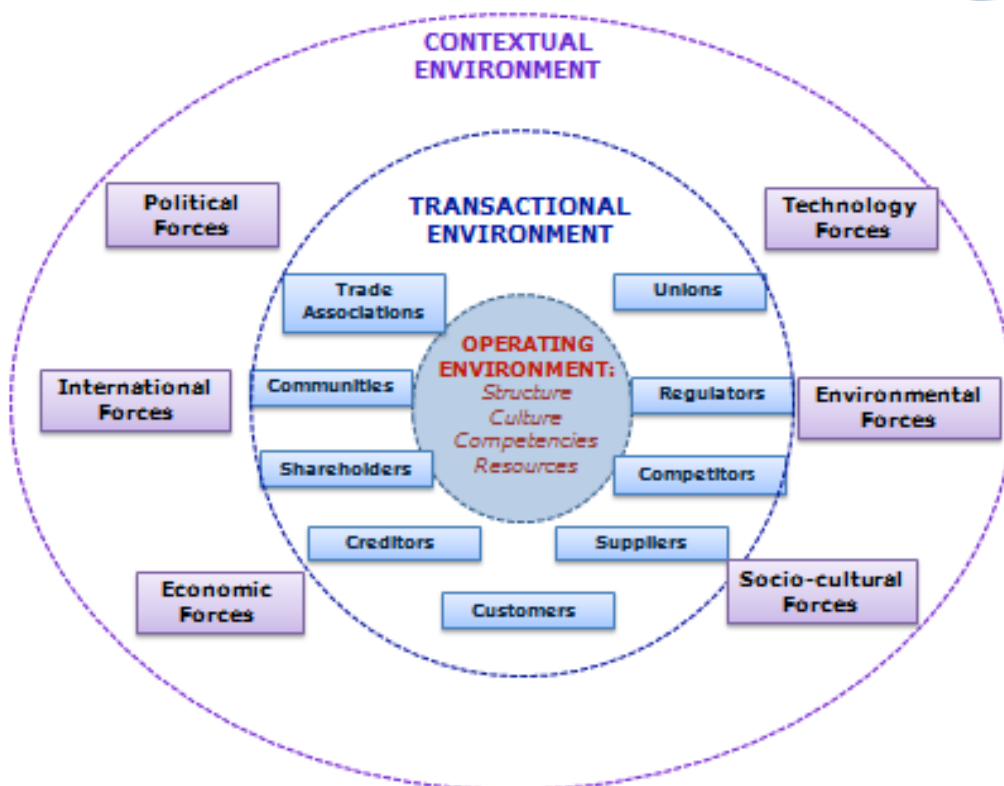


A. LPT MESS FORMULATION

I. Identifying all the Internal & External Influencers/stakeholders - Wicked problems

The graphic below outlines the various stakeholder ENVIRONMENTS which are typically present, as well as the relative forces within these environments.

Stakeholder View of the Organisation



CONTEXTUAL ENVIRONMENT

a. Political Forces

- Political Instability (new political administration)
- Political Decisions not in line with prescripts
- Poor political oversight (Poor processes and Ethics)

b. Economic Forces

- Poor Industrialisation of the province hence heavy reliance on government to drive the economy
- No localised empowerment strategy
- Migration of critical skills
- High unemployment rate

c. Technological Forces

- Inadequate technological systems
- Lack of integrated systems
- Poor IT Infrastructure
- Low levels of ICT skills
- Non usage of Technology optimally

d. Socio-cultural Forces

- Ethnicity
- Dependency (culture of payment of services, Non participation in consultation processes)
- Poor work ethic

TRANSACTIONAL ENVIRONMENT

a. Communities

- Services not completely accessible (Services centralised at Polokwane e.g. submission of bids)
- Lack of customer/ client services (needs not met)
- Unreasonably High expectations
- Non-compliance to prescripts

b. Departments

- Not leading by example.
- Do not know the business of our clients.
- Poor reputation

c. Unions

- Prolonged decision making
- Poor relationship between the employer and union
- Budget pressures

d. Service Providers

- Poor quality of service
- Exorbitant prices
- Collusion

OPERATING ENVIRONMENT

a. Structure

- Non-compliance with structure review process
- Structure not aligned to deliverables
- Indecisive leadership

b. Culture

- Non-professionalism (Late coming, dress code, building structure, management not leading by example)
- General non-compliance
- Lack of support from Administration function (Programme 1)
- Non-compliance to internal processes
- Delays in approval of documents
- Lack of consequences
- Conformity to existing poor culture

c. Competencies

- Inadequate technical skills

d. Systems and Resources

- Lack of resources
- Unavailability of standard operating procedures

II. System and Obstruction Analysis

Systems Analysis (How treasury currently operates)	Obstruction Analysis (Characteristics that obstructs the progress)
CONTEXTUAL ENVIRONMENT	
Non alignment of legislature plans and departmental plans	Legislature's timetable do not take into account departmental programs
Recurring unauthorised expenditure	Political pronouncements which are not in line with departmental plans
Limpopo province (rural province) not able to retain existing skills	Provinces like Gauteng have easy access to amenities such as good schools, good universities, good malls and many sporting activities.
Reduced Equitable Share Allocation	Adverse impact of global financial crisis i.e. international and national
Poor compliance to SCM prescripts	High deviation rate Non compliance
TRANSACTIONAL ENVIRONMENT	
Decentralisation of data	Usage of out-dated technological systems. Inability to tap into new technological developments
Support plans do not take into account stakeholder needs	Poor involvement of stakeholders in our plans
Ineffective working relations between the employer and the Unions	Conflicting objectives and interest between Employer and Unions
Unreliable data backup	Poor service from Service Providers
OPERATIONAL ENVIRONMENT	
Lack of efficient IT systems	Lack of automated process No integrated financial systems,
Lack of implementation of section 18 (2) (g) of the PFMA	Lack of political will
Department operates on old structure which is not fully implemented. Delay in finalisation of the revised organisational structure	Indecisiveness by Executive Management

III. Reference Projections

If there are no attempts to change the environment described above, the future of LPT in the province is projected as follows:

- Department under administration for extended periods
- Poor reputation
- Structure not approved
- Funds being returned to National Revenue Fund
- Regression in Audit Outcomes
- Poor oversight of departments, public entities and municipalities
- Delayed implementation of service delivery programs
- Fraud and corruption
- Disintegrated planning
- Duplication of resources
- Conflicting messages

IV. Reference Scenarios

If the projected future of LPT happens to be as described above, the scenario of capacity in provincial departments and public entities and municipalities will be as follows:

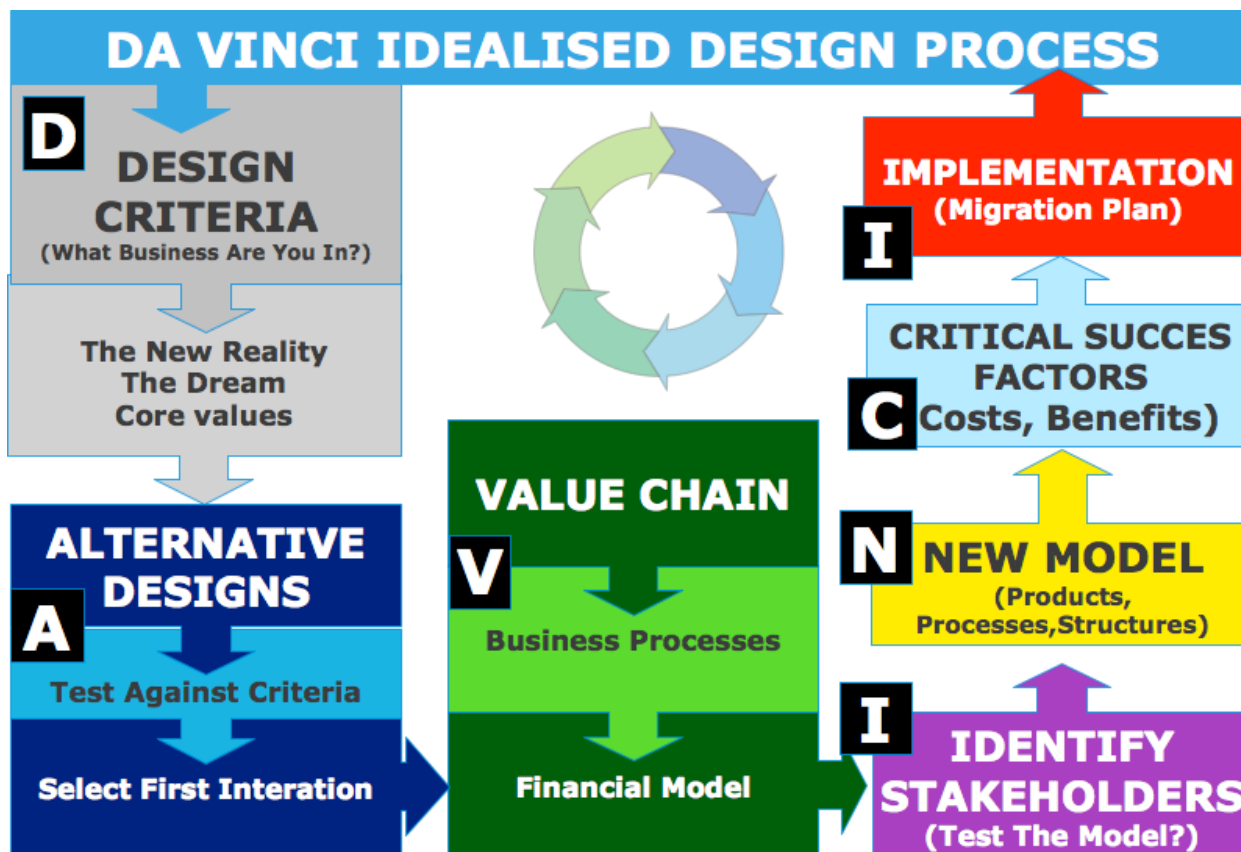
- Failure to meet our mandate
- Poor service delivery
- Prolonged administration intervention/possible return
- Prolonged service delivery protests
- Poor Financial viability
- Continuous service delivery protest and backlogs
- Accumulated backlog on service delivery projects
- Lack of support and control in enforcing the regulation
- Ineffective utilisation of resources
- Diminishing budget allocation – Equitable Share

V. Telling the Story

LPT was in a mess hence section 100 (1) b Administrators came. We made media headlines on our ineffectiveness in executing treasury responsibilities. The intervention resulted in high degree of uncertainty and delayed decision making process. The department is not out of the mess as it is indicated in the reference projection. There is a need to change the status quo.

B. LPT IDEALISED DESIGN

The following 7-step process is followed to develop the Ideal Design:



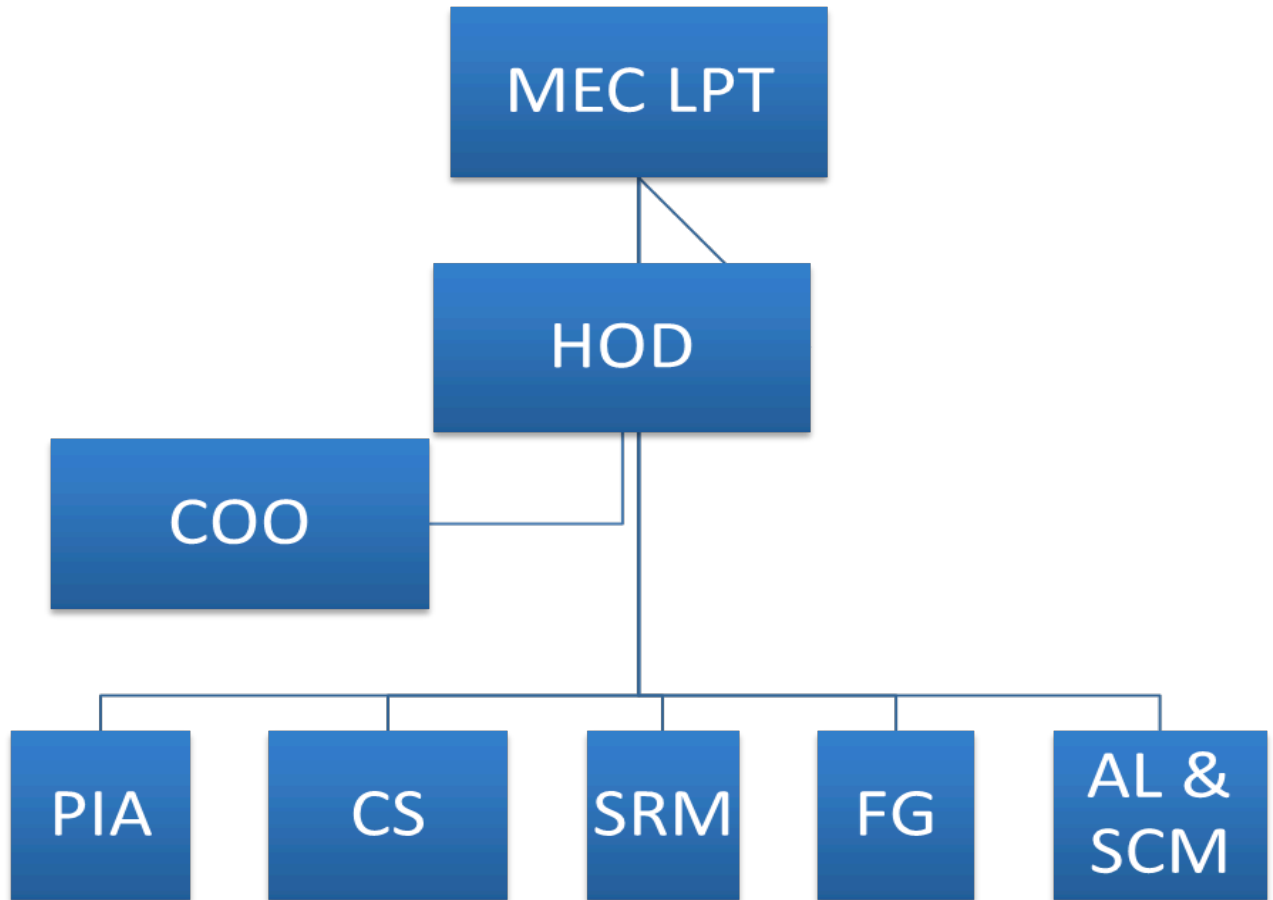
I. Design Criteria

Limpopo Provincial Treasury's role is to ensure implementation of the PFMA and MFMA. The following are key elements in fulfilling the mandate:

- Same understanding of the role of Treasury by all officials
- Highly capacitated and competent to implement relevant prescripts
- Center of excellence in corporate governance and resource management
- Integrated systems (financial and non-financial information)
- Supportive political leadership
- Technical hub in public resource management
- Integration of Treasury support functions to clients (combined assurance)

II. Alternative Design

Idealised Macro Functional Areas



New Envisioned improved processes

- Public participation in budget processes
- Improved provincial socio-economic analysis
- Use technology to enhance integrated and combined reporting
- Integrated planning between transversal units and departments
- Use of integrated financial management and information systems
- Value for money strategic sourcing (SCM)
- Improved reporting lines

Stakeholders

- Staff
- Governance/ Oversight Structures
- National Treasury
- Provincial Departments
- Public Entities
- Municipalities
- Financial Institutions
- Organized labor
- Business Community
- Tertiary Institutions
- Professional Bodies
- Auditor General

Vision, Mission, Values

As captured under paragraph 1, 2 and 3 above.

III. Critical Success Factors

- Budget (Adequate funding)
- Recruitment of requisite skills, development including career path and retention
- Policies, procedures and integrated systems including ICT
- Suitable office accommodation and tools of trade
- Stakeholder management
- Transformational Leadership
- Communication and collaboration
- Knowledge management
- Performance Management and accountability

5.1.2. Financial Management in the Province

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

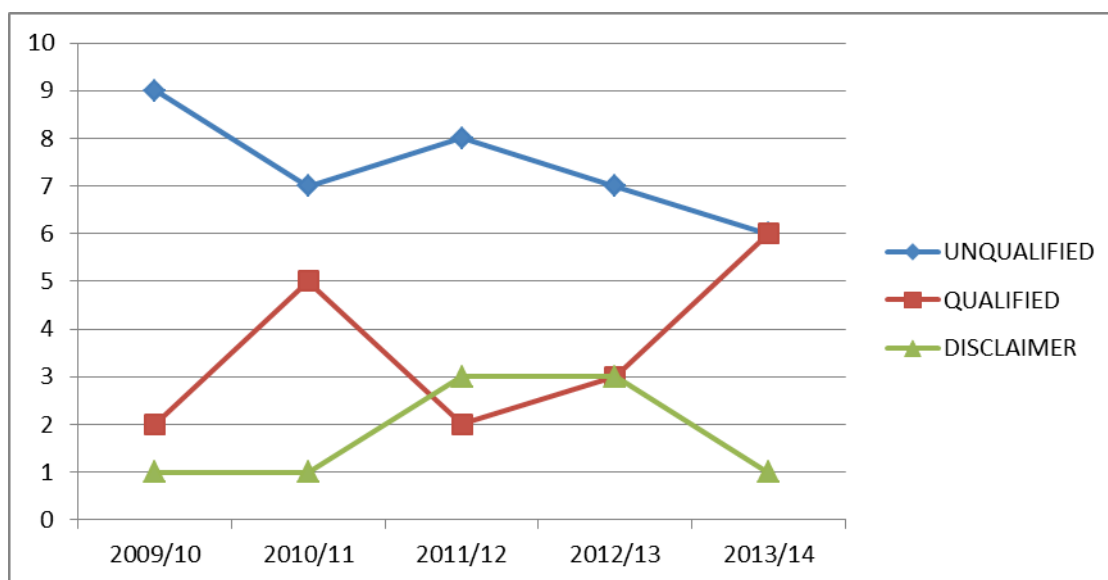
The current status of the province's financial management position in relation to audit outcomes is represented on the table below:

Table 1: Audit outcomes of Limpopo Provincial Departments: 2009/10 – 2013/14

Vote No	DEPARTMENT	2009/10	2010/11	2011/12	2012/13	2013/14	TREND
1	Premier	UQ	UQ	UQ	UQ	UQ	→
2	Legislature	UQ	UQ	UQ	UQ	UQ	→
3	Education	D	Q	D	D	D	→
4	Agriculture	UQ	CL	UQ	Q	Q	↓
5	Treasury	UQ	UQ	UQ	UQ	UQ	→
6	Economic Development	UQ	UQ	UQ	UQ	Q	↓
7	Health	Q	D	D	D	Q	↑
8	Roads & Transport	UQ	Q	Q	UQ	UQ	→
9	Public Works	Q	Q	D	D	Q	↑
10	Safety, Security & Liaison	UQ	UQ	UQ	UQ	UQ	→
11	Co-Operative Governance, Housing Settlements & Traditional Affairs	UQ	CL	UQ	UQ	UQ	→
12	Social Development	Q	Q	UQ	Q	Q	→
13	Sport, Arts & Culture	UQ	Q	Q	Q	Q	→

The graphical representations of the above statistics are on Figure 1 below:

Figure 1: Audit Outcomes of Limpopo Provincial Departments (2009/10 – 2013/14)



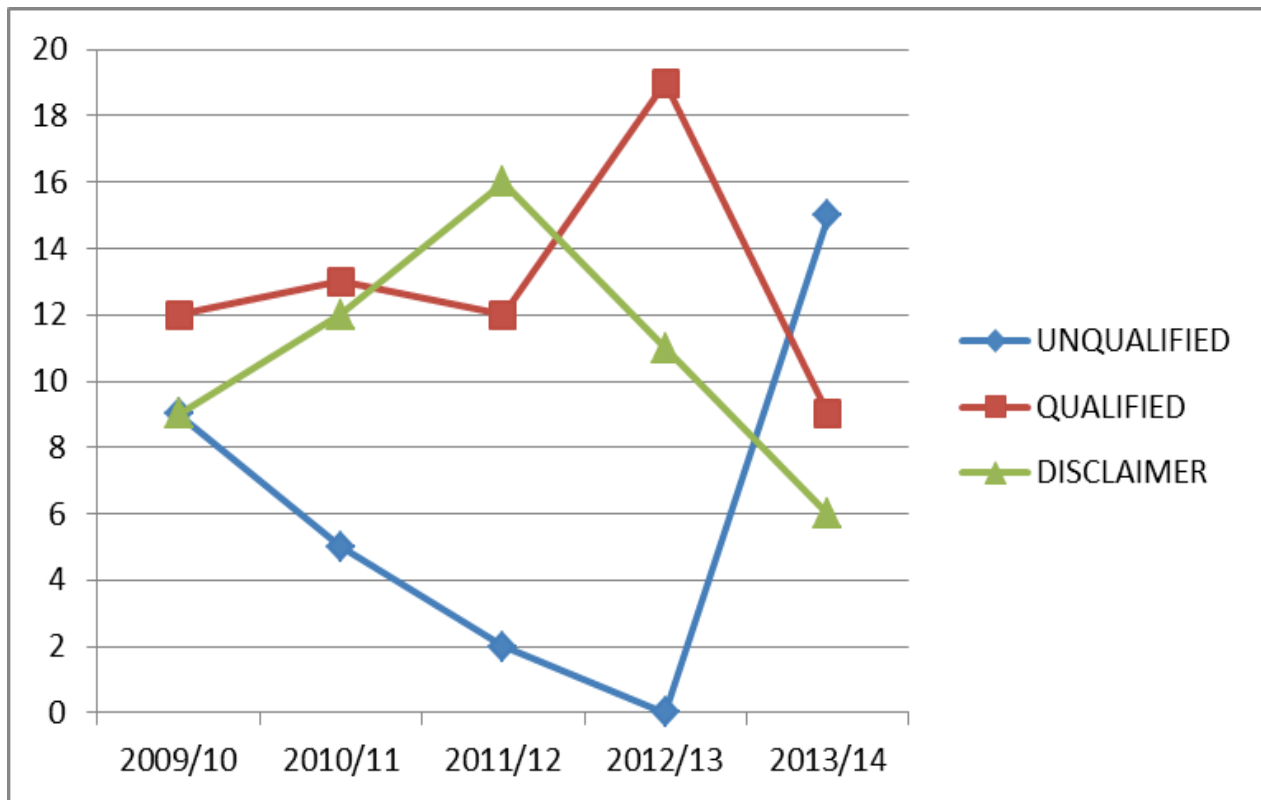
It is clear from the above graph that audit outcomes which reflect on internal controls within departments have not been stable in Limpopo province and has seen some regression, particularly in the number of departments that receive qualified audit opinions. There are, however signs of improvement in relation to the disclaimer audit opinions. The service provided by Provincial Treasury is therefore necessary in ensuring that these trends are improved and sustained in the years to come. This Strategic Plan has taken these factors into consideration in determining our priorities.

Table 2: Audit outcomes of Limpopo Provincial Municipalities: 2009/10 – 2013/14

FINANCIAL YEAR	UNQUALIFIED	QUALIFIED	DISCLAIMER
2009/10	9	12	9
2010/11	5	13	12
2011/12	2	12	16
2012/13	0	19	11
2013/14	15	9	6

The graphical representations of the above statistics are on Figure 2 below:

Figure 2: Audit Outcomes of Limpopo Provincial Municipalities (2009/10 – 2013/14)



Audit Outcomes for municipalities above indicate significant improvements in all 3 areas, especially in the number of municipalities that received unqualified audit outcomes. However, more improvement is necessary, especially in the six municipalities that received disclaimer opinions, as well as the nine that were qualified.

Table 3: Audit outcomes of Limpopo Provincial Public Entities: 2009/10 – 2013/14

PUBLIC ENTITY	2009/10	2010/11	2011/12	2012/13	2013/14	TREND
Limpopo Economic Development Agency (LEDA)	UQ	Q	Q	Q	UQ	↑
Limpopo Agri-business Development Corporation (LADC)	UQ	A	Q	N/A	N/A	N/A
Limpopo Tourism and Parks Board (LTPB)	D	D	D	D	Q	↑
Trade Investment Limpopo (TIL)	UQ	Q	Q	N/A	N/A	N/A
Limpopo Gambling Board	UQ	UQ	UQ	UQ	UQ	→
Roads Agency Limpopo (RAL)	UQ	CL	UQ	D	A	↑
Gateway Airport Authority Limited (GAAL)	UQ	UQ	Q	Q	D	↓
Limpopo Business Support Agency (LIBSA)	UQ	Q	Q	N/A	N/A	N/A

The graphical representations of the above statistics are on Figure 3 and 4 below:

Figure 3: Audit Outcomes of Limpopo Provincial Public Entities (2009/10 – 2011/12)

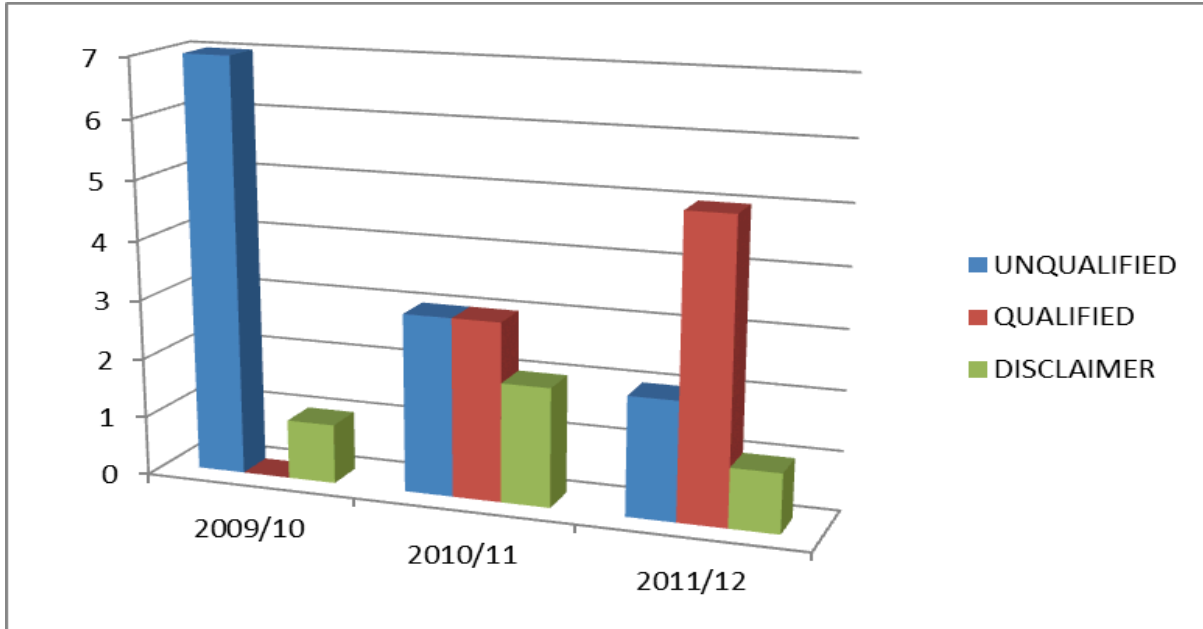
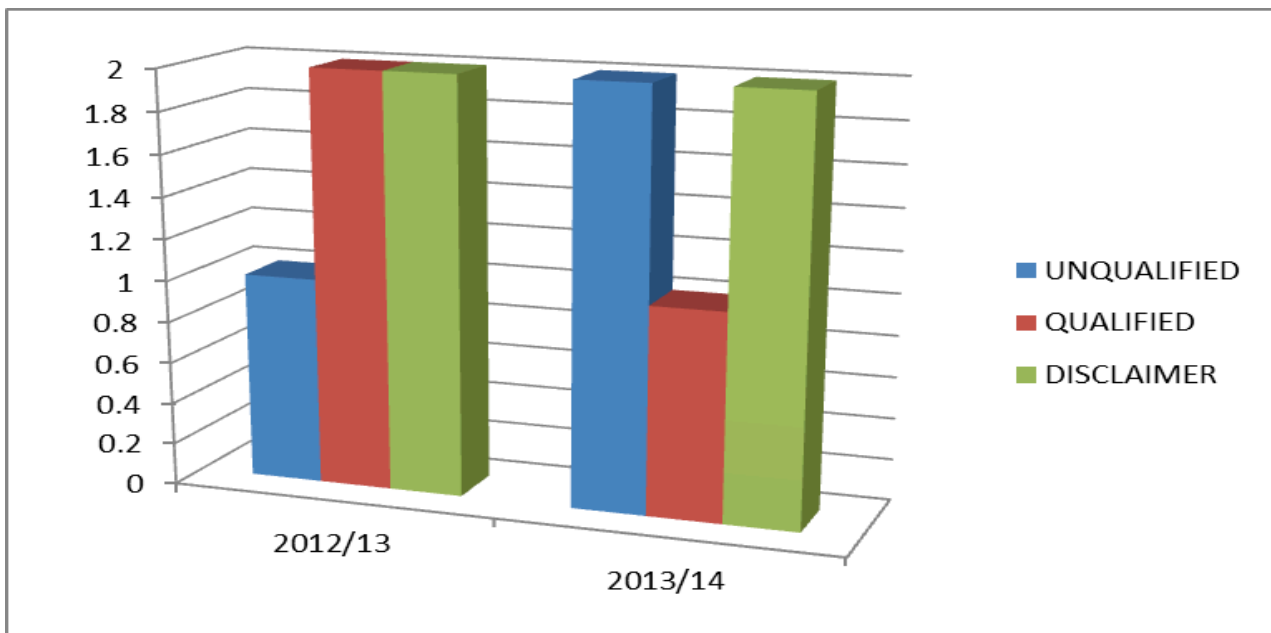


Figure 4: Audit Outcomes of Limpopo Provincial Public Entities (2012/13 – 2013/14)



There is significant improvement between 2009/10 to 2011/12 on public entities that received unqualified audit outcome - from 7 to 2 out of 8 public entities receiving unqualified audit outcomes. This is a percentage decrease from 87.5 % to 25%.

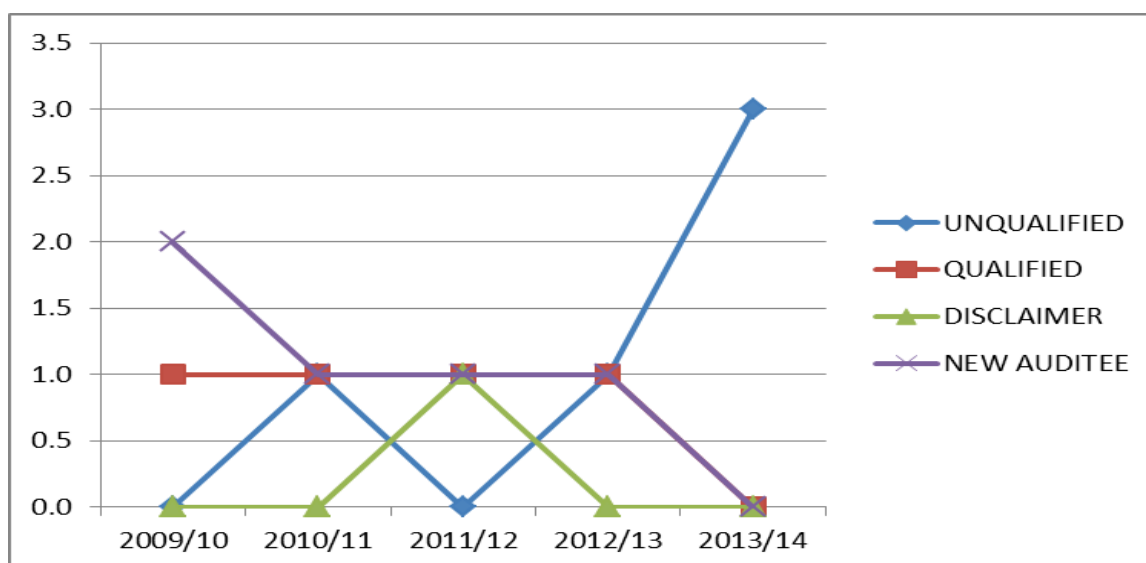
After the amalgamation of the 8 public entities into 5, improvement trend continued at a lessor rate, with entity (GAAL) regressing further to a disclaimer.

Table 4: Audit outcomes of Limpopo Provincial Municipal Entities: 2009/10 – 2013/14

FINANCIAL YEAR	UNQUALIFIED	QUALIFIED	DISCLAIMER	NEW AUDITEE
2009/10	0	1	0	2
2010/11	1	1	0	1
2011/12	0	1	1	1
2012/13	1	1	0	1
2013/14	3	0	0	0

The graphical representations of the above statistics are on Figure 1 below:

Figure 5: Audit Outcomes of Limpopo Provincial Municipal Entities (2009/10 – 2013/14)



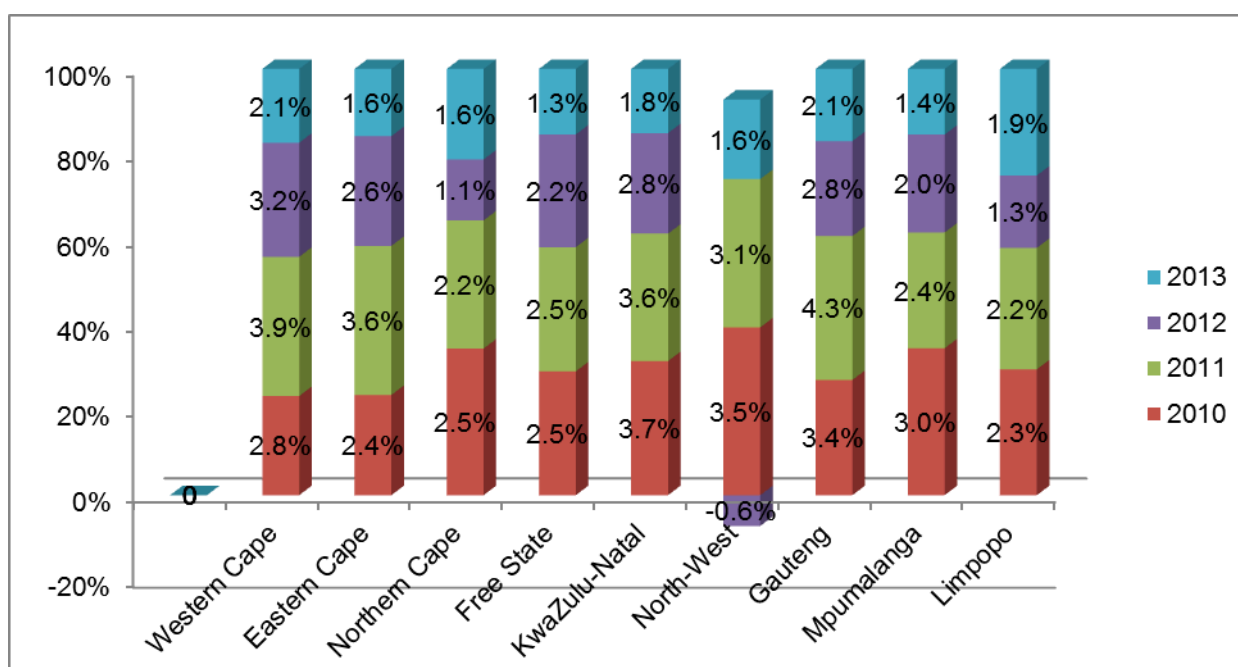
There is good improvement of audit outcomes in the 3 municipal entities, where all 3 received unqualified audit outcomes in 2013/14 financial year.

5.1.3. Limpopo Economy

Limpopo continued to reap moderated economic growth after a sharp recovery in 2010. Majority of sectors in the province declined slightly in 2013 while the mining sector declined significantly in both 2012 and 2013. Agriculture, manufacturing, electricity and construction sectors declined in 2013 while Community services grew in 2012 but declined in 2013.

Through positive share contribution by sectors to provincial GDP, economic growth sustained its positive trajectory overtime. As compared to other provinces, the provincial economic growth emerged as the second biggest with growth of 1.9 % in 2013 following Western Cape and Gauteng that were highest at 2.1 % each.

Figure 6: Economic growth per province



Source: Global Insight 2014.

Labour Market in Limpopo

Employment creation in the province is the pillar of government's growth and development plan. The number of unemployed people declined from 230 thousand in the second quarter of 2014 to 229 thousand in the third quarter. Unemployment rate accounted for 15.9% in second quarter and for third quarter unemployment rate remained unchanged at 15.9%. Furthermore, discouraged work seekers increased from 383 thousand in the second quarter to 419 thousand in the third quarter. The not economically active accounted for 2.053 million in 2014:Q2 and increased in the third quarter to 2.078 million and labour force participation rate declined in the third quarter to 40.8% from 41.3%.

Table 5: Limpopo Labour force

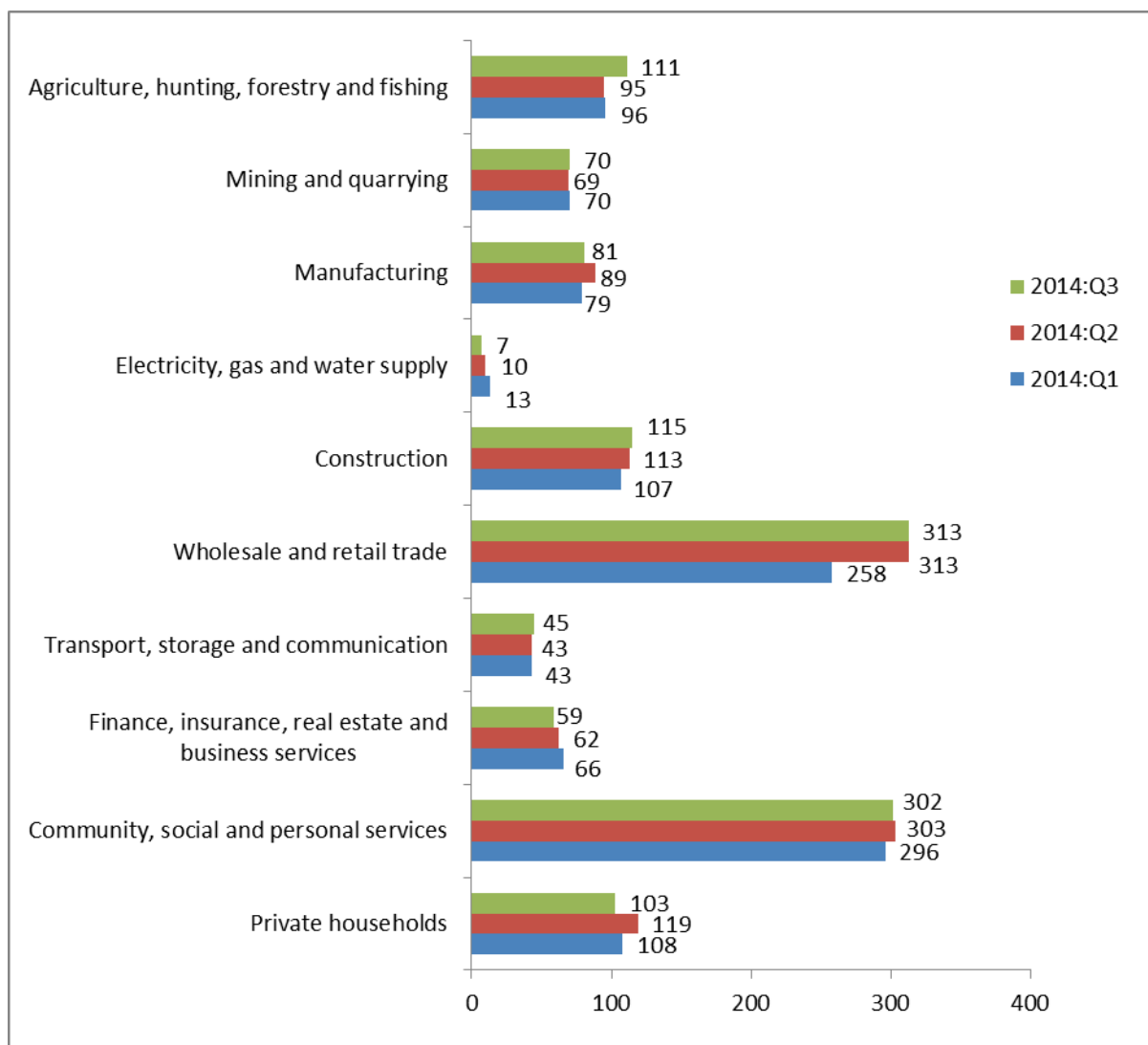
Limpopo	2014Q:1	2014Q:2	2014Q:3	QonQ %	YonY %
Working age population 15-64 years	3 482	3497	3 513	0.4	1.8
Labour force	1 392	1443	1 434	-0.7	2.5
Employed	1 136	1214	1 206	-0.7	4.0
Unemployed	256	230	229	-0.6	-4.7
Not economically active	2 090	2 053	2 078	1.3	1.3
Discouraged work seekers	377	383	419	9.4	4.5
Other	1 713	1669	1 659	-0.6	0.6
Unemployment rate	18.4%	15.9%	15.9%		
Labour absorption rate	32.6%	34.7%	34.3%		
Labour force participation rate	40.0%	41.3%	40.8%		

Source: Statistics South Africa (2014)

Employment in Limpopo

Wholesale, retail and motor trade remain by far the largest employer in the province remaining at 313 thousand employees registered between second and third quarter., followed by community and social services as another major contributor with 302 thousand employees registered for this sector as of third quarter 2014, a decline from 303 recorded in second quarter of 2014 . Private households sector declined from 119 to 108 thousand. Construction sector shows improvement in quarter three of 2014 as it increased from 113 to 115 thousand jobs registered. Manufacturing sector decreased slightly from 89 to 81 thousand jobs between 2014:Q2 and Q3. Electricity, gas and water sector recorded the lowest jobs in a sector with 10 thousand in 2014:Q2 and declined to 7 thousand in 2014:Q3. Agriculture, forestry and fishing sector increased in the third quarter to 111 from 95 in the second quarter.

Figure 7: Limpopo employment by sector



Source: Stats SA

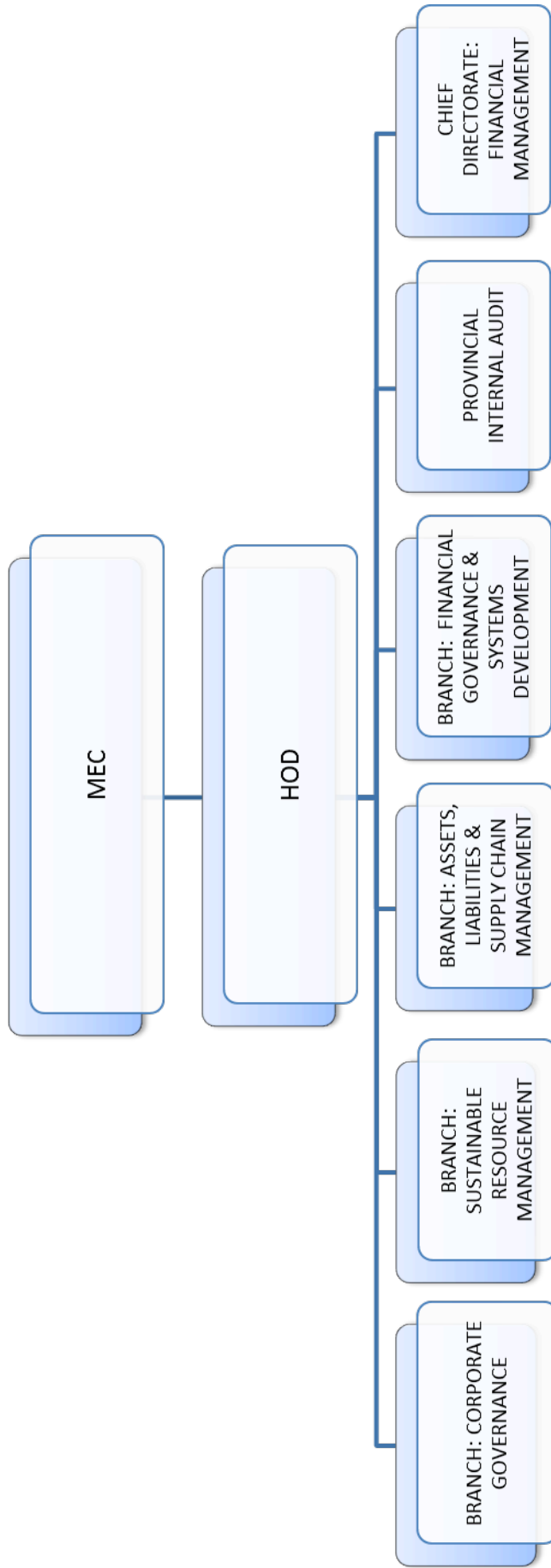
Inflation

The national inflation declined in September from 6.6 % to 5.9%. The provinces with an annual rate lower than national headline inflation in September were Western Cape (5.9 %), Gauteng (5.9 %), Mpumalanga (5.8 %) and Free State (5.7 %). The provinces with an annual rate higher than national headline inflation were Limpopo (6.6 %, lower than 8.6 recorded in June), North West (6.3 %), Eastern Cape (6.2 %), KwaZulu-Natal (6.2 %) and Northern Cap (6.0 %). Two provinces (Free State and Mpumalanga) recorded the lowest inflation among the nine provinces in September 2014. Limpopo’s inflation rate was higher than national inflation from 2013 up to September 2014, also higher than all the provinces.

5.2 Organisational environment

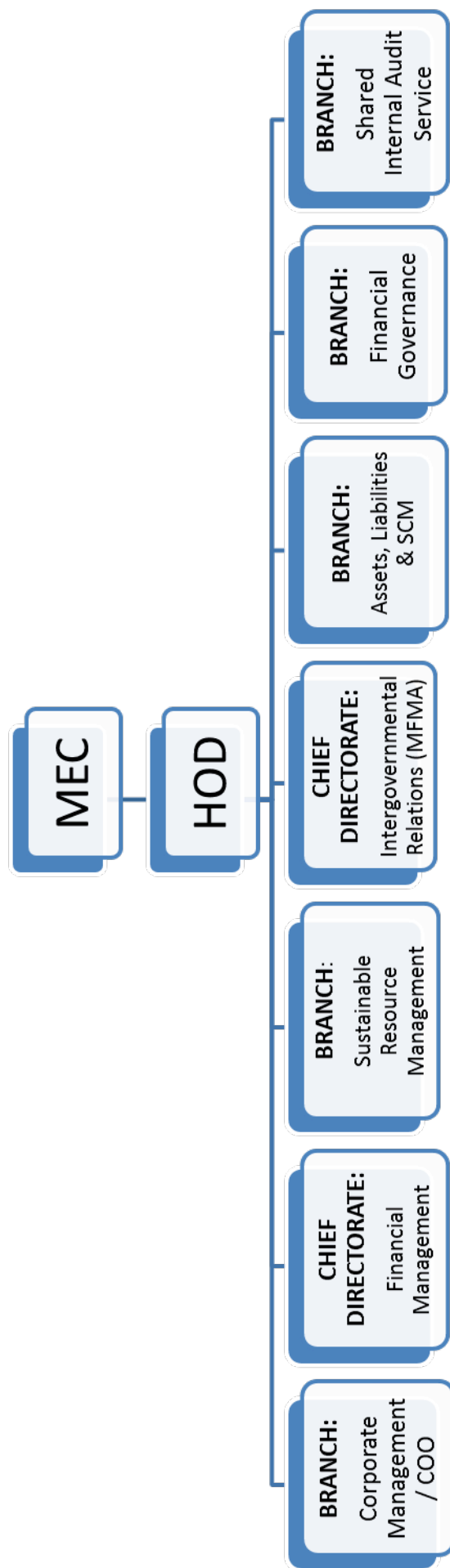
The current Departmental Organisational Structure presented in Figure 8 below, is in its final stages of review to align it to the Generic Provincial Treasuries.

Figure 8; Limpopo Provincial Treasury Organisational Structure



The proposed departmental organisational structure in Figure 9 below provides for five branches viz. i) Corporate Management, ii) Sustainable Resource Management, iii) Assets, Liabilities and Supply Chain Management, vi) Financial Governance and v) Shared Internal Audit Service; as well as the Financial Management and Intergovernmental Relations (MFMA) Components.

Figure 9: Limpopo Provincial Treasury Reviewed Organisational Structure



Through the assistance of the section 100 intervention Team, the Department managed to strengthen the capacity of Limpopo Provincial Treasury by upgrading the Level of the HOD from 15 to 16 and those of the Senior General Managers for Asset, Liabilities and Supply Chain Management together with the one for Corporate Management to level 15 respectively. The other three Chief Director levels for the MFMA, Infrastructure Management and PPP as well as the Chief Financial Officer were also strengthened and confirmed at level 14. The strengthening of LPT at managerial levels will ensure that during the fulfilment of mandate of monitoring and giving the required support to the departments, municipalities and public entities, the required levels and expertise are available all the time. The department's capacity within Programs 2, 3 and 4 has been increased with particular focus on Municipalities and Public Entities.

In line with the reduction of Compensation of Employees process, the proposed LPT structure has a reduced number of posts from the existing 674 to 550. Areas of real capacity challenge are Municipal Finance, Transversal Risk Management, Asset Management, CFO's office and support to public entities. The increased need for support to municipalities in order to improve audit outcomes also raises the need for increased capacity in Municipal Finance.

The Provincial Internal Audit function is also faced with limited capacity due to the challenge of retaining internal auditors and it is an added resource challenge facing the department. These capacity challenges are gradually being improved and will be addressed during this period of 2015/16– 2019/20.

5.3. Description of the strategic planning process

This Strategic Plan is an outcome of various strategic planning processes as outlined below:

- i. All staff within each Programme were involved in strategic reflection sessions that focussed on internal situational analysis using the 5-whys model to identify problems; as well as external feedback from external clients such as two Chief Financial Officers of client departments and of a district municipality. These session were conducted on the following dates:

Branch/ Chief Directorate Sessions	Date
Corporate Governance	21 – 22 May 2014
Financial Management	11 – 12 June 2014
Sustainable Resource Management	25 – 26 June 2014
Assets, Liabilities & Supply Chain Management	30 June – 1 July 2014
Provincial Internal Audit	2 – 3 July 2014
Financial Governance	7- 8 July 2014

- ii. All Programmes further developed draft Branch Strategic and Annual Performance plans in preparation for the Departmental Strategic Planning session.

- iii. A Departmental Strategic planning session was held with all SMS members, labour representatives and the MEC on 21 – 22 July 2014 to consider and adopt plans by all the Programmes. A broader situational analysis was conducted using the Design Thinking approach by conducting a Mess and Ideal Formulation process adapted from the Da Vinci Institute.
- iv. A Departmental Strategic planning session to discuss 2nd Draft Plans was held with all SMS members on the 04th November 2014 to consider the draft LDP priorities and adopt plans by all the Programmes.
- v. The Situational Analysis using the Design Thinking approach of MESS and Ideal Formulation was further refined by all SMS member in a session held on 10 -11 December 2014, as well as development of Risk Management Plans.
- vi. Strategic planning sessions to finalise the 2015/16 – 2019/20 Strategic Plan and 2015/16 APP were held with all Programmes on the following dates:

Branch	Date
Provincial Internal Audit	04 th February 2015
Financial Governance	05 th February 2015
Sustainable Resource Management	06 th February 2015
Assets, Liabilities & Supply Chain Management	09 th February 2015
Administration	10 th February 2015

The purpose of the Strategic Planning sessions was also to ensure that Departmental Plans are aligned to the National Development Plan, the 2014 – 2019 Medium Term Strategic Framework (MTSF) and the Limpopo Development Plan.

6. STRATEGIC OUTCOME ORIENTED GOALS OF LIMPOPO PROVINCIAL TREASURY

Strategic outcome oriented Goal 1	Strategic partnership that enables effective execution of the department's legislative mandate by the 4 departmental programmes.
Goal Statement	Be strategic partners for the 4 departmental programmes to ensure effective execution and achievement of the department's mandate and goals.

Strategic outcome oriented Goal 2	Responsive, accountable, effective and efficient provincial and local government system
Goal Statement	Promote and enforce transparent and effective financial management in respect of revenue, expenditure, assets and liabilities of provincial departments, provincial public entities and municipalities

PART B: STRATEGIC OBJECTIVES

BUDGET STRUCTURE

Programme	Sub-programme
a. Programme 1: Administration	1.1 Office of the MEC 1.2 Management Services 1.3 Corporate Services 1.4 Financial Management (Office of the CFO)
b. Programme 2: Sustainable Resource Management	2.1 Programme Support 2.2 Economic Analysis 2.3 Fiscal Policy 2.4 Budget Management 2.5 Public Finance 2.6 Intergovernmental Fiscal Relations (Municipal Finance)
c. Programme 3: Assets, Liabilities and Supply Chain Management	3.1 Programme Support 3.2 Asset Management 3.3 Liabilities Management 3.4 Supply Chain Management
d. Programme 4: Financial Governance	4.1 Programme Support 4.2 Accounting Services 4.3 Risk Management 4.4 Support & Interlinked Financial Systems 4.5 Provincial Internal Audit

7. PROGRAMME 1: ADMINISTRATION

7.1 Programme Purpose

The purpose of the programme is to provide effective and efficient Strategic management, administrative support and sound financial management to Provincial Treasury.

The programme has the following sub-programmes namely:

- MEC Support Services which is responsible for:
 - Providing Parliamentary and Legislative Support Services, Render administrative and secretarial services, provide media liaison services and also to facilitate policy advice to the MEC.
- Management Services which is responsible for:
 - Providing Strategic and Administrative support to the HOD
- Corporate Services is responsible for:
 - Ensuring the provision of Human Resource Management
 - Ensure provision of Legal and Labour relations services, and
 - Administering transformation programmes and employee welfare
- Financial Management (Office of the CFO)
 - To render Management Accounting, Financial Accounting and Supply Chain Management services for the department
 - To ensure monitoring of Organizational performance, Co-ordination of Strategic Planning and Policy development processes.

7.2 Strategic Objectives

Strategic Objective	Strategic Objective: Enable the Department to deliver in line with the Departmental mandate by improving management practices on HR, Strategic Management and Financial Management to level 4 of MPAT standards by 2019/20.
Objective statement	To enable the Department by providing effective, efficient and prompt corporate and financial management services to level 4 of MPAT and maintain an unqualified audit outcome.
Baseline	HR MPAT 1.3 level 2 attained Strategic Management MPAT 1.3 level 3 attained Financial Management MPAT 1.3 level 2 attained MPAT 1.3 departmental average score of 2.5 attained 2013/14 Unqualified Audit Outcome

Justification	Corporate and Financial Management service provide needed support to all the programmes in the form of HR, Strategic, Risk, Communication and Financial management to ensure compliance with the HR and Financial prescripts
Links	<p>The achievement of this strategic objective will contribute towards the achievement of the following:</p> <ul style="list-style-type: none"> • Departmental Outcomes Oriented Goal 1: Strategic partnership that enables effective execution of the department's legislative mandate; • LDP Objectives: Sound Financial and Administrative Management • MTSF National Outcome 12: An efficient, effective and development oriented public service • NDP Chapter 13 Objective: Building and Capable and Developmental State

7.3 Resource Considerations

PROGRAMME :1	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2011/12 (000)	2012/13 (000)	2013/14 (000)	2014/15 (000)	2015/16 (000)	2016/17 (000)	2017/18 (000)
ADMINISTRATION	64 086	57 258	69 087	80 016	96 329	104 459	109 475
Compensation of Employees	64 086	57 258	69 087	80 016	96 329	104 459	109 475
Goods & Services	36 923	54 786	46 225	52 126	53 044	55 961	58 759
Transfers & Subsidies	7 480	2 336	1 814	3 061	4 362	4 602	4 832
Payment for Capital Assets	2 200	5 148	2 835	4 079	6 500	6 858	7 200
Payment For Financial Assets			54				
TOTAL	110 689	119 528	119 961	139 282	160 235	171 880	180 267

The overall allocation for this programme increased from R139, 3 million in 2014/15 to R160, 2 million in 2015/16 which makes 13.1% increase.

Compensation of employees increased by 17% from R 80 million in 2014/15 to R96.3 million in 2015/16 and this is due to money set aside to fill critical posts while some will be used to cover general salary increases, pay progression as well as performance bonuses.

The filling of the vacant post of Senior General Manager as head of the Branch, and who will also serve as the Provincial Treasury Chief Operations Officer, is in the process on being finalised, and appointment is envisaged in early 2015/16. Other vacant positions to be filled in 2015/16 under Corporate Governance Branch are as follows:

- 1 SM: MEC's Office and the 1 Messenger/Driver in the MEC's Office
- 1 Executive Support: Corporate Management
- 1 Admin Officer
- 1 Telkom Operator
- 1 Telkom Operator

The current high vacancy rate in the Office of the CFO will be addressed by the filling of **7** posts during 2015/16 as follows:

- 1 SM: Financial Accounting
- 3 Managers (1 Asset; 1 Demand and 1 Logistics)
- 1 Deputy Manager: Asset
- 1 Personal Assistant
- 1 Admin Officer Asset

During the remaining period, **13** posts have been earmarked for filling in **2016/17**; **13** in **2017/18** and **10** in **2018/19** in areas not provided for in 2015/16 due to budget constraints.

There is an increase of 1.8% on Goods & services from R52, 1 million in 2014/15 to R53, million in 2015/16, and the budget will fund contractual obligations for the department which are amongst others: Leases of Office buildings, Audit fees, Telephones, Security services and GG running costs. Transfers and subsidies budget will be used to cover bursaries for external students, leave gratuities for employees who will retire during 2015/16 as well as transfer to SITA which will help in staff training or development. Payments for capital assets budget will be used to purchase GG Vehicles, installing security scanners as well as buying of office furniture for new employees.

7.4 Risk Management

Programme 1: Administration		
Strategic Objective	Strategic Risk	Mitigation
Enable the Department to deliver in line with the departmental mandate by improving management practices on HR, Strategic Management and Financial Management to level 4 of MPAT standards by 2019/20.	Threat to business continuity caused by lack of Business Continuity Plan (BCP) leading to interruption of services	Develop, approve and implement BCP
	Inadequate support to Provincial Treasury, other departments, public entities and municipalities due to non-filling of vacant funded posts.	Implement recruitment in terms of HR Plan.

8. PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

8.1 Programme Purpose

The aim of this programme is to provide professional advice and support to the Head of Department on provincial economic analysis, fiscal policy, public finance development, inter-government fiscal relations, revenue collection and infrastructure. The programme also manages the annual provincial budget process and the provincial government's fiscal resources.

The Branch comprises of the following sub-programmes:

- Programme Support which is responsible for:
 - Administering Provincial, Public Entities and Municipal Budget and Expenditure
- Economic Analysis is responsible for:
 - Administering the provision of Provincial and Public Entities Socio-Economic Research Analysis
- Fiscal policy is responsible for:
 - Ensuring the development, implementation and management of provincial departments and Public entities budget and expenditure.
- Infrastructure Management & PPP is responsible for:
 - Enhancing and monitoring the performance of infrastructure delivery and PPP by provincial departments, public entities and municipalities
- Inter-Governmental Relations is responsible for:
 - Overseeing Financial Management activities of Municipalities and ensure capacity building.

8.2 Strategic Objectives

Strategic Objective 1	To achieve sustainable fiscal policy for the province during 2015/16 to 2019/20.
Objective statement	Ensure effective and efficient management of provincial budget through constant support and close departmental expenditure monitoring to ensure achievement of 98 percent provincial annual expenditure.
Baseline	The province spent R46.7 billion or 96.6 percent of the total budget of R 48.4 billion during 2013/2014 financial year.
Justification	Effective budget management to ensure provision of services to the community and to improve governance and financial management at provincial and municipal level.
Links	<p>The achievement of this strategic objective will contribute towards the achievement of the following</p> <ul style="list-style-type: none"> • Departmental Strategic Outcome Oriented Goal 2: Responsive, accountable, effective and efficient provincial government system; • LDP Objective: Sound Financial and Administrative Management • MTSF National Outcome 9: A responsive, accountable, effective & efficient local government system • MTSF National Outcome 12: An efficient, effective and development oriented public service • NDP Chapter 13 Objective: Building a Capable and Developmental State;

Strategic Objective 2	To achieve annual improvement on financial management and effective governance in 26 delegated municipalities and 3 municipal entities by 2019/20
Objective statement	Provide efficient support to improve good governance and achieve annual improvements in audit outcomes for 26 municipalities and 3 municipal entities resulting in accumulating unqualified audit outcomes by 2019/20.
Baseline	<ul style="list-style-type: none"> • Municipalities with Unqualified Audit Opinions – 15 • Municipalities with Qualified Audit Opinions – 9 • Municipalities with Adverse/Disclaimer opinions – 6 • Municipalities Entities with Unqualified Audit Opinions – 3
Justification	Achievement of this strategic objective will result in improved audit outcomes whilst promoting good governance and create a conducive control environment to foster an ethical culture within the province and also assist in efficient utilisation of limited public resources.

Links	<p>The achievement of this strategic objective will contribute towards the achievement of the following</p> <ul style="list-style-type: none"> • Departmental Strategic Outcome Oriented Goal 2: Responsive, accountable, effective and efficient provincial government system; • LDP Objective: Increase the number of unqualified audit opinions in departments, public entities and municipalities • MTSF National Outcome 9: A responsive, accountable, effective & efficient local government system • MTSF National Outcome 12: An efficient, effective and development oriented public service • NDP Chapter 13 Objective: Building a Capable and Developmental State;
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8.3 Resource Considerations

There are constant trends in number of key staff members. The staff turnover rate on key staff members is acceptable. It is expected that this trend will not change significantly in the next five years.

PROGRAMME :2	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2011/12 (000)	2012/13 (000)	2013/14 (000)	2014/15 (000)	2015/16 (000)	2016/17 (000)	2017/18 (000)
Compensation of Employees	29 628	31 843	37 742	42 840	56 414	59 517	62 493
Goods & Services	3 829	2 689	4 226	4 971	5 495	5 797	6 087
Transfers & Subsidies	791	436	586		417	440	462
Payment for Capital Assets	122	89	70				
Payment For Financial Assets							
TOTAL	34 370	35 057	42 624	47 811	62 326	65 754	69 042

The budget for Sustainable Resource Management increased by 23.3% from R47.8 million in 2014/15 main appropriation to R62.3 million in 2015/16.

There is an increase of 24.1% in Compensation of employees from R42, 8 million in 2014/15 to R56, 4 million in 2015/16 and will be used to fund new appointments to be made in the branch, to accommodate salary increases as well as pay progression and performance bonuses and within this allocation, there is an amount of R9 million allocated to Municipal Finance for capacity building in municipalities.

The department will address capacity challenges in the MFMA area by filling 13 vacant posts (1 Senior Manager and 12 Managers) during 2015/16 financial year. The post of General Manager: IM & PPP will also be filled during the same year.

During the remaining period, **5** posts have been earmarked for filling in **2016/17** and **4** in **2017/18** in this Programme in areas not provided for in 2015/16 due to budget constraints.

Goods and services have seen an increased from R4, 9 million in 2014/15 to R5, 4 million in 2015/16.

The Branch monitors the implementation of the budget in both provincial departments and municipalities. The increase on goods and services budget is to provide support and training activities in provincial departments and municipalities. Other cost drivers relate to research, travelling and printing of budget books as well as gazettes.

8.4 Risk Management

Programme 2: Sustainable Resource Management		
Strategic Objective	Strategic Risk	Mitigation
1. To achieve sustainable fiscal policy for the province during 2015/16 to 2019/20.	Inadequate support and monitoring due to lack of documented support methodologies leading to the inability to fulfil the legislative mandate.	Document Support Methodologies including enforcement mechanisms.
2. To achieve annual improvement on financial management and effective governance in 26 delegated municipalities and 3 municipal entities by 2019/20		

9. PROGRAMME 3: ASSETS, LIABILITIES AND SUPPLY CHAIN MANAGEMENT

9.1. Programme Purpose

The programme aims to provide policy direction and facilitate the effective and efficient management of assets, liabilities, financial systems and provincial supply chain processes.

The Branch is comprised of the following Sub-programmes:

- Asset and Liabilities Management which is responsible for:
 - Monitoring and supporting Departments and Public Entities on management of Physical Assets, Cash and Liabilities.
- Supply Chain Management is responsible for:
 - Monitoring SCM Compliance and providing support to Provincial Departments and Public Entities as well as supplier development

9.2. Strategic Objectives

Strategic Objective	To provide policy direction and support to 13 votes and 5 public entities on Assets, Liabilities and Supply Chain Management to ensure improvement of audit outcomes by 2019/20.
Objective statement	All Provincial Votes and Public Entities to fully comply with relevant prescripts on Assets, Liabilities and Supply Chain Management resulting in improved audit outcomes by 2019/20 financial year.
Baseline	<ul style="list-style-type: none"> • Departments with Unqualified Audit Opinions – 6 • Departments with Qualified Audit Opinions – 6 • Departments with Adverse opinions – 0 • Departments with Disclaimer opinion – 1 • Public Entities with Unqualified Audit Opinion – 2 • Public Entities with Qualified Audit Opinions – 1 • Public Entities with Adverse Opinion – 1 • Public Entities with Disclaimer Audit Opinion – 1
Justification	To increase accountability in the public sector, promotion of transparency, optimal utilisation of state resources as well as enhance compliance to legal framework.

Links	<p>The achievement of this strategic objective will contribute towards the achievement of the following:</p> <ul style="list-style-type: none"> • Departmental Strategic Outcome Oriented Goal 2: Responsive, accountable, effective and efficient provincial government systems • LDP Objectives: Sound Financial and Administrative Management; Increase the number of unqualified audit opinions in departments, public entities and municipalities • MTSF National Outcome 12: An efficient, effective and development oriented public service • NDP Chapter 13 Objective: Building a Capable and Developmental State;
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9.3 Resource Considerations

PROGRAMME :3	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2011/12 (000)	2012/13 (000)	2013/14 (000)	2014/15 (000)	2015/16 (000)	2016/17 (000)	2017/18 (000)
Compensation of Employees	39 864	43 219	44 456	46 540	57 125	60 267	63 280
Goods & Services	19 400	30 173	20 385	23 259	21 655	22 846	23 988
Transfers & Subsidies	243	1 320	603	1 660	600	633	665
Payment for Capital Assets	35	37	1 434	1 291			
Payment For Financial Assets			2				
TOTAL	59 542	74 749	66 880	72 750	79 380	83 746	87 933

The budget for the branch increased by 8.4% from R72, 8 million in 2014/15 to R 79, 4 million in 2015/16. Compensation of employees allocation increased by 19% in the 2015/16 financial year.

The department will address capacity challenges of this Programme during the 2015/16 financial year by filling in the following posts:

- 1 Manager: SCM Policy Implementation
- 1 Executive Support
- 6 Deputy Managers: Asset Management

During the remaining period, **8** posts are earmarked for filling in **2016/17**; **7** in **2017/18** and **4** in **2018/19** in areas not provided for in 2015/16 due to budget constraints.

Goods and services budget decreased from R 23, 3 million in 2014/15 to R 21, 2 million in 2015/16 which also makes 7% and this will be used to fund SITA payments, LOGIS implementation and Bank Charges amongst others.

- Additional Budget for:
 - Centralised Supplier Database
 - BAUD System to manage Assets in the province

9.4 Risk Management

Programme 3 : Assets, Liabilities and Supply Chain Management		
Strategic Objective	Strategic Risk	Mitigation
To provide policy direction and support to 13 votes and 5 public entities on Assets, Liabilities and Supply Chain Management to ensure improvement of audit outcomes by 2019/20.	Inadequate support and monitoring due to lack of documented support methodologies and non-enforcement of prescripts leading to the inability to fulfil the legislative mandate.	Document support methodologies including enforcement mechanisms

10. PROGRAMME 4: FINANCIAL GOVERNANCE

10.1. Programme Purpose

The purpose of the programme is to ensure sound financial management and financial accountability in the province through capacity building, financial reporting, financial management policies development and support of oversight structures/bodies, and also ensure that all Departments and public entities have implemented effective risk management and internal control processes and lastly to provide internal audit services to all Limpopo provincial departments in compliance with the approved internal audit plans.

The Branch is comprised of the following sub-programmes:

- Programme Support is responsible for:
 - Administering Accounting Services, Internal Audit and Risk Management in Provincial Departments and Public Entities.
- Accounting Services is responsible for:
 - Providing support to provincial departments and public entities on accounting standards and frameworks
 - Monitoring compliance with the PFMA and Treasury regulations and other relevant policies and prescripts.
 - Coordinating financial management training and provide transversal systems training in the province
 - Ensuring that there is effective Risk Management in Provincial Departments and Public Entities.
- Financial Systems is responsible for:
 - Implementing Financial Systems and provide support to Provincial Departments.
- Provincial Internal Audit is responsible for:
 - Providing value added assurance and consulting services to the Provincial Departments.

10.2. Strategic Objectives

Strategic Objective	To achieve annual improvements in audit outcomes in 12 votes and 5 public entities by 2019/20.
Objective statement	Provide efficient support to improve good governance and achieve annual improvements in audit outcomes for 12 votes and 5 public entities resulting in accumulating improved unqualified audit outcomes by 2019/20.
Baseline	<ul style="list-style-type: none"> • Departments with Disclaimer opinion – 1 • Departments with Adverse opinions – 0 • Departments with Unqualified Audit Opinions – 6 • Departments with Qualified Audit Opinions – 6 • Departments with Clean Audit reports - 0 • Public Entities with Unqualified Audit Opinion – 2 • Public Entities with Disclaimer Audit Opinion – 1 • Public Entities with Adverse Opinion – 1 • Public Entities with Qualified Audit Opinions - 1
Justification	<p>Achievement of this strategic objective will result in improved audit outcomes whilst promoting good governance and create a conducive control environment to foster an ethical culture within the province and also assist in efficient utilisation of limited public resources.</p> <p>Financial systems enable the province to record, manage financial transactions, and consolidate information for reporting both provincially and nationally.</p>
Links	<p>The achievement of this strategic objective will contribute towards the achievement of the following:</p> <ul style="list-style-type: none"> • Departmental Strategic Outcome Oriented Goal 2: Responsive, accountable, effective and efficient provincial government systems • LDP Objectives: Sound Financial and Administrative Management; Increase the number of unqualified audit opinions in departments, public entities and municipalities • MTSF National Outcome 12: An efficient, effective and development oriented public service • NDP Chapter 13 Objective: Building a Capable and Developmental State;

10.3 Resource Considerations

PROGRAMME :4	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2011/12 (000)	2012/13 (000)	2013/14 (000)	2014/15 (000)	2015/16 (000)	2016/17 (000)	2017/18 (000)
Compensation of Employees	42 177	44 840	49 838	57 851	68 257	69 894	73 389
Goods & Services	10 849	7 323	76 604	46 485	13 882	15 674	16 459
Transfers & Subsidies	416	23	884	36	1 100	1 161	1 219
Payment for Capital Assets	94	282	26				
Payment For Financial Assets			6				
TOTAL	53 536	52 468	127 358	104 372	83 239	86 729	91 066

The allocation for the branch decreased by 25% from R104, 4 million in 2014/15 to R83, 2 million in 2015/16.

Compensation of employees' budget increased from R57, 9 million in 2014/15 to R66, 3 million in 2015/16 which equates to 13% and will cover filling of posts in the branch and in Internal Audit sub programme which has the highest staff turnover in the department.

In this regard, the department will address capacity challenges during the 2015/16 financial year in the following areas:

- 1 SGM: Financial Governance (PAG)
- 3 Assistant Directors: Accounting Services & Capacity Building
- Financial systems training (3 trainers)
- 2 Managers: Accounting and Reporting
- 1 Deputy Manager: Accounting & Reporting
- Transversal Risk Management (2 Managers)
- Public Entities support: Financial Reporting (1 Manager)
- Norms and Standard (1 Manager) and 1 Accounting Clerk: Norms and Standards

- Internal Audit 1 Client Manager: Risk Based Auditing, 1 Deputy Client Manager: Internal Audit, 2 Snr. Internal Auditors: Risk Based Auditing, 1 Snr. Internal Auditor: Performance Auditing; 1 Executive Support and 40 Internal Audit Learnerships

A decrease in Goods and Services from R 46, 5 million in 2014/15 to R 13, 9 million in 2015/16 is due to Intervention projects coming to an end. The budget will fund training of officials as part of LOGIS implementation as well as payment for audit committee members.

10.4 Risk Management

Programme 4: Financial Governance		
Strategic Objective	Strategic Risk	Mitigation
To achieve annual improvements in audit outcomes in 12 votes and 5 public entities by 2019/20.	Inadequate support to departments, public entities and municipalities caused by inadequate support methodologies, lack of technical skills, vacant funded posts and inadequate resources (capacity)	<ul style="list-style-type: none"> • Implement Financial and transversal support skills assessment and provide training to close identified skill gaps. • Facilitate filling of funded vacant posts with required experience skills.
	Failure to effectively attract, develop and retain the people necessary to sustain and achieve the LPIA's service delivery mandate.	<ul style="list-style-type: none"> • Develop a staff rotation policy for employees in and out LPIA. • Certification Programme CIA; CGAP etc.
	Failure to foster consistent and effective communications between the various LPIA's clients and stakeholders may result in misunderstandings that cause lack of compliance with policies, laws and regulations.	Attend all executive management meetings including Audit Steering as well as Strategic Meetings.

PART C: LINKS TO OTHER PLANS

11. LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

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

12. CONDITIONAL GRANTS

The Department does not administer any conditional grants.

13. PUBLIC ENTITIES

The department does not oversee any public entities.

14. PUBLIC-PRIVATE PARTNERSHIPS

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

ANNEXURE 1: TECHNICAL INDICATOR DESCRIPTIONS FOR STRATEGIC OUTCOMES ORIENTED GOALS

Strategic Outcome Oriented Goal Number	1
Strategic Outcome Oriented Goal	Strategic partnership that enables effective execution of the department's mandate by the 4 departmental programmes.
Short Definition	Be strategic partners for the 4 departmental programmes to ensure effective execution and achievement of the department's mandate through provision for key resources (human, financial, physical) and related corporate services.
Purpose/importance	The goal indicates how Programme 1 will effectively provide support services through partnering strategically with other Departmental Programmes so that their core objectives are achieved.
Source/collection of data	<ul style="list-style-type: none"> • HR implementation reports on PMDS, recruitment, employment equity, employee wellness • In Year Monitoring (IYM) Reports • Risk Management Reports • Organisational Performance Analysis Reports • Internal Communication Newsletters
Method of calculation	Simple count
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	All 4 programmes achieve their mandates and objectives as a result of the effective corporate services strategic partnership.
Indicator responsibility	SGM: CG & Chief Financial Officer

Strategic Outcome Oriented Goal Number	2
Strategic outcome oriented Goal	Responsive, accountable, effective and efficient provincial and local government system
Short Definition	Promote and enforce transparency and effective financial management in respect of revenue, expenditure, assets and liabilities of provincial departments, provincial public entities and municipalities
Purpose/importance	The goal indicates how effectively transversal programmes in the Provincial Treasury have monitored and supported provincial departments, public entities and municipalities to ensure that there is improved management of resources and good governance.
Source/collection of data	<ul style="list-style-type: none"> ➤ IYM Reports from Departments and public entities ➤ Municipal budgets ➤ Internal Audit and AG reports ➤ Risk Management Assessment Reports ➤ SCM compliance Reports
Method of calculation	Simple count
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	All 13 votes, 8 entities and 30 municipalities achieve improved financial management good governance evidenced by improved audit outcomes
Indicator responsibility	Chief Audit Executive; SGM: Sustainable Resource Management; SGM: Assets, Liabilities & SCM; SGM: Financial Governance

ANNEXURE 2: TECHNICAL INDICATOR DESCRIPTIONS FOR STRATEGIC OBJECTIVES PROGRAMME 1

Strategic Objective Number	1
Strategic Objective	Enable the Department to deliver in line with the Departmental mandate by improving management practices on HR, Strategic Management and Financial Management to level 4 of MPAT standards by 2019/20.
Performance Indicator	Departmental average MPAT score
Short Definition	The average score achieved by the department after being assessed by DPME using the MPAT system
Purpose/importance	Promote and improve efficiency in management practices in respect of Strategic Management, Governance and Accountability, Human Resource Management and Financial Management in the department
Source/collection of data	<ul style="list-style-type: none"> ➤ Management Reports ➤ Secondary data from oversight institutions
Method of calculation	Departmental average score
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Departmental average MPAT score of 4
Indicator responsibility	DDG : Corporate Governance

PROGRAMME 2

Strategic Objective Number	1
Strategic Objective 1	To achieve sustainable fiscal policy for the province during the 2015/16 to 2019/20.
Performance Indicator	% provincial annual expenditure achieved
Short Definition	The performance Indicator measures the % of total provincial budget that is spent at the end of each financial year
Purpose/importance	Ensure effective and efficient management of provincial budget through constant support and close departmental expenditure monitoring to ensure achievement of between 98 and 100 percent provincial annual expenditure.
Source/collection of data	<ul style="list-style-type: none"> ➤ IYM Reports from Departments and public entities ➤ Sec32 report ➤ BAS report
Method of calculation	% of Expenditure against the total approved provincial budget
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Provincial Expenditure against approved provincial budget is between 98 and 100 percent
Indicator responsibility	DDG : SRM

Strategic Objective Number	2
Strategic Objective 1	To achieve sustainable fiscal policy for the province during the 2015/16 to 2019/20.
Performance Indicator	Number of departmental budget plans that are credible.
Short Definition	The performance Indicator measures the number of departmental budget plans that are assessed by Limpopo Provincial Treasury and found to be credible at the end of each financial year
Purpose/importance	Ensure alignment of departmental budget plans with the provincial priorities.
Source/collection of data	Departmental budgets
Method of calculation	Simple count
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	All 13 Provincial Budget plans are credible
Indicator responsibility	DDG : SRM
Strategic Objective Number	2

Strategic Objective 1	To achieve sustainable fiscal policy for the province during the 2015/16 to 2019/20.
Performance Indicator	% revenue collected
Short Definition	The performance Indicator measures the % of total provincial revenue budget that is collected at the end of each financial year
Purpose/importance	Ensure effective and efficient management of provincial revenue budget through constant support and monitoring of departmental revenue to ensure achievement of 100 percent annual collection.
Source/collection of data	<ul style="list-style-type: none"> ➤ IYM Reports from Departments and public entities ➤ BAS reports ➤ Inspection reports
Method of calculation	% of revenue collected against the total approved provincial revenue budget
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Provincial Expenditure against approved provincial budget is between 98 and 100 percent
Indicator responsibility	DDG : SRM

PROGRAMME 2

Strategic Objective Number	2
Strategic Objective 2	To achieve annual improvement on financial management and effective governance in 26 delegated municipalities and 3 municipal entities by 2019/20
Performance Indicator	Number of municipalities and entities with unqualified audit opinions
Short Definition	The performance indicator measures the number of municipalities that obtain unqualified audit opinions at the end of each financial year after being audited by Auditor General
Purpose/importance	To improve the level of compliance by municipalities and municipal entities to regulatory frameworks
Source/collection of data	Auditor General Reports for municipalities and municipal entities
Method of calculation	Simple count
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	All 26 municipalities and 3 municipal entities achieve unqualified audit opinions
Indicator responsibility	Chief Director : Municipal Finance

PROGRAMME 3

Strategic Objective Number	1
Strategic Objective	To provide policy direction and support to 13 votes and 5 public entities on Assets, Liabilities and Supply Chain Management to ensure improvement of audit outcomes by 2019/20.
Performance Indicator	Number of Votes and Public Entities complying with Assets and Inventory management prescripts
Short Definition	The performance indicator measures the total number of votes and public entities that are complying with Asset and Inventory management prescripts where a bench of 90% is used as a threshold of complying institutions
Purpose/importance	Promote and enforce transparency and effective Asset and Inventory management in respect of 12 votes (excluding Legislature) and 5 public entities and municipalities
Source/collection of data	<ul style="list-style-type: none"> ➤ Provincial departments and public entities asset and inventory registers ➤ Inspection reports ➤ Provincial departments and public entities reports
Method of calculation	Simple count
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	All 12 votes and 5 public entities and comply with Asset and Inventory Management prescripts
Indicator responsibility	Chief Director : Assets and Liabilities

PROGRAMME 3

Strategic Objective Number	1
Strategic Objective	To provide policy direction and support to 13 votes and 5 public entities on Assets, Liabilities and Supply Chain Management to ensure improvement of audit outcomes by 2019/20.
Performance Indicator	Number of Votes and Public Entities complying with Banking and Cash Management prescripts
Short Definition	The performance indicator measures the total number of votes and public entities that are complying with Banking and Cash Management prescripts where a bench of 90% is used as a threshold of complying institutions
Purpose/importance	Promote and enforce transparency and effective Banking and Cash Management in respect of 13 votes (including Legislature) and 5 public entities and municipalities
Source/collection of data	Government financial systems, annual financial statements, bank statements (provincial banker and SA Reserve Bank), banking contract and SLA, budget statements, IYM, PFMA, Treasury Regulations, DoRA and National Payment Schedule.
Method of calculation	Simple count
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	All 13 votes and 5 public entities and comply with Banking and Cash Management prescripts
Indicator responsibility	Chief Director : Assets and Liabilities

PROGRAMME 3

Strategic Objective Number	1
Strategic Objective	To provide policy direction and support to 13 votes and 5 public entities on Assets, Liabilities and Supply Chain Management to ensure improvement of audit outcomes by 2019/20.
Performance Indicator	Number of Votes and Public Entities complying with SCM prescripts
Short Definition	The performance indicator measures the total number of votes and public entities that are complying with SCM prescripts where a bench of 90% is used as a threshold of complying institutions
Purpose/importance	Promote and enforce transparency and effective SCM processes in respect of 13 votes (including Legislature) and 5 public entities and municipalities
Source/collection of data	Vouchers, Contracts, Bid Documents, Procurement Plans, Bid Committee Minutes and reports from Provincial Votes and public entities
Method of calculation	Simple count
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	All 13 votes and 5 public entities and comply with SCM prescripts
Indicator responsibility	Chief Director : Provincial Supply Chain Management

PROGRAMME 4

Strategic Objective Number	1
Strategic Objective	To achieve annual improvements in audit outcomes in 12 votes and 5 public entities by 2019/20.
Performance Indicator	Number of votes and public entities that achieved FMCMM level 3+
Short Definition	The performance indicator measures the number of votes and public entities that achieved FMCMM score of 3+ during the financial year under review
Purpose/importance	To improve the level maturity levels of votes and public entities in respect of FMCMM ratings by achieving at least a score of 3+ for the financial year under review
Source/collection of data	<ul style="list-style-type: none"> ➤ IYM Reports from Departments and public entities ➤ Internal Audit and AG reports ➤ Risk Management Assessment Reports ➤ SCM compliance Reports ➤ Human Resource Management Reports
Method of calculation	Simple count
Data limitations	None
Type of indicator	Outcome
Calculation type	The reported performance is non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	All 13 votes, 8 entities and 30 municipalities achieve improved financial management good governance evidenced by improved audit outcomes
Indicator responsibility	Chief Audit Executive and DDG : Financial Governance