

**INTEGRATED STRATEGIC MANAGEMENT AND
FINANCIAL MANAGEMENT PROCESSES: A CASE
STUDY OF THE DEPARTMENT OF HOME AFFAIRS
(DHA)**

by
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Declaration

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I dedicate this work to my late parents, Tarzian Sigentsu and Mavis Nosajini Nomanani Maya. May their souls rest in peace.

To my children, Likuwe, Amyoli, Anikwa and my wife, Zoliswa Maya, thank you for your understanding and support during the course of my studies.

Most importantly, I wish to thank the Almighty for all the blessings bestowed on me.

Abstract

There is a need for integrated strategic management and financial management that can act as vehicles that can deliver value for money. In delivering value for money, it means that citizenry, whom service delivery is targeting, will witness the use of public funds to meet their needs. In the South African public sector, all government departments are required to develop their strategic plans and indicate the budget needed to deliver services that are reflected in these plans. This is an indication that one cannot talk about planning in government and not mention the budget needed to deliver on the plan.

The methodology and design of the study followed a purposive sample. The elected officials were interviewed, and their responses were compared to the objectives of the study, the literature reviewed, the case study of the Department of Home Affairs, as well as the policy environment around the integration of strategic management and financial management processes in the public sector. There is a plethora of literature around public sector strategic management and financial management; however, there is sparse literature on these aspects within a South African context. The reviewed literature provided an undisputed view regarding the processes of integrated strategic management and financial management.

The findings revealed that the current Department of Home Affairs' strategic management and financial management processes are not integrated. The challenges that contribute to the lack of integrated strategic management and financial management processes were listed to include, amongst others, poor leadership, working in silos, poor communication and lack of accountability. One of the apparent reasons for the lack of integration between strategic management and financial management, is how strategic planning processes are conducted in the Department of Home Affairs. There is no alignment and severe scrutiny of past trends in order to identify the root cause for challenges experienced. It appears that the way planning is conducted, is only designed to meet the requirements of external central departments, such as the National Treasury and Department of Planning, Monitoring and Evaluation.

Developed plans must be budgeted for in order to be executed. In the Department of Home Affairs, it appears that branch heads are not involved in the drawing up of their budgets in order to deliver on their branch plans and ultimately, the overarching plan of the department. The budgeting process requires an inextricable match with the planning

process. As already stated, there is a culture of working in silos at the Department of Home Affairs. Budgets are developed in order to meet the timelines and requirements set out by the National Treasury in the annual medium-term expenditure guidelines. It has been found that, at the Department of Home Affairs, there is no determined effort where branch heads develop their plans and indicate the budget required to implement such plans. No process allows branches and provinces to present their proposed plans and budgets required for the next financial year.

The recommendations are made on how these challenges can be addressed. The study recommended that there should be a strategic management team that will be responsible for managing the entire Department of Home Affairs' integrated strategic management processes. Collaboration from within and externally was also recommended as one of the focus areas for the strategic management team. The study concluded by recommending to the strategic management team to follow a thorough strategic management process that includes all the critical elements to ensure that all stages of each process of strategic management are properly followed.

Key words:

Environmental Scanning, Strategic Management, Strategic Planning, Budgeting, Monitoring and Evaluation

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List of abbreviations

AGSA	Auditor General of South Africa
AOP	Annual Operational Plan
APP	Annual Performance Plan
AR	Annual Report
CD	Chief Director
CDP&SM	Chief Directorate Policy and Strategic Management
CFO	Chief Financial Officer
DD	Deputy Director
DDG	Deputy Director-General
DHA	Department of Home Affairs
DIR	Director
DPME	Department of Planning, Monitoring and Evaluation
EA	Environmental Analysis
ESF	Environmental Scanning Framework
EXCO	Executive Committee
FMPPI	Framework for Managing Programme Performance Information
FSP&APP	Framework for Strategic Plans and Annual Performance Plans
GWM&ES	Government-Wide Monitoring and Evaluation System
HRM&D	Human Resources Management and Development
ID	Identity Document
IEC	Independent Electoral Commission
IT	Information Technology
M&E	Monitoring and Evaluation
MEC	Member of the Executive Council
MINCOBUD	Ministers' Committee on the Budget
MINMEC	Minister and Member of Executive Council
MPAT	Management Performance Assessment Tool
MTEC	Medium-Term Expenditure Committee
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Expenditure Framework
NDP	National Development Plan
NEPF	National Evaluation Policy Framework

NPC	National Planning Commission
NPM	New Public Management
NT	National Treasury
OFM	Office Financial Management
OPS Plan	Operational Plans
PA	Performance Agreement
PESTEL	Political, Economic, Social, Technological, Ecological and Legal
PFMA	Public Finance Management Act
PI	Performance Information
PMDS	Performance Management Development System
PSA	Public Service Act
PSR	Public Service Regulation
QR	Quarterly Report
RSA	Republic of South Africa
SASQAF	South African Statistical Quality Assessment Framework
SM	Strategic Management
SMS	Senior Management Services
SONA	State of the Nation Address
SOP	Standard Operating Procedures
SP	Strategic Plan
SWAA	Strength, Weaknesses, Advocates and Adversaries
SWOT	Strength, Weaknesses, Opportunities and Threats
VRIO	Value Rareness Imitability Organisation

CHAPTER ONE: INTRODUCTION TO THE STUDY

“In public sector institutions, poor performance is often an argument for more resources. When a community faces a skyrocketing crime rate, for example, a common response by political leaders, the public, and the police department is to increase the police department’s budget and hire more police. Under this situation, government departments will be required to prove that more money is needed.” (Hildreth & Lewis, 2011: 288).

This research is intended to provide and demonstrate the gap that currently exists in linking planning and budgeting within the public sector with emphasis on the Department of Home Affairs (DHA). According to Bryson, Edwards and Van Slyke (2018), strategic planning is one of the main components of strategic management (SM) and is currently employed in the public sector as a tool to execute government policies.

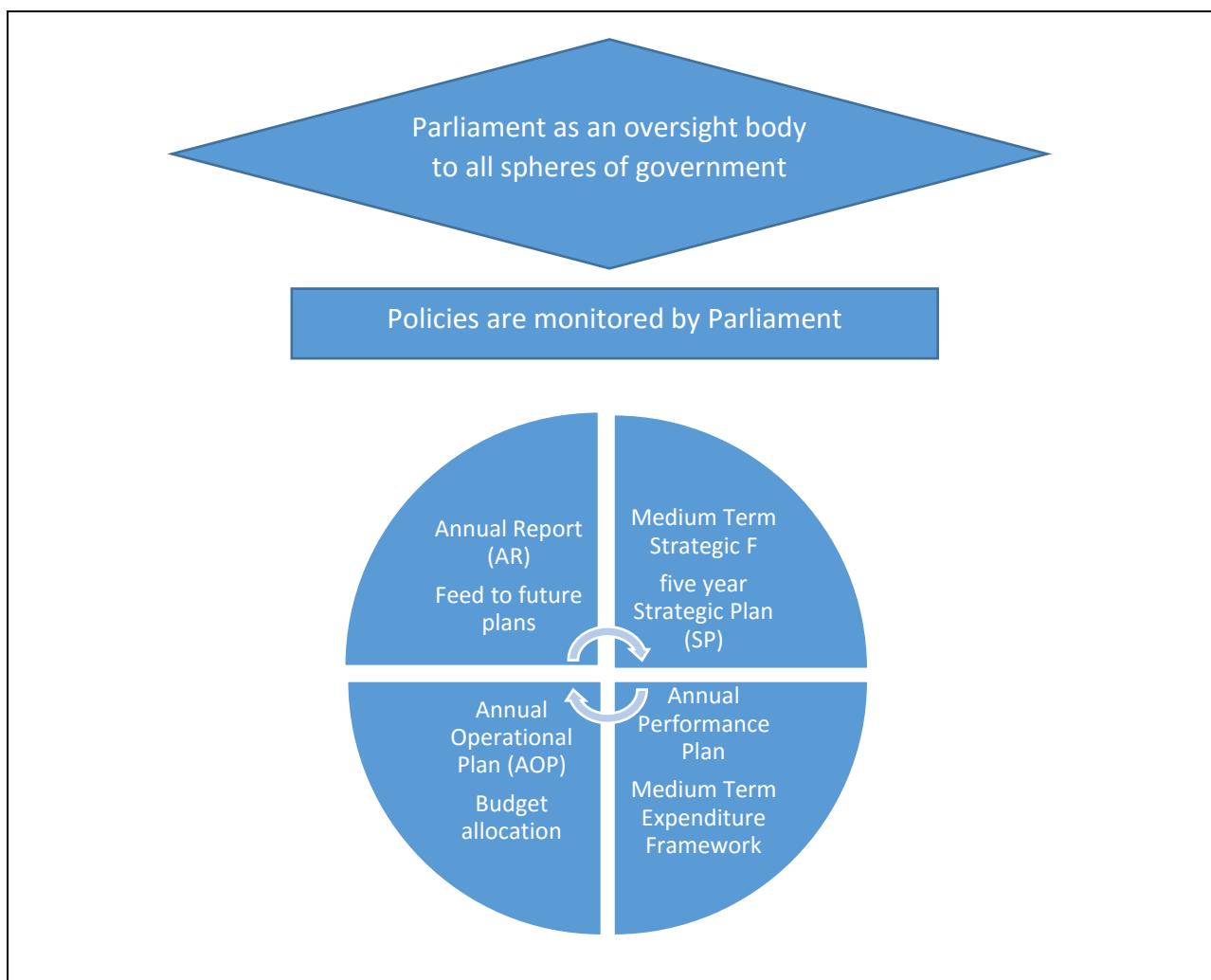
1. Background and rationale

The alignment of planning, budgeting and reporting is a challenge that continues to confront the government. The lack of alignment of strategic plans with available budgets can result in the non-execution of plans and government policies. Currently, the world economy is struggling which, in turn, has also affected the South African economy. The challenges on the economic front require an inextricable match of insufficient financial resources with government plans. In order to link scarce financial resources with what is contained in the plans, various government departments will have to evaluate their interventions in executing plans to achieve policy aims in order to make informed decisions. Past performance records in the public sector are generated through monitoring and evaluation systems. A monitoring and evaluation system provides valuable feedback required for the budgeting and planning process in order to make informed decisions. According to the National Treasury (NT) (2018: 1), there will be no additional funding from the treasury, and government departments are encouraged to look at their budgets and reprioritise projects to be delivered against available funds. For this purpose, departments will depend on the evaluation of their plans and budgets in order to decide which programmes should be discontinued or amended.

To demonstrate that the country is not raising enough money through revenue, the NT and Department of Planning and Monitoring and Evaluation (DPME) have been tasked by the South African Cabinet to develop a mandate paper document that will guide budget allocation to prioritise government policy areas for the electoral cycle.

Government planning, budgeting, and reporting in South Africa is prescribed through various planning, budgeting, and monitoring guidelines, as well as relevant sections of legislation. The government planning, budgeting, and reporting cycle provides clear guidelines as to how these separate, but related processes should be linked (National Treasury, 2007b: 4). The DHA, just like all other state departments, is expected to develop their plans in line with the planning, budgeting and reporting cycle, as graphically depicted in Figure 1.1 below:

Figure 1.1: Public sector planning, budgeting and reporting cycle



Source: National Treasury (2007b: 4)

Figure 1.1 attempts to achieve what is mentioned by the World Bank (2012: 5): “It is difficult to know if programs have succeeded or failed if the expected results are not clearly articulated”.

In an attempt to address the challenges alluded to above, the researcher conducted studies about the alignment of planning, budgeting and reporting in the DHA. Subsequently, the researcher generated an integrated framework for linking planning, budgeting and reporting at the DHA. The Executive Management of the DHA approved this framework in October 2016. Subsequent to that, the researcher developed a DHA action plan to operationalise this framework.

Cabinet has acknowledged the challenge of linking plans with budgets as an obstruction in achieving government programmes. Cabinet has instructed both the DPME and NT to come up with a document that will guide the funding of the NDP (DPME, 2018a,b&c: 3). The objective was to allocate financial resources to Medium-Term Strategic Framework (MTSF) outcomes, as many failures by government departments to achieve these MTSF outcomes are mainly because of the reduced allocation or total lack of allocating financial resources to MTSF outcomes.

The adoption of the NDP as the overarching vision for the country until 2030, has been translated into the government programme for action during the first five years covering the electoral cycle of 2014 to 2019 (following the 2014 provincial and national elections). The next electoral cycle after the 2019 elections will include the NDP priorities that will be driven by the then governing party.

The NDP received massive support from all corners of South Africa except for scepticism by labour unions. The NDP is a road map of the country in its endeavour to tackle the challenges of unemployment, poverty, and inequality. The government has put in place various guidelines for planning, and on an annual basis, the NT releases medium-term expenditure guidelines on the budget. These guidelines fall short of ensuring that departments align their plans with budgets. This research study will investigate the challenges that result in the lack of aligning planning and budgeting.

For government departments to implement the NDP, they require the necessary resources to execute the plan through the strategic plans of various government departments. In order to attract the right skills and have the necessary machinery such as technology in place, departments will require funds to recruit people with the relevant skills and purchase the required machinery. A government department's intended use of allocated budgets is crucial for the successful implementation of strategies. During the DHA quarterly reviews, the researcher observed that the reasons that often get mentioned as causes for non-achievement of quarterly targets tend to be the lack of funds. To address this challenge, the researcher strongly believes that SM and financial management processes should inform one another, and all units must be afforded the opportunity to develop and budget for their plans.

The Public Finance Management Act (PFMA) is obvious in the processes that need to be followed when drawing up government departments' budgets. All government departments are expected to develop their annual performance plans and Medium-Term Expenditure Framework (MTEF). In most cases, government departments develop these inter-reliant plans separately. The Chief Financial Officer (CFO) develops the MTEF budget alone, while the Corporate Planning Unit develops the planning instruments separate from the CFO. Thereafter, the department produces a plan that is not integrated with the available resources. Programme managers under such situations are not involved in the programmes and projects under their units. If these managers are not given an opportunity to develop their budgetary needs that are informed by their plans, holding such managers accountable will be difficult, if not impossible. The different units of government departments should be allowed to report on the implementation of their plans and the expenditure of their budgets, (Ajam, 2008: 44-45).

1.1 Literature review

The current global economic pressures and demands by citizens for better service delivery, require governments all over the world to re-think how delivery of services is conducted in order to improve the conditions of the people by achieving the government's strategic goals with less financial resources (Poister, 2010; Poister, Pitts, & Hamilton Edwards, 2010; Favoreu, Carassus, & Maurel, 2016: 436).

According to Schutte and Kennon (2015: 69), global pressures emanated from the 2008 economic recession. As a result of the global economic collapse, many big businesses started to go back to the old way of planning by adopting SM. The economic crisis has brought significant change in the field of SM since the “technology bubble” in the early 2000s (Schutte & Kennon, 2015).

At the same time, these economic pressures also resulted in government departments applying financial discipline in three ways, namely “aggregate public expenditure management, strategic prioritization (allocative efficiency), and operational performance (technical efficiency)” (World Bank, 1998: vii). It is crucial to ensure that the way these processes are integrated assists public institutions to achieve their strategic goals.

Favoreu et al. (2016: 436) believed that SM improves public sector performance. According to the World Bank (1998: 1), when developing public sector policy that will be executed through strategic plans, it is crucial to conduct a thorough assessment of issues, their causes, as well as performance evaluation that will result in the allocation of resources. This comprehensive approach fits the definition of SM. It integrates strategy and finances effectively.

Rosenberg Hansen and Ferlie (2016: 2) agreed with what is stated above by stating that SM is arguably the tool for improving public sector performance. This view was supported by Williams and Lewis (2008: 65) when they stated that the adoption of stakeholder mapping and value chain analyses as tools for SM is due to the economy that is not performing well, the increased desire by governments to improve service delivery, as well as the emulation of other countries’ best practices. When these tools are used effectively, it will assist managers within the public sector to have a full view of the complex issues and be able to make informed decisions and communicate them to their stakeholders (Williams & Lewis, 2008: 65).

The Public Finance Management Act (PFMA) No. 1 of 1999 stipulated that departments must maintain alignment of their strategic, annual performance plans and operational plans with their budgets (Ajam, 2008: 45). The templates made available by the NT for both planning and budgeting were supported by relevant regulations and indicated that plans and budgets should be linked. What these regulations did not explain, were the

processes to maintain this alignment. Departments were faced with a challenge whereby they adhered to the templates and still developed plans that were detached from the available budget.

According to Bryson et al. (2018: 317), strategic planning is a component of an even more encompassing management tool. Strategic management is defined as an essential integration of strategic planning and implementation across an organisation. This integration must be continuous to learn and reprioritise on a continuous basis. Theodore (2010: 249) supported Bryson et al. (2018) in stating that there are three fundamental changes that SM advances:

- i. A shift from strategic planning to SM.
- ii. A move away from performance measures to performance management.
- iii. Linking strategy with performance management.

For strategic plans to be implemented, there should be an overall SM. According to Bryson et al. (2018: 318–319), strategic planning is a way of implementing the goals of a public institution, to achieve the impact intended, and impact positively on the lives of citizenry. During the planning stage, it is expected of public institutions to mobilise relevant stakeholders to form part of the planning process. Once the planning as a component of SM has taken place, implementation and control will follow.

Another element of SM is strategy implementation. This element is concerned about generating clear action plans with explicit budget allocations to execute the strategy of a department. Action plans are tools that should be developed by each unit with a clear indication of the responsible person to execute each action as stipulated in the action plan. According to Poister (2010: 247), some of the processes that are recommended for use when developing action plans, include the following:

- Allowing units to demonstrate the financial resources that they need and indicate how such a resource will be key in driving the successful implementation of the action plans.

- Linking individual performance agreements to the organisational strategy and unit actions plans.
- Communicate the strategic goals of the organisation both internally and externally.
- Establish and monitor performance on a continuous basis.

Geneva (2005: 3) supports Theodore (2010) by confirming that the main aim of ensuring that SM processes and budgeting processes link, is to ensure that lower-level activity-based planning and costing are linked to a higher outcome strategy of the organisation.

A public institution that is strategically managed effectively specifically focuses on budgeting, performance management, people development and training, as well as various other management practices that are all aligned to achieve organisational strategies (Poister & Streib, 1999: 310).

“Monitoring and evaluation is a powerful public management tool that can be used to improve the way governments and organizations achieve results” (Third International Roundtable, 2007: 4–5). For budgeting to be integrated into a strategic planning process and allow for oversight structures to conduct business easily, the following is suggested (Third International Roundtable, 2007: 4–5):

- Planning processes need to be clear, avoiding duplication and ensuring that plans are realistically costed, time-bound and affordable.
- Reporting roles to be drawn up with administrative processes.
- Allow managers space to be "flexible and be held accountable".
- Capacitated internal and external audits that scrutinise both planning and budgeting.

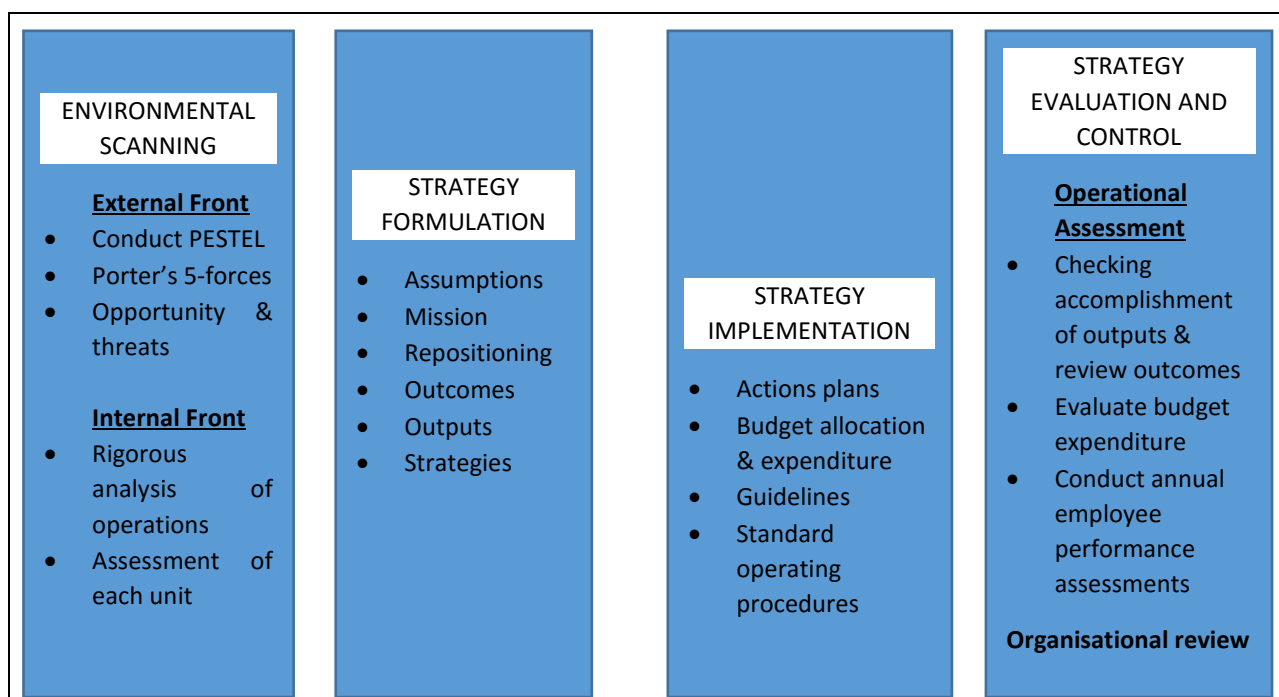
It is evident that once there is integrated SM and budgeting, the next stage should be a continuous process of monitoring and evaluation. It is through this process that the department will be able to decide whether to continue or discontinue some of its projects or programmes.

Roller, Bovee and Green (2004: 6) agreed and stated that one of the reasons for poor linkages among strategic planning, monitoring and evaluation (M&E) as well as budgeting

is that each process is often perceived as and implemented as a separate process in many organisations. In highlighting this challenge regarding the weak alignment of strategic planning, M&E, and budgeting, Roller et al. (2004: 8) proposed a model that can be followed to close this gap.

Figure 1.2 depicts the proposed method to close the gap of linking strategic plans, M&E, and budgeting.

Figure 1.2: The integrated tool for SM, budgeting and monitoring and evaluation



Source: Roller et al. (2004: 8)

In order to address the challenges mentioned above, the implementation of integrated SM and financial management tools, as depicted in Figure 1.2 above, is essential for the achievement of government outcomes. Both the internal and external analysis of the environments will have to take place, and the process must be a bottom-up approach that feeds into strategic planning and budgeting processes (Roller et al., 2004: 8).

The analysis of the external- and internal environments focuses on Political, Economic, Social, Technological, Ecological and Legal (PESTEL) factors that are based on the relevant factors affecting the environment outside of the organisation. The second

dimension of external environmental analysis is the competitive environment. Porter's five forces model is used to scan the markets (Roller et al., 2004: 9).

Internal scanning focuses on the organisation's internal situation. This is an opportunity for operational components to determine which of those organisational goals will require cooperation with other stakeholders for their successful implementation. Annual performance management and other annual assessments such as expenditure trends should form part of internal environmental scanning. The tool can be used in conjunction with the well-known Strength, Weaknesses, Opportunities and Threats (SWOT) analysis as well as VRIO which stands for "Value" (what does an organisation do with a minimal budget?), "Rareness" (what services do the organisation render?), "Imitability" (can what the company does be done by others?), and "Organisation" (how good is the organisation in what it does?) (Roller et al., 2004: 9-10).

The next stage is the formulation of the strategy. The information generated during the scanning of the environment is used to guide the organisation in building assumptions that help in crafting outcomes, outputs and annual targets that are implemented over a period (Roller et al., 2004: 11-17). The third step is the implementation of the formulated strategy. At this stage, the organisation identifies and mobilises all resources that are key to the success of the strategy – strategy budgeting where each action activity is linked to the available budget. Constant M&E is performed to ensure that deviations are identified early, and corrective measures put in place. Most importantly, the information is used to provide feedback into the next planning and budgeting processes (Roller et al., 2004: 17–18). The Government-Wide Monitoring and Evaluation System (GWM&ES), was designed to ensure that government policies are monitored and evaluated to check the extent and impact of achieving policy objectives and whether the budget was used for the aims for which it was allocated for (Ajam & Engela, 2010: 24). This becomes key for future policy direction and budget allocation decision-making processes.

Montanari and Bracker (1986: 252), concurred with Roller et al. (2004: 11-17) by stating that SM is a three-stage process that includes 1) strategy formulation, 2) strategy implementation, and 3) strategy evaluation. The only missing element from the Roller et al. (2004: 11-17) four-phase process is environmental scanning.

According to Montanari and Bracker (1986: 252), a state department responsible for government policy should provide a common guideline for all state departments on how to conduct SM in various public sector institutions. Table 1.1 below portrays elements of aligning the strategy that are required for public sector SM.

Table 1.1: Strategy alignment of Montanari and Bracker

Context analysis	Strategy development	Implementation strategy	Evaluation strategy
Political cycle	Formulate strategy	Review structure	Establish accountability
Review mandate	Develop objectives	Modify information systems	
Relevant public analysis	Devise action plans		
Resource intruders and public sector competitors	Prepare zero-based budgets		
Strengths, Weaknesses, Advocacy and Adversaries (SWAA) analysis			
Service differentiation			

Source: Montanari & Barker (1986: 253)

The SM process assesses the environment extensively. It employs a tool called SWAA that is similar to SWOT analysis, but with the differences of the two As, namely Advocacy (stakeholders, i.e., legislators, key clients and other critical groups) and Adversaries (private sector firms that might have an interest in performing the work of the department and thereby rendering the department irrelevant and other public sector institutions that are competing for scarce financial resources) (Montanari & Bracker, 1986: 253–257).

According to the NT (2010: 3), alignment of planning and budgeting is highlighted as key, but the rigorous strategic alignment process, as advocated by Roller et al. (2004: 11-17) as well as Montanari and Barker (1986: 253), and the Office of Financial Management (2012: 2) is not very clear. The Third International Round Table (2007: 5) falls short of explicitly stipulating the processes to be followed when a strategic plan is developed to be aligned with the budgeting processes as well as M&E.

In an attempt to address these challenges, many governments worldwide introduced performance-informed budgeting. This type of planning requires government departments to move away from basing their decisions on meeting public financial requirements to a more robust outcome or result-oriented strategic planning (Curristine, Lonti, & Joumard, 2007: 2).

1.2 Problem statement

The South African public sector in its endeavour to deliver more with less, developed a tool to guide national- and provincial departments when developing their strategic and annual performance plans (APP). This framework does not provide clear step-by-step processes that departments ought to follow when developing their plans. Over and above that, there is no clear guide on how plans and budgets are to be linked during the development stages. The lack of clear SM processes with financial management processes has resulted in malicious compliance, whereby departments just complete the planning templates for compliance purposes and not accountability aims and the achievement of outcomes.

In an attempt to address the challenges alluded to above, the researcher researched the alignment of planning, budgeting and reporting in the DHA. Subsequently, the researcher generated an integrated framework for linking planning, budgeting and reporting at the DHA. The Executive Management of the DHA approved this framework in October 2016. Subsequent to that, the researcher developed a DHA action plan to operationalise this framework.

The development of the framework for linking planning, budgeting, and monitoring and the action plan was a step in the right direction, but was not enough. The alignment of planning, budgeting and reporting at a departmental level requires precise integration of SM processes with financial management processes. This integration is represented in the Framework for Managing Programme Performance Information (FMPPI) by the NT. The researcher is of the view that the clear strategic- and financial management processes that support and inform each other, will address the misalignment between strategy and budgets. The current Cabinet has identified this gap as a severe challenge that causes the government to not achieve all of its government outcomes for the 2014 to 2019 electoral term. Since 2016, Cabinet has directed the NT and DPME to come up with a document called the mandate paper. This document seeks to provide guidance and gives a mandate for such outcomes to be budgeted for. The DHA is expected to employ financial resources effectively in achieving its mandate of providing citizens and foreigners with official identify documents.

This research study is of particular interest to public sector SM and financial management, because since the economy is struggling to grow, companies require the efficient and economic use of financial resources to achieve more with less.

1.3 Research question

According to Minnar (2003), cited by Mbanga (2012: 6), a research question outlines the roadmap to be followed during a study. The question is used as a guide to the research problem that needs to be addressed. Based on preliminary research and the research problem, the research question is as follows:

At what stage are SM and financial management processes integrated in the Department of Home Affairs?

1.4 Research objectives

The objectives of this study are as follow:

- To review the theoretical framework for public sector strategic and financial management.
- To analyse strategic and financial management processes as well as the legal statutes in support of these processes.
- To identify gaps in the alignment of strategic and financial management processes.

1.5 Research design

A non-empirical research design was adopted in reviewing the prescripts and theoretical outlook involved. In order to validate the non-empirical research design, empirical research was undertaken in order to balance the information gleaned from the literature review. Data were collected through conducting interviews with experts in both SM- and financial management environments at the DHA. The questions posed to these experts served to determine what processes are currently being followed at the DHA for both SM and financial management. Further to that, this research study also focused on whether

such processes advance the critical element of matching planning and budgeting at the DHA.

A case study was deemed appropriate to gather and analyse qualitative data (Mouton, 2001: 149).

1.6 Research methodology

According to Mouton (2001: 56), research methodology is about establishing the ways for data collection. In order to ensure that the DHA supports the government in achieving its mandate as given to it by voters, the DHA, as an organ of state, is expected to indicate how they intend to support the government in its endeavours to deliver their election manifesto promises made to voters. The planning and allocation of the budget become an essential tool for supporting the implementation of the government election manifesto.

Based on the above background, this research study conducted interviews with experts from planning and finance within the DHA. These experts were from the following two branches:

- The **Financial Management** branch which is responsible for interpreting the MTEF guidelines of the NT on how departments should go about developing their budgets.
- The **Institutional Planning and Support** branch which is responsible for the coordination of policy, strategic planning, and M&E.

The branches studied within the ambit of this research study constituted only branches that were entrusted with ensuring that both planning and budgeting processes were implemented in line with the requirements for strategic planning and budgeting. These branches included the:

- Financial management branch that included a senior manager, deputy director and assistant director.
- Institutional Planning and Support branch that included three senior managers and three deputy managers of which all were officials from the Chief Directorate Policy and Strategic Management (CDP&SM).

These branches were selected based on their roles in planning, monitoring, and evaluation as well as budgeting, with finance and Institutional Planning and Support (IPS) being the custodians of planning, budgeting, monitoring and evaluation, as well as performance coordination in the department. The feedback that will be solicited from the officials in both finance and strategic planning will provide a clear indication of the alignment of strategic- and financial management processes at the DHA.

1.7 Method of sampling

According to De Vos (2002), as cited by Mbanga (2012: 210), there are two distinct types of sampling: probability and non-probability. The study utilised non-probability purposive sampling.

For the purposes of this study, as indicated above, purposive sampling was used to select DHA officials in selected branches based on their roles and expertise in line with the focus of the study. The selection of these two branches was centred on the notion that the units in question are essential in providing critical insights about the integration of SM and financial management processes as key enablers in ensuring the inextricable alignment of plans with budgets. From the two branches, nine participants were targeted.

1.8 Data collection

Data were collected by means of reviewing the legislative requirements in respect of government SM processes as well as financial management processes. Analyses of literature on SM and financial management were done, with a focus on identifying better processes that can be adopted by the DHA for purposes of better and improved linkages of SM and financial management processes.

Expert interviews were conducted to collect primary data from officials that were entrusted with the integration of SM and financial management processes in the DHA. The author believes that the analysis of the collected data will add value to the existing body of knowledge by making appropriate recommendations.

1.9 Ethical consideration of the study

In maintaining good ethical conduct during the study, the researcher acted in accordance with the ethical standpoints reflected in the subsections below.

1.9.1 Authorisation to conduct the study

Before the study was conducted, the researcher requested permission from the Deputy Director-General (DDG): Institutional Planning and Support to conduct the study within the DHA.

1.9.2 Consent form

In terms of the Stellenbosch University's ethical guidelines, the researcher ensured adherence to the requirements as stipulated in the consent form.

1.10 Outline of chapters

- **Chapter One: Introduction:** This chapter provides the background to the research study and the need to conduct such a study. It deals with the methodology to be followed when conducting the research and addressing the research questions and research problems identified.
- **Chapter Two: Literature Review:** This chapter focuses on relevant literature regarding integrated public sector SM and financial management. It discusses processes to be followed when embarking on SM. It also deals with financial management in relation to budget allocations to ensure effective implementation. The study attempted to identify some conditions that will be conducive for effective budget allocations whereby policy priorities should be easily achieved.
- **Chapter Three: Policy Framework and Legislative Mandates:** This chapter assesses the policy framework and legislative mandates around government planning and budgeting. Currently, no law adequately addresses the entirety of SM with financial management.

- **Chapter Four: Case study of the Department of Home Affairs:** This chapter looks at the DHA. The study gleaned information from the practices of SM and financial management.
- **Chapter Five: Research Design and Methodology:** This chapter expands upon the research design and method followed in conducting the study. It explains the sampling methods and provides reasons for the type of methodology chosen for the purposes of this research study.
- **Chapter Six: Research Findings and Analysis:** Following a thorough review of relevant literature, assessment of the DHA and applicable laws in the field of public sector SM were done by conducting interviews which aimed to answer the research problem and ultimately address the objectives of the study.
- **Chapter Seven: Conclusions and Recommendations:** This chapter provides conclusions on whether the research objectives have been achieved. Conclusions are stated per research objectives. Recommendations are provided based on the findings observed in Chapter Six. The chapter also provides some limitations to the study and areas of future research.

1.11 Summary

The chapter provided an introduction and background to the research study. This was followed by a preliminary literature review that focused on establishing relevant literature about the research study.

The research problem was identified, and the research questions were developed. The research design and methodology were also addressed in terms of how the information was collected.

The next chapter provides a detailed review of relevant literature in relation to the study.

CHAPTER TWO: LITERATURE REVIEW

2. Background and overview

This chapter aims to investigate the relevant literature that relates to the study. The current literature on the topic is essential to identify the current discussions. Even though most literature that deals with strategic management and budgeting management is more common in the private sector, there is also plenty of literature for the public sector.

Chapter Two start by providing a background on SM, the definition of SM and discusses briefly conditions that are conducive for an integrated SM. The chapter is divided into three main parts. Part One provides a comprehensive study of the SM processes. Part Two focuses on processes that ought to be followed during financial management and budgeting processes. Part Three provides an integrated SM and financial management processes.

The chapter concludes by providing a summary and conclusion of the important discussions around Chapter Two.

2.1 Public sector strategic management and the definition of the concept

New Public Management (NPM): The introduction of SM is derived from the approaches brought about by the NPM. The NPM introduced some SM concepts that aimed to improve public sector performance. For public sector performance to improve, there is a need to first allow for three critical conditions to exists, namely 1) market-related conditions, 2) administrative freedom, and 3) performance-based budgeting (Rosenberg Hansen & Ferlie, 2016: 2–3). An approach to SM was identified as a key enabler needed by the public sector in order to focus on key policy priorities to achieve maximum impact in delivering services (Cloete, 2003).

What is Strategic Management?: Strydom (2016: 76) defined SM as "a process that aims to integrate organisational functions and resources in an integrated and coordinated

manner in order to implement the formulated strategies in order to achieve long-term goals and therefore gain value for the stakeholders."

Poister (2005) and Bryson (2011), cited by Elbanna (2013: 426), stated that SM includes more concepts as compared to strategic planning, as SM encompasses environmental analysis, strategic planning, strategy development, strategic implementation, as well as monitoring and evaluation of the strategy. These authors suggested that public sector managers must differentiate between strategic planning and SM.

According to Poister (2010: 247), managers in the federal system of America were finding it difficult to:

- Formulate clear outcome-oriented goals.
- Attend to matters that are similar to other departments working together as government departments.
- Getting inputs and involving key stakeholders in the strategic planning process.
- Having challenges in linking annual goals to long-term goals.
- Mobilise resources required to fulfil the plan such as budgets and human capital.

The introduction of SM in the public sector can be attributed to attempting to address the challenges experienced by managers to deal with the listed issues above.

According to Poister and Streib (1999: 308), SM is an integrative management tool that is aimed at driving public institutions to achieve success. SM can be used to close the gaps highlighted above, by embarking on the following:

- Create alignment between all components of an organisation in order to achieve one common goal.
- Align internal processes with organisational SM and with the external environment.
- Ensure that everything in the action plans is done on a daily basis in the organisation is aligned with the adopted strategic plan,
- Public sector managers must always bear in mind that without the involvement of key stakeholders, an organisation might not deliver the desired results.

SM is often confused with strategic planning. Strategic planning, strategic implementation, and strategic evaluation are essential components of SM. In order to ensure the successful implementation of a strategy an organization needs to ensure strong management, strong leadership, a strong culture, and a structure that is aligned to the strategy (Halachmi, Hardy, & Rhoades, 1993; Steiss, 1985; Vinzant & Vinzant (1996) all cited by Poister & Streib, 1999: 310).

Poister and Streib (1999: 310–311) further argued that SM as an all-embracing management tool is positioned to cater for strategic decisions and day-to-day operations that are all linked to the achievement of organisational goals. This can be done by allowing various units within an organisation to craft their own action plans that are aligned and designed to direct the organisation to attain its aims and objectives. For such units to implement their operational plans, resources such as budgets must be made available. An integrated SM requires a government department where its planning, budgeting, performance management, human resources management, risk management, and other strategic areas are all integrated. The management of a department's strategy should be based on the support and buy-in by all key stakeholders, and the resultant plan should be widely communicated.

In America and other first world countries, there is a law passed by the legislature where all public sector institutions are expected to establish an SM capacity. The main aim of the Government Performance and Results Act of 1993 is to ensure that public sector institutions develop a five-year strategic plan (SP) that pronounces the reason for the existence of a department with clear visions, a mission, strategic goals, and values. Secondly, these institutions are also required to develop an annual performance plan (APP) that must be linked to the required budgets for implementing the APP. The APP highlights the outputs to be achieved over the medium-term. Thirdly, reports must be generated at the end of each year to stipulate how monies were used in implementing these plans (Poister & Streib, 1999: 310–311, Joyce, 2004: 107).

Part One: Integrated strategic management processes in the public sector

2.2 Integrated strategic management processes in the public sector

A successful SM process must be inclusive of the activities alluded to below, see, (DonVito, 1969; Montanari & Bracker, 1986: 252–253; Poister & Streib, 1999: 311; Poister, Pitts & Hamilton, 2010: 525):

- During the strategic planning stage, the organisation should be concerned with ensuring the alignment of both the internal and external environments.
- It is vital that a government department, after developing its plan, in order for swift implementation, all critical stakeholders should be mobilised to support the implementation of the plan.
- All units within the department will play a crucial role in implementing and monitoring the strategy.
- Continuous monitoring and control of both the plan and the budget will be conducted.

Figure 2.1 (overleaf) shows how the SM process is supposed to unfold within the public sector.

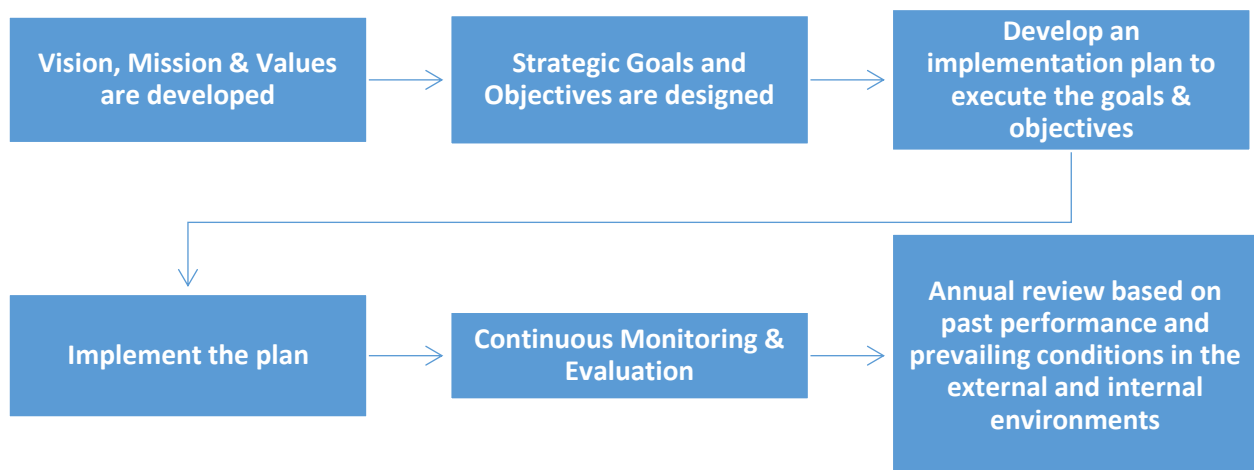
Figure 2.1: Poister and Streib’s strategic management process



Source: Poister & Streib (1999: 318); Canavan (2003: 151)

Figure 2.2 graphically depicts the steps that should be taken during the SM processes (Strydom, 2016: 77).

Figure 2.2: Strydom’s strategic management process



Source: Thompson, Peteraf, Gamble, & Strickland (2012), cited by Strydom (2016)

The above stages of the SM processes do not specify at what stage the budget should be linked to the formulated strategy as depicted by Poister and Streib (1999). Montanari and Jeffrey (2010) stated that during the development stage, there is a need to start formulating the budget that is needed to implement the strategy.

In order to guide the alignment and translation of the departmental strategy into various plans of departmental units, the following can be employed.

- Develop performance indicators to measure the implementation and achievement of the strategy.
- Conduct a thorough analysis of the performance information coming from the implemented targets of the strategy continuously in order to detect deviations and come up with corrective measures.
- Match the strategy with the budget. Monitor the alignment of operational plans with the budget and requests departmental units to demonstrate how this alignment will result in strategy achievement.
- Ensure that individual performance contracting is informed and aligned to departmental strategic direction.
- Embark on an extensive communication campaign to ensure that the adopted strategy is supported and receive buy-in to all internally.
- Collaborate with external stakeholders and solicit their support to achieve the strategy.

Government meets principles of public finance by generating revenue and use this revenue to meet the needs of the people by adhering to rules put in place by laws to guide the use of public funds (Ijeoma, Nzewi, & Sibanda, 2013: 287).

One strong suggestion put forward by Poister and Streib (1999: 316–317), which is also confirmed by Poister (2010: 246), is that SM needs a strong SM team to be established. The work to be done by the SM team is divided into the stages of integrated strategic management which include the: environmental analysis stage, strategic planning stage, strategy development stage, strategy execution stage, and strategic monitoring and evaluation stage (Pollard & Hotho, 2006: 726).

2.2.1 Environmental analysis process

The SM process assesses the environment extensively (Montanari & Bracker, 1986: 253–257); “It employs a tool called SWAA, similar to SWOT with the differences of the two A’s, Advocacy (Stakeholders, i.e, legislators, key clients and other critical groups), Adversaries (include private sector firms that might have an interest in performing the work of the department and thereby rendering the department irrelevant and other public sector institutions that are competing for scarce financial resources).”

Stakeholder identification and collaboration in order to create value for money and achieve success are key during situational analysis (Montanari & Bracker, 1986: 253–257; Poister & Streib, 1999: 309–310; Joyce, 2004: 108; Roller et al., 2004:10; Fabrizio & Hertz, 2005: 293; O’ Leary & Vij, 2012: 509; Mišanková & Kočíšová, 2014: 865; Seijts et al., 2015: 72; Bagheri, 2016: 432). There is no effort to involve or analyse external stakeholders during the scanning of the environment.

According to Walker (2013: 676), governments are not free to do as they deem fit, they are at the guidance of their legislative and constitutional mandates as well as political priorities, but have freedom to assess the environment, decide how much budget is needed to achieve organisational mandates and decide who to partner with. There must still be freedom for employees to provide solutions to government problems (Hofmann, 2015: 18).

An analysis of internal environments is conducted in order to understand the strengths and weaknesses of the organisation. The approach is used to evaluate the operational effectiveness of the organisation by looking at the operational components of the organisation (Roller et al., 2004: 10). The outcomes of the analysis form the basis for the discussions that guide decision-makers in the next phase – the strategic planning process.

2.2.2 Strategic planning process

Poister (2010) stated that for an SM process to result in a workable strategic plan, a collaborative approach should be adopted. This approach ensures that the involvement of stakeholders or at least their inputs find a way into the planning process. In government,

the implementation of the policies is not the role of only one department. Therefore, inter-governmental relations are key factors in the strategic planning process.

Prominent authors like McAdam and Walker (2003), proposed that the engagement of key stakeholders during the planning process is crucial for public sector institutions to maintain high levels of performance. This view is supported by Radnor and McGuire (2004), cited by Williams and Lewis (2008: 656), as they mention that stakeholder engagement is an important indicator that elevates performance management even higher than treated as an analysis method to be viewed as strategic in its contribution from various stakeholders.

On the “value chain”, Williams and Lewis (2008: 657) indicated that in any organisation there are functions that have been designed to provide support to core functions. For these “support functions”, in order for them to play a key role in helping the organisation achieve its strategy, there is a need to create a clear “value chain” played by the support function to the core function (The Office of Financial Management (OFM), 2012: 2; Plant, 2009: 38–43).

SM processes, amongst other things, should indicate the system that will be followed in developing the strategy by answering questions such as: What will the role of lower-level units be in the organisation? How will implementation and M&E be conducted? (Poister & Streib, 1999: 310).

2.2.3 Strategy development process

The third stage involves the formulation of the strategy. This is possible since all the vital information has been gathered during the environmental analysis stage. The areas that are scrutinised at this stage include reviewing of the company’s mission and vision, setting new goals and objectives, and creating annual operational plans to execute the set goals (Roller et al., 2004: 11–16). Roller et al. (2004) did not discuss the strategic planning process, but instead moved to the development stage of the strategy.

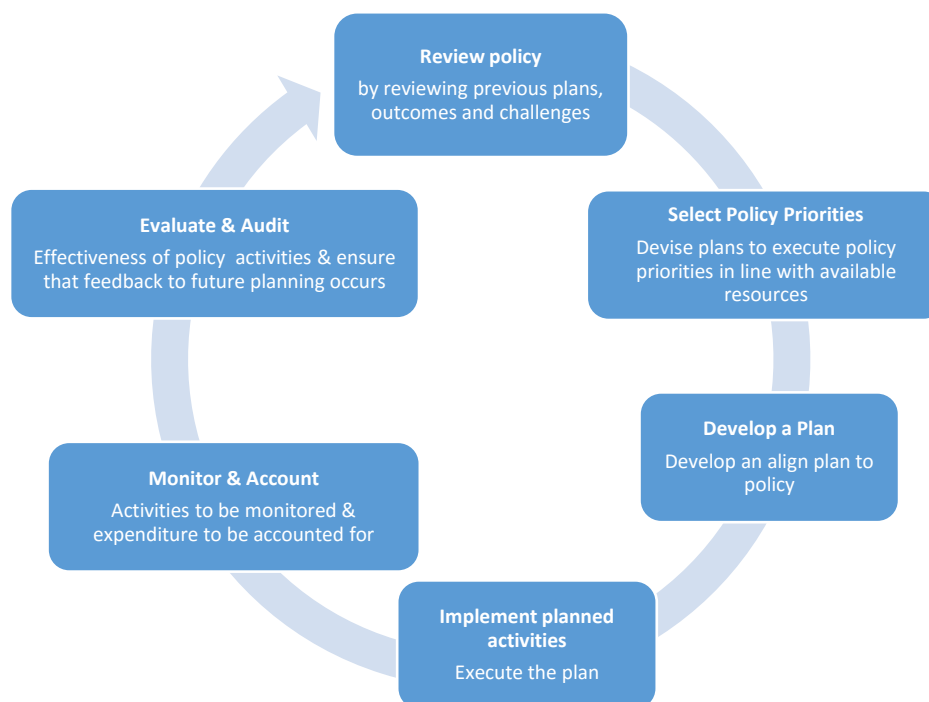
When budgets are prepared, government departments should base their budget preparation on the guidelines for budgeting. The process of budgeting must be linked to

the planning process, and the goals and targets in the draft plans must be used as yardsticks for budget requests. Once decisions on allocations and plans are finally adopted, the next stage will then require an extensive communication of the approved plan and budget to get the buy-in of employees as well as external stakeholders, (Papalexandris, Ioannou, Prastacos & Soderquist, 2005: 221). By this way, government departments have autonomy to draw up their plans and budgets that will have to be approved by lawmakers.

It is during this stage that actions plans are developed and costed in line with the budget made available to a public sector institution. According to (World Bank, 1998), the allocation of funds followed the approach depicted below which has been highlighted many times in this document (Montanari & Bracker, 1986: 260– 261; World Bank, 1998: 31).

According to the World Bank (1998:31), the allocation of funds should follow the approach as graphically depicted in Figure 2.3 below.

Figure 2.3: Matching policy, planning, budgeting and monitoring and evaluation



Source: World Bank (1998: 32)

2.2.4 Strategy implementation process

Action plans accompanied by budgets, extensive communication to all stakeholders, culture change that support the adopted strategy, measurements of performance and expenditure, and strong leadership that drives the strategy, are all critical areas that will simplify the execution of the plan (Montanari & Bracker, 1986; Poister & Streib, 1999; Joyce, 2004; Pollard & Hotho, 2006, Ansell & Gash, 2008; Poister, 2010; Emerson et al., 2011:09; O' Leary & Vij, 2012; Head, 2013: 4, Mišanková & Kočíšová, 2014; Canato & Ravasi, 2015; Hofmann, 2015; Olivier, 2015).

The SM team becomes crucial in supporting the leadership of the institution to hold managers accountable (Joyce, 2004: 108). The role of leadership must continuously be directed at encouraging employees to practice the stated values of the organisation and communicate good behavior by other employees as a way of encouraging others to do well. (Seijts, Ganz, Crossan, & Reno, 2015: 72). According to Head (2013: 4), Emerson, Nabatchi and Balogh (2011:09), and Ansell and Gash (2008) leadership also plays a crucial role in policy analysis and setting direction.

2.2.5 Strategy monitoring and evaluation process

The demand for an M&E system has never been stronger than it is currently. Having an M&E system in place is a good step in the right direction. However, using the results from monitoring to build on evaluation in order to know which programmes are working or not, is the right thing to do (Morra Imas & Rist, 2009: 50). According to Strydom (2016: 74), plans must address the needs of the people. This means that M&E is designed to identify whether people's needs are met.

In the case of the Department of Transport in Pennsylvania, America, the SM team, in collaboration with unit managers, identified initiatives to be achieved monthly, quarterly and annually. These initiatives were linked to the overarching departmental strategy. Once completed, it became easy for employees to sign their performance agreements in support of such initiatives (Poister & Streib, 1999: 320). This department ensured the ongoing monitoring and evaluation of performance. Monthly progress reports were distributed to all senior managers in the organisation, and monthly targets were aligned

with the strategic plan of the department. The SMT had a mandate of reviewing these monthly reports and identify any areas of concern and make recommendations for remedial actions before the end of the quarter before a quarter report get tabled in the top management meeting. This was the right opportunity for all units to review their monthly progress performance with their staff (Poister & Streib, 1999: 320; Joyce, 2004: 107).

Part Two: Public sector financial management and budgeting process

2.3 Types of budgeting and the budgeting process

The public sector is faced with the challenge of operational managers, business managers and top management that do not have an understanding of how much it will cost a department to implement its policies through strategic plans (World Bank, 1998: 31, Taylor & Rafai, 2003: 54; Cottrell, 2014: 52). Over and above this challenge, there is a requirement for cooperation in order to plan and budget better from top-down as per cooperative governance in order to achieve the required outputs and allocations based on the desired impact to be made (Grifel, 1993: 405; Petrei, 1998: 197; Edwards, 2008: 70–71; Hendriks, 2012: 2). The different types of budgeting are discussed below:

- **Incremental Budgeting:** According to Ijeoma et al., (2013: 293), there are different ways of embarking on budgeting in the public sector. These ways consist of incremental budgeting, zero-based budgeting, and flexed budgeting. The “incremental budgeting” can best be described as a way of adding a certain percentage of the budget on the previously allocated budget. The approach is based on two principles; the first one is “fluctuations from the inflation” and the second one is based on the “predictions on possible increases in costs and income in line with predictions on volume of business”. Ijeoma et al. (2013) stated that there are strengths and weaknesses with incremental budgeting.

According to Haruna and Vysa-Doorgapersad (2016: 201), incremental budgeting is the budgeting system employed by the South African government. The guidance is derived from the MTEF which requires departments to develop their APP in line with the indicative budgetary figures that are contained within the MTEF. Parliament only approves budgets for one year, the other two years in the MTEF are designed to allow

departments to plan for medium-term projects with an understanding of the financial resources that will be made available to them by means of the MTEF. However, the challenges provided by Ijeoma et al., (2013: 293) are prevalent in South African as well.

- **Zero-base budgeting:** Budgets are developed by means of a zero-based costing method, meaning all activities are not budgeted for based on what the budget allocation was in the past. The responsible manager is expected to provide valid reasons regarding why a particular amount of money is required with evidence supporting the need for that budget Ijeoma et al., 2013:294; Haruna and Vysa-Doorgapersad 2016: 201).
- **Flexed budgeting:** The budget is designed to correspond with changes in the external environment, and this provides a better chance of correctness of the budget. Because of the overall assessment of the external dynamics, managers can easily provide realistic analysis that makes it easy to make decisions. Changes to the budget are not limited as the revenue collection may change because of changes in the external environment.

In addition to aforesaid budgeting systems, Haruna and Vysa-Doorgapersad (2016: 201) added another budgeting system, namely the performance-based budgeting system. In this system, budgeting gets allocated to departments based on the results that are to be achieved. This was confirmed by Cloete, Rabie and de Coning (2014: 352) when they stated that “The post-1994 government introduced a strong public expenditure reform agenda through NT, with an emphasis on efficiency, effectiveness, and economy as well as budgetary reforms such as instituting MTEF and moving towards a high-level performance budgeting”.

- **Performance-based budgeting:** According to Grossi, Reichard, and Ruggiero (2016: 583), in citing Robinson and Brumby (2005), “performance-based budgeting is a system that is focused on ensuring alignment between the allocated budget and the outcomes that are to be achieved through the implementation of outputs”. This is done by ensuring that the previous performance and expenditure trends are taken into consideration during allocation decision-making. Mack and Ryan (2006), cited by

Grossi *et al.* (2016: 586), established that the use of performance information for budgeting decisions is only used in most cases for “financial reporting purposes which are designed to fulfill the accountability aspects instead of using it for informed decision-making.”

Klepsvik and Hawkesworth (2013: 108) confirm that the use of performance targets on short-term outputs and medium-term outcomes is very critical for a clear strategic direction. Performance-based budgeting is crucial in assisting government departments to adhere to the demands of citizens. Citizens want to know what services were achieved with scarce government resources to meet the expectations of the most important stakeholders – citizens. It is essential to link outcomes to budgets (Grifel, 1993: 403; Curristine *et al.*, 2007: 12; Cloete *et al.*, 2014:394, Ryu, 2014: 79; Haruna and Vysa-Doorgapersad, 2016: 201; Rosenberg Hansen and Ferlie, 2016: 4).

2.3.1 The budgeting processes

Ijeoma *et al.*, (2013: 297) stated that the first leg of the budget processes in the public sector is a depiction of the government strategic planning process. The APP is the plan that seeks to implement a five-year strategic plan. The annual performance plan is aligned with the MTEF. The categories that are provided by Ijeoma *et al.*, (2013) started with what the departments aim to achieve. This implies the purpose for the existence of the department and the reasons for which funds are or to be made available. Annual targets that will be executed by employing the budget are identified. These targets are to be monitored and supposedly, evaluated; however, evaluation in the public sector is currently a scarce skill.

The last part of the budget process, as highlighted by Ijeoma *et al.*, (2013: 296), involves the MTEF. The MTEF is a three-year rolling plan that is inextricably linked to the APP. According to Ijeoma *et al.*, (2013: 298), the benefits of an MTEF include to:

- Provide public sector institutions with an indication of the budget that will be made available to them over the next three years.

- Ensure by means of a three-year budget that departments can plan for long-term projects and enter into contracts as the medium-term projects inform departments of the budget that will be allocated.
- Ensure that accountability is balanced on both the achievement of priorities and expenditure of the budget.
- Ensure that continuous monitoring and evaluation are aimed at providing feedback for future budgeting and planning in order to implement the policies by understanding the challenges.

According to Shah (2005, 12–13), the government budgeting process is divided into two main parts, namely 1) the formal guidelines, and 2) informal guidelines that guide the decisions about the utilisation of budgets by politicians and government institutions. Shah (2005: 14) further stated that the elements of the centralisation of the budgeting process require that the budget is divided into a four-stage process. These stages include planning by the governing party or executive, approval of budgets and plans by Parliament, implementation of plans, the spending of budgets by various departments, and the M&E stage.

Ensuring that government outcomes are budgeted for, there is a need to ensure that both strategic planning processes and budgeting processes are indissolubly aligned (Roller et al., 2004: 3–5). There will always be challenges when there is no integration of strategic planning processes with financial management processes.

The planning process of a budget that finally gets approved or tabled in Parliament begins a year before it is formally adopted (Shah, 2005: 14). In South Africa, the draft budget is presented in Parliament by the minister of finance in October each year. The final budget is then tabled in Parliament following the delivery of the State of the Nation Address (SONA) by the president of the republic. Two weeks after the pronouncements made by the president during SONA in Parliament, the finance ministry will then table the budget indicating how the priorities mentioned by the president will be executed.

Table 2.1: Committees in the budget process

Committee	Role of the committee	Budgeting stage
Minister's Committee on the Budget (MINCOMBUD)	This is the cabinet committee which is mandated to consider budget requests and allocations over the MTEF. Members of this committee are appointed by the president.	Decision-making stage
Budget council	This committee is established according to the Intergovernmental Fiscal Relations Act No. 97 of 1997). The committee consists of the minister of finance and members of the executive council (MEC) for all nine provinces. This committee is concerned with ensuring that issues affecting provinces financially are attended to, and there is a proper reporting system in place.	Planning stage and reporting stage
Joint Minister and Member of Executive Council (MINMEC)	This committee is constituted of the finance minister, provincial MEC, heads of provincial treasuries, NT senior officials and representative of departments in different sectors. This committee deliberates on strategic direction that requires funding for a particular sector and recommends it to MINCOMBUD.	Planning stage
Local Government Budget Forum	The finance minister and his MECs for finance, local government officials, meet to discuss fiscal matters affecting the municipality.	Planning stage
The above committees are based on political decision-making. Below are technical committees		
MTEC	The Director Generals of central departments form this committee. Their role is to make recommendations to MINCOMBUD regarding outcomes that need to be funded.	Planning stage and decision-stage
Technical Committee on Finance	The purpose of this committee is to ensure that issues of intergovernmental relations are tackled. Recommendations are made to the approving committees on issues of finance.	Planning stage
MTEC sub-committees	Treasury officials that work with various government departments during the budgeting process. They develop reports for the MTEC and ultimately, the MINCOMBUD.	Planning stage

Source: Adapted from Haruna & Vysa-Doorgapersad (2016: 194–196)

2.3.2 The government budgetary planning process (month-to-month)

For the government to control the expenditure of public funds, it is vital to draw up a clear step-by-step process for budget planning that must be adhered to by all public sector institutions (Jenkins & Coombs, 1991: 2–3) (see Table 2.2). For the budget process to be considered transparent, effective and aligned to planning, it should address the following (Graham, 2011: 12):

- The budgeting process provides a common framework for all government institutions.
- The budgeting cycle must cover political priorities or the mandate that was given to the governing party by voters.
- The budgeting cycle must be aligned with the government planning cycle.
- The costing and comparisons are the same for all government departments.
- The cycle should be based on agreed upon timelines that must be aligned to the national planning cycle.
- The finance departments must provide important guidelines to government managers on the limits that should not be exceeded.
- Similar activities in government should be costed on the same basis.

Table 2.2: Budget planning process

Month	Activity	Comparison with South African public sector budgeting process
April – June	All public sector institutions are required to work on their budget proposals for the next planning cycle guided by NT guidelines.	In South Africa, on an annual basis, NT and provincial treasuries will issue MTEF guidelines to departments to start preparing their budgets for the next planning cycle.
July – August	The cabinet will use the survey information to make informed decisions as for where the biggest allocation should go.	In South Africa, the July Cabinet Lekgotla is a meeting by Cabinet members to review the progress made by the government in implementing government policies.
September – October	The interaction between individual departments and the treasury takes place. Justifications are provided, and disagreements are addressed by an appointed committee of senior cabinet ministers.	Once the agreements are reached between Treasury and departments, the medium-term budget policy statement is made in Parliament by the minister of finance. Others call this process a “mini budget vote” as nothing will happen by the time the actual budget is tabled in Parliament.
November – December	At this stage, the issuance of the so-called “Autumn Statement” is made. This contains expenditure targets for the year coming and outlines the prospects of economic growth.	In South Africa, as it can be seen above, this stage is done in October. During November – to December, final letters that depict what will be allocated to departments are issued by NT.
January – February	Minister of finance approves estimates.	The president will table the SONA, highlighting what was achieved from the previous pronouncements and what will be the focus for the year ahead. Following this, the minister of finance will then table the budget vote speech indicating how much funds will be made available for different for government.
	Analysis of the report generated from the survey of the past budget	Just recently, the introduction of evaluation feedback can be compared to the surveys mentioned by Jenkins and Coombs (1991). In South Africa, the use of past performance is not well entrenched in the system.

Month	Activity	Comparison with South African public sector budgeting process
March	During this stage, the “budget aimed to raise more revenue” will be pronounced. Financial statements are also prepared.	Departments will table their APPs in Parliament will financial implications for achievement. The reporting on the annual budget, work starts in April and May, the annual financial statements are submitted to the Auditor General.

Part Three: Integrated strategic planning, budgeting and the M&E cycle

2.4 Stages of linking planning, budgeting and M&E

A budget can be organised according to how it will be allocated by employing four well-known methods, namely 1) line item budgeting, 2) functional budgeting, 3) programme budgeting, and 4) performance-based budgeting (Graham, 2011:07).

Line item budgeting is the easiest to use for control purposes as it allocates budgets per item (Graham, 2011). Programme budgeting allocates budgets per programme, while functional budgeting combines both line item and programme budgeting. Performance-based budgeting is suggesting quite a different approach as it requires budgets to be allocated based on what has been achieved.

Performance-based budgeting is aimed at creating an alignment of what should be achieved (service delivery or targets in the plans) together with how much budget is needed to achieve such services. Performance budgeting, unlike other types of organising budgets, does not wait until funds are allocated, but slightly influences what funds should be allocated. It states upfront how much is needed, why it is needed, and what will be the results of utilising the needed funds should they be made available. This type of budgeting is crucial in empowering all public sector stakeholders to know for what public funds will be used for. When allocating budgets based on what should be accomplished, it will require managers to cost their services that will be achieved by using the budget. This type of budgeting also allows authorities to make informed decisions for future allocations.

The performance-based budget requires the following elements to develop realistic performance-based budgeting (Graham, 2011: 9–10):

- What is to be achieved should be stated clearly and performance measures should be developed to gauge performance.
- The "disaggregation" of what is to be done allows the costing of each work to be done with associated activities.
- The expected standards of performance will be generated.
- Things that might impede on realising the aim of performance-based budgeting should be a clearly understood.
- The reason for choosing performance must be clearly explained in the narrative section in order to have a deeper understanding of why this project was of importance.
- Departments should always embark on a benchmark in order to learn about the costing of similar projects from other institutions.

In order to achieve the intended goals of performance-based budgeting-', there should be a transparent budgeting process that allows for rigorous performance alignment with budgets. This process, in terms of Graham (2011: 11), should involve political direction, managerial decisions, planning, communication of plans, and financial information to achieve the political priorities that are captured in the plan.

The integrated planning, budgeting, and M&E cycle, as depicted in Figure 2.4 overleaf, is very similar to the South African government planning, budgeting and reporting cycle, (Montanari & Jeffrey, 1986: 253; Jenkins & Coombs, 1991: 2–3; World Bank, 1998: 32; Poister & Streib, 1999: 318; Roller et al., 2004: 8; NT, 2007: 4; Graham, 2011: 11; Haruna & Vysa-Doorgapersad, 2016: 194–196; Strydom, 2016: 77).

Figure 2.4: Integrated planning, budgeting and the M&E cycle

Source: Graham (2011: 12)

2.4.1 Strategic planning stage

For any budget to be spent, the government department must develop a five-year strategic plan which must state what the department will be doing to implement its mandate and support the governing party implement and achieve its promises to the voters. It is during this phase that the government department translates its strategic plan to an operational plan that must be linked to the appropriated budget by the legislature (Graham, 2011:12). The left side of Figure 2.4 constitutes the planning phase. Activities that are conducted include environmental scanning, and it ends with agreeing on outcomes.

2.4.2 Cost analysis stage

One of the key responsibilities of public sector managers in the budgeting process is to predict the amount of revenue to be raised by the government. This main role is played by the central department responsible for finance. These predictions are crucial in allowing the government to plan for long-term projects and allocate resources that are to be raised. These predictions then get more explicit as they get costed as informed by priority areas of spending (Graham, 2011: 13).

Costs can be divided into two main categories, namely direct- and indirect costs (Graham, 2011: 13). Direct costs are those that are associated with an organisation's existence, while indirect costs are those that are coming from support units within the department that are there to provide support to core functions.

"Often organizations fail to fully take into account all the costs of service delivery. The objective of sound budgeting practice, however, is to arrive at a full understanding of the total cost of providing the mission-critical services of the organizations. Therefore, both indirect and direct costs need to be included in any budget" (Graham, 2011: 13).

This stage culminates with the consolidation of the entire budgetary needs of the department as informed by the strategic plan. Parliament will then consider the budget for appropriation. This implies that the appropriated budget becomes law and departments will be expected to spend the budget accordingly (Graham, 2011:14).

2.4.3 Budget implementation stage

During this stage, the focus is spent on the budget that has been approved by Parliament. At this stage, the implementation of the budget can be off-budget, meaning that there can be deviations to the approved budget. There are two approaches to deviation, namely 1) getting parliamentary approval on a supplementary budget or 2) by informally shifting funds within the department (Shah, 2005: 14; Haruna & Vysa-Doorgapersad, 2016: 191).

Graham (2011:03) defined financial management as a tool that assists in rendering crucial information to authorities to make informed decisions about the collection of public money,

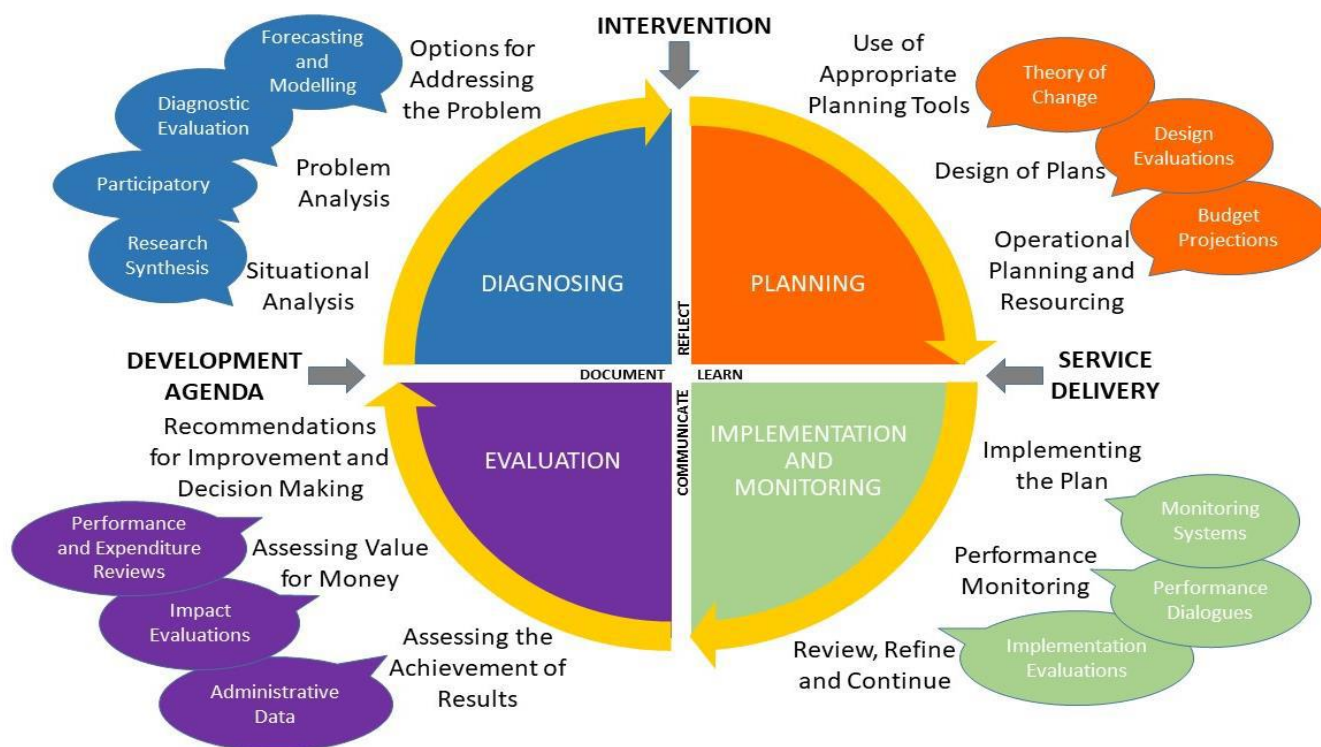
spending that money, and controlling how the money is spent. All of this is done for a single purpose, to achieve public policies. The public sector exists to ensure that estimated revenue is collected in order to address societal problems that are expressed in public policies Graham (2011: 1). The management of finances requires several stakeholders to play oversight roles in ensuring that the money is used for what it was allocated for.

According to Graham (2011: 4), many public sector managers view financial management as the responsibility of the finance division. Graham (2011) suggested that this view is challenging as these managers only perceive themselves as being responsible for the implementation of government policies; they in a way divorce themselves from managing resources within their own environments.

Graham (2011: 4) explained why all managers in the public sector should understand their responsibility toward all resources made available to them:

“For a manager to motivate and obtain resources needed to achieve his/her Unit objectives, this requires “budgeting”. In order to ensure that the available budget will be utilised to achieve the desired results, the manager must be able to allocate the money to various projects. Lastly, it is by law that these managers must, on a continuous basis, manage, control and account internally and externally for the use of public funds to implement government policies.”

Further to Figure 2.4, the Department of Women has provided a more explicit integrated SM approach as depicted in Figure 2.5 overleaf (DPME, 2018d).

Figure 2.5: Suggested planning, budgeting and M&E by the Department of Women

Source: DPME (2018d)

2.5 Summary and conclusion

The NPM has introduced many changes in the public sector, including strategic planning and budgeting. The public sector institutions are expected to employ public funds economically in order to achieve government policies that will positively change people's lives for the better. One of the prominent tools that are used to indicate how public funds will be employed are the strategic plans and annual performance plans of various government departments, which seek to translate government policies.

The literature reviewed regarding the background of SM, specified that there are conditions that will have to be put in place in an organisation in order to reap the rewards of an integrated SM with financial management processes. Part One demonstrated that for any SM process to be complete, it must follow a five-step process, namely environmental analysis, the strategic planning process, strategy develop processes,

strategy implemental process, and M&E process. It means that one cannot implement the other without thoroughly applying the previous step and still hope for an integrated SM.

Part Two focused on the processes of budgeting that must be linked to the planning processes. This part revealed that, just like planning, the budgeting process is not a once-off event. Budgeting is a process that must be documented and be followed unfailingly. The month-to-month South African budgeting process was revealed within the ambit of Part Two.

Part Three provided a framework as gleaned from the literature of integrated SM processes. Adopting and sticking to performance-based budgeting is critical in order to have an integrated planning, budgeting and M&E system. Performance-based budgeting requires managers to demonstrate the performance against allocated budgets. For any decision to be made, past performance and expenditure reports must be analysed, and relevant questions must be asked. An SMT was also identified as a mechanism that assists in managing the entire process.

CHAPTER THREE: POLICY AND REGULATORY FRAMEWORK

3. Background and overview

This chapter aims to provide relevant legislative and policy frameworks in relation to integrated strategic management and financial management in the public sector. The primary research objective, as contained in Chapter One, was to analyse strategic management and financial management processes and the legal statutes in support of these processes.

This chapter is divided into three main parts. The first part discusses laws that relate to strategic planning and Monitoring and Evaluation. This is followed by the second part that deals with public sector financial management and budgeting prescripts. The third part provides laws that aim to establish an integrated approach to strategic planning, strategic budgeting, and M&E in the public sector.

Chapter Three concludes with a summary of the key issues discussed in the chapter.

Part One: Strategic planning and monitoring and evaluation legislative framework

3.1 Legislations and policies related to strategic planning and monitoring and evaluation processes

Public sector strategic planning is legislated and guided by policies. The discussion below depicts the relevant legislation and policies around public sector strategic planning. Under the strategic management legislative framework, also covered is the aspect of M&E. This is in accordance to the way MPAT categorises these two functions.

3.1.1 National Development Plan (NDP)

According to the NDP, Vision 2030, the long-term vision for the country provides a broad strategic framework to guide key government choices and actions and focuses on the critical capabilities needed to transform the economy and society. The plan highlights that accelerated development in South Africa requires the active support of all citizens, leadership in all sectors that put the country's collective interests ahead of narrow, short-term goals, and radically improved government performance. The NDP is the second most important policy following the Constitution of the country (National Planning Commission, 2012).

3.1.2 Public Service Regulations, 2016

According to Public Service Regulations 2016, Chapter Three, under Section 25, outlines the requirements for the development of strategic plans and related reporting systems. Section 31 makes provision for the development, tabling, and submission of annual reports. Section 38 provides the requirements for the development of a service delivery improvement plan (Republic of South Africa, 2016)

3.1.3 Public Service Act of 1994, amended in 2007

In terms of the Public Service Act of 1994, as amended in 2007, Section 7b (4) (c) of the Public Service Act of 1994 outlines that the executive authority “shall, subject to applicable legislation, determine the reporting requirements to the head of the department, including, but not limited, to enabling that head to advise the relevant executive authority on the oversight of the unit on policy implementation, performance, integrated planning, budgeting and service delivery” (Republic of South Africa, 2007).

3.1.4 Treasury Regulations, 2005

Chapter 5 of the Treasury Regulations outlines the requirements for the development and submission of strategic plans, as well as related quarterly performance reports. In addition, NT Instruction Note 33 of 2011 regulates the development of strategic and

annual performance plans according to the Framework for Strategic Plans and Annual Performance Plans (FSP&APP) (National Treasury, 2007a).

3.1.5 Draft Integrated Planning Framework Bill for public sector integrated planning

In terms of the Draft Integrated Planning Framework Bill for 2018, the draft bill, once it is approved, will address the following (DPME, 2018c):

- The bill aims to establish the NDP as the overarching government policy that will be translated into a five-year MTSF for implementation by the whole of government;
- The bill will give the DPME powers to be the central department that will ensure that there is coordinated, integrated planning in all spheres of government;
- The bill will, for the first time in government, provide a legal basis for planning and also ensure that it is institutionalised;
- The bill seeks to ensure that there is a coordinated approach that will achieve integrated and aligned planning in all spheres of government;
- The bill will ensure that there is alignment between planning and budgeting processes that will equip decision makers to make informed decisions about the allocation of resources in order to achieve government priorities; and
- Public sector plans that are allocated scarce resources must be monitored and evaluated in order to ensure that government priorities are achieved.

3.1.6 Framework for short- and medium-term planning

According to the DPME draft framework for short- and medium-term planning, 2017, strategic and annual performance planning, operational planning, implementation programme planning, infrastructure planning, monitoring and reporting, evaluations, and institutional planning processes, must be linked with budgeting and monitoring and evaluation. This framework is still in draft form. The probability is that this framework will be implemented after the 2019 general elections (Republic of South Africa, 2017).

According to the FSP&APP, planning and budgeting are two separate but related functions that require integration at all times. Once this integration is completed, it will

ensure that organisational goals and priorities are budgeted for and achieved (National Treasury, 2010: 3).

3.1.7 Medium-Term Strategic Framework (MTSF)

According to the MTSF (DPME, n.d), the implementation of the NDP, which was adopted in September 2012, and that of the election manifesto of the governing party were informed by the MTSF. This government's action plan for the five-year strategic plan (2014 – 2019) was translated into 14 government outcomes. These outcomes are called the MTSF. All spheres of government have a share of outcomes that are linked to their mandates. Strategic plans (SPs) and annual performance plans (APPs) are developed at both national- and provincial spheres that are based on these outcomes (DPME, n.d).

3.1.8 Framework for Strategic Plans and Annual Performance Plans (FSP&APP)

The FSP&APP demonstrates that medium-term strategic plans and annual performance plans can play a constructive role in clarifying the relationship between broader policies and programmes, and departmental or institutional budgets. It is envisaged that an institution's strategic plan should indicate the components of other medium- to long-term policies and plans that are to be implemented over a five-year planning period. Strategic plans are tools that are used to assist entities in prioritising and planning the progressive implementation of their legislative mandates, policies, and programmes (National Treasury, 2010). The framework also stresses that there should be a substantial alignment of plans and budgets in order to achieve organisational objectives through operational plans (National Treasury, 2010: 1).

3.1.9 Improving government performance: Our approach

People on the ground do not always feel government expenditure in relation to service delivery. This observation has resulted in a change of focus from inputs (resources) to results (outcomes) (DPME, 2009: 3). In order to achieve results, the DPME has indicated that the implementation of the government planning, budgeting and reporting cycle, where

the focus is on the entire value chain of the results-based approach to planning, can assist government to move a long way (DPME, 2009: 3).

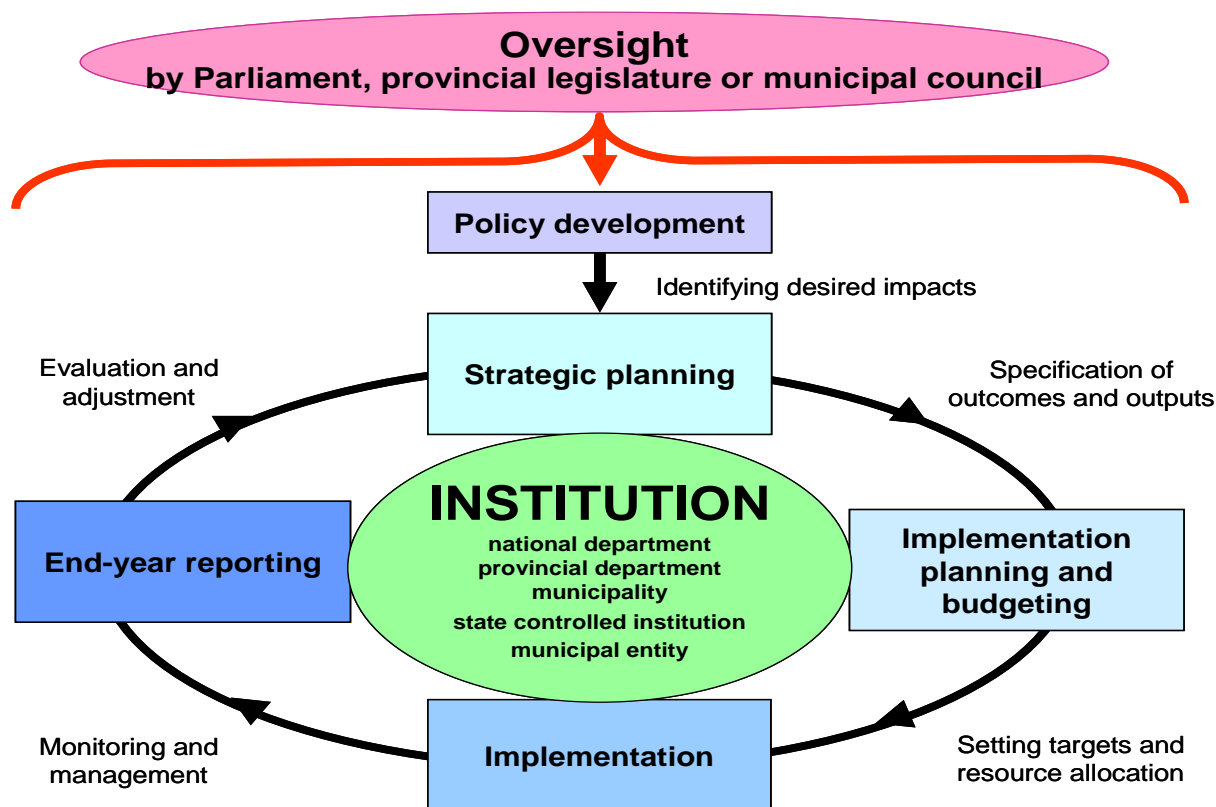
An interesting aspect is an observation by the DPME of the shrinking economy that will culminate in the need to ensure that all government departments develop and implement their plans to achieve value for money (DPME, 2009: 5).

3.1.10 Policy framework on a government-wide monitoring and evaluation system

According to the Framework for Government-wide Monitoring and Evaluation Systems (GQM&ES) (GWM&ES, 2005), it aims to provide M&E strategies to outline how M&E findings will inform strategic and operational planning, budget formulation and execution, as well as in-year and annual reporting (Department of Performance Monitoring and Evaluation in the Presidency, 2007: 11).

3.1.11 Framework for Managing Programme Performance Information (FMPPI)

The FMPPI of 2007, placed more emphasis on the alignment of planning, budgeting, and reporting cycles. According to the framework, public sector managers should be able to understand that the last year's expenditure reports, as well as past performance, become vital in deciding on future allocations and targets while the implementation of the current plans and budgets is continuing (National Treasury, 2007b: 4). The importance of this alignment is graphically depicted in Figure 3.1 below.

Figure 3.1: Government planning, budgeting & reporting cycle

Source: National Treasury (2007b: 4)

Stemming from the above, the question remains: To what extent does the DHA adhere to the FMPPI?

3.1.12 National Evaluation Policy Framework (NEPF)

According to the NEPF (Department of Performance Monitoring and Evaluation, 2011: vii), provision is made for fundamental principles that should be adhered to when developing planning instruments in order to enable evaluation. Its primary purpose is to promote quality evaluations which can be used for learning to improve the effectiveness and impact of government, by reflecting on what is working and what is not working and revising interventions accordingly. It seeks to ensure that credible and objective evidence from evaluation is used in planning, budgeting, organisational improvement, policy review, as well as ongoing programme and project management, to improve performance.

The impact of government policies has been confronting government for a long time. Evaluation is not applied across all spheres of government the way it is supposed to, and it does not inform planning, budgeting and policy making as a result. Citizens on the ground do not witness the impact (Department of Performance Monitoring and Evaluation, 2011: 2).

3.1.13 South African Statistical Quality Assurance Framework (SASQAF)

The SASQAF has been developed “to provide the framework and criteria for evaluating and certifying statistics produced by government and non-government institutions. The framework enables the assessment of the quality of statistics, and the distinction between official and unofficial statistics. The Statistician General certifies official statistics. Official statistics are supposed to be used by government institutions to inform their planning processes and the development of plans”(Statistics South Africa, 2008).

3.1.14 Citizen-based monitoring and evaluation

All over the world governments exist to serve their citizens. This is the part that, according to the DPME (2013: iii), the South African government has realised that there is a huge gap that still exists with regards to getting the real experience of those that the government should serve.

In an attempt to deliver on this mandate, it implies that the Constitution, Section 195 (1) (e), which demands that “people’s needs must be responded to and that public administration must be accountable to the citizens”, should be adhered to (DPME, 2013: iii).

Part Two: Financial Management and Budgeting Prescripts

3.2 Legislations and policies related to financial management and budgeting

Public funds are made available to the government in order to meet the needs of the people. The needs of the people are contained in government policies which are translated to SPs and APPs of various government departments. To achieve these policy aims, funds must be made available and be well-managed for what it was made available for. Some laws and guidelines assist government departments in developing their budgets and are discussed in more detail below.

3.2.1 Public Finance Management Act (PFMA)

In terms of Section 27(4) of the Public Finance Management Act of 1999, the PFMA makes provision for the development of measurable objectives which must be included in the annual budgets of national- and provincial institutions. On reporting, Sections 40(3) (a) and 55(2) (a) make provision for performance reporting against set objectives contained in institutional planning instruments through the annual report (National Treasury, 1999).

3.2.2 Medium-Term Expenditure Framework (MTEF)

The MTEF intends to get information on key performance indicators, in line with the MTSF, SPs and APPs. These indicators must be consistent with the departments' significant spending items and priorities. Proposed changes to the selected indicators must be discussed and agreed to with the DPME and the NT during the budget process (National Treasury, 2018: 2).

3.2.3 Budget Mandate Paper Budget

In terms of the Budget Mandate Paper for 2018 (DPME, 2018a: 1), prioritisation regarding resource allocation should be based on a thorough assessment of the past trends on both performance and expenditure.

The cabinet, after identifying challenges in implementing the MTSF priorities that are derived from the NDP, instructed the NT and DPME in 2016 to come up with a framework

to guide budget allocation to MTSF priorities. The Budget Mandate Paper was first drafted in 2016 (DPME, 2018a).

Part Three: Integrated strategic planning, budgeting and M&E

3.3 Guidelines that drive public sector integrated planning, budgeting & M&E

The guidelines and laws presented above seek to provide a framework for government departments to link planning, budgeting, and M&E. The challenge which has been noted by Engela and Ajam (2010) is that the PFMA pronounces the need to link planning and budgeting, but it does not state how this should be achieved. To a certain extent, the MTEF guidelines for 2018, which are developed in terms of the PFMA, provide a guide on how government departments should use their key selected performance indicators to build their budgets.

The new proposed short- and medium-term planning concurs with Engela and Ajam (2010), by noting that one of the challenges that face the public sector is the misalignment between political prioritisation, strategic planning processes, strategic budgeting processes, and implementation, as well as M&E processes (Republic of South Africa, 2017: 3). This is an indication that currently, no concerted effort by many government departments exists to integrate planning processes, budgeting processes, and M&E systems. The FMPPI, therefore, provides a government planning, budgeting, and reporting cycle; however, the challenge remains the actual interpretation and implementation of the cycle.

In an attempt to address the above-noted challenges, the DPME introduced the MPAT process which is discussed in more detail below.

3.3.1 Management Performance Assessment Tool (MPAT)

The MPAT is a system formulated to focus on four areas, strategic management, financial management, human resources management, and governance and accountability. It aims to assess the compliance and quality of departments are around the four areas, (DPME,

2012:07). The MPAT has fallen short of assessing how integrated strategic planning, strategic budgeting, and M&E are.

3.3.2 Constitution of the Republic of South Africa, 1996

According to the Constitution of South Africa, 1996, Section 92, sub-sections 3 and 4 (Republic of South Africa, 1996), “members of the cabinet are accountable collectively and individually to Parliament for the exercise of their powers and the performance of their functions”. It further states that cabinet members must act in accordance with the Constitution and must provide Parliament with full and regular reports concerning matters under their control. The Constitution attempts to ensure that departments report on what they planned to do with the budget.

3.4 Summary and Conclusion

Current SPs and APPs that are supposed to assist departments to execute their constitutional and policy mandates in a short- to long-term approach, are only treated as planning tools divorced from the reason for the existence of departments, as there is no clear policy prioritization that goes into these plans with clear implementation or action plans linked to the resources (National Planning Commission, 2015: 39).

The above leads to a situation where public sector institutions do not pay enough attention on translating these SPs and APPs into more concrete actions or operational plans. Strategic planning processes are not used to develop a clear implementation plan that is aligned with the budget. This is because of strategic management’s non-existence in the public sector (National Planning Commission, 2015: 39).

For the government to achieve great success, leadership will have to drive the integration of strategic management with financial management by, amongst many things, endeavouring to demonstrate what funds will be employed for, and how much will be spent. It is the mandate of all government departments to build transparent processes that demonstrate how budgeting processes support planning processes and which laws support such a process.

The next chapter provides an overview of the DHA in relation to SM and financial management.

CHAPTER FOUR: CASE STUDY OF THE DEPARTMENT OF HOME AFFAIRS' STRATEGIC MANAGEMENT AND FINANCIAL MANAGEMENT PROCESSES

4. Background and overview

Chapter Two provided an extensive literature review around SM and financial processes in the public sector, and Chapter Three delved into the legislative environment of the SM and financial management. Chapter Four provides a case study of the DHA and builds on previous discussions in the preceding chapters. Chapter One provided a brief background regarding the purpose of the study (to investigate integrated SM and financial management processes in the DHA).

Chapter Four addresses the identification of the processes followed during SM and financial management within the DHA. Part One of this chapter provides an overview of the DHA, including past performance and expenditure trends. Part Two is based on the DHA's SM processes. The discussions in this part are supported by what the reviewed literature revealed under the SM processes including the legislative environment in support of SM processes. Part Three looks at the DHA's financial management processes which are compared with the literature reviewed and its supporting legislative environment. The chapter concludes with important issues that were identified during the identification of the process above.

4.1 Overview of the DHA

The DHA is a national department that has been established in terms of the Constitution and pieces of legislation. The mandate of the DHA is twofold. The one part of the DHA is responsible for issuing official documents to all qualifying people who are living in the country. The DHA's organisational structure stipulates eight branches that are managed by branch heads. Six of these branches provide support services to the core branches of the DHA, which are two in total. These branches are managed in terms of the budget programme structure. There are three budget programme structures at the DHA that caters for all the branches. The first programme is known as "Administration" and is responsible for all the support branches, which mandate is to render support to core

services. The second programme is “Civic Services” and the last programme “Immigration Services”.

The first programme is mandated to provide support services to core functions of the DHA in the form of providing strategic direction and leadership. Amongst other things, this programme should also provide financial management support to the core functions of the DHA. The second programme is required to render services such as determining the identity and status of citizens, as well as permanent residence and refugee status services. The third programme is charged with effectively running ports of entry, conducting inspection and deportations, managing visa and permitting environments, the processing of asylum seekers and refugees, and operating a holding facility for detected illegal immigrants. The DHA supports the government in implementing strategic outcomes and strategic-oriented goals contained in Table 4.1 below.

Table 4.1: DHA contribution to MTSF outcomes and how it is linked

No	MTSF Outcomes	DHA Outcomes	Link
1	All people in South Africa should feel safe	Secured South African identity	The DHA believes that securing the identity of its people will contribute to security.
2	Decent employment through inclusive economic growth	Secure and responsive immigration system	The DHA and government believe that if the DHA can secure the borders of the country and also contribute in helping the country to attract relevant skills, it will immensely contribute the economic growth.
3	An efficient, effective and development-oriented public service	Services to citizens and other clients are accessible and efficient.	A fully capacitated DHA will be able to provide services smarter and faster.

Source: Adapted from the DHA Annual Report 2016/17 (Department of Home Affairs, 2016: 16)

The budget allocated to the DHA supports the implementation of the above outcomes. Table 4.2 (overleaf) depicts the performance achievement and expenditure for the three programmes (Department of Home Affairs, 2018c: 14–17).

Table 4.2: DHA programme performance and budget expenditure

Programme name	Financial Year 2017/18				
	Number of targets	Achieved targets	Not achieved	Allocated budget	Budget spent
Administration	13	11 (85%)	2 (15%)	2 516 426	2 516 219
Civic Services	5	4 (80%)	1 (20%)	4 687 193	4 686 985
Immigration Services	10	9 (90%)	1 (10%)	1 198 720	1 198 475
Total	28	24 (86%)	4 (14%)	8 402 339	8 401 679

Source: Adapted from the DHA Annual Report (Department of Home Affairs, 2018c: 21)

Part One: Strategic management processes and the supporting legislative environment

4.2 DHA strategic management processes

The SM processes as gleaned from the reviewed literature are divided into five main parts. This subsection of Chapter Four endeavours to study how the DHA embarks on these processes during its SM processes. The discussions below provide an assessment of the DHA SM processes.

4.2.1 DHA environmental analysis

The DHA follows a process whereby the environmental analysis is conducted as the first step during the SM process. The framework of the DHA environmental scanning is based on the SWOT analysis. However, it does appear that the DHA environmental scanning framework cannot differentiate the SWOT analysis from the PESTEL analysis and also lacks the consideration of key stakeholders during the SM process.

Stakeholder identification and collaboration in order to create value for money and achieve success are key during situational analysis (Montanari & Bracker, 1986: 253–257; Poister & Streib, 1999: 309–310; Joyce, 2004: 108; Roller et al., 2004:10; Fabrizio & Hertz, 2005: 293; O’ Leary & Vij, 2012: 509; Mišanková & Kočíšová, 2014: 865; Seijts et

al., 2015: 72; Bagheri, 2016: 432). There is no effort to involve or analyse external stakeholders during the scanning of the environment.

In Chapter Three, there is no specific mention about how to conduct environmental scanning in the public sector regarding SM processes. A proposal was made and contained in the draft short- and medium-term plan (DPME, 2017: 14–15).

4.2.2 DHA strategic planning process

The DHA is guided by annual integrated planning, budgeting and M&E guidelines that are developed for its strategic planning process. The planning process at the DHA starts in May every year by issuing and conducting workshops on DHA guidelines to all that are involved in organisational planning. The timeframes and planning calendar, as well as activities regarding budgeting and M&E, are contained in these guidelines (Department of Home Affairs, 2018a: 4). The budgeting activities appear to be general, and since it is based on external requirements, there are no budgeting guidelines in the DHA.

Prominent authors such as Williams and Lewis (2008: 656), Plant (2009: 38–43) and Poister (2010), all agreed that the views of stakeholders during environmental scanning found its way into the planning process of the organisation or stakeholders were invited to attend the strategic planning meetings. The strategic planning process of the DHA does not involve or engage key stakeholders to get their buy-in and inputs regarding the strategy.

In terms of the legal basis for the process of strategic planning, the FSP&APP provides templates to be used in developing the planning instruments, as well as timeframes for when to submit the plans (National Treasury, 2010). The FS&APP does not provide a transparent process in terms of when to start with the planning process and what should be identified in the stages of the planning process. The draft short- and medium-term plan also do not provide a clear step-by-step process regarding strategic planning process in government (DPME, 2017).

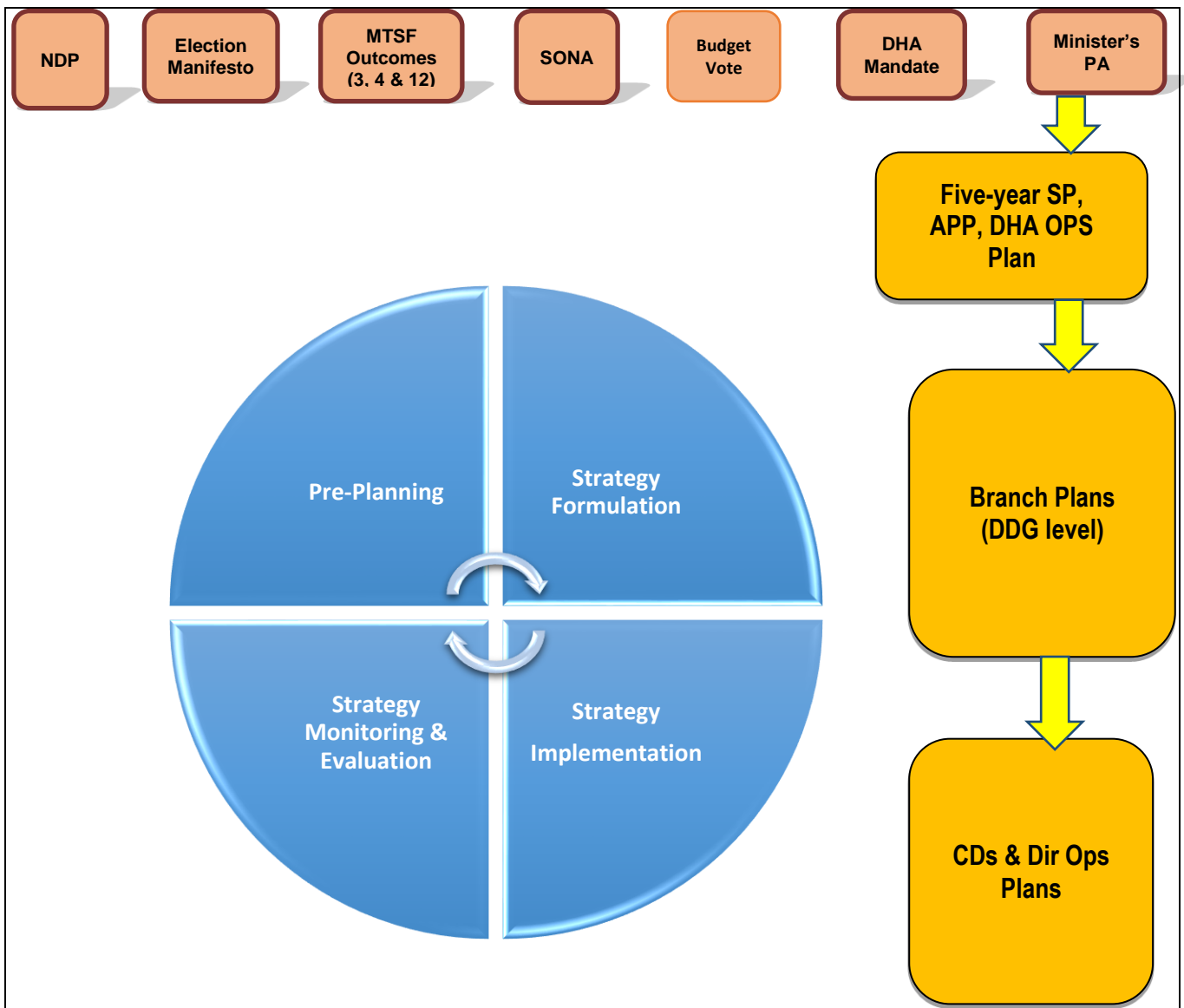
4.2.3 DHA strategic development process

The DHA strategy development process is supported by the DHA's integrated planning, budgeting, and M&E guidelines. The guidelines stipulate the requirements that lower-level units should consider when developing the DHA planning instruments, such as action plans and the costing of such plans. The alignment of DHA SP to government MTSF is maintained as depicted in Figure 4.1 (overleaf).

Once SP is in place, the APP, aligned to the MTEF, will be developed as a tool to implement the SP. The APP is translated further down to lower-level plans and hence the DHA action plan (Department of Home Affairs, 2018a). The SP is updated and reviewed annually through the APP. The DHA approach is supported by authors such as Montanari and Bracker (1986: 260–261), the World Bank (1998: 31), Pollard and Hotho (2006: 726), as well as Schutte and Kennon (2015: 70). The DHA strategy development process is, however, missing the reviewal of the vision and mission, the setting of goals, as well as stakeholder participation. Papalexandris et al. (2005: 221) stated that stakeholder involvement is critical in the development of a plan. The development of DHA planning instruments takes place in the levels as contained in Figure 4.1 overleaf.

The DHA planning process results in performance agreements being signed by all DHA employees in support of the implementation of the strategic plan (Mišanková & Kočíšová, 2014).

Figure 4.1: DHA planning levels



Source: Department of Home Affairs (2018a: 32)

As stated in Chapter Two, crafting action plans and allocating resources for the execution of the strategy is essential. The reviewed legal framework does mention the allocation of financial resources to the strategic plan, such as MTEF for the APP and annual budgets for the operational plan. The DPME has developed a Budget Mandate Paper that seek to align financial resources with the strategic plan (National Treasury, 2007b; Republic of South Africa, 2007; DPME, 2009; National Treasury, 2010; National Planning Commission, 2012; Republic of South Africa, 2016; DPME, 2017; DPME, 2018a; DPME, 2018b).

All of the above pieces of legislation and guidelines do not provide direction in terms of how to align planning and budgeting during this stage.

4.2.4 DHA strategic implementation process

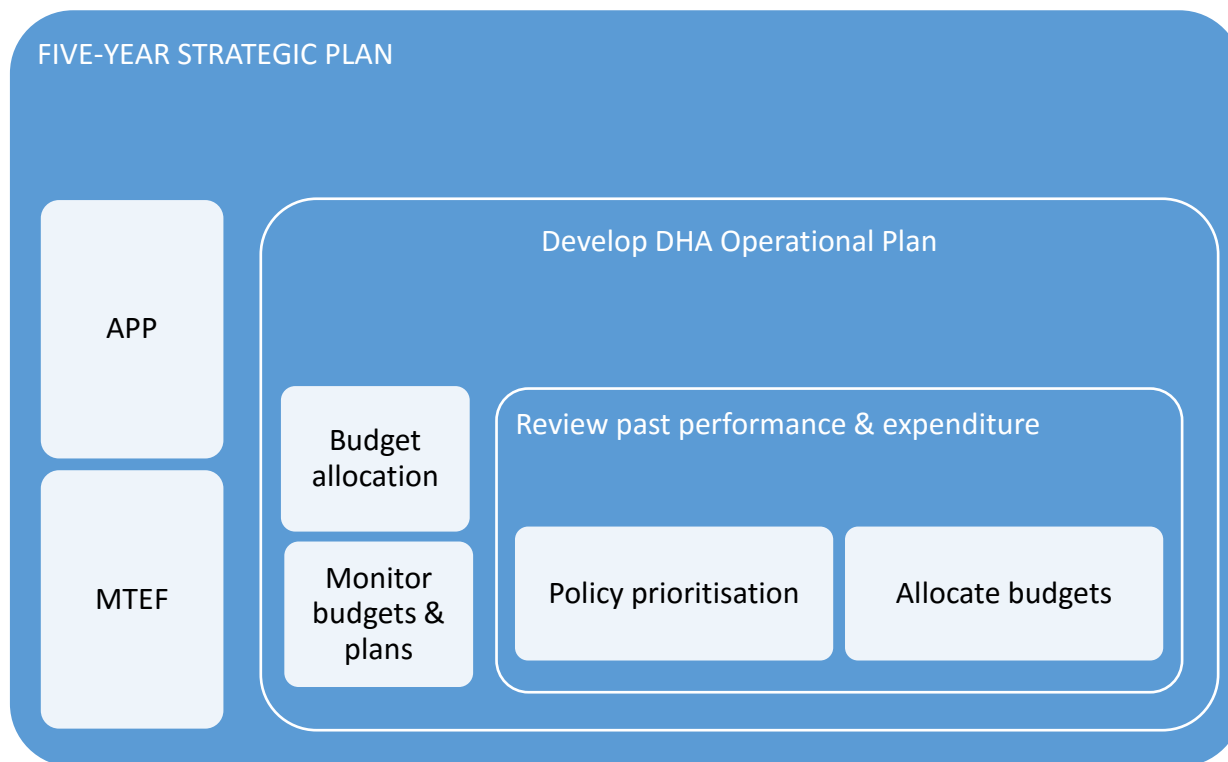
The implementation of the DHA SP, APP, operational plans and individual performance agreements are implemented at the beginning of the financial year (April) (Department of Home Affairs, 2018d). According to the DHA (2018b: 24), they follow an annual planning programme in order to meet NT and DPME planning requirements. This work culminates in the submission of DHA planning instruments to the NT, DPME, and tabling it in Parliament. All government departments at a national sphere must develop their SP and APP for submission to the central department before tabling in Parliament (National Treasury, 2010). The FSP&APP does not stipulate the standardised process for producing both the SP and the APP for all government departments.

Actions plans accompanied by budgets, extensive communication to all stakeholders, culture change that support the adopted strategy, measurements of performance and expenditure, and strong leadership that drives the strategy, are all critical areas that will simplify the execution of the plan, (Montanari & Bracker, 1986; Poister & Streib, 1999; Joyce, 2004; Pollard & Hotho, 2006, Ansell & Gash, 2008; Poister, 2010; Emerson et al., 2011:09; O' Leary & Vij, 2012; Head, 2013: 4, Mišanková & Kočíšová, 2014; Canato & Ravasi, 2015; Hofmann, 2015; Olivier, 2015, Seijts et al., 2015).

The DHA guidelines do not make any mention about how the DHA will involve and communicate with its stakeholders. There is no SM team appointed to facilitate the entire integrated SM process. The legislative environment is not clear in terms of stakeholder involvement, communication of the plan, and how clear action plans – accompanied by a proper guide for linking planning and budgeting – should be developed. The guidelines do, however, mention the development of a strategic plan, which is a public document, that must be used by all the parties interested, and that communication is not only limited to parliamentarians. There are suggestions to develop an action plan that serves as a tool to operationalise the APP, but it is not enforceable (National Treasury, 1999; National Treasury, 2007b; Republic of South Africa, 2007; National Treasury, 2010; DPME, 2017;

DPME, 2018a; DPME, 2018b; National Treasury, 2018). The DHA follows a five-year strategic plan in an attempt to align its plans with budgets (see Figure 4.2).

Figure 4.2: DHA alignment of planning, budgeting & M&E



Source: Adapted from the Department of Home Affairs (2015a: 9)

The draft guideline for planning makes a strong case for linking planning, budgeting and reporting (Department of Home Affairs, 2018a). Table 4.3 overleaf provides an overview of the guide.

Table 4.3: DHA alignment of planning, budgeting and PA

2019/20/21		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Medium-Term Strategic Framework						Medium-Term Strategic Framework				
Five-Year Strategic Plan						Five-Year Strategic Plan				
APP	APP	APP	APP	APP	APP	APP	APP	APP	APP	APP
Medium-Term Expenditure Framework			Medium-Term Expenditure Framework			Medium-Term Expenditure Framework			Medium-Term Expenditure Framework	
AOP	AOP	AOP	AOP	AOP	AOP	AOP	AOP	AOP	AOP	AOP
Allocated budget	Allocated budget	Allocated budget	Allocated budget	Allocated budget	Allocated budget	Allocated budget	Allocated budget	Allocated budget	Allocated budget	Allocated budget
PA	PA	PA	PA	PA	PA	PA	PA	PA	PA	PA
QR & AR	QR & AR	QR & AR	QR & AR	QR & AR	QR & AR	QR & AR	QR & AR	QR & AR	QR & AR	QR & AR
End of Term Report						End of Term Report				

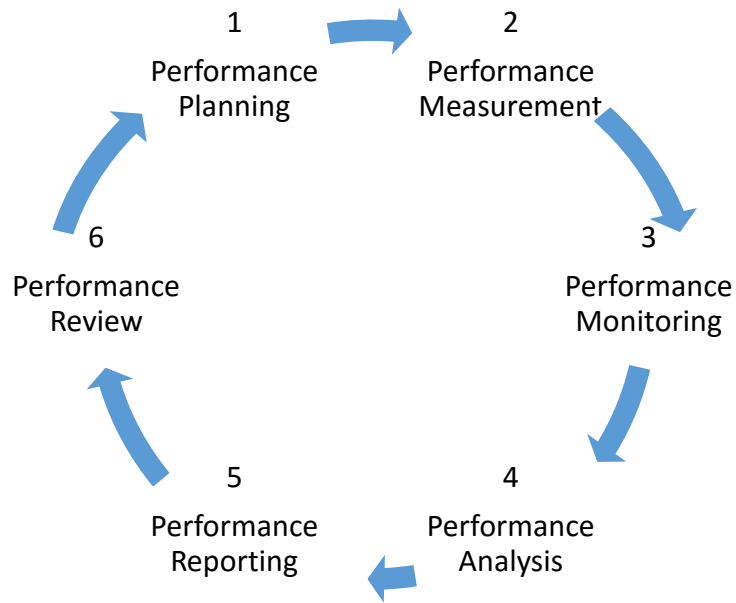
Source: Department of Home Affairs (2018c: 10).

There is no strong indication that the DHA follows the table above in creating integrated SM and financial management processes.

4.2.5 DHA strategy monitoring and evaluation process

The DHA monitors the implementation of its plans by using a quarterly reporting system. Though the DHA has emphasised the importance of monthly reports based on DHA action plans, to this end, this, including the analysis of reported performance for evaluation has not been happening at the DHA (Department of Home Affairs, 2015b: 8). The DHA follows the performance management cycle as depicted in Figure 4.3 overleaf. This is the preferred approach when an organisation has an M&E system and uses the information generated by the system to adjust and improve its past performance (Morra Imas & Rist, 2009). Poister and Streib (1999), as well as Joyce (2004), concur with Morra Imas and Rist (2009) by providing an excellent example of how the Department of Transport in Pennsylvania, monitored its work monthly through an SMT and reported to affected units early on so as to put in place remedial action before the end of the quarter. This was extremely helpful as performance improved and top management was only requested to intervene when there were problems.

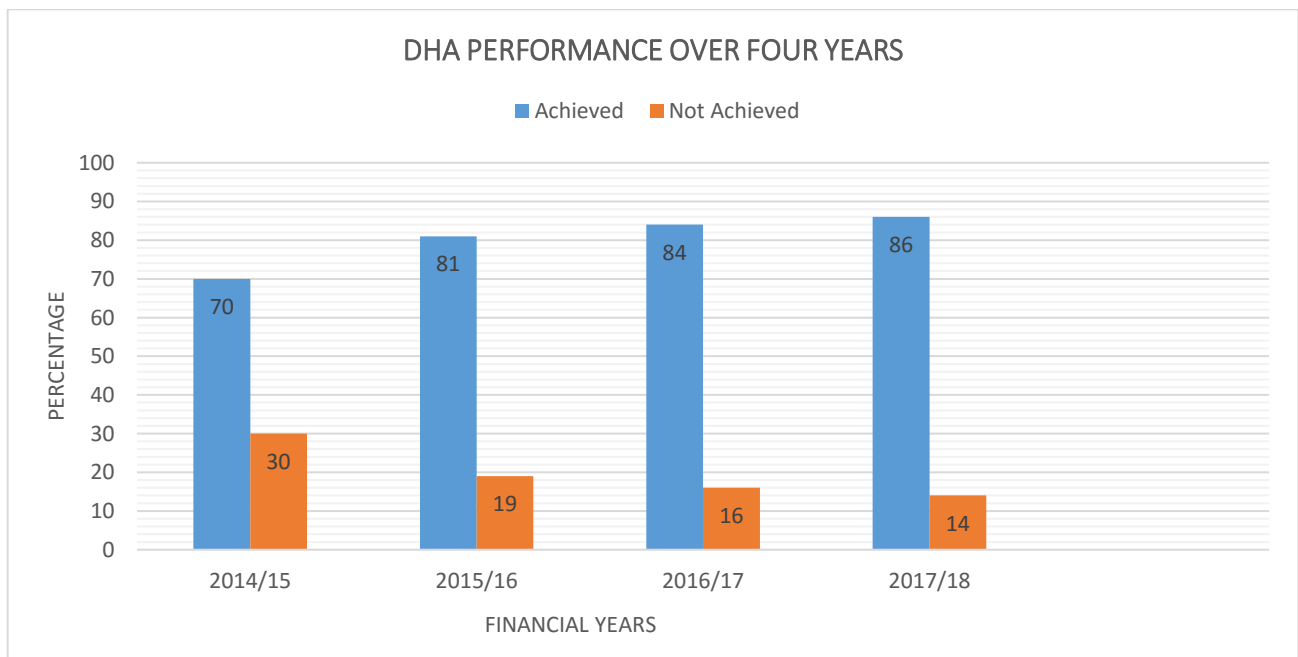
Figure 4.3: DHA performance management cycle



Source: Department of Home Affairs (2015: 8)

The DHA has been registering significant performance trends over the years. It is, however, not known whether this performance has been felt by the key stakeholders that DHA exists to serve. Figure 4.4 below depicts DHA performance throughout four years:

Figure 4.4: DHA performance achievement over a four-year period



Source: DHA draft plan for 2019/20, (Department of Home Affairs, 2016: 16)

The graph depicted in the above diagram is presenting an outstanding performance by the DHA. However, the achievement of these plans over a four years period has never been evaluated to check if whether there is value for money. The DHA also witnessed positive improvements in the audit outcomes of its finances (Department of Home Affairs, 2016: 17).

Monitoring and evaluation in the South African public sector is still trying to find its place. There are a number of policy guidelines that have been developed by central departments to guide various government departments to design an M&E system and implement it (DPME, 2007; National Treasury, 2007b; DPME, 2011; Statistics South Africa, 2008; DPME, 2013). It should be noted that the GWM&EF requires all government departments to have an evaluation guideline or framework; this, however, remains a challenge at the DHA.

Part Two: DHA financial management and budgeting processes

4.3 DHA budgeting process

The DHA, just like all state organs, is required to develop a budget that is based on performance, the so-called performance-based budgeting. Performance-based budgeting is designed to ensure that the allocated budget is used to improve performance. The DHA does not have guidelines that are customised to suit its needs for budgeting processes. The only guide that is used for budgeting is the MTEF guidelines that are issued by the NT every year in June in order to guide government departments to budget within limits and to develop budget plans that are aligned to expected performance. The DHA integrated planning, budgeting, and M&E guidelines showed linkage between planning, budgeting, and M&E. The planning unit developed the guidelines without the involvement of the finance unit.

The MTEF guidelines have received support from several authors in terms of budgeting towards achieving performance (Grifel, 1993; Curristine et al., 2007; Klepshvik & Hawkesworth, 2013; Cloete et al., 2014; Ryu, 2014; Grossi et al., 2016; Rosenberg Hansen and Ferlie, 2016; Haruna & Vysa-Doorgapersad, 2016).

Further to the above, there is no visible budget committee structure or team at the DHA that follows the processes as stated by Haruna and Vysa-Doorgapersad (2016: 194–196). The budgeting process, like the strategic planning process, starts a year before the approval of the final budget that gets presented in Parliament, February each year, (Shah, 2005; Ijeoma et al., 2013). According to Jenkins and Coombs (1991) as well as Graham (2011), a detailed budgeting process that starts from the first month of the new budgeting cycle up to the last month that closes the cycle must guide the budgeting activities in an organisation.

This is not the case at the DHA; no framework details regarding what ought to be done in developing the budget are available. Incremental budgeting is based on what was allocated to a branch the previous year, and this forms the basis for budget allocation at the DHA. Three stages are followed in linking planning, budgeting, and reporting, namely 1) the strategising stage, 2) the costing of the priorities from the strategising stage, and 3) the execution and control of the plan and budget (Shah, 2005; Graham, 2011).

In terms of what the legislation says, when it comes to conducting a public sector budgeting process, the PFMA and the MTEF guidelines are very clear (National Treasury, 1999; National Treasury, 2018).

4.3.1 DHA financial picture: 2016/17 financial year

The DHA was allocated a total amount of just more than 8 billion rand for 2016/17. Table 4.4 (overleaf) provides a high-level overview and comparison of the DHA budget for a two-year period (Department of Home Affairs, 2016:18).

Table 4.4: DHA budget over the MTEF

Item	Budget allocated	Budget allocated
	2016/17	2015/16
Total allocated budget by NT under vote 5	7.1 Billion	6.4 Billion
Budget allocated to DHA	5.4 Billion	4.8 Billion
Transfer made to IEC by DHA	1.5 Billion	1.5 Billion
Transfer to represented political parties	134 Million	127 Million
Income from self-financing	988 Million	897 Million
Self –financial to DHA	917 Million	897 Million
Self –financial to IEC	71 Million	0
Final appropriation	8.1 Billion	7.3 Billion

Source: DHA Annual Report 2016/17 (Department of Home Affairs, 2016: 18)

Part Three: DHA integrated strategic management and financial management processes

4.4 DHA integrated SM and financial management processes

The DHA integrated planning, budgeting, and M&E guidelines are an indication of an attempt to close the gap between planning and budgeting and the use of M&E information to inform future targets and budget allocations. In 2011, the government, through the DPME, introduced the MPAT which measures government management effectiveness in four key result areas, namely SM, financial management, human resources management, and governance and accountability (DPME, 2012). The Constitution of the Republic of South Africa (RSA), even though it is a supreme law, in its aspiration it encourages intergovernmental relations. This is an indication that no government department can achieve everything alone; engaging key stakeholders is essential. The Constitution also promotes transparency in terms of reporting on what was planned and how the budgets were spent. These powers are given to parliamentarians to hold government departments accountable (Republic of South Africa, 1996).

The DHA attempted to hold managers accountable for expenditure trends in their areas of responsibility; this has failed as it seems as if there is no willingness to have this function.

4.4 Summary and conclusion

The DHA background was discussed, and information relating to the DHA budget and DHA strategic outcomes-oriented goals were provided. This section also depicted the performance of the DHA in terms of both targets achieved in the past year and budget spent in line with these targets. Part One dealt extensively with the DHA SM processes. The practicality of DHA SM processes was also compared against what the literature says as well as the aspirations of the legislative environment.

Part Two focused on the DHA budgeting processes. There is a plethora of literature that has been reviewed around budgeting processes. Comparisons were made, and it became clear that the DHA does not have budgeting processes that are linked to SM processes as discussed in Part Two. The review of the legislative environment was also visited. It was discovered that, as much as there are clear laws and guidelines for public budgets, activities that must be followed in developing a budget were not clearly articulated.

The last part of this chapter demonstrated the integrated SM and financial management processes in the DHA. The legislation visited in this regard included the Constitution of the RSA, as well as the MPAT processes. This research study looked at the MPAT key result areas and identified their intentions to create integrated SM and financial management in the public sector, and the DHA in particular.

CHAPTER FIVE: RESEARCH DESIGN, METHODOLOGY AND PRESENTATION AND ANALYSIS OF RESULTS

5.1 Background

The previous chapter discussed a case study that was conducted at the Department of Home Affairs where planning guidelines, budgeting guidelines, M&E instruments as well as other relevant documents used at the DHA were investigated. Chapter Three studied the relevant policies, guidelines and legislative mandates around the problem investigated within the ambit of this research study. Chapter Two provided an extensive analysis of the relevant literature. Chapter Five presents the results of both empirical and non-empirical data gleaned from Chapters One to Four, as well as the results of the interviews conducted with the purposively selected DHA officials. Chapter Five discusses the approach that was followed in conducting the study. From there, the chapter demonstrates the responses provided by each interviewee and the analysis thereof. This information is depicted in table format (see Tables 5.1 – 5.11).

The research was conducted in order to respond to the research problem by determining at what stage SM and financial management processes are integrated into the DHA. Seven out of the targeted nine participants responded to the questions. The Director and Deputy Director Planning and Budgeting were not available to be interviewed. The research participants are reflected in Table 5.1 (overleaf).

Table 5.1: Demographic statistics of participants

Number	Position or designation	Role in DHA	Gender
01	Acting Chief Director	Policy & Strategic Management	Male
02	Director	Strategic planning	Male
03	Acting Director	M&E	Female
04	Deputy Director	Strategic planning	Male
05	Deputy Director	M&E	Male
06	Deputy Director	Statistics (M&E)	Male
07	Finance Nodal Point	Planning and reporting (Finance unit)	Female

Chapter Five portrays the structured questions that were posed to the participants as well as their responses. The research results are contained in Tables 5.2 – 5.11 below. The researcher analysed the questions in relation to the research objectives as set out in Chapter One. This was done in order to demonstrate the relevance of the responses to the objectives of the research. The analysis of the results was compared against the reviewed literature, the legislative environment, and the case study on the DHA as discussed in Chapter Four. Following the analysis of participant responses, are three main parts. Part One demonstrates the relevance of questions and responses regarding SM processes, financial management processes, and the integrated approach to SM and financial management in the DHA.

Part One focused on identifying DHA SM processes. Interviews were aligned with identifying DHA SM processes. Part Two focused on identifying DHA financial management processes. Part Three assessed integrated DHA SM and financial management processes. The chapter concludes with a summary and conclusion of Chapter Five.

The researcher sent an e-mail and telephonically contacted all purposively selected participants explaining the purpose of the interviews. Participants were asked to identify a suitable date for the interview. As indicated above, seven out of the nine targeted participants indicated their willingness to avail themselves for the interviews.

The researcher met the participants in accordance with the different dates that each participant proposed for the interviews. The researcher provided each participant with a

consent form before the interviews. The researcher further explained the requirements of the consent form on the date of the interviews. The researcher also provided the participants with a copy of a DHA letter that was approved by the DDG Human Resources, granting the researcher permission to research the DHA.

5.1.1 Research design

Conducting a case study at an institution, such as the DHA, was deemed appropriate for this study (Mouton, 2001: 149). A case study conducted at the DHA provided the researcher an opportunity to understand how the DHA integrates SM and financial management.

5.1.2 Unit of analysis

In this research study, the DHA was the primary unit of analysis. As the topic of the study stipulates, it focused on both SM and financial management processes. The Directorate: Strategic Planning which is responsible for organisational planning, M&E which is responsible for monitoring and evaluating the execution and achievement of strategic plans, as well as the policy development directorate which sets policies that are translated to the strategy for implementation, were all involved in this study. The implementation of departmental plans cannot be possible without resources such as budgets. Therefore, the budgeting directorate was also studied.

Seven (out of a possible nine) purposively identified participants were interviewed. Before conducting the interviews, the participants were informed of the consent form, and the aims of the study were also explained. The consent forms were all signed by those who participated in the interviews. The participants of the study consisted of people who work in the departmental strategic planning directorate section, monitoring and evaluation sections, as well as the policy development and financial management sections.

5.1.3 The method of sampling

According to De Vos (2002), cited by Mbanga (2012: 210), there are two distinct types of sampling: probability and non-probability. This study employed purposive non-probability sampling.

DHA officials were selected based on the experience of the researcher and the knowledge of the role played by these officials in the department. The SM component was headed by an acting chief director (CD), strategic planning by a director, M&E by an acting director, and lastly, policy and development by a director who also acted as a CDP&SM. Budgeting is headed by a director who was also interviewed bringing the total of senior managers interviewed to four. Four deputy directors (DD) were also interviewed. Two DDs from M&E, one from strategic planning, and one from budgeting. There was no assistant director at budgeting and, therefore, the total number of participants was eight. The purposively selected finance management or budgeting officials were based on the role played by these officials in their divisions. The director of budgeting oversees the departmental budgeting processes, and the deputy director budgeting assists the director. The collection methods were designed to reduce subjectivity by collecting primary- and secondary data (Morra Imas & Rist, 2009: 501).

- **Primary Data:** Interviews were conducted with nine DHA employees who resided under SM and financial management. The meetings were set up, and participants briefed about their rights as per the consent form. Individual interviews were conducted on different dates based on the availability of participants. The researcher manually recorded responses to the interview questions.
- **Secondary Data:** Secondary data were gathered through reviewing journal articles, books, theses, web pages, etc. This information is contained in Chapter One and Chapter Two. Chapter Three discusses the current policy frameworks and pieces of legislation for public sector SM and financial management.

5.1.4 Data analysis strategy

Qualitative research was conducted and allowed for observation and open-ended face-to-face interviews and documents analysis (Morra Imas and Rist, 2009: 374). The researcher used his strategic planning knowledge and experience as an employee at the DHA to assist him with the process. The researcher's observation experience was compared with empirical and non-empirical studies in order to minimise chances of unfairness.

5.1.5 Ethical adherence

Ethical clearance was granted to the researcher by the Ethics Committee of the University of Stellenbosch. The DHA also approved the request of the researcher to conduct a research study at the department (**see Annexure B**). The researcher applied the recommendations of the ethics committee to ensure ethical adherence. Participants were ensured that their confidentiality and identity would be protected, and they were explained all the requirements as stated in the consent form. Participants agreed to participate in the study by signing the consent form (**see Annexure A**). The participants were also informed that the findings of the research would be made available to the DHA as per their request.

5.2 Analysis of results and findings

5.2.1 Analysis and findings for interview Question 1

All seven participated employees were interviewed in relation to Question 1, and their responses (stated verbatim) are summarised in Table 5.2 below.

Table 5.2: Research results and analysis for Question 1

Question 1: To what degree is the integration of the planning, budgeting and M&E cycle maintained at the DHA?		
No	Responses	Analysis of results aligned with each research objective
01	I am not sure if the cycle is integrated. Yes, there is a framework, but it is not enforceable. There is no accountability model for forcing managers to account for money spent on initiatives that were not budgeted for. The M&E function in the department does not interrogate expenditure linked to planned priorities.	Participants believed that there are attempts to create integrated SM and financial management processes in the DHA. The main challenges included the lack of accountability by DHA senior managers and working in silos of the planning-, budgeting- & M&E unit. The direction provided by the central government ¹ was highlighted as a challenge. Participants felt strongly that the NT & DPME need to provide clear government guidelines for the integration of plans and budgets. Research objectives and findings The first research objective focused on the following: <ul style="list-style-type: none"> • To review the theoretical framework for public sector SM and financial management.
02	There is some integration; the challenges are with the ownership of financial resources as managers do not want to own up on the budget allocated to them. The monitoring of the budget is only left to the budget section. The DHA M&E unit does not monitor the expenditure of the budget.	
03	The department is still lacking in this regard as targets set in the APP are not costed or allocated individual budgets for everyone to see how the department is intending to spend its budget allocation on each target. However, tools used for planning purposes requires that each target set in the APP to be fully funded. To be effective, a budget for each target should be integrated with the accounting system; it will provide a framework for accounting information. This will give a more rational basis for planning, controlling expenditure, and decision-making for financing. Currently, the department does not have a system through which expenditure can be allocated against a budget at target level, thus defeating the purpose of monitoring and evaluation. Now, monitoring is taking place on the targets at the APP level.	

¹ Central government includes the Department of Planning, Monitoring and Evaluation and National Treasury. These two departments state that the alignment of planning, budgeting and M&E exists, but it is rather low.

Question 1: To what degree is the integration of the planning, budgeting and M&E cycle maintained at the DHA?		
No	Responses	Analysis of results aligned with each research objective
04	The DHA has developed a framework for integrating planning, budgeting & M&E and is currently implementing the framework. For example, branches are now required to report on both performance information (PI) & financial information (FI). Branches indicate the budget needed for target execution in the APP. The challenges are presented by central government frameworks and guidelines that do not provide the “how” part in linking planning & budgeting. The government planning, budgeting, and M&E cycle do not provide the exact timeframes of when to start the linking.	The responses from participants pointed out that they are not aware of integrated SM and financial management at the DHA. The analysis of the DHA case study revealed that there are no formal integrated SM and financial management processes. According to Ajam (2008: 45), it is a PFMA requirement to link SP, APP & operational plans. In addition to Ajam’s (2008) point, Poister and Streib (1999: 310) alluded that a strategically managed public institution’s budgeting, performance management, people development, and training, as well as other management practices, are all aligned to achieve organisational success. Roller and Bovee (2004: 6–8) concurred with the views of the interviewees that the reason for the lack of integrated SM and financial management can be attributed to strategic planning, budgeting and M&E units working separately.
05	There is silo mentality in the DHA. Planning, budgeting, and M&E do not work collaboratively to create this integration. The planning process does not include M&E processes. Budgeting is not linked to planning hence the challenges experienced for reporting on both PI and FI. It is also assumed that whatever is contained in the plans, will lead to achieving policy priorities, while there is no thorough analysis of organisational performance in relation to policy outcomes.	The second research objective focused on the following:
06	The integration of planning, budgeting, and M&E is not maintained properly. Currently, the planning unit attempts to create this alignment, and for it to be successful, it will require collaboration with other units such as M&E and budgeting. As a result, the DHA does not have strong links between planning and budgeting.	<ul style="list-style-type: none"> • Analysis of SM and financial management processes and the legal statutes in support of these processes. As suggested by Ajam (2008), the PFMA requires that plans should be aligned to the budgets and departments should be held accountable for the execution of their plans and expenditure of their budgets. This requirement is also stated by the South African Constitution (Republic of South Africa, 1996; National Treasury, 1999). The FMPPi provides a circle that ought to be adhered to in order to create integrated SM and financial management (National Treasury, 2007b).
07	Planning is trying to bring the integration together, but there are results yet. Planning and M&E are not integrated as they should. Paper documents are okay, but the actual implementation of integration is not taking place. Finance is not fully participative in the endeavors to integrate planning, budgeting & M&E. There is no capacity provided by finance to provinces and Branches to budget better.	The last objective focused on the following: <ul style="list-style-type: none"> • To identify gaps in the alignment of SM and financial management processes. Gaps exist in the integration of SM and financial management in the DHA. There are no clear guidelines or tools developed by the DHA budgeting unit in collaboration with the planning and M&E units. Further to this, the financial information is not reported on a quarterly basis in relation to the APP.

5.2.2 Analysis and findings for interview Question 2

All seven participating employees were interviewed in relation to Question 2, and their responses (stated verbatim) are summarised in Table 5.3 below.

Table 5.3: Research results and analysis for Question 2

Question 2: What role does leadership play in strategic planning-, budgeting- and performance management processes in the DHA?		
No	Responses	Analysis of results aligned with each research objective
01	The executive leadership must drive strategic thinking and planning in the department. It must ensure that funds are allocated in line with the planned activities/priorities of the department. It must hold managers and other officials accountable for delivering or not delivering on their planned activities.	<p>One participant stated that the role played by leadership is different in all three functions. Another participant stated that leadership is crucial in setting priorities, allocating funds for the execution of such priorities, and monitoring the expenditure and achievement of plans. One participant indicated that nodal points are the ones that develop plans without the participation of managers. One participant stated that the annual DHA planning session allows the political leadership to give priorities for the year ahead and executive committee (EXCO) will then interpret these priorities in terms of what needs to be done to achieve them. One participant stated that the audit results reflect the type of leadership; however, such audit results are not used for planning. One participant said that a detailed report on issues should guide the direction that leaders ought to give.</p> <p>Research objectives</p> <ul style="list-style-type: none"> To review the theoretical framework for public sector SM and financial management. <p>Strong leadership is crucial in leading the planning-, budgeting- and M&E processes in an organization, (Poister & Streib, 1999: 310; Joyce, 2004:1–8; Ansell & Gash, 2008: 554; Poister et al., 2010: 526; Emerson et al., 2011: 9; National Planning Commission, 2012; Head, 2013: 4; Canato & Ravasi, 2015: 79; Hofmann, 2015: 8; Olivier, 2015: 1–2; Seijts et al., 2015:72).</p> <p>The second objective focused on the following:</p> <ul style="list-style-type: none"> To analyse SM and financial management processes and the legal statutes in support of these processes.
02	<p>Planning process: To exercise power and authority to ensure that the planning process takes place and that the planning process remains on track as prescribed by the relevant legislation/framework. Setting priorities for the department. Articulate the purpose and importance of the strategic planning process. Commit the necessary resources to the process.</p> <p>Budgeting process: Ensure that multi-year budgeting through the MTEF takes place. Identify funding priorities for the department. Ensure that APP targets are fully funded.</p> <p>M&E process: Report on the overall performance and achievements of respective programmes and/or sub-programmes. Present organisational quarterly APP performance reports at relevant internal structures for approval.</p>	
03	The processes are treated seemingly, as a way to meet external deadlines for planning, budgeting, and M&E. The nodal points often do this work within branches without much involvement of leadership.	
04	There are mechanisms for political principals to give political priorities and matching orders. EXCO interprets these ministerial priorities for execution and provide guidance.	
05	The role of leadership is depicted in the yearly audit report; however, the audit results are not used during the planning process.	
06	Leadership provides direction; however, they need to be provided with detailed issues on the ground and be open to suggestions. Currently, there is lack of a uniformed approach by leadership regarding planning, budgeting & M&E. Hopefully, the visitation of offices by senior management services (SMS) will close the existing gaps.	

Question 2: What role does leadership play in strategic planning-, budgeting- and performance management processes in the DHA?		
No	Responses	Analysis of results aligned with each research objective
07	During DHA strategic planning processes, there is no clear role played by budgeting in terms of providing past trends and indicate future budgets. The budgeting process is only based on what was given the previous year and only add an extra five percent for future years. There are clear guidelines for PAs, and there is no alignment with branch & DHA plans. M&E lacks on analysing organisational performance.	<p>The legal policy framework, as discussed in Chapter Three, requires strong leadership in order to be complied with and such leadership are held accountable on how funds were used (epublic of South Africa, 1996; National Treasury, 1999; Republic of South Africa, 2017; DPME, 2018a; DPME, 2018b).</p> <p>The last objective focused on the following:</p> <ul style="list-style-type: none"> • To identify gaps in the alignment of SM and financial management processes. <p>There are clearly stipulated roles and reasponsibilites in the DHA M&E guidelines, (Department of Home Affairs, 2015c; Department of Home Affairs, 2015cc). However, the pressure to comply with AGSA requirements and MPAT standards, might have resulted in the development of these policies as they are not implemented to only comply with external requirements.</p>

5.2.3 Analysis and findings for interview Question 3

All seven participating employees were interviewed in relation to Question 3, and their responses are summarised in Table 5.4 below.

Table 5.4: Research results and analysis for Question 3

Question 3: To what degree is strategic planning cascaded down to lower-levels within the DHA and financial rewards linked to measurable performance to achieve desired outcomes?		
No	Responses	Analysis of results aligned with each research objective
01	Ideally, planning is both top-down and bottom-up. While the planning unit has been trying to influence the organisational culture towards this understanding, provincial offices do not seem to have much say on the nature of targets that are set by the organisation. The targets are not based on the capacity of provinces, but are largely determined at national level. This frustrates provinces who find themselves having to deliver impossible targets. The ² District Manager Officers (DMOs) need to play an active role in accessing or scanning the environment so that they can better inform planning in the department.	<p>Four participants said that the department is trying to cascade plans, but the lack of communication is hampering this process. The call made by directorate planning for all SMS to link their PA with Branch and departmental plans is happening. However, the monitoring of such plans is not taking place. Three participants stated that there is not enough cascading in DHA.</p> <p>Research objectives</p> <ul style="list-style-type: none"> To review the theoretical framework for public sector SM and financial management. <p>The cascading of plans and budgets to lower levels within an organisation is key for creating public value where the role of each employee will contribute in achieving organizational objectives to change the lives of those served for the better (World Bank, 1998: 32; Poister & Streib, 1999: 320; Canavan, 2003: 151; Joyce, 2004: 107; Roller et al., 2004: 8; Geneva, 2005: 3; Papalexandris et al., 2005: 221; Stoker, 2006: 47; Poister, 2010: 247; Theodore, 2010: 249; Canato & Ravasi, 2015: 79; Hofmann, 2015: 18; Seijts et al., 2015: 72).</p> <p>The second objective focused on the following:</p> <ul style="list-style-type: none"> Analysis of SM and financial management processes and the legal statutes in support of these processes. <p>The purpose of the legislative framework for planning, budgeting and reporting is to ensure that what was approved in the plans must be constantly reported on. The implementation of the plans and expenditure of the budgets are done by employees</p>
02	There is some degree of cascading plans to lower-levels; however, communication is lacking.	
03	The DHA has put plans and some mechanisms such as aligning SMS PA with their branch, CD, and directorate in place. This requires monitoring to be focused on lower-level plans and not only at targets contained in the APP.	
04	There are no clear systems to cascade the plans to lower-levels. There is not enough buy-in.	
05	There is not enough cascading of plans to lower-levels. When it is done well, cleaners will clearly understand that they need to maintain a clean working environment that will be conducive to employees and clients.	
06	There is an effort in the DHA in trying to cascade SPs to lower-levels. Branches also need to play a pivotal role in planning and cascading of their plans to lower level staff. For example, when representatives from branches attend DHA planning sessions, they should first meet to agree on the input and direction of the branch.	
07	The department develops a five-year strategic plan which is linked to the electoral cycle. This strategic plan is implemented through the departmental APPs. All the	

² District Managers Office (DMO) currently do not analyse and present a picture of their districts within a province and influence the allocation of resources in order to best meet the challenges observed within communities.

Question 3: To what degree is strategic planning cascaded down to lower-levels within the DHA and financial rewards linked to measurable performance to achieve desired outcomes?		
No	Responses	Analysis of results aligned with each research objective
	<p>employees sign their performance agreements that are aligned to the directorates' business plans which are linked to the departmental APP. The performance of the organisation is also linked to performance incentives. It is, therefore, essential to note that as plans are developed, they are aligned with the annual budgeting processes.</p>	<p>within the organisation in accordance to the PFMA, FSP&APP, FMPPI, GWM&E, and Constitution of RSA. A draft bill for integrated planning in government is currently in the pipeline. This is an indication that the research topic identified by the researcher is a huge gap that needs to be bridged (Republic of South Africa, 1996; National Treasury, 1999; DPME, 2007; National Treasury, 2007b; National Treasury, 2010; Republic of South Africa, 2017). The MPAT measures these areas, therefore, it is important to maintain their alignment (DPME, 2012).</p> <p>The last objective focused on the following:</p> <ul style="list-style-type: none"> • To identify gaps in the alignment of SM and financial management processes <p>The DHA planning guidelines state that the APP must be translated into an action plan. The APP is as a result of inputs from branches. Branch heads are required to attach their branch plans when submitting performance agreements to HRM&D (Department of Home Affairs, 2018b).</p>

5.2.4 Analysis and findings for interview Question 4

All seven participating employees were interviewed in relation to Question 4, and their responses (stated verbatim) are summarised in Table 5.5 below.

Table 5.5: Research results and analysis for Question 4

Question 4: What processes are in place to link DHA business-, operational- and work plans with the available budget?		
No	Responses	Analysis of results aligned with each research objective
01	Besides the planning framework and selective reporting during the quarterly review meetings, I am not aware of any process.	<p>Five respondents noted that there were attempts to create some alignment with the planning instruments and budgets, as well as with individual performance agreements, but with no tangible success. One participant stated that there is no alignment between plans and individual performance agreements as people continue to claim that they achieved their targets even when there is a disclaimer. One participant indicated that she did not know.</p> <p>Research objectives</p> <ul style="list-style-type: none"> To review the theoretical framework for public sector SM and financial management. <p>It is stated that the alignment of strategic plans, budgets and past performance with the operational plans and performance agreements of each employee is crucial for achieving organisational success (Poister & Streib,1999: 308; Roller <i>et al</i> , 2004:08; Geneva, 2005: 3; Ajam, 2008:45; Ajam & Engela, 2010:24; Poister, 2010: 247; Theodore, 2010: 249; Graham, 2011:11; National Planning Commission, 2015: 13; Bryson et al., 2018: 318–319).</p> <p>The second objective focused on the following:</p> <ul style="list-style-type: none"> Analysis of SM and financial management processes and the legal statutes in support of these processes.
02	Planning templates are cumbersome to complete even though they seem to attempt to help achieve integration. It would be better to implement enterprise resource planning software. The planning, budgeting & M&E systems are not integrated as they should be.	
03	The planning unit developed integrated planning guidelines in collaboration with other branches, such as budgeting; however, the challenge is the implementation of these integrated planning guidelines.	
04	There was an instance where the DHA got a disclaimer, but there were people who qualified for performance bonuses when no systems were working as per the disclaimer. This shows that there is no integration of operational plans with individual performance agreements.	
05	Currently, the planning unit is working with lower-level planning teams in provinces in an attempt to cost provincial plans.	
06	I do not know. The only part that tries to link with the budget is the APP.	
07	Each year, following the development of departmental- and branch APPs, all CDs develop their own plan indicators and targets which are aligned to the departmental APP. These plans are then cascaded further to individuals, who develop individual performance agreements.	

Question 4: What processes are in place to link DHA business-, operational- and work plans with the available budget?		
No	Responses	Analysis of results aligned with each research objective
		<p>The above theoretical analysis provides some pointers of what ought to be done. This is supported by the South African Constitution, PFMA, FMPPI, FSP&APP, PSA, and PSR. Currently, no direct legal policy specifically addresses the issue of linking planning, budgeting and M&E. The draft integrated planning bill is a positive development that aims to address this alignment challenge (Republic of South Africa, 1996; National Treasury, 1999; National Treasury, 2007b; Republic of South Africa, 2007; National Treasury, 2010; Republic of South Africa, 2016; DPME, 2018b).</p> <p>The last objective focused on the following:</p> <ul style="list-style-type: none"> • To identify gaps in the alignment of SM and financial management processes. <p>Currently, there are evident gaps in the alignment of planning, budgeting and operational plans up to performance contracting in the DHA.</p>

5.2.5 Analysis and findings for interview Question 5

All seven participating employees were interviewed in relation to Question 5, and their responses (stated verbatim) are summarised in Table 5.6 below.

Table 5.6: Research results and analysis for Question 5

Question 5: Does the DHA have strategic planning, budgeting, and monitoring and evaluation guides in place and are there any champions in the department to implement such guides in various units?		
No	Responses	Analysis of results aligned with each research objective
01	As far as I know, yes, there are champions; however, their effectiveness is questionable. The question is whether these champions are able or not to hold their business to account for their performance.	<p>Five participants agreed that there are no budgeting guidelines in place, only planning and M&E. The champions for planning and budgeting do not have powers to enforce managers within branches to account for budgets allocated to their units. Only two respondents mentioned that there are guidelines for planning, budgeting and M&E. The other four indicated that they only know about the planning and M&E guidelines. One participant indicated that there is a DHA budget procedure manual.</p> <p>Research objectives</p> <ul style="list-style-type: none"> To review the theoretical framework for public sector SM and financial management. <p>The theoretical framework states that for proper integration of planning, budgeting and M&E, there should be a clear process to be followed. In addition, there should be a SM team to manage this process (World Bank, 1998: 32; Poister & Streib, 1999: 308–320; Canavan, 2003: 151; Joyce, 2004: 107; Roller et al., 2004: 8; Geneva, 2005: 3; Papalexandris et al., 2005: 221; Stoker, 2006: 47; Ajam, 2008: 45; Ajam & Engela, 2010: 24; Poister, 2010: 247; Theodore, 2010: 249; Graham, 2011: 11; Canato &</p>
02	There are no budgeting guidelines in place. When branches plan, they cannot cost their plans as there are no guidelines for this, the nodal points in branches cannot budget effectively based on the DHA guidelines for budgeting.	
03	There are planning guidelines. The current proposal for reporting on both PI and FI is an attempt to try and close the gap that currently exists between planning, budgeting, and M&E. The biggest challenge is when people chose to stick to their job profiles which discourage cooperation and managers see budgeting or planning as not being their responsibility.	
04	There are guidelines for planning, budgeting, and M&E and there are nodal points to execute such guidelines.	
05	There are planning and M&E guidelines. Have never seen the budgeting guidelines.	
06	There are planning and M&E guidelines. The budgeting guidelines are not known, only NT notes will be issued by budgeting. There are no guidelines that indicate how budgeting is done in the DHA. The extent to which the M&E is fully implemented is a challenge. There are nodal points in various units.	

Question 5: Does the DHA have strategic planning, budgeting, and monitoring and evaluation guides in place and are there any champions in the department to implement such guides in various units?

No	Responses	Analysis of results aligned with each research objective
07	<ul style="list-style-type: none"> • Directorate: Planning whose responsibility it is to manage planning cycles and processes in the DHA, including the production of a multi-year strategic plan, amongst other things, develop an integrated planning guide each year to guide the planning process. • Directorate: Monitoring and evaluation whose responsibility it is to manage the organisational performance system have developed and implemented a monitoring and evaluation policy framework and reporting guidelines within the department. • Directorate: Planning and budgeting whose responsibility it is to manage and coordinate departmental budget process have developed and institutionalised the budget procedure manual. 	<p>Ravasi, 2015: 79; Hofmann, 2015: 8–18; National Planning Commission, 2015: 13; Seijts et al., 2015: 72; Bryson et al., 2018: 318–319).</p> <p>The second objective focused on the following:</p> <ul style="list-style-type: none"> • Analysis of SM and financial management processes and the legal statutes in support of these processes. <p>According to the National Treasury (2007b;), Statistics South Africa (2008), Department Performance Monitoring and Evaluation (2011), and the National Treasury (2018), the DHA provides some guidelines for planning, budgeting guidelines do not exist and M&E do exist to an extent. It has been observed though that many government departments develop internalised planning, budgeting, and M&E guidelines just to comply with Auditor General requirements. Based on the responses provided by participants, the DHA do not have budgeting guidelines.</p> <p>The last objective focused on the following:</p> <ul style="list-style-type: none"> • To identify gaps in the alignment of SM and financial management processes. <p>According to the DHA (2015a: 8–9; 2018a: 32; 2018b: 24; 2018c: 10), there are planning and M&E guidelines in place. However, according to the research participants, there are no budgeting guidelines in place at the DHA. The champions or nodal points are not fully capacitated as there is a lack in the alignment of the entire planning cycle as required by the FMPPI.</p> <p>The case study on the DHA revealed that there are no budgeting guidelines other than the NT MTEF guidelines that are issued yearly to all government departments, which require all departments to customise such MTEF guidelines to fit within the situation of their individual departments.</p>

5.2.6 Analysis and findings for interview Question 6

All seven participating employees were interviewed in relation to Question 6 and their responses (stated verbatim) are summarised in Table 5.7 below.

Table 5.7: Research results and analysis for Question 6

Question 6: To what extent are day-to-day operations in the DHA linked to the departmental strategic plan?		
No	Responses	Analysis of results aligned to each research objective
01	The departmental performance has improved a lot over the years. This could be attributed to improved planning and delivery of services in line with the plans. There is, however, few unplanned interventions that drain resources which are performed by officials.	<p>It was noted that there is an improvement in the performance achievement rate over the years, but it is not easy to attribute this to the alignment with day-to-day activities. Another participant indicated that the DHA tends to focus on crisis management and there is no plan that helps the department to focus on day-to-day activities that contribute to planned objectives. There is an action plan in the department, but the implementation of the action plan is not monitored monthly as envisaged. Branch plans are not monitored by the DHA M&E. One participant noted that core business targets in the APP are linked to the DHA's five-year strategic plan.</p> <p>Research objectives</p> <ul style="list-style-type: none"> To review the theoretical framework for public sector SM and financial management. <p>The aim of developing a plan is to implement it. People employed in the organisation should be mobilised to implement the developed strategy, therefore, it is a conventional wisdom to translate the SP to APP and the APP to the operational plan and the operational plan to day-to-day activities that are performed in the organisation (World Bank, 1998: vii, Poister & Streib, 1999: 310–311; Roller et al., 2004:17–18; Fourie, 2005: 679; Geneva, 2005: 3; Ajam, 2008: 45; Poister, 2010: 247; Theodore, 2010: 249; Graham, 2011: 12; Klepsvik & Hawkesworth, 2013:108; Cottrell, 2014: 52; National Planning Commission, 2015: 39; Strydom, 2016: 77; Bryson et al., 2018: 318–319).</p>
02	The DHA is bogged down with forever trying to address crises. As a result, managers do not get enough time to think and focus on strategic issues.	
03	The focus in the DHA has always been on APP targets without really paying too much attention to activities that link with high-level targets in the APP. However, the departments have since adopted an action plan tool that helps translate APP targets to day-to-day activities that should be reported monthly. The collapse of the Operations Committee has resulted in a lack of monitoring day-to-day activities.	
04	There is no link.	
05	There are targets in the APP that are supposed to be performed daily in order to achieve the APP targets. The challenge might be that this is not very clearly articulated in the APP.	
06	There are branch plans in place; however, there are no mechanisms to monitor if these plan activities are informed by the DHA SP.	
07	Core business activities such as permitting, passports, and smart ID operations are linked to the departmental strategic plan.	

Question 6: To what extent are day-to-day operations in the DHA linked to the departmental strategic plan?		
No	Responses	Analysis of results aligned to each research objective
		<p>The second objective focused on the following:</p> <ul style="list-style-type: none"> • Analysis of SM and financial management processes and the legal statutes in support of these processes. <p>For the first time in government, the DPME is proposing operational plans for all government departments that aim to operationalise the APP (Republic of South Africa, 2017; DPME, 2018b). Currently, the FMPPI through its planning, budgeting and reporting cycle, requires departments (National Treasury, 2007b).</p> <p>The last objective focused on the following:</p> <ul style="list-style-type: none"> • To identify gaps in the alignment of SM and financial management processes. <p>At the DHA actions plans are in place and employed as a way of translating DHA APP targets to day-to-day activities (Department of Home Affairs, 2018b). It, however, appears that the DHA action plan is not communicated effectively as many participants do not know about it.</p>

5.2.7 Analysis and findings for interview Question 7

All seven participating employees were interviewed in relation to Question 7, and their responses (stated verbatim) are summarised in Table 5.8 below.

Table 5.8: Research results and analysis for Question 7

Question 07: What are the systems in place at DHA that merge organisational functions and resources in an integrated and coordinated manner in order to implement the formulated strategies to achieve long term goals?		
No	Responses	Analysis of results aligned to each to each research objectives
01	I am not aware of any. No clear system that I can easily identify	<p>The participants all agreed that the current systems are not enough in order to link organizational functions with available resources to achieve the goals of the department. It was mentioned by one participant that the performance contacting can be improved to link to organizational strategy. The other participant indicated that the DHA quarterly reviews do not cover every area of performance. The challenge with the culture of accountability was mentioned by one participant.</p> <p>Research Objectives</p> <ul style="list-style-type: none"> To review the theoretical framework for public sector strategic management and financial management. <p>Leadership is key in creating an environment conducive for aligned strategy, the culture of accountability is driven by leaders, (Olivier, 2015:01-02, Poister & Streib, 1999:310, Poister, <i>et al</i>, 2010:526, Joyce, 2004:108, Hofmann, 2015:08, Canato and Ravasi, 2015:79, Head, 2013:04, Emerson, Nabatchi and Balogh, 2011:09; and Ansell & Gash, 2008:554).</p> <p>The second objective looked at the following:</p> <ul style="list-style-type: none"> Analysis of strategic management and financial management processes and the legal statutes in support of these processes.
02	The current HRM&D ³ performance agreement system PMDS ⁴ can assist in terms of links to strategy and with resources.	
03	Currently there are no IT systems. The DHA governance structures tends not to focus on policy and strategy. The DHA quarterly review system doesn't link to the entire organizational performance. There are many governance structures in the DHA but do not feed to each other.	
04	There are no systems	
05	There is a provision in terms of what we do, how we do it and with what resources will it be needed. The budgetary needs requires Branches and Provinces to provide more details in terms of what will be done and for how much it will cost.	
06	The culture of accountability is not that strong at DHA. Branches do not account for their budgets, there are no processes for Branches to Bid for budgets in order to be held accountable for expenditure of such budgets. There are integrated planning and budgeting systems, but do not translate into tangible results.	
07	The budget process is a shared responsibility between the Directorate: Planning and Budgeting and the Units, it requires co-operation from the business units. The involvement of business units regarding this process is to ensure the following:	

³ Human Resources Management & Development

⁴ Performance Management Development System

Question 07: What are the systems in place at DHA that merge organisational functions and resources in an integrated and coordinated manner in order to implement the formulated strategies to achieve long term goals?

No	Responses	Analysis of results aligned to each to each research objectives
	<ul style="list-style-type: none"> • Reprioritization of priorities on a regular basis, and in accordance with the limited financial resources available; and • Alignment of the strategies, priorities, funding and service delivery targets, with that of the Department 	<p>The individual performance contracting and the role of leadership in the public sector in relation to achieving strategic objectives is clearly legislated, (National Treasury, 1999, Republic of South Africa, 2016, and Republic of South Africa, 2007).</p> <p>The last objective looked at the following:</p> <ul style="list-style-type: none"> • To identify gaps in the alignment of strategic management and financial management processes <p>The integration of PMDS system with planning is very crucial, at the same time, EXCO should always have standing item that deliberates on strategy and budget.</p>

5.2.7 Analysis and findings for interview Question 8

All seven participating employees were interviewed in relation to Question 8, and their responses (stated verbatim) are summarised in Table 5.9 below.

Table 5.9: Research results and analysis for Question 8

Question 8: What processes are being followed that ensure that senior managers' performance evaluations and incentives are guided by the successful implementation, and efficient and economic expenditure of the departmental strategic plan and budget?		
No	Responses	Analysis of results aligned with each research objective
01	No process is followed. Budgets are allocated to branches based on what was allocated previously.	<p>All participants agreed that there are no processes. Even the current PMDS that is supposed to feed into organisational performance is often not linked to future planning and budgeting.</p> <p>Research objectives</p> <ul style="list-style-type: none"> To review the theoretical framework for public sector SM and financial management. <p>Performance-based budgeting is derived from the notion that what gets planned and budgeted for, will be achieved (Haruna & Vysa-Doorgapersad, 2016: 201; Canavan, 2003:151;Ijeoma et al., 2013: 294). Strategic planning should be linked to performance management (Poister & Streib, 1999: 310–311; Roller et al., 2004: 9–10; Bryson et al., 2018: 318–319). Strong leadership is indicated as a strong contributor in ensuring that performance is evaluated against the adopted strategy (Olivier, 2015: 1–2).</p> <p>The second objective focused on the following:</p> <ul style="list-style-type: none"> Analysis of SM and financial management processes and the legal statutes in support of these processes.
02	Managers in the DHA do not follow any processes that link performance evaluation and assessment to incentives. Budgets get allocated based on what was given the previous year.	
03	There is a PMDS. How it gets implemented does not make it aligned to a transparent system that can feed to planning, budgeting, and hopefully future budget allocations and priorities. The audit outcomes are used as a measure to decide whether managers qualify for performance incentives which are not entirely correct since there might be people who did very well even though the audit outcomes were not good.	
04	There are currently no evaluations in the DHA.	
05	There is a requirement for all SMS PAs to be aligned to their branch, provincial, CD and directorate plans.	
06	The one of one with the DG and DDG's supposed to look at this aspect of how aligned are DDGs performance agreements are aligned to DHA Plans. The same with CD and DDG and directors with CD.	
07	I do not know the answer to the question as I have no knowledge of how the process is handled. I have not been exposed to the senior manager's performance evaluation process.	

Question 8: What processes are being followed that ensure that senior managers' performance evaluations and incentives are guided by the successful implementation, and efficient and economic expenditure of the departmental strategic plan and budget?

No	Responses	Analysis of results aligned with each research objective
		<p>Currently, the cabinet has instructed the DPME and NT to develop a framework that will be used to budget for government MTSF outcomes that are derived from the NDP (DPME, 2018a). Over the years, the NT has been issuing guidelines for the MTEF that are critical for planning (National Treasury, 2018). There are prescripts such as the PFMA, PSA, and FSP&APP, that require performance agreements to be linked to adopted strategic plans and budgets, (National Treasury, 1999; Republic of South Africa, 2007, 2016; National Treasury, 2010).</p> <p>The last objective focus on the following:</p> <ul style="list-style-type: none"> • To identify gaps in the alignment of SM and financial management processes. <p>The proper alignment of plans with budgets can be achieved when what managers are contracted to do is aligned to the resources made available to them and are linked to their plans. The DHA has developed an integrated planning guideline that requires branches to indicate the budget required in order to achieve performance targets (Department of Home Affairs, 2015c: 9).</p>

5.2.8 Analysis and findings for interview Question 9

All seven participating employees were interviewed in relation to Question 9, and their responses (stated verbatim) are summarised in Table 5.10 below.

Table 5.10: Research results and analysis for Question 9

Question 9: Are there any planning tools that are used during the strategic planning and budgeting processes that aim to create a strategic fit with the DHA's external environment and internal capabilities in order to achieve the strategic objectives of the department?		
No	Responses	Analysis of results aligned with each research objective
01	Planning framework and environmental scan are in place but are not adding any value during planning.	<p>Only one participant stated that there is no alignment with the environment. All the participants indicated that the environmental analysis (EA) framework is used for both planning and budgeting.</p> <p>Research Objectives</p> <ul style="list-style-type: none"> To review the theoretical framework for public sector SM and financial management. <p>For any planning and budgeting process to cover all critical areas that are presented by both internal- and external environments, there is a need to follow trends and make decisions that are aligned with developments both internally and externally, and also to managed risks that are posed by such developments while taking prevailing opportunities (Bracker & Montanari, 1986: 252; Roller et al., 2004: 8; Third International Round Table, 2007: 5; Graham, 2011: 12; The Office of Financial Management, 2012: 2). These sources opine that scanning the environment is the first thing to be done during the planning process.</p> <p>The second objective focused on the following:</p> <ul style="list-style-type: none"> Analysis of SM and financial management processes and the legal statutes in support of these processes.
02	The environmental scanning process and its impact is essential in helping managers to think out of the box. Managers need a change in perspective in order to be able to implement such tools in their own respective environments.	
03	The DHA employed a number of methods in the past for planning. The challenge appears to be the strict need to adhere to rules in terms of public sector planning as compared to the private sector. Currently, the DHA has employed a Theory of Change as a methodology for the 2019/20 planning process. However, as much as the DPME provided improvements in government planning, the aspect of integrated planning is not currently addressed.	
04	There is no proper alignment with the environment.	
05	There is a system for conducting the DHA EA. There are tools for costing and resource sheets.	
06	The analysis has been done by the CD P&SM of the DHA EA. Otherwise, there is no culture of thorough environmental scanning by other branches in the DHA.	
07	The DHA planning process is informed by a thorough analysis of both the internal and external environment. The tools commonly used to analyse the environment include PESTEL and SWOT analyses.	

Question 9: Are there any planning tools that are used during the strategic planning and budgeting processes that aim to create a strategic fit with the DHA's external environment and internal capabilities in order to achieve the strategic objectives of the department?		
No	Responses	Analysis of results aligned with each research objective
		<p>In terms of what the law requires, as it relates to conducting environmental scanning or employing any other tools that can be useful for planning and budgeting, there is no direction. It is up to individual government departments to decide what to use. There is a suggestion for EA that is made in the draft short- and medium-term planning framework (DPME, 2017).</p> <p>The last objective focused on the following:</p> <ul style="list-style-type: none"> • To identify gaps in the alignment of SM and financial management processes. <p>The DHA has developed an Environmental Scanning Framework (ESF) which is used during planning, (Department of Home Affairs, 2018b). However, it appears that the scan is not useful as it is not rooted in the planning process.</p>

5.2.9 Analysis and findings for interview Question 10

All seven participating employees were interviewed in relation to Question 10, and their responses (stated verbatim) are summarised in Table 5.11 below.

Table 5.11: Research results and analysis for Question 10

Question 10: Are processes in place to ensure that the department use past performance information and financial information to inform future plans and budget allocations?		
No	Responses	Analysis of results aligned with each research objective
01	This is not an institutionalised practice in the department, but M&E reports and environment scans are examples of such processes which can assist in this regard.	<p>Out of all seven responses, it can be concluded that current DHA systems that ensure that past performance is used for future priorities and budgeting decisions are not enforceable. One of the participants indicated that the culture of using past trends for future decisions is not institutionalised at the DHA.</p> <p>Research objectives</p> <ul style="list-style-type: none"> To review the theoretical framework for public sector SM and financial management. <p>The importance of linking plans with budgets is the business of government, where the main aim is to employ these financial resources in order to achieve the needs of the people which are contained in the strategic plans of various departments, including that of the DHA (Poister & Streib, 1999: 308–320; Canavan, 2003: 151; Joyce, 2004: 107; Geneva, 2005: 3;</p>
02	The current financial system is not user-friendly for using past trends in order to make future allocations.	
03	Some processes have been put in place by the DHA such as EA, the assessment of strategic objectives, and conducting four quarterly reviews. All these processes should assist in decision-making that leads to future budget allocations. The focus of the finance section tends to be on complying with financial statement requirements in order to complete the AR.	
04	There are no processes.	
05	At provinces, there is some degree of looking at both past performance and budgets.	
06	To some extent. There are no formalised systems in the DHA where past performance on both finance- and performance information are considered for future planning.	
07	Yes, this is contained in the integrated strategic planning, budgeting, procurement, reporting, human resources and risk management guidelines which are issued each year, for example, the 2019/20 Integrated planning guide (paragraph 5.1.1) stipulates that the planning cycle seek to build and improve on what has already been done and ensures that the processes followed for	

Question 10: Are processes in place to ensure that the department use past performance information and financial information to inform future plans and budget allocations?

No	Responses	Analysis of results aligned with each research objective
	<p>planning and budgeting take into account the requirements set out in the planning- and budgeting prescripts. At the same time, branches and provinces' past performance for both budget expenditure and the implementation of their plans must be scrutinised to move towards a system of performance budgeting.</p>	<p>Papalexandris et al., 2005: 221; Stoker, 2006: 47; Poister, 2010: 247; Canato & Ravasi, 2015: 79; Hofmann, 2015: 8–18; Seijts et al., 2015: 72; Theodore, 2010: 249; Roller et al., 2004: 8; World Bank, 1998: 32; Ajam, 2008: 45; Bryson et al., 2018: 318–319; Theodore, 2010: 249; Poister, 2010: 247; Ajam & Engela, 2010: 24; The Office of Financial Management, 2012: 2; Third International Round Table, 2007: 5; Graham, 2011: 11; National Planning Commission, 2015: 13).</p> <p>The second objective focused on the following:</p> <ul style="list-style-type: none"> • Analysis of SM and financial management processes and the legal statutes in support of these processes. <p>At a central government level, there are instructions on aligning plans with budgets, such as the cycle for planning, budgeting, and reporting (National Treasury, 2007b). The medium-term budget guidelines which are released yearly by the NT, also provide a process for linking plans with budgets (National Treasury, 2018). This requirement has been emphasised even more by the introduction of the mandate paper (DPME, 2018). The PFMA also sent a requirement in terms of ensuring that managers are given flexibility to use public funds but will be held accountable for the expenditure of the budget and achievement of the plan (National Treasury, 1999:). The FS&APP clearly states that departments must use at least the third</p>

Question 10: Are processes in place to ensure that the department use past performance information and financial information to inform future plans and budget allocations?

No	Responses	Analysis of results aligned with each research objective
		<p>quarterly report and the AR of the previous year when developing their plans (National Treasury, 2010).</p> <p>The last objective focused on the following:</p> <ul style="list-style-type: none"> • To identify gaps in the alignment of SM and financial management processes. <p>The DHA attempts through the quarterly reporting system to link performance information with financial information (Department of Home Affairs, 2018a, 2018b). However, the processes stipulated in the quarterly reporting framework of the DHA are not followed. For example, the DHA quarterly reporting framework indicates that reported performance will be analysed in order to assist decision-makers in making informed decisions, but no analysis is currently taking place at the DHA (Department of Home Affairs, 2015c: 8–17). These guidelines provide details regarding how the performance management cycle will be dealt with up to the integration of planning, budgeting, and reporting. However, none of these things are happening. This could be the reason for the development of proper reporting guidelines, because central government requires that guidelines should be in place. The guidelines are clear about how past performance should be used, but none of that is happening. The DHA annual planning guidelines also emphasise the importance of using past performance (Department of Home Affairs, 2018b).</p>

Part One: Strategic management responses

5.3 Analysis of strategic management responses

In Chapter Two, a comprehensive study was conducted in public sector SM processes. The literature revealed five main types of SM processes which provided the basis for the literature review. It is against this background that participant responses in the above tables should be matched against the SM processes.

5.3.1 Environmental analysis

Two questions (Questions 9 and 10) aimed to identify whether the organisation has a process of environmental scanning. The responses have been analysed in relation to the research objectives, the literature reviewed, and the legislative environment as demonstrated in the tables related to Questions 9 and 10.

The DHA has a process for environmental scanning. This has been confirmed not only by the responses of the participants in Question 10, but also by the case study conducted on DHA (see Chapter Four). The aspect of employing past performance and expenditure trends to inform future plans is an area that is lacking at the DHA. All the participants concurred that past performance is not used, except for two participants that stated that past performance is used to inform planning. It is important to note that there are guidelines for monitoring and reporting at the DHA (Department of Home Affairs, 2015.)

5.3.2 Strategic planning process responses

One of the many functions of leadership is to drive the strategic planning process. The role of leadership in Question 2 regarding strategic planning, budgeting, and M&E has been assessed and analysed. The results of the interviews, as contained in Question 2 above, show that there is no clear understanding of the role of leadership during the planning process. The majority of participants provided different responses. One participant mentioned that the role of the political principal in the DHA is crucial during this stage, and the top management of the DHA supported this view.

5.3.3 Strategic development process responses

Question 3 is concerned about the cascading of planning instruments to lower-level plans in the different units of the organisation. Four of the participants confirmed that there are efforts to cascade, but it is not enough since communication of the adopted plans is lacking in the DHA. One participant indicated that the cascading of the plan would be regarded as enough since even the cleaners in the DHA can understand the outcome of their work and thus help the organisation to meet its objectives.

5.3.4 Strategy implementation process responses

Question 4 represents the aims of the strategy implementation process as it aligns with the literature reviewed around the implementation process of the strategy. The majority of respondents stated that there are attempts to link DHA planning instruments with budgets and individual performance agreements of DHA employees. The branch- and DHA plans must be linked to the DHA's available budget for successful implementation and achievement (Refer to Table 5.7).

5.3.5 Strategy monitoring and evaluation process responses

Question 8 does not only investigate the alignment with the SMS PA, but is also interested at looking at how transparent the process is and determining whether it links to M&E systems in the organisation. Question 10 paid attention to the use of past performance information as generated by the DHA M&E systems.

Part Two: Financial management and budgeting responses

5.4 Analysis of responses to questions as they relate to budgeting processes

5.4.1 Responses that link to budgeting processes in the DHA

By looking at the questions, almost all of them were prepared in an integrative manner. The issue of budgeting features in all ten questions. Question 1 addressed the aspect of linking planning processes with budgeting processes and the responses provided show that there are challenges at the DHA around this area. At the same time, the DHA case Study conducted in Chapter Four revealed that budgeting processes do not exist at the DHA. There is no clear role played by DHA leadership according to responses received in Question 2. Question 3 stated that there is a lack of communication of plans which, in turn, hampers the cascading of plans and budgets to lower-levels. Question 4 was designed to identify if there is any process followed in the DHA to link plans with budgets. The findings show that there are enormous challenges.

For Question 5, an attempt was made by the researcher to find out if there are guidelines for planning, budgeting, and M&E. Most participants, as reflected in Table 5.6, stated that there are no budgeting guidelines. Only two participants agreed that there are budgeting guidelines in the DHA. Question 8 aimed to identify whether the performance agreements of senior managers gets linked to their performance in both the achievement of plans and expenditure of budgets, responses from participants stated there are no systems created to ensure this kind of alignment. Question 10 aimed at identifying whether the DHA uses past trends for future budget allocations. All the participants agreed that there is no process to ensure that past information is used to inform future plans and budget in the DHA.

Part Three: Integrated strategic management and financial management processes in the DHA

5.5 Analysis of responses on DHA integrated SM and financial management processes

5.5.1 Integrated strategic management and financial management processes in the DHA

It is clearly articulated in Part Two above, that the questions were crafted to ensure that they achieve the primary aim of the study, namely to investigate the extent to which DHA SM and financial management processes are integrated. Part Two revealed, by means of responses, that there is no integrated SM and financial management participant processes in the DHA. The responses from participants are supported by the findings of Chapter Four which focused on the case study of the DHA.

The questions that are supported by participant responses were crafted in such a way that they revealed the integration of the planning and budgeting processes. The findings demonstrate that the integration of planning and budgeting processes in the DHA does not exist. This is confirmed in Chapter Four (see Parts 2 and 3).

5.6 Summary and conclusion

Chapter Five provided the background to the research study as well as the methodology used within the ambit of this research study. The analysis and interpretation of results followed. Ten questions were used to conduct the interviews, and all ten questions were responded to by the seven participants who participated in the study.

In order to respond to the research question, as stipulated in Chapter One, the study was divided into three main parts to further analyse the results in relation to Part One which focused on SM processes. Part Two focused on financial- and budgeting processes. The last part endeavored to integrated SM and financial management processes.

The researcher was able to conduct this analysis by applying the literature reviewed in Chapter Two and the legislative framework presented in Chapter Three. Chapter Four was vital in guiding the researcher to analyse the research results. Results were graphically depicted by using tables and graphs.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

6. Background and overview

Chapter Five focused on assessing and analyzing the results of the interviews that have been conducted in accordance with the research objectives as stipulated in Chapter One. In order to meet the objectives of the study, the research conducted a comprehensive review of the literature in Chapter Two, followed by an extensive review of the legislative and policy environment regarding integrated SM and financial management in Chapter Three.

Chapters Two and Three were beneficial to Chapter Four as the information generated in these chapters identified gaps that currently exist in the DHA. At the same time, Chapter Four provided valuable input to Chapter Five. Chapter Five, as stated above, provided an analysis of the research results gathered from the interviews which were conducted in line to Chapter One.

Chapter Six is the last chapter of this study and discusses what ought to be done by the DHA to bridge existing gaps. Chapter Six also touches on those areas where the DHA is doing well and provide recommendations regarding how to sustain such areas. The chapter also addresses the limitations of the study and makes recommendations for future research.

The recommendations provided in Chapter Six are built on the research objectives discussed in Chapter One, the reviewed literature in Chapter Two, the legislative environment in Chapter Three, the case study of the DHA in Chapter Four, and the responses provided by participants in Chapter Five.

The recommendations are divided into three main parts. Part One provides recommendations on DHA SM processes. Part Two provides recommendations about DHA financial management processes, and Part Three provides recommendations regarding an integrated SM and financial management processes in the DHA.

Part One: Recommendations regarding the DHA strategic management processes

6.1 Recommendations regarding the strategic management process

The recommendations are provided in accordance with the five areas of SM processes as discussed in chapter two and chapter four.

6.1.1 Recommendations regarding the DHA environmental analysis process

The researcher observed that an effective public sector environmental scanning process does not exist. Environmental scanning at the DHA is conducted to meet the requirements of achieving better scores during the MPAT process. This is done by ensuring that a presentation of the environmental scan is done during the DHA planning session. This presentation then goes into the report that will be used as evidence when the portfolio of evidence is submitted to the DPME for the MPAT process.

It is recommended that the scanning of the environment occurs both internally and externally as this will assist in understanding the risks posed by the internal and external pressures and will help the organisation to reposition itself better (Graham, 2011: 12; Roller et al., 2004: 8; Bracker & Montanari, 1986: 252; The Office of Financial Management, 2012: 2; Third International Round Table, 2007: 5). The DHA should appoint a team that will manage the SM processes. The environmental scanning processes should also be the sole responsibility of this team. Currently, only strategic planning units conduct environmental scanning. This team must also analyse the DHA's past performance in both the planning- and financial front. The report should serve as a basis for discussions during the strategic planning process. The DHA should also engage with the DPME as a central department responsible for planning, to propose that government SM processes must be made visible in the planning guidelines.

6.1.2 Recommendations regarding the DHA strategic planning process

The DHA has a planning guideline in place; however, the DHA strategic planning process lacks a strategic discussion that is informed by the analysis of the environment conducted in preparations for the strategic planning process. Planning is currently conducted as a way of meeting the planning time frames. Another glaring lack is that both the planning- and budgeting processes at the DHA do not correspond to each other. The identification of key stakeholders during environmental scanning should be discussed at this stage and their views should be gathered for planning (Williams & Lewis, 2008: 656; Plant, 2009: 38-43; Poister, 2010; OFM, 2012: 2).

It is recommended that the top management of the DHA must be provided with an intelligence report that will expand upon the challenges, failures, and successes, as well as the key stakeholders involved. The appointed DHA SM team should coordinate this report. As suggested by a participant interviewed, top management must be provided with detailed reports that will assist them in making informed decisions. The reviewed legislative environment provides templates for planning, but these do not address the government strategic planning process.

It is recommended that DHA planners serve as innovators that continually seek for improving the DHA strategic planning processes.

6.1.3 Recommendations regarding the DHA strategic development process

The DHA has mechanisms in place for cascading the action plan to lower departmental units for implementation. However, it is noted that the DHA's communication of the plan is not as effective as these plans appear to be done only for compliance purposes. There is a need to ensure that all the units within the DHA can develop their own action plans and have them approved by the branch head, which currently, is not the case. Another area that requires improvement, as noted by participants, is the alignment of senior managers' performance agreements to their branch plans. The DHA SM team must be capacitated to also work in collaboration with HRM&D department to review senior manager's performance agreements for alignment with their branch plans. Cascading of the strategy is also supported by Montanari and Bracker (1986: 260–261), the World Bank

(1998: 31), Pollard and Hotho (2006: 726), as well as Schutte and Kennon (2015: 70). The legislative framework does not stipulate how plans should be cascaded.

6.1.4 Recommendations regarding the DHA strategy implementation process

The implementation of the strategy requires the allocation of required resources to the adopted plan. The implementation must be driven by leadership, and it should be communicated extensively (internally and externally). The allocation of budgetary resources to the plan is not visible at the DHA. The communication of the plan is also not happening as it should.

It is recommended that the DHA consider the appointment of a team that will coordinate DHA SM and communication the adopted plan. The DHA SM team will provide the necessary services that would ensure the effective execution of the DHA strategy. The DHA should, on an annual basis, develop a plan that will facilitate planning, budgeting, and reporting. This plan must also indicate how the strategy will be communicated to ensure its implementation (Montanari & Bracker, 1986; Poister & Streib, 1999; Joyce, 2004; Pollard & Hotho, 2006; Ansell & Gash, 2008; Poister, 2010; Emerson et al., 2011: 9; O' Leary & Vij, 2012; Head, 2013: 4; Mišanková & Kočišová, 2014; Canato & Ravasi, 2015; Hofmann, 2015; Olivier, 2015; Seijts et al., 2015).

6.1.5 Recommendations regarding the DHA strategy M&E process

The DHA does not use past performance to set new targets and allocate budgets. The DHA has an action plan, but does not do what is stated in the DHA monitoring and reporting guidelines, namely to produce monthly reports and analyse quarterly reports to generate a DHA feedback report for the past quarter (Department of Home Affairs, 2015: 8). It is recommended that the DHA starts to produce quarterly assessment reports, and monthly reporting must take place as stated in the DHA monitoring and reporting guidelines.

The DHA top management must establish an SM team that, amongst many things, must coordinate monthly, quarterly, half yearly and annual reporting with an extensive analysis

of these report for use during strategic planning and any other management area in the DHA.

Part Two: Recommendations regarding the DHA financial management and budgeting processes

6.2 Recommendations regarding the DHA financial management and budgeting process

6.2.1 Recommendations regarding the DHA budgeting processes

The reviewed literature, as well as the legislative environments, provided the researcher with an indication of how the budgeting process should look like. This was further extended by the analysis of the DHA as an organisation that was being studied. The status of the DHA budgeting process was then completed by the information generated as a result of the interviews that were conducted by the researcher. The literature revealed that there should be budgeting processes that are designed to indicate the activities on what must be done per month (Haruna & Vysa-Doorgapersad, 2016: 194–196). The legislative environment states that there should be a budgeting process that corresponds with the planning process in the public sector (National Treasury, 2007b; Statistics South Africa, 2008; National Treasury, 2010; Department Performance Monitoring and Evaluation, 2011; National Treasury, 2018; DPME, n.d.).

The case study conducted on the DHA in Chapter Four revealed that there are no budgeting guidelines in the DHA. This was further confirmed by the participants as they stated that they had seen planning guidelines, but never the DHA budgeting guidelines. It is recommended that the proposed SMT above, amongst other things, must work with the financial management branch and NT to come up with DHA integrated financial and budgeting guidelines that must be reviewed annually. There must also be an institutionalised workshop that must provide training to DHA Branch Planning and M&E coordinators and communicate the DHA annual integrated SM guidelines. The DHA must also address the silo mentality that currently exists between the planning, budgeting, and M&E units. The SMT must be used as a vehicle to bridge this gap.

The DHA SMT must also partner with the HRM&D in terms of, firstly, making sure that the strategic direction of the DHA informs all signed performance agreements. Secondly, the half-year performance assessment should be analysed and tracked from the organisational half-year performance. The SMT must also scrutinise the expenditure of the DHA and generate a report on DHA finances every six months to correspond with organisational half year expenditure and performance reports.

Part Three: Recommendations regarding the DHA integrated strategic management and financial management processes

6.3 Recommendations regarding the DHA integrated strategic management and financial management process

This section attempts to bring the above two section together to achieve the primary purpose of the study – to investigate the DHA integrated SM and financial management processes. The recommendations related to the DHA integrated SM and FM processes are provided in Section 6.3.1 below.

6.3.1 Recommendations related to the DHA integrated strategic management and financial management processes

In Chapters One and Two, the reviewed literature provided a framework for integrated SM. Chapter Three further provided a plethora of legislative frameworks that support the integrated SM and financial management processes. Chapter Four revealed that there is no integrated SM and financial management processes in the DHA. Chapter Five supported the findings on Chapter Four. Research participants indicated that there are no guidelines available for budgeting at the DHA.

It is, therefore recommended that the DHA should adopt a simple framework, as stated by Ijeoma et al., (2013:294) and Haruna and Vysa-Doorgapersad (2016: 201) that requires all managers to develop their budgets from a zero-based point of view. Zero-based budgeting is crucial when new projects are being introduced as they need to be costed. This must be combined with performance-based budgeting. Managers must

defend why they must be allocated the same budget as in the preceding year or make a case for additional budgeting; in this case the past performance of both expenditure and the achievement of previous plans will be scrutinised (Grifel, 1993: 403; Curristine et al., 2007: 12; Cloete et al., 2014: 394; Ryu, 2014: 79; Grossi et al., 2016: 586; Haruna & Vysa-Doorgapersad, 2016: 201; Rosenberg Hansen and Ferlie, 2016: 4).

The legislative framework discussed in Chapter Three does not only require the executive authority and the accounting officer to report on the utilisation of public funds but through the PFMA, supported by the MTEF guidelines and the FMPPI, also a structure for integrated planning, budgeting and reporting (National Treasury, 1999, 2007b :4, 2018: 2). There is a need for the DHA to adopt the cycle suggested in Figure 3.1 This also corresponds with what authors such as Montanari and Jeffrey (1986: 253), Poister and Streib (1999: 318), Roller et al. (2004: 8), Graham (2011: 12) and Strydom (2016:77) suggested.

A comprehensive proposal on how to integrate planning, budgeting, and M&E has been demonstrated by the Department of Women, Children, and People with Disability (**see Figure 2.5**). The DHA must liaise with such departments in an attempt to develop a realistic integrated framework for SM and financial management processes. It is also recommended that the DHA should implement their current guidelines for integrated planning as it provides a simple framework for linking planning, budgeting, and M&E (**see Table 4.2 and 4.3**).

In order for the DHA to develop DHA budgeting guidelines that will be integrated into SM, the proposed SMT must oversee the development, approval by the minister, and the communication of the DHA integrated SM and financial management process flow.

6.4 Limitations of the study

Various challenges were experienced with the participation of all the purposively selected participants. Two officials from budgeting, the director and deputy director, did not partake in the study. The researcher believes that the non-participation of the two officials did not

compromise the research results. It would, however, have been interesting to get the views of the two officials as they are responsible for coordinating budgeting in the DHA.

The study was conducted during a time when the two departments that coordinate government planning and government budgeting were tasked by the cabinet to identify better ways of funding government priority projects. This is a strong indication that the study attempted to add value to current discussions on how to improve the utilisation of public funds in order to ensure value for money. At the same time, the DPME introduced a draft integrated planning bill that is also a sign that the study was conducted in an area of interest in terms of adding to the current debates that are aimed at improving government planning for better service delivery through the use of scarce financial resources.

6.5 Recommendations for future research

In line with the limitations, as discussed above, the researcher believes that future studies could identify the impact of the draft integrated planning bill once it is adopted and implemented. Future research will give an indication of whether the implementation of an integrated planning bill can bridge the existing gap that this study aimed to address. It is important to note that the Bill for Integrated Planning makes mention of the importance of integrating planning and budgeting and use M&E data to make informed decisions.

6.6 Summary and conclusion

In Chapter One the research objectives and the research problem were articulated. In an attempt to respond to Chapter One, the researcher conducted a broad review of the literature which was a direct response to one of the research objectives. Chapter Three also directly responded to research objectives which, in turn, lead to Chapter Four that looked at the DHA as an organisation to identify gaps experienced regarding SM and financial management processes in the DHA. Chapter Four provided the researcher with an opportunity to conduct interviews with the purposely selected participants in an attempt to reveal existing gaps in the DHA.

Chapter Five focused on interpreting and analysing the results of the interviews. The analysis and findings of Chapter Five formed the basis for the recommendations in Chapter Six. Chapter Six provided recommendations on what the DHA ought to do in bridging some of the challenges observed during the study. The chapter also provides the limitations of the research study. Chapter Six concludes with the provision of future research that can be conducted around the area of public sector integrated SM and financial management processes.

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APPENDIX A: Consent Form



UNIVERSITEIT • STELLENBOSCH • UNIVERSITY
jou kennisvennoot • your knowledge partner

HOW TO USE THIS CONSENT FORM:

This document is the standard REC-approved template to assist you with designing a written informed consent form. You may adapt the template as you see fit, but remember that the document must address the participant directly, have some information about each heading and include the SU logo at the top. **Please write in SIMPLE, NON-TECHNICAL language.**

The text written in **[RED]** is for **guidance only** and should be removed before finalising the document.

STELLENBOSCH UNIVERSITY

CONSENT TO PARTICIPATE IN RESEARCH

You are invited to take part in a study conducted by Siviwe Maya: Deputy Director Strategic Planning from the Economic and Developmental Studies at Stellenbosch University. You were approached as a possible participant because of your close involvement with the research topic in the departmental strategic and financial management functions.

1. PURPOSE OF THE STUDY

Just like all government departments, Home Affairs is expected, in terms of the PFMA to develop its strategic plans and allocate funds for the implementation of such plans. As such, the PFMA requires that the processes that lead to the adoption of the strategic plan must be aligned and be informed by available budgets. This research study is aimed at assessing the degree of integrating these two separate but related processes within the DHA. The integration of strategic management processes with financial management processes is crucial for the full implementation of the plans.

2. WHAT WILL BE ASKED OF ME?

If you agree to take part in this study, you will be asked to indicate the DHA strategic planning and financial management processes that are followed which leads to the allocation of budgets for the implementation of the plans. Both strategic management and financial management are guided by the PFMA and other guidelines such as the Framework for Strategic Planning an Annual Performance Planning, the interviews will seek to establish as to what extent are these guidelines and PFMA requirements assist in the integration of strategic management and financial management. The research will endeavour to establish at what stage

of the strategic management processes is the budgeting aspect considered. The control measures that should be put in place such as continuous monitoring and evaluation processes for both planning and budgeting will also be looked at.

As indicated above, the PFMA requires transparent allocation of funds to implement government policies, the research will attempt to investigate as to what degree is DHA financial management processes aligned to strategic management processes. What systems are being utilised to ensure that what is planned for, receives financial resources for implementation. Are there any timeframes that are followed in the department that leads the allocation of funds to the adopted strategic plan? Once this information is provided, participants will be requested to indicate at what stage of the financial management processes, is the integration to strategic management processes considered. At the end of the interviews, participants will be requested to indicate the manner in which continuous monitoring and evaluation is then used to inform future financial management and strategic management processes in the DHA.

3. POSSIBLE RISKS AND DISCOMFORTS

There are no possible risks associated with the study. Both the Strategic Plans and Financial information of DHA and any government department is in the public domain as these plans are for public consumption

4. POSSIBLE BENEFITS TO PARTICIPANTS AND/OR TO THE SOCIETY

In 2015 during my honours degree, I conducted research on the Alignment of Strategic Plans, Budgeting and Monitoring and Evaluation in the Department of Home Affairs. The research that was conducted in 2015, was later adopted as a Framework for Linking Planning, Budgeting and Monitoring and Evaluation at Home Affairs. The current study will obviously benefit Home Affairs as the DPME has introduced a draft guide for improved alignment of planning with budgeting in the public sector. This research work is introduced during interesting times in government and DHA will benefit as it will be alerted on the gaps that still need to be closed in order to ensure that strategic priorities are budgeted for.

5. PAYMENT FOR PARTICIPATION

The participants to the study will not receive any payments, there are no transport costs involved.

6. PROTECTION OF YOUR INFORMATION, CONFIDENTIALITY AND IDENTITY

Any information you share with me during this study and that could possibly identify you as a participant will be protected. This will be done by ensuring that no participants will be identified in the final research work.

The information will not be released to any other party or agency. However, it is important to indicate that if any gaps in the integration of planning and budgeting have been identified, a framework out of this research work will be developed in order to be implemented by the DHA.

During interviews, the researcher will request that participants allow him to record the proceedings through taking notes and audio-recording using a smart phone.

If the results of the study where to be published, confidentiality through maintaining anonymity will be applied.

7. PARTICIPATION AND WITHDRAWAL

You can choose whether to be in this study or not. If you agree to take part in this study, you may withdraw at any time without any consequence. You may also refuse to answer any questions you don't want to answer and still remain in the study by answering only questions that you are comfortable with. The researcher may withdraw the participant if the participant relocate to a far distance area, or if the participants leave DHA employment or if the participant is booked off sick for a longer period.

8. RESEARCHER'S CONTACT INFORMATION

If you have any questions or concerns about this study, please feel free to contact **Siviwe Maya** at 073 6031221 e-mail address, siviwe.maya@dha.gov.za and/or the supervisor **Professor Alewyn P J Burger** at 021 918 4125 e-mail address, apjb@sun.ac.za.

9. RIGHTS OF RESEARCH PARTICIPANTS

You may withdraw your consent at any time and discontinue participation without penalty. You are not waiving any legal claims, rights or remedies because of your unwillingness to take part in this research study. If you have questions regarding your rights as a research participant, contact Ms Maléne Fouché [mfouche@sun.ac.za; 021 808 4622] at the Division for Research Development.

.....

DECLARATION OF CONSENT BY THE PARTICIPANT

As the participant I confirm that:

- I have read the above information and it is written in a language that I am comfortable with.
- I have had a chance to ask questions and all my questions have been answered.
- All issues related to privacy, and the confidentiality and use of the information I provide, have been explained.

By signing below, I _____ (*name of participant*) agree to take part in this research study, as conducted by **Siviwe Maya**

Signature of Participant

Date

DECLARATION BY THE PRINCIPAL INVESTIGATOR
--

As the **principal investigator**, I hereby declare that the information contained in this document has been thoroughly explained to the participant. I also declare that the participant has been encouraged (and has been given ample time) to ask any questions. In addition I would like to select the following option:

	The conversation with the participant was conducted in a language in which the participant is fluent.
	The conversation with the participant was conducted with the assistance of a translator (who has signed a non-disclosure agreement), and this "Consent Form" is available to the participant in a language in which the participant is fluent.

S.Maya

Signature of Principal Investigator

Date

APPENDIX B: DHA Approval Letter



home affairs

Department:
Home Affairs
REPUBLIC OF SOUTH AFRICA

ENQUIRIES: Lettie Masilo Tel: 012 406 4096 Email: Lettie.Masilo@dha.gov.za

Mr. Siviwe Maya
University of Stellenbosch
Stellenbosch
7599

Dear Mr. Maya

RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH IN THE DEPARTMENT OF HOME AFFAIRS ON "INTEGRATED STRATEGIC MANAGEMENT AND FINANCIAL MANAGEMENT PROCESSES: A CASE STUDY OF THE DEPARTMENT OF HOME AFFAIRS".

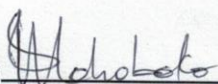
Your request to conduct research in the Department of Home Affairs on "integrated strategic management and financial management processes: a case study of the Department of Home Affairs" has reference.

The Department of Home Affairs, through Research, Information and Knowledge Management, has approved your request to conduct research in the Department to fulfill the requirements of your Masters in Public Administration academic qualification. The approval is based on your submission of all the required documents.

It is our understanding that the interviews will be conducted using the interview guide submitted to the Department to ensure that the security, integrity and information of the Department is not compromised. Upon completion of your studies, the Department of Home Affairs requests that you furnish the Research, Information and Knowledge Management Unit with a copy of your approved research report, which can be shared with the entire departmental staff.

The Department wishes you all the best in your studies.

Regards

SIGNATURE: 
MS ND MOHOBOKO
DEPUTY DIRECTOR-GENERAL: HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT
DATE: 25/5/2018