

Annual

REPORT 2014/15
VOTE 3



WHEN THE SUN RISES
WE WORK HARD TO DELIVER



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MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



ANNUAL REPORT 2014/15

PR257/2015

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“The Department will continue to improve systems of Supply Chain Management (SCM) as part of the initiative to modernise business processing and ensure transparency in public procurement space.”

- MEC SE Kholwane



Part A: General Information



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MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



Part A: General Information

DEPARTMENT GENERAL INFORMATION

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1. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
BBBEE	Broad Based Black Economic Empowerment
BAS	Basic Accounting System
CFO	Chief Financial Officer
CoGTA	Department of Cooperative Governance and Traditional Affairs
CRDP	Comprehensive Rural Development Programme
DEDET	Department of Economic Development Environment and Tourism
DoE	Department of Education
DPISA	Department of Public Service and Administration
DRP	Disaster Recovery Plan
EE Act	Employment Equity Act
EPRE	Estimates of Provincial Revenue and Expenditure
ERM	Enterprise Risk Management
EXCO	Executive Committee
FET	Further Education Training
FMCMM	Financial Management Capability Maturity Model
HANIS	Home Affairs National Identification System
HOD	Head of the Department
HRD	Human Resource Development
ICT	Information Communication Technology
IDIP	Infrastructure Delivery Improvement Programme
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plan
IGCC	Inter-Governmental Cash Coordination
IIA	Institute of Internal Auditors
IMSP	Integrated Municipal Support Plan
IT	Information Technology
IYM	In-Year-Monitoring
LED	Local Economic Development
LGMTEC	Local Government Medium Term Expenditure Committee
PERSAL	Personnel Salary System
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PGDS	Provincial Growth and Development Strategy
PGITO	Provincial Government Information Technology Officer
PMC	Provincial Management Committee
PMDS	Performance Management and Development System
PPP	Public Private Partnership
PSCM	Provincial Supply Chain Management
StatsSA	Statistics South Africa
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SER	Socio-Economic Review
SERO	Socio-Economic Review and Outlook
SITA	State Information Technology Agency
SONA	State of the Nation Address
SOPA	State of the Province Address
SSP	Strategic Support Plan
TR	Treasury Regulations

FOREWORD BY THE MEC



The Government continues to make strides in improving the living conditions of the people of Mpumalanga. While there is a noticeable progress, we are taking the steps to respond to the prevailing socio-economic situation affecting our people.

It is in this context that we commit to ensure that there is allocative efficiencies, considerable improvement in the quality of spending and that the benefits of the limited financial resources permeate all strata of the communities of Mpumalanga.

Our march to a prosperous future for all is premised on the blue print of our programme of service delivery - the National Development Plan - which directs us to devote attention to the “fiscal impact on development through improved efficiency in government spending, and maintaining appropriate balance between investment and consumption expenditure”.

Achievements in relation to policy directives and strategic outcome related goals

During the period under review, the Department of Finance (now Mpumalanga Provincial Treasury) streamlined the municipal finance support through the introduction and implementation of the Integrated Municipal Support Plan (IMSP).

We established a process of monitoring the implementation of the IMSP through engaging the Executive of the local government sphere. Municipal Finance function in the Department was enhanced to ensure a focused and strategic support service is provided as per the legislative delegations and mandate of the Back to the Basics programme.

Through partnerships between government and private sector, we secured support that will enable municipalities to improve their financial management capability. Efforts were also made to support the Provincial Departments and Public entities to improve in the area of financial governance.

Challenges for the financial year under review

These achievements, including those mentioned in the Accounting Officer report herein, were attained within a constrained economic environment. The fiscal ability of the Province to meet the increasing demands for services remain highly under stress.

While the Provincial Government is looking at ways to enhance its revenue, the prevailing challenges require the Province to act in a manner that continue to cushion the poor from the effects of global economic environment.

Extra effort will be required to ensure that the shrinking budgets do not adversely affect the progressive plans of improving financial performance and accountability in all institutions in the Province.

The medium to long term goals of the department

The Department will continue to improve systems of Supply Chain Management (SCM) as part of the initiative to modernise business processing and ensure transparency in public procurement space.

Closely linked to this priority is monitoring and enforcement of the directive to ensure that suppliers are paid within the stipulated policy timeframe. The Provincial Treasury will also lead the drive to ensure that public institutions settle their accounts with municipalities through improved business processing system.

Improvements in the audit outcomes of all provincial departments, public entities and municipalities will remain in our radar. Accordingly, the Provincial Treasury will pay attention to the area of strengthening financial controls and filing systems which often lead to disclaimed audit opinions.

Conclusion

Our single most important source of confidence is the willingness of our people to welcome the changes, recognise the prevailing challenges and still remain hopeful, as we do, that a better future is possible under this Administration.



Mr SE Kholwane (MPL)
MEC for Finance, Economic Development and Tourism
31 July 2015

REPORT OF THE ACCOUNTING OFFICER



Overview of the operations of the department:

We greatly appreciate the opportunity to report on the performance of the Department of Finance.

The report contains the financial and non-financial aspects of the performance of the Department for the financial year ending 31 March 2015. The Department had 312 permanent officials at the end of the financial year against the total funded establishment of 339 at the start of the financial year and therefore within the 10% benchmark as set by the DPSA. A moratorium on filling of the vacant posts, late in the financial year, led to all vacancies being frozen. Critical posts that were affected by the moratorium are being filled through a rationalisation process. The internship programme was successfully implemented with some participants being absorbed within the Department while others were appointed elsewhere.

The developments in global and national economic environments presented a major risk to the Department. The allocation of resources, which is the responsibility of the Department as the Provincial Treasury, was done under a very stringent global and domestic economic environment.

The Department continued to conduct socio-economic research to inform the provincial and municipal planning and budget processes. Quality, accurate and credible research reports are essential for developing, implementing and monitoring socio-economic policy, determining budget priorities and ensure that Departments and Municipalities respond to the socio-economic challenges and priorities of the Province and relevant Municipal Areas. The Department continued to provide guidance to ensure that budgets are spent in the right areas to maximize the impact on the well-being of the more than 4 million provincial citizens.

The Department played a strategic role in governance structures, such as in Budget and Finance Committee, Provincial Management Committee, Executive Council MuniMec, Technical Committee on Finance as well as Budget Council, amongst others. These structures were instrumental in giving further guidance on the implementation of strategic programmes of the Department, including on matters relating to effective utilisation of the limited financial resources. The Department has also complied with the requirements to account to the Provincial Legislature on its work during the period under review.

The Department continued to perform well as evidenced by the Clean Audit Outcomes in previous financial years. More resources were allocated to enable the mandated Provincial Treasury support services to other Departments, Public Entities and Municipalities. However, it remains a great concern that the institutions that were supported are not making the desired progress on audit outcomes.

The National Government introduced the Back to Basics programme in its quest to improve and strengthen support to Municipalities to deliver the quality services and improve financial management. The Department of Finance has been allocated Object 6 which deals with financial matters – financial viability and audit outcomes amongst others whilst the Department of Cooperative Governance and Traditional Affairs deals with Objects 1-5 of the programme.

The Executive Council has approved the Integrated Municipal Support Plan (IMSP) which takes forward the objects of the Back to Basics Programme. The Executive Council has also directed the Department to establish a dedicated unit, in Provincial Treasury, that will focus exclusively on support to Municipalities. The process of establishing the dedicated unit will be finalised during the next financial year.

One notable area of support to municipalities during the period under review was the allocation and transfer of R6 million to District Municipalities which was meant to support the initiative of improving the billing systems, thereby enhancing the revenue base of the selected municipalities. The Department also allocated resources to assist Dimaliseng Local Municipality to address challenges they experienced. Some of the focus areas for support were:

- Clearing prior year audit queries
- 2014/15 financial year-end closure and audit readiness
- Revenue management
- Review and update policies
- Review and update procedures and perform specific reconciliations

The Department has also entered into a partnership with SASOL towards improvement in audit outcomes which entails laying a solid foundation in all municipalities' standardization and the development of Standard Operating Procedures and Job Descriptions for all municipalities. During the year under review 10 municipalities were selected in order to perform a gap analysis on the status of municipalities with respect to this area of work. The gap analysis is now concluded and as such the development of these instruments will start in June 2015.

The introduction of municipal Standard Chart of Accounts (mSCOA) project requires that the municipalities should change their budgeting and reporting processes. The project will be fully implemented in July 2017. The Provincial Treasury is in the process of building an intervention plan to support the municipalities. The plan will look at the deliverables to be achieved and risk identification to mitigate any possible failures that could occur.

A change management strategy will be part of the plan to ensure that the municipalities understand and embrace the changes brought through the implementation of mSCOA. The Provincial Treasury will support and monitor the project to ensure it becomes a success.

The Financial Management Capability Maturity Model (FMCMM) was rolled out to municipalities during the period under review. All 21 municipalities have completed the model that assesses the maturity level of each institution on specific key areas such as asset management, goods and services, revenue management, internal audit and risk management. The National Treasury is currently performing the analysis, and will submit the report to the Provincial Treasury, which will in turn assist municipalities to improve their systems of internal controls.

The Department continued to improve systems to enhance its responsibility of supporting the Provincial Departments, Municipalities and Public Entities, through the:

- a) maintenance of the fraud prevention system namely Safety web, Luminet;
- b) interpretation and implementation of the Asset Management Framework;
- c) implementation of appropriate SCM governance practices, and
- d) monitoring of compliance pertaining to 30 day payment cycle to suppliers as per the legislation.

The Department advised and provided guidance to departments and public entities on management of cash flow and liabilities, and supported municipalities on effective implementation of the Asset Management Framework.

The Department continued to monitor Departments, Public Entities and Municipalities with regard to the implementation of and compliance with prescribed Policies and Acts and provided hands-on support and capacity building, where needed. The Department also played an important role in mediating between the auditors and the auditees regarding the interpretation of the legislation and prescribed standards to facilitate the finalisation of the audit process on time.

During the reporting period, the Department provided intensified support to the Department of Health following continuous financial management challenges. A Curator and supporting team were appointed

and various initiatives were implemented to stabilise the finances of the Department of Health. Committees for Financial Management and Human Resource Management were established to review and approve all expenditure and/or requisitions for the Department during the period of intervention.

The Department assisted with the development of Strategic Support Plans for Risk Management processes to improve the Risk Maturity and assist with Facilitation of Strategic and Operational Risk Assessment and Awareness sessions (Fraud, ICT and OHS)

On Provincial Internal Audit the Department provided support through evaluation of the Internal Audit Plans and provided feedback to the relevant Accounting Officers. Internal Quality Assurance Reviews were conducted to ensure that Internal Audit Functions conform to the Definition of Internal Audit, Code of Ethics and the Institute of Internal Auditors Standards. The institutions were also supported through the provision of training on Internal Auditing processes. The Department further developed and shared the following policy and procedures with the institutions:

- Internal Audit Methodology/Manual;
- Internal Audit Policy;
- Internal Audit Process;
- Audit Committee Toolkit;
- Internal Audit plan guideline.

Overview of the financial results of the department:

Departmental receipts

Departmental receipts	2013/2014			2014/2015		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	2 679	2 240	439	2 466	4 137	(1 671)
Interest, dividends and rent on land	48 461	58 613	(10 152)	50 479	86 204	(35 725)
Sale of capital assets	-	19	(19)	-	47	(47)
Financial transactions in assets and liabilities	-	50	-	34	24	10
Total	51 199	60 922	(9 723)	52 979	90 412	(37 433)

The Department collected R90,412 million against the projected amount of R 52,979 million of own revenue. The over collection is mainly on interest due to slow spending by Provincial Departments during the year resulting in higher interest accrued on the Provincial bank accounts.

Programme Expenditure

Programme Name	2013/2014			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	74 777	73 704	1 073	77 044	76 153	891
Sustainable Resource Management	44 894	44 489	405	44 830	44 378	452
Assets and Liabilities Management	106 352	106 036	316	115 048	112 136	2 912
Financial Governance	28 982	27 523	1 459	35 102	32 086	3 016
Total	255 005	251 752	3 253	272 024	264 753	7 271

Overall the Department has spent R 264,753 million or 97.3 percent of its allocated budget of R 272,024 million. The R 7,271 million or 2.7 percent underspending is mainly on goods and services due to travelling costs and audit fees being lower than anticipated and the budget initially allocated for the intervention at Department of Health which was later redirected to the intervention at Dipaleseng Local Municipality and this led to the late commencement of the project, delays in the renewal of licence fees for the content keeper and Sepsesam. On payment for capital assets, the underspending is mainly budget reprioritised during the adjustment budget for the procurement of the storage area network device and the installation of infrastructure network.

Virements

Programme 1: Administration

The Programme's budget was increased by R 500 000 on goods and services under sub-programme Financial Management in order to defray excess expenditure which resulted from inadequate budgeting for telecommunication in the Department.

Programme 2: Sustainable Resource Management

The Programme's budget was reduced by R 500 000 in order to defray excess expenditure in Programme 1 (Administration) under sub-programme Financial Management, under goods and services. The overspending resulted from inadequate budgeting for telecommunication in the Department.

Programme 3: Assets And Liabilities Management

None.

Programme 4: Financial Governance

None.

Roll Overs

None.

Unauthorised, fruitless and wasteful expenditure

The Department did not incur any unauthorized, fruitless and wasteful expenditure.

Future plans of the Department

We will work closely with COGTA, Department of Economic Development and Tourism and Municipalities, to ensure active and viable LED structures, Forums and strategies on municipal level. The objective of this support is to contribute to higher economic growth as well as job creation on local level in Mpumalanga.

The programme will also introduce the implementation of Standard Chart of Accounts (SCOA) to Municipalities to standardise and improve their financial reporting.

The programme looks forward to establishing a governance outlook document in order to profile challenges of departments, public entities and municipalities and provide recommendations for improvement.

Public Private Partnerships

The Department continued to provide advice, support and awareness on PPP to municipalities and Departments. This support was provided in liaison with the National Treasury's PPP unit.

Discontinued activities / activities to be discontinued

There were no activities that were discontinued during the period under review.

New or proposed activities

There were no new or proposed activities.

Supply chain management

The Department has an approved supply chain management policy in place and had appointed all bid committees in line with applicable legislations. The Department experienced poor performance by bid committees during the year resulting to late conclusion of bids and advertisements. Management resolved to include work performed by committees in individual performance agreements in the forthcoming year.

Gifts and Donations received in kind from non-related parties

The Department donated stoves for Women's Day Celebrations and stoves and blankets for the Youth Day.

Exemptions and deviations received from the National Treasury

There were no exemptions applied for from the National Treasury.

Events after the reporting date

As from the 2nd of April 2015 the Department is now called Provincial Treasury.

Other

There are no other matters to report on.

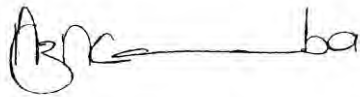
Acknowledgement/s or Appreciation

The Accounting Officer appreciates the cooperation of management and the assistance of the Audit Committee in the compilation of the Annual Report.

Conclusion

Approval and sign off

The Annual Report for the 2014/2015 financial year has been approved by the Accounting Officer.



Ms NZ Nkamba
Accounting Officer
Department of Finance
31 July 2015

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

- To the best of my knowledge and belief, I confirm the following:
- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standards and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2015.

Yours faithfully



Accounting Officer
Ms NZ Nkamba
31 July 2015

6. STRATEGIC OVERVIEW

Vision

A dynamic Department leading in service excellence.

Mission

The equitable allocation and optimal utilization of provincial financial resources to ensure quality service delivery and better life for all through:

- Quality financial advice and support to Departments, Public Entities and Municipalities.
- Efficient financial management and fiscal discipline, and
- Effective monitoring of resource utilization.

Values

We commit ourselves to the following core values:

- *Batho Pele* and *Ubuntu* principles
- Dedication : To perform our tasks in a dedicated manner to ensure accelerated and quality service delivery
- Excellence : To perform our responsibilities with professional excellence
- Integrity : To conduct business in a consistent, objective, honest, fair, just and trustworthy manner
- Accountability : To be accountable in the performance of our duties

7. LEGISLATIVE AND OTHER MANDATES

The Department derives its mandate from the following key legislation:

Division of Revenue Act (DORA)

The Act is passed annually to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the financial year in question, the determination of each province's equitable share and allocations to provinces, local government and municipalities from national government's share and the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith.

Government Immovable Asset Management Act, 2007 (Act 19 of 2009) (GIAMA)

This Act provides for a uniform framework for the management of an immovable asset that is held or used by a National or Provincial Department; to ensure the co-ordination of the use of an immovable asset with the service delivery objectives of a National or Provincial Department; to provide for issuing of guidelines and minimum standards in respect of immovable asset management by a National or Provincial Department; and to provide for matters incidental thereto.

Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)

The Act is aimed at securing sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected therewith.

Preferential Procurement Policy Framework Act, 2000, (Act No.5 of 2000) (PPPFA)

The Act gives effect to section 217(3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in section 217(2) of the Constitution; and to provide for matters connected therewith.

Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA)

The Act gives effect to the Constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.

Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA)

The Act serves to give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996, and to provide for matters incidental thereto.

Protection of Personal Information Act, 2013 (Act No. 4 of 2013)

The Act promotes the protection of personal information processed by public and private bodies; It also introduces certain conditions so as to establish minimum requirements for the processing of personal information; It also provides for the establishment of an Information Regulator to exercise certain powers and to perform certain duties and functions in terms of this Act and the Promotion of Access to Information Act, 2000; The Act further provides for the issuing of codes of conduct; It also provides for the rights of persons regarding unsolicited electronic communications and automated decision making; It also regulates the flow of personal information across the borders of the Republic; and also provides for matters connected therewith.

Public Finance Management Act, 1999 (Act 1 No. of 1999) (PFMA)

This Act regulates financial management in the National and Provincial spheres of government to ensure that all revenue, expenditure, assets and liabilities of those spheres are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in the Treasury and to provide for matters connected therewith.

Public Service Act, 1994 (Act No. 103 of 1994) as amended (PSA)

The Act makes provision for the organisation and administration of the public service of the Republic, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and matters connected therewith.

Public Service Regulations

The Public Service Regulations were issued by the Department of Public Service and Administration in terms of and in compliance with section 41 of the Public Service Act, No. 103 of 1994 to prescribe any matter that requires or is permitted to be prescribed by the Act.

Treasury Regulations

The Treasury Regulations were issued by the National Treasury in terms of Section 76 of the Public Finance Management Act, No. 1 of 1999.

List of legislation tabled in the Mpumalanga Provincial Legislature during the 2014/15 financial year

Mpumalanga Appropriation Act, 2014 (Act No 4 of 2014)

The Act provides for the appropriation of money from the Provincial Revenue Fund for the requirements of the Province for the 2014/15 financial year; and to provide for matters incidental thereto

Mpumalanga Adjustment Appropriation Act, 2014 (Act No 5 of 2014)

The Act provides for the appropriation of additional money for the requirements of the Mpumalanga Province in respect of the financial year ending 31 March 2015 (2014/15).

Policy mandates

The Medium Term Strategic Framework

The Medium Term Strategic Framework (MTSF) is a Government's strategic plan for the 2014 -2019 electoral term. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the National Development Plan. The MTSF sets out the actions Government will take and targets to be achieved. It also provides a framework for departmental plan.

Relevant court rulings

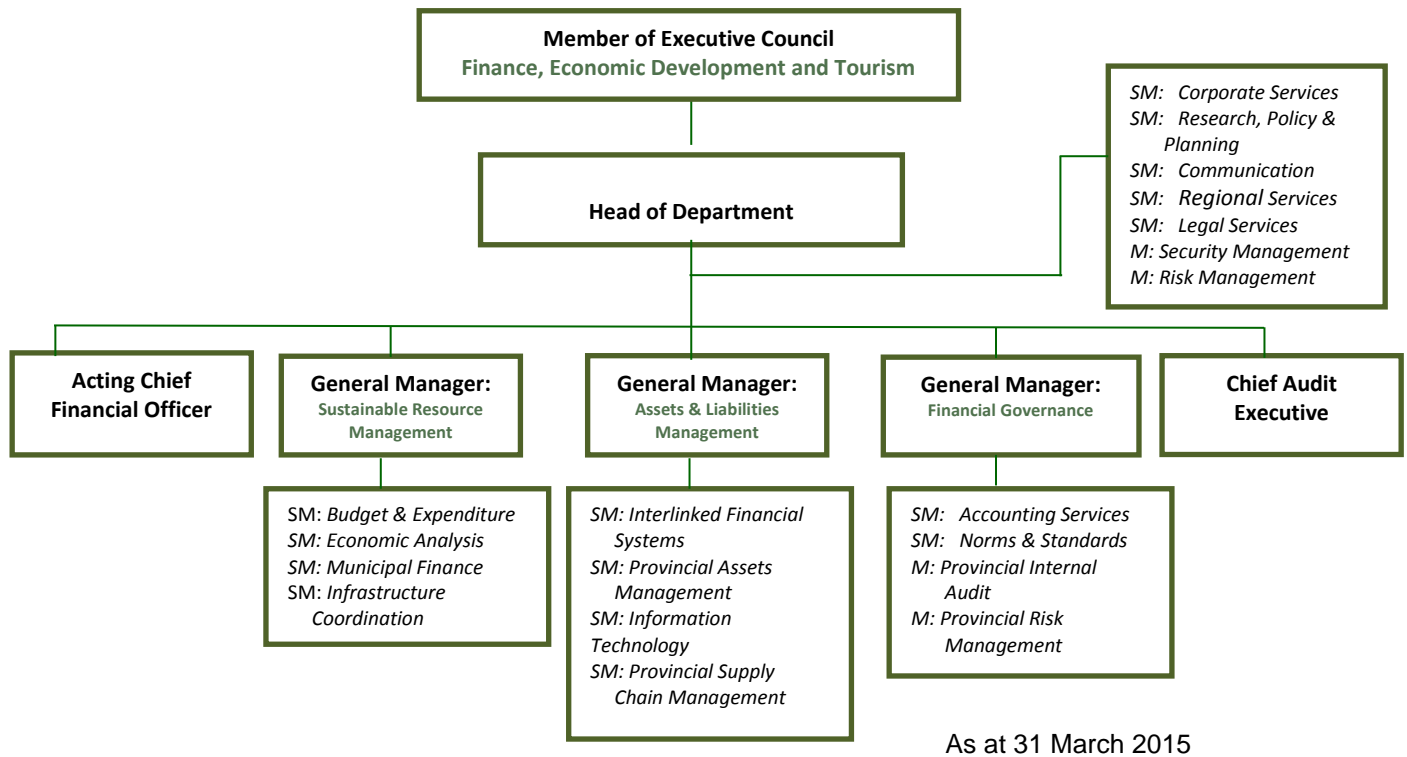
Nyathi v Mec Health, Gauteng and Department of Justice

In this case, the Constitutional Court handed down judgement in an application by Mr Nyathi whereby he sought confirmation of the declaration of section 3 of the State Liability Act, 1957 (Act No 20 of 1957), to be inconsistent with the Constitution. The impugned portion of section 3 prohibits the execution attachment or like process against a state defendant or respondent or against any property of the state for the satisfaction of judgement debts.

The High Court found that the blanket ban on execution, attachment and like processes constituted an unjustifiable limitation on the rights to equality and access to courts. It found too, that sections 165(5) and 195(1)(f) has been infringed. It declared therefore, that section 3 of the State Liability Act was unconstitutional. Consequently, the matter was referred to the Constitutional Court for confirmation of the order and Madala J, writing for the majority, found that the section unjustifiability limited the right to equal protection of the law contained in section 9(1) of the Constitution and was inconsistent with the constitutional protection of dignity and the right of access to courts.

The Court held too, that section 3 also violated the principal of judicial authority, and the principle that the public administration be accountable. The Court therefore upheld the declaration of constitutional invalidity. This means henceforth that, the State will be consequently and accordingly liable for debt executed against the State.

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

There are no entities that reports to the MEC for Finance, Economic Development and Tourism in terms of what the Department of Finance is responsible for.

“Our march to a prosperous future for all is premised on the blue print of our programme of service delivery – National Development plan”

- MEC SE Kholwane



Part B: Performance Information



finance

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



Part B: Performance Information

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives

is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 94 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The Department of Finance does not render services directly to the public, but services are rendered by our clients, namely the provincial departments, municipalities and public entities. By executing the functions and powers assigned to the Department in terms of section 18 of the Public Finance Management Act, 1999 (Act 1 of 1999) and section 5(4) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) the Department assisted clients to improve service delivery.

For the financial year under review, the Department operated with a staff establishment of 339. After the Persal clean-up process, 312 of those posts were filled. The Department experienced challenges in filling critical vacant funded posts during the financial year. The internship programmes were successfully implemented with some participants being absorbed within the Department while others were appointed elsewhere.

The Department delivers its services in the form of support to departments, municipalities as well as public entities and other provincial institutions in their improvement of their financial management. The Department under the guidance of the Provincial Executive Council, equitably allocated funds to all votes and monitored implementation of these budgets in the Province and ensured that these funds are allocated to the outcomes as set by the government and that these outcomes are achieved by all the departments and other government institutions.

The Department continued to conduct evidence-based socio-economic research to inform the provincial and municipal planning and budget processes. Credible reports such as the Socio-Economic Review and Outlook (SERO) of Mpumalanga as well as the Socio-Economic Profiles of Municipalities, can be highlighted in this regard and were communicated with relevant stakeholders and at high level decision forums on a continuous basis. The socio-economic data/information are essential for developing, implementing and monitoring socio-economic policy, determining budget priorities and ensure that Departments and Municipalities respond to the socio-economic challenges and priorities of the Province and Municipal Areas.

The Department through its Economic Analysis unit played a leading role in the Province to promote LED (local economic development) as a tool to address the triple challenges (unemployment, poverty and inequality) on local municipal level. The Unit worked closely with the LED Units of COGTA and the Department of Economic Development and Tourism (DEDT), to ensure functional LED Units in Municipalities, vibrant and representative LED Forums as well as the development and implementation of LED strategies. Assistance/support was also provided to the Department of Economic Development and Tourism with the economic interventions project at all the Municipalities in the Province. The purpose is to increase economic growth and job creation in line with the National Development Plan (NDP), Provincial Vision 2030 and the Mpumalanga Economic Growth and Development Path (MEGDP).

The Department also supports all institutions in respect of infrastructure and it has achieved the service delivery targets set at the beginning of the 2014/15 financial year. This was despite the vacant posts that were filled. This affected expenditure especially in the Compensation of Employees portion of the budget.

The Province is still not achieving 60% score in its Infrastructure Planning documents. This impacted negatively on incentives due to the province from the Infrastructure Incentive Grants. Workshops were held with relevant departments to improve the situation going forward.

The Department also manages Provincial Revenue Fund, which receives all funds that flow to the Province, including funds that are collected by all votes, except Provincial Legislature. The Department kept record of all receipts from national government, provincial departments and other institutions that make some financial donations to the Province in order to account correctly on all these transactions.

The Department focused on strengthening of controls which include:

- The maintenance of the fraud prevention system namely Safety web and Luminet;
- Supporting Departments in the interpretation and implementation of the Asset Management framework;
- Monitoring and supporting that appropriate SCM governance practices are implemented; and
- Monitoring compliance in terms of legislation pertaining to the 30 day payment cycle by all institutions.

In general, there has been a significant improvement on the part of Provincial Government institutions on the legislative requirement for payment of contractors for services rendered within the 30 days period. The Department has fully complied with the Treasury Regulations on payment of invoices within 30 days in line with the applicable prescripts.

The Department assisted municipalities on IT governance related matters. Technical support was provide on assets and liabilities management, Interlinked Financial Systems and Information Technology in the Province through the monitoring that clients adhering to required frameworks and remedial action plans for audit outcomes. The Department consulted with a wide range of stakeholders through conducting bilateral meetings, forums and one-on-one sessions with clients regarding Supply Chain Management, Assets and Liabilities Management, Interlinked Financial Systems and Information Technology. The Department ensure greater access to information, communication and technology through maintaining and establishing ICT kiosks in communities.

The Financial Management Capability Maturity Model was completed by Departments and Public Entities. This tool is utilised through analysis of the results to assist public organisations to improve their internal control systems. The Risk Management Unit exceeded their annual target with regards to support provided to votes, public entities and municipalities due to the fact that more Risk Management Committee invitations were received and attended to than planned. Several guidelines were developed to improve their governance processes resulting in improvements on bookkeeping and treatment of books of accounts at the provincial government level. The Department provided support on internal audit functions through training sessions that were organised for all Chief Audit Executives (CAEs) in Municipalities, Departments and Entities to address challenges faced by CAEs in the Province.

2.2 Service Delivery Improvement Plan

The department has completed a Service Delivery Improvement Plan. The tables below highlight the service delivery plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Promote effective and optimal financial resource allocation for the Provincial government, as well as to ensure efficient budget and expenditure management and accurate financial reporting for the Provincial government	Provincial Departments, Provincial Legislature, Cabinet, National Treasury and Public Entities	<ul style="list-style-type: none"> • All 13 votes spending 100% on planned budget • Submission of quarterly reports 	<ul style="list-style-type: none"> • All 13 votes spending 100% on planned budget • Submission of credible reports 	<ul style="list-style-type: none"> • All 13 votes spent at different levels due to different challenges in departments • Submitted quarterly reports

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
To provide technical support on assets and liabilities management in the Province	Provincial Departments, Provincial Legislature, Cabinet, National Treasury and Public Entities	<ul style="list-style-type: none"> • Clients adhering to required SCM framework • Submission of monthly and quarterly reports 	<ul style="list-style-type: none"> • 100% compliance by clients to SCM framework • Submission of credible reports 	<ul style="list-style-type: none"> • 100% compliance by clients • 100 % submission of monthly and quarterly reports
Facilitate, monitor, support and provide professional advice to ensure good governance in the Province	Provincial Departments, Provincial Legislature, Cabinet, National Treasury and Public Entities	<ul style="list-style-type: none"> • All departments and public entities complete the Financial Management Capability Maturity Model • All departments and public entities increase maturity levels 	<ul style="list-style-type: none"> • All departments and public entities complete the Financial Management Capability Maturity Model • All departments and public entities increase maturity levels 	<ul style="list-style-type: none"> • All 12 Votes and 4 Entities have completed the FMCMM Tool • Most Votes and Entities have increased their maturity levels, with the Provincial aggregate for votes moving from 2.83 to 2.89 and Entities moving from 2.85 to 2.89.

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
<ul style="list-style-type: none"> • Consult with a wide range of stakeholders through conducting bilateral meetings, one on one sessions with clients and MTEC meetings • Encourage participation of other internal units in the annual bilateral and MTEC meetings with 13 votes • Implement the Service Standards and Service Charter • Each client institution has a dedicated entry officials who can be consulted for assistance and guidance on SCM related matters • Ensure greater access to information, communication and technology through maintaining and establishing ICT kiosk in communities • Ensure greater access to business information opportunities particularly by potential bidders in the deep rural areas of the province • Workshops, Telephonic Consultations, One on one consultations • Offices in Nelspruit Evander, KwaMhlanga and Bushbuckridge 	<ul style="list-style-type: none"> • Consultation with stakeholders through MTEC meetings • Encourage participation of other internal units in the annual bilateral and MTEC meetings with 13 votes • Put internal signage in offices • Improved communication system with clients, Quarterly forum meetings • Increased access to computer utilization on various programmes to support educational and information related services • Increased access to the tender bulletin in the rural areas through regional, satellite and internet • Workshops, Telephonic Consultations, One on one consultations • Offices in Nelspruit Evander, KwaMhlanga and Bushbuckridge 	<ul style="list-style-type: none"> • MTEC meetings conducted with 13 votes • Other internal units participated in the MTEC meetings with 13 votes • Signage up at entrance to the Department • Regular interactions with stakeholders through meetings and visits • Increased access to computer utilization on various programmes to support educational and information related services Internet Kiosk are available at: (Elukwatini, Casteel, Louisville, Mbangwane, Wonderfontein, Empuluzi, Breyten, Daggakraal) • Readily availability of tender bulletins • Telephonic and one-on-one consultations were conducted in assisting votes to complete the tool. • Offices in the regions (KwaMhlanga, Evander, and Bushbuckridge) were always visited, and involved in the discussions of plans affecting their performance

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
<ul style="list-style-type: none"> Availability of a Complaints system Presentations Guidelines, policies and procedure Provincial Treasury circulars 	<ul style="list-style-type: none"> Availability of a Complaints system Presentations Guidelines, policies and procedure Provincial Treasury circulars 	<ul style="list-style-type: none"> Availability of a Complaints system through submissions in writing and website Make available guidelines, policies and circulars to institutions including in the intranet

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
<ul style="list-style-type: none"> Complaints are addressed through telephone, fax and electronic mail 	<ul style="list-style-type: none"> Addressing of all complaints received through telephone, fax and electronic mail 	<ul style="list-style-type: none"> No complaints were received

2.3 Organisational environment

The Department has an approved organogram with 433 posts which is currently under review in order to adequately respond to the Department's Legislative mandate, which focuses on the role of Treasury in the implementation of MFMA to delegated Municipalities. For the financial year under review, the organogram had an approved establishment of 339 posts after the *Persal* clean-up process, and 312 of these posts were filled, thus leaving the Department within the 10% benchmark as per the DPSA requirements. A provincial moratorium on the filling of vacant posts was implemented. Critical posts affected by the moratorium will be filled through a rationalisation process.

The organisational structure of the Department currently makes provision for four programmes. Programme 1 is responsible for the political, financial and administrative management of the department. The other three Programmes focus on the provincial treasury functions which are sustainable resource management, asset and liabilities management and financial governance. The Department operates in both the PFMA and MFMA environments. The review of the organisational structure will result in the Department gaining a fifth Programme that is especially dedicated to municipal support and ensure that the Department is correctly positioned in order to provide maximum value to its clients.

The functions of the Treasury programmes are specialised and depend on skilled resources to ensure the delivery of services. The staff turnover experienced during this reporting period was a major challenge. Although the recruitment of personnel by other Departments and Provinces is not unique to the Department, it has negative implications to the overall operations of the Department. In order to address the challenges relating to the high staff turnover rate, the Department will intensify its implementation of the retention strategy.

2.4 Key policy developments and legislative changes

In line with the Back to Basics Programme the Department of Finance (Provincial Treasury) has been allocated Object 6 which deals with financial matters – financial viability and audit outcomes amongst others.

The Programme is aimed at setting clear benchmarks of performance to ensure that municipalities perform their basic responsibilities, every day without fail, responding vigorously to immediate crises, responding to structural challenges, continue to build resilient local government institutions and constructing rigorous systems of intergovernmental relations, planning and delivery.

In responding to this programme the Department of Finance (Provincial Treasury) must ensure that all municipalities have the following in place:

- Functional financial management systems
- Rigorous internal controls

- Cut wasteful expenditure
- SCM structures and controls with appropriate oversight
- Cash backed budgets
- Address post audit action plans and act decisively against fraud and corruption.

3 STRATEGIC OUTCOME ORIENTED GOALS

Strategic Goals	Progress towards achievement of goals
Administrative Support Services	Provided prompt, continuous, effective and efficient administrative support to all line functions in the Department.
Maintain fiscal discipline in the Province	Provided quality advice and support on Provincial and Municipal Fiscal policy, Budget and expenditure management and economic impact of Provincial public policy and expenditure and Infrastructure Co-ordination.
Assets and Liabilities support	Monitored and supported the implementation of Transversal Systems, Information Technology Services, Assets, Liabilities, Public Private Partnerships and Provincial Supply Chain management in Departments, Public Entities and Municipalities, to reach full PFMA compliance.
Efficient and effective financial and corporate governance	Provided support to ensure efficient and effective financial and corporate governance in the Province in line with legislation.

The Department of Finance is not directly contributing to the achievements of the 12 outcomes as announced by the Department of Performance Monitoring and Evaluation but is supporting the lead departments in term of the achievement of planned targets. The Department's goals focus on the achievement of the National Development Plan (NDP) pillars of building a capable state and promoting of accountability.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

The Programme is responsible for political, financial and administrative management of the Department. The Programme provides effective and efficient administrative support to all line functions in the Department.

The sub-programmes are:

- Office of the MEC
- Management Services: Office of the HOD
- Financial Management: Office of the Chief Financial Officer; and
- Internal Audit

Strategic Objectives of Programme 1:

- Provide policy and political directives in order to achieve provincial objectives
- Translate policies and priorities into strategies for effective service delivery
- Provide sound financial management services to the Department
- Provide efficient and effective internal audit services in the Department

Strategic objectives, performance indicators, planned targets and actual achievements

For the year under review, the Department through its Administration Programme embarked on a Departmental Policy clean-up and review process. Moving forward, this process will ensure that all Policies are reviewed in the last quarter of each financial year for implementation at the beginning of each financial year or as and when a need arises. The process also ensured alignment of Policies to reforms that took place within the course of the financial year.

Through regular management and executive committee meetings, both the Offices of the Executive Authority and Accounting Officer continued to provide strategic direction to ensure that the Department effectively and efficiently carries out its mandate. The year under review also saw a continuous improvement on the implementation of the Department's risk management strategy and improved compliance to the risk management framework which ensured that identified risks were steadily brought to be within acceptable and reasonable risk tolerance levels.

The Department continues to pride itself with an independent, effective and proactive internal audit function which ensures that all emerging issues are identified and addressed accordingly. Through the Office of the Chief Financial Officer, the Department ensured that there is maintenance of sound financial management. The Planning Unit continued to monitor activities to ensure that spending is in accordance with planned activities and ensuring that commitments are accordingly implemented.

Strategic objectives

Programme 1: Administration					
Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Provide policy and political directives in order to achieve provincial objectives	Priorities and strategic directives provided	Table 2 Provincial and 1 Departmental Budget and Policy Statement	2 Provincial and 1 Departmental Budget and Policy Statement Tabled	None	N/A
Translate policies and priorities into strategies for effective service delivery	Priorities and strategic directives implemented	Submit legislative reports on implementation of strategic priorities and directives	7 Legislative reports on implementation of strategic priorities and directives submitted	None	N/A
Provide sound financial management and supply chain management	Sound financial and supply chain management services provided	Provide reports on financial and governance compliance	14 reports on financial and governance compliance provided	None	N/A
Provide efficient and effective internal audit services in the Department	Internal audit plan implemented	Implement approved audit plan	Approved audit plan implemented	None	N/A

Provide reasons for all deviations

All planned targets were achieved

Performance indicators

Programme 1: Administration					
Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Sub-programme: Office of the MEC					
Number of Annual Reports tabled	1 Annual Reports tabled	1 Report	1 Report	None	N/A
Number of Appropriation Bills tabled	2 Documents	2 Documents	2 Documents	None	N/A
Number of Budget and Policy Statements tabled	1 Statement	1 Statement	1 Statement	None	N/A
Sub-programme: Management Services: Office of the HOD					
Number of performance reports submitted	4 reports	4 reports	4 reports	None	N/A
Number of Annual Reports submitted	1 report	1 report	1 report	None	N/A
Number of Annual Performance Plans submitted	1 Plan	1 Plan	1 Plan	None	N/A
Number of risk registers compiled, approved and evaluated	1 Register	1 Register	1 Register	None	N/A
	N/A	4 Evaluation reports	4 Evaluation reports	None	N/A
Sub-programme: Financial Management: Office of the CFO					
Number of financial reports submitted in compliance with relevant legislations	12 In-Year-Monitoring reports	12 In-Year-Monitoring reports	12 In-Year-Monitoring reports	None	N/A
	1 Set of Annual Financial Statements	1 Set of Annual Financial Statements	1 Set of Annual Financial Statements	None	N/A
Number of budget documents submitted in compliance with prescripts	2 Documents	2 Documents	2 Documents	None	N/A
Percentage of suppliers paid within 30 days of receipt of valid invoices	100%	100%	100%	None	N/A
Sub-programme: Internal Audit					
Number of quarterly progress reports submitted on implementation of the Audit Plan	4 reports	4 reports	4 reports	None	N/A

Provide reasons for all deviations

All planned targets were achieved.

Strategy to overcome areas of under performance

There were no areas of underperformance.

Changes to planned targets

There were no changes to planned targets during the year.

Linking performance with budgets

The Programme has spent R 76,153 million or 98.8 percent of the allocated budget of R 77,044 million. The underspending is mainly on goods and services due to unutilized training budget and cost of travelling being lower than anticipated.

Sub-programme expenditure

Sub- Programme Name	2013/2014			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Member of Executive Council	6 315	6 319	(4)	1 812	1 548	264
Management Services	29 513	29 221	292	30 431	29 968	463
Financial Management	35156	34 527	629	41 141	41 123	18
Internal Audit	3 768	3 612	156	3 660	3 514	146
Total	74 777	73 704	1 073	77 044	76 153	891

4.2 Programme 2: Sustainable Resource Management

The Programme exists to promote optimal and effective provincial resource allocation and utilization, efficient provincial budget management, accurate financial reporting on provincial revenue generation and maximization, provide quality and accurate socio-economic research reports to inform the provincial budget and planning process, promote efficient planning, implementation and management of infrastructure by provincial Departments and Municipalities, and provide technical support to delegated Municipalities on the implementation of the MFMA.

The sub-programmes are:

- Economic Analysis
- Provincial Administration Fiscal Discipline
- Budget and Expenditure Management
- Municipal Finance
- Infrastructure Co-ordination

Strategic Objectives of Programme 2:

- Conduct socio-economic research to inform the provincial budget and planning process
- Support provincial Votes and Public Entities to maximise and expand sustainable revenue generation and collection in the Province
- Promote effective and optimal financial resource allocation and expenditure management for provincial government

- Provide support and monitor municipalities on the implementation of the MFMA Promote provincial efficiency in financial planning and implementation of infrastructure in line with Infrastructure Delivery Management System (IDMS)

Strategic objectives, performance indicators, planned targets and actual achievements

The Department has introduced budget principles to guide how budgets should be configured so that cost containment is achieved upfront and funds are not appropriated to areas that are “non-core” in nature. Specific efficiencies are designed to improve spending and provision of services. In line with the budget process, Medium Term Expenditure Committee (MTEC) discussions were held. In order to assist Municipalities to compile credible budgets, the Department conducted the LGMTEC sessions. The Department supported and monitored the delivery of infrastructure by Provincial Departments and Public Entities. The Department assisted/supported Departments and municipalities with relevant socio-economic information and advice to inform the provincial and municipal planning and budget processes, including participation in training of IDP/LED managers.

Strategic objectives

Programme 2: Sustainable Resource Management					
Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Conduct socio-economic research to inform the provincial budget and planning process	Quality and accurate quarterly, bi-annual and annual economic research reports compiled	Compile quality and accurate quarterly, bi-annually and annual economic research reports	Compiled quality and accurate quarterly, bi-annual and annual economic research reports	None	N/A
Support provincial Votes and Public Entities to maximise and expand sustainable revenue generation and collection in the province	12 Votes supported and monitored in terms of revenue management	Provide support and monitor 12 Votes in terms of revenue management	12 Votes supported and monitored in terms of revenue management	None	N/A
Promote effective and optimal financial resource allocation and expenditure management for provincial government	13 Votes supported and monitored through budget and strategic plan guides and updating Votes about reforms	Provide support and monitor 13 Votes through budget and strategic plan guides and updating Votes about reforms	13 Votes supported and monitored through budget and strategic plan guides and updating Votes about reforms	None	N/A
Provide support and monitor Municipalities on the implementation of the MFMA	20 Municipalities supported and monitored on the implementation of MFMA	Provide support and monitor 20 municipalities on the implementation of the MFMA	20 Municipalities supported and monitored on the implementation of MFMA	None	N/A
Promote provincial efficiency and financial planning and implementation of infrastructure in line with Infrastructure Delivery Management System (IDMS)	7 Infrastructure Departments supported and monitored	Provide support and monitor 7 Infrastructure Departments and 3 District Municipalities	7 Infrastructure Departments and 3 District Municipalities supported and monitored	None	N/A

Provide reasons for all deviations

All planned targets were achieved.

Performance indicators

Programme 2: Sustainable Resource Management					
Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Sub-programme: Economic Analysis					
Number of Provincial Economic Review and Outlook (PERO) reports compiled and published	1 Report	1 Report	1 Report	None	N/A
Number of updated Socio-Economic Review and Outlook (SERO) reports completed and communicated	2 Reports	2 Reports	2 Reports	None	N/A
Number of updated Provincial Inflation/ Labour Bulletins completed	16 Bulletins	16 Bulletins	16 Bulletins	None	N/A
Number of Socio-Economic Outlook reports for Estimates of Provincial Revenue and Expenditure (EPRE) document compiled and tabled	1 Report	1 Report	1 Report	None	N/A
Number of economic research reports completed (in line with Government priorities)	4 Reports	4 Reports	4 Reports	None	N/A
Number of District Socio-Economic Review (SER) reports compiled	3 Reports	3 Reports	3 Reports	None	N/A
Number of updated Socio- Economic Profiles of Municipalities completed	42 Profiles	42 Profiles	42 Profiles	None	N/A
Sub-programme: Provincial Administration and Fiscal Discipline					
Number of Votes own revenue budgets analysed and feedback provided	12 Votes	12 Votes	12 Votes	None	N/A
Number of provincial tariff registers updated	1 Register	1 Register	1 Register	None	N/A

Programme 2: Sustainable Resource Management					
Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Number of consolidated revenue reports compiled	12 Reports	12 Reports	12 Reports	None	N/A
Number of Financial Statements on Provincial Revenue Fund prepared and submitted to the Auditor-General	1 Set	1 Set	1 Set	None	N/A
Sub-programme: Budget and Expenditure Management					
Number of Estimates of Provincial Revenue Expenditure documents compiled	2 Documents	2 Documents	2 Documents	None	N/A
Number of consolidated In-Year-Monitoring reports compiled and submitted	12 Consolidated reports	12 Consolidated reports	12 Consolidated reports	None	N/A
Number of consolidated non-financial reports compiled and submitted	4 Consolidated reports	4 Consolidated reports	4 Consolidated reports	None	N/A
Sub-programme: Municipal Finance					
Number of quarterly performance reports compiled, facilitate the tabling and published in terms of Legislation	4 Reports	4 Reports	4 Reports compiled, 3 reports tabled and 4 reports published	1 st Quarter report not tabled	Challenges in internal systems which resulted in not tabling of the 1 st Quarter report, those has since been resolved
Percentage of draft budgets analysed and feedback provided (21 out of 21)	100%	100%	100%	None	N/A
Number of LGMTEC co-ordinated engagements	2 Engagements	1 Engagement	1 Engagement	None	N/A
Number of municipalities assisted with data cleansing	6 Municipalities	6 Municipalities	6 Municipalities	None	N/A
Sub-programme: Infrastructure Co-ordination					
Percentage of Infrastructure Reporting Model analysis reports received and feedback provided	100%	100%	100%	None	N/A
Number of User Asset Management Plan (Infrastructure Plans)	14 Plans	6 Draft and 7 final plans	6 Draft and 7 final plans	None	N/A

Programme 2: Sustainable Resource Management					
Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
reviewed, feedback provided and submitted					

Provide reasons for all deviations

The underperformance in Municipal Finance unit is where 4 quarter reports were compiled and published but the 1st Quarter report was not tabled due to challenges experienced on the internal systems which has since been corrected.

Strategy to overcome areas of under performance

The challenges experienced on the internal systems have been corrected.

Changes to planned targets

There were no changes to planned targets during the year.

Linking performance with budgets

The Programme has spent R 44, 378 million or 99.0 percent of the allocated budget of R 44,830 million. The underspending is mainly on goods and services due to audit fees and cost of travelling being lower than anticipated.

Sub-programme expenditure

Sub- Programme Name	2013/2014			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	6 051	5 992	59	1 710	1 696	14
Economic Analysis	3 228	3 186	42	3 628	3 501	127
Provincial Administration Fiscal Discipline	4 627	4 586	41	4 626	4 531	95
Budget and Expenditure Management	7 976	7 825	151	8 762	8 644	118
Municipal Finance	19 816	19 754	62	22 517	22 486	31
Infrastructure Co-ordination	3 196	3 146	50	3 587	3 520	67
Total	44 894	44 489	405	44 830	44 378	452

4.3 Programme 3: Assets and Liabilities Management

The Programme is responsible for the monitoring of and support on Assets, Liabilities, Provincial Supply Chain Management, Public Private Partnerships, Transversal Systems and Information Technology Services as well as the provisioning of Information Technology infrastructure to Votes.

The sub-programmes are:

- Provincial Supply Chain Management
- Financial Asset Management

- Public Sector Liabilities
- Physical Asset Management
- Interlinked Financial Systems
- Information Technology

Strategic Objectives of Programme 3:

- Monitor and support the implementation of Supply Chain Management framework
- Identification of Public Private Partnership projects
- Provide support on financial assets
- Facilitate the management of public sector liabilities
- Monitor and support the management of provincial physical assets
- Support Votes on the utilisation of financial systems
- Provide Information Communication (ICT) services to votes

Strategic objectives, performance indicators, planned targets and actual achievements

The Programme is tasked with the responsibilities of ensuring that the Department provides support in terms of Outcome 9 and 12 of the Government in line with the National Development Plan and achieved the planned activities.

In accomplishing its mandate on Asset and Liabilities Management, the Programme monitored and supported 12 votes, 4 public entities and 20 delegated municipalities on audit implementation plans and 30 day payment of suppliers.

The Programme continues to work with departments, public entities and municipalities in raising awareness; educating and supporting the implementation of Public Private Partnership projects and register possible projects with National Treasury.

Controls are strengthened with governance practices and frameworks that are in place. Cyber fraud is monitored through fraud prevention systems, Safety Web and Luminet

Strategic objectives

Programme 3: Assets and Liabilities Management					
Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Monitor and support the implementation of Supply Chain Management framework	12 Votes, 20 delegated Municipalities and 4 Public Entities monitored and supported	Monitor and support 12 Votes, 21 Municipalities and 4 Public Entities	Monitored and supported 12 Votes, 21 Municipalities and 4 Public Entities	None	N/A
Identification of Public Private Partnership projects	Possible PPP projects in Votes and Municipalities were identified	Identify PPP projects in Votes and Municipalities	Identified possible PPP projects in Votes and Municipalities	None	N/A
Provide support on financial assets	12 Votes in terms of provincial financial assets monitored and supported	Support 12 Votes	Supported 12 Votes	None	N/A

Programme 3: Assets and Liabilities Management					
Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Facilitate the management of public sector liabilities	12 Votes, 20 delegated Municipalities and 4 Public Entities monitored and supported	Monitor and support 12 Votes, 21 Municipalities and 4 Public Entities	Monitored and supported 12 Votes, 21 Municipalities and 4 Public Entities	None	N/A
Monitor and support the management of provincial physical assets	12 Votes, 20 delegated Municipalities and 4 Public Entities monitored and supported	Monitor and support 12 Votes, 21 Municipalities and 4 Public Entities	Monitored and supported 12 Votes, 21 Municipalities and 4 Public Entities	None	N/A
Support Votes on the utilisation of financial systems	12 Votes supported	Support 12 Votes	Supported 12 Votes	None	N/A
Provide Information Communication (ICT) services to votes	Provided ICT services to 12 Votes	Provide ICT services to 12 Votes	Provided ICT services to 12 Votes	None	N/A

Provide reasons for all deviations

All planned targets were achieved

Performance indicators

Programme3: Assets and Liabilities Management					
Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Sub-programme: Supply Chain Management					
Number of reports compiled and issued to Votes, Municipalities and Public Entities on SCM frameworks	4 Reports	4 Reports	4 Reports	None	N/A
Percentage of procurement plans received, analyse and feedback provided	N/A	100%	100%	None	N/A
Number of reports issued on the utilisation of the e-procurement system	4 reports issued on the utilising of the electronic procurement system	4 Reports	4 Reports	None	N/A
Number of SCM and Asset Management practitioners from Votes, Public Entities and Municipalities enrolled in a certificate programme	25 Practitioners	25 Practitioners	25 Practitioners	None	N/A

Programme3: Assets and Liabilities Management					
Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
The percentage of remedial action plans received, monitored in Votes, Municipalities and Public Entities on FMCMM results and Audit Outcomes	12 Votes, 20 delegated Municipalities and 4 Public Entities	100% of remedial action plans received monitored	100% of remedial actions plans received for Votes, Public Entities and Municipalities monitored	None	N/A
Number of reports compiled on SCM – 30 day payment compliance	12 Reports	12 Reports	12 Reports	None	N/A
Number of PPP projects identified	2 PPP awareness sessions conducted	2 PPP Projects	3 PPP Projects	1 more project was identified	There were more requests received from stakeholders
Sub-programme: Financial Asset Management					
Percentage of transfers in line with approved appropriation	100%	100%	100%	None	N/A
Number of reports received, analysed, and feedback provided in terms of debt management	8 Reports	8 Reports	8 Reports	None	N/A
Sub-programme: Public Sector Liabilities					
Number of reports on compliance to liability management guidelines	24 reports on Votes, 20 reports on Municipalities and 4 reports on Public Entities compiled	48 Reports	48 Reports	None	N/A
The percentage of remedial action plans received, monitored in Votes, Municipalities and Public Entities on FMCMM results and Audit Outcomes	12 Votes, 20 delegated Municipalities and 4 Public Entities	100% of remedial actions on audit outcomes monitored	100% of remedial actions on audit outcomes monitored	None	N/A
		100% of remedial actions on FMCMM monitored	100% of remedial actions on FMCMM monitored	100%	N/A
Sub-programme: Physical Asset Management					
Number of Votes, Municipalities and Public Entities monitored on asset management governance	12 reports	12 Votes, 21 Municipalities and 4 Public Entities	12 Votes, 21 Municipalities and 4 Public Entities	None	N/A
Sub-programme: Interlinked Financial Systems					
Number of reports compiled and issued on Votes provided with business support on financial systems	4 reports	4 reports	4 reports	None	N/A
Number of training sessions conducted on financial systems	65 sessions	65 sessions	65 sessions	None	N/A
Number of Votes monitored on remedial actions pertaining financial systems on FMCMM results and audit outcomes	12 Votes	12 Votes	12 Votes	None	N/a
Sub-programme: Information Technology					

Programme3: Assets and Liabilities Management					
Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Percentage Up-time of ICT Network infrastructure	98%	95%	98%	Percentage Up-time was exceeded by 3%	The department has done maintenance and upgraded its systems which resulted in over achievement of the planned target
Percentage of calls responded to within 8 working hours	100%	100%	100%	None	N/A
Number of Votes and Municipalities supported on IT Governance Framework (FMCMM IT Audit outcomes, IT Risk Assessment)	12 Votes and 20 delegated Municipalities	12 Votes and 20 delegated Municipalities	12 Votes and 20 delegated Municipalities	None	N/A

Provide reasons for all deviations

Over achievement on planned targets in Supply Chain Management in terms of PPP identification was due to more need or interest expressed by stakeholders and Information Technology achieved 98 percent instead of 95 percent of up-time ICT Network infrastructure. This is mainly because the department has performed maintenance and upgraded its system which resulted in over achievement of the planned target.

Strategy to overcome areas of under performance

There were no areas of underperformance.

Changes to planned targets

There were no changes to planned targets during the year.

Linking performance with budgets

Strategic objectives are linked to the budget programme and sub-programmes and the Programme has spent R 112,136 million or 97.5 percent of the allocated budget of R 115,048 million. Although the Programme had underspend by R1,950 million on compensation of employees due to vacant posts that were not filled during the financial year, the sub-programmes still managed to fulfil their planned targets.

The underspending in Information Technology is mainly on goods and services due to delays in the renewal of licence fees. On the payment for capital assets, the underspending is mainly due to the budget that was reprioritised during the adjustment budget for the procurement of the storage area network device and the installation of infrastructure.

Sub-programme expenditure

Sub- Programme Name	2013/2014			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	1 950	1 842	108	1 666	1 589	77
Provincial Supply Chain Management	16 105	16 095	10	17 113	16 845	268
Financial Assets Management	2 618	2 578	40	2 852	2 736	116
Public Sector Liabilities	3 513	3 499	14	4 695	4 691	4
Physical Assets Management	4 496	4 481	15	4 714	4 693	21
Interlinked Financial Systems	11 480	11 414	66	11 644	11 590	54
Information Technology	66 190	66 127	63	72 364	69 992	2 372
Total	106 352	106 036	316	115 048	112 136	2 912

4.4 Programme 4: Financial Governance

This Programme serves to facilitate, monitor, support and provide professional advice to ensure good governance in the Province.

The sub-programmes are:

- Accounting Services
- Norms and Standards
- Risk Management
- Provincial Internal Audit

Strategic Objectives of Programme 4:

- Provide support and monitor public sector institutions in terms of accounting standards and legislation
- Promote accountability in public sector institutions through substantive reflection of financial activities
- Improve the systems of internal controls in public sector institutions
- Facilitate effective implementation of risk management processes
- Improve effectiveness of Internal Audit processes

Strategic objectives, performance indicators, planned targets and actual achievements

The Programme was in a position to achieve the majority of its planned targets during the year with two exceptions. In terms of the Financial Management Capability Maturity Model, only 6 Votes and 2 Public Entities submitted their completed questionnaire to the Department. Through continuous follow-up and one-on-one sessions, all votes and public entities have submitted the completed questionnaire by 13 May 2015. This tool is utilised through analysis of the results to assist public organisations to improve their internal control systems. The Risk Management Unit exceeded their annual target with regards to support provided to votes, public entities and municipalities due to the fact that more Risk management Committee invitations were received and attended to than planned.

Strategic objectives

Programme 4: Financial Governance					
Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Provide support and monitor public sector institutions in terms of accounting standards and legislation	Supported, trained, analysed and reviewed 12 Votes and 20 Municipalities and 4 Public Entities	12 Votes, 21 Municipalities and 4 Public Entities	12 Votes, 21 Municipalities and 4 Public Entities	None	N/A
Promote accountability in public sector institutions through substantive reflection of financial activities	1 set of consolidated Financial Statements compiled	1 set of consolidated Financial Statements for Votes and Public Entities	1 set of consolidated Financial Statements for Votes and Public Entities	None	N/A
Improve the systems of internal controls in public sector institutions	Assessed and monitored the implementation of Action Plans to address FMCMM and audit outcomes in 12 Votes, 20 Municipalities and 4 Public Entities	Facilitate the completion of FMCMM in 12 Votes and 4 Public Entities and issue 2 analysis reports	Facilitated the completion of FMCMM in 12 Votes and 4 Public Entities and issued 2 analysis reports	None	N/A
		Develop and issue 2 frameworks for action plans to address FMCMM results (Votes and Public Entities)	Developed and issued 2 frameworks for action plans to address FMCMM results (Votes and Public Entities)	None	N/A
		Develop and issue 3 frameworks for action plans to address audit findings (Votes, Municipalities and Public Entities)	Developed and issued 3 frameworks for action plans to address audit findings (Votes, Municipalities and Public Entities)	None	N/A
		Monitor implementation of Generic Good Practice Guidelines for filing and storage of documents in 21 Municipalities	Monitored implementation of Generic Good Practice Guidelines for filing and storage of documents in 21 Municipalities	None	N/A
Facilitate effective implementation of risk management processes	Guidance and support provided in 12 Votes, 6 Municipalities and 4 Public Entities on Enterprise Risk Management processes	Provide guidance and support to 12 Votes, 21 Municipalities and 4 Public Entities on Enterpriser Risk Management processes	12 Votes, 21 Municipalities and 4 Public Entities provided with guidance and supported on Enterpriser Risk Management processes	None	N/A
Improve effectiveness of Internal Audit processes	Guidance and support provided in 12 Votes, 20 Municipalities and 4 Public Entities on Internal Audit processes	12 votes, 21 Municipalities and 4 Public Entities	12 votes, 21 Municipalities and 4 Public Entities	None	N/A

Provide reasons for all deviations

All planned targets were achieved

Performance indicators

Programme 4: Financial Governance					
Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Sub-programme: Accounting Services					
Number of Votes, Municipalities and Public Entities supported in preparation of financial statements	12 Votes, 20 Municipalities and 4 Public Entities	12 Votes, 20 Municipalities and 4 Public Entities	12 Votes, 20 Municipalities and 4 Public Entities	None	N/A
Number of Votes trial balances analysed and feedback provided	12 Votes and 10 Municipalities	12 Votes trial balances	12 Votes trial balances	None	N/A
Number of Financial Statements (FS) received and reviewed for Votes and Municipalities	N/A	12 Financial Statements for Votes and 21 Financial Statements for Municipalities	12 Financial Statements for Votes and 11 Financial Statements for Municipalities	9 Municipalities did not submit their interim financial Statements	Non-compliance letters were written to the 9 Municipalities
Number of consolidated annual Financial Statements compiled for Votes and Public Entities	1 Set	1 Set	1 Set	None	N/A
Sub-programme: Norms and Standards					
Number of Votes and Public Entities completing the FMCMM	12 Votes and 4 Public Entities	12 Votes and 4 Public Entities	6 Votes and 2 Public Entities	Six Votes and two Public entities did not submit the completed FMCMM	Conducted one-on-one sessions with departments and Public Entities on how to complete the tool Non-compliance letters have been sent to affected entities.
Number of FMCMM analysis reports issued	N/A	2 Reports	2 Reports	None	N/A
Number of action plan frameworks developed, populated and issued for FMCMM results	N/A	2 Frameworks	2 Frameworks	None	N/A
Number of Action Plan frameworks for audit findings developed, populated and issued	N/A	3 Frameworks (Votes, Public Entities and Municipalities)	3 Frameworks (Votes, Public Entities and Municipalities)	None	N/A
Number of municipalities monitored on the implementation of the Generic Good Practice Guidelines for filing and storage of documents	N/A	21 Municipalities	21 Municipalities	None	N/A
Number of Votes monitored on fleet management in respect of the qualification criteria and adherence to Transport Policy	N/A	12 Votes	12 Votes	None	N/A
Sub-programme: Risk Management					
Number of Enterprise Risk Management (ERM) frameworks developed,	1 Enterprise Risk Management (ERM) framework	1 Enterprise Risk Management (ERM) framework	1 Enterprise Risk Management (ERM) framework	None	N/A

VOTE 3: DEPARTMENT OF FINANCE

Province of Mpumalanga

Programme 4: Financial Governance					
Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
reviewed, issued and implementation monitored	in 9 Departments, 2 Public Entities and 11 Municipalities	in 12 Departments, 4 Public Entities and 21 Municipalities	in 12 Departments, 4 Public Entities and 21 Municipalities		
Number of reports issued on monitoring implementation of the Provincial Risk management framework/ methodology(1) and guideline (1) on Risk management processes	N/A	12 reports issued for Departments, 4 for Public Entities and 21 for Municipalities	19 reports issued for Departments, 4 to Public Entities and 32 for Municipalities	Exceeded the target with 7 reports for Departments and 11 reports for municipalities	The unit evaluated more Departments and Municipalities due to the high number of Risk management Committee invitations received and meetings attended during the period under review
Number of Guidelines on Risk Management processes developed reviewed and issued	1 Guideline	1 Guideline reviewed and issued	1 Guideline reviewed and issued	None	N/A
Number of risk management awareness and assessment sessions conducted	12 sessions	21 Risk assessments	21 Risk assessments reports	None	N/A
Number of Strategic Support Plans issued on effective implementation of Risk Management	N/A	Strategic Support Plans: Departments 12	Strategic Support Plans: Departments 12	None	N/A
Sub-programme: Provincial Internal Audit					
Percentage of feedback reports issued on Internal Audit plans received	100% plans submitted	100% feedback reports	100% feedback reports	None	N/A
Number of feedback reports issued in terms of the functioning of Audit Committee	N/A	Votes 12, Municipalities: 21, Public Entities: 4	Votes 12, Municipalities: 21, Public Entities: 4	None	N/A
Number of reports issued on readiness of Quality Assurance Review	N/A	4 Reports	4 Reports	None	N/A

Provide reasons for all deviations

9 Municipalities did not submit their Interim Financial Statements on 28 February 2015, which was the time frame provided to them through a circular.

Challenges were experienced whereby six votes and two public entities did not submit the FMCMM questionnaire.

Over achievement on planned targets on Risk Management monitoring and implementation of the Provincial Risk management framework/ methodology (1) and guideline (1) on Risk management processes whereby more Departments (7) and Municipalities (11) was supported due to the high number of Risk management Committee invitations received and attended to during the quarters under review.

Strategy to overcome areas of under performance

The Unit will use the CFOs forum to discuss the importance of the mid-year reporting (Interim Financial Statements). The Unit will continue to issue a circular to guide Municipalities to prepare and submit the Interim Financial Statements to enable Provincial Treasury to review them and provide feedback and recommendations for improvements.

Several attempts by the Department such as reminders, follow-up letters and one-on-one sessions assisted with regard to the submission of the FMCMM. All votes and public entities have submitted the outstanding information on the FMCMM by 13 May 2015. In future, the FMCMM will be circulated earlier by the Department in order to ensure that institutions are afforded adequate time to complete the questionnaire. Follow-up will also be intensified and hands-on support provided to those institutions experiencing challenges.

Changes to planned targets

There were no changes to planned targets during the year.

Linking performance with budgets

The Programme has spent R 27,823 million or 96 percent of the allocated budget for the 2013/14 financial year and R32,086 (91.4 percent) of the allocated budget for 2014/15. The reason for the underspending in 2014/15 is due to travelling costs and audit fees being lower than anticipated. This did not impact on the deliverables as officials shared vehicles when attending to matters in municipalities and more stringent cost containment measures were followed. The reduction in audit fees also did not impact on service delivery as this was for statutory payments that had to be made to the Auditor-General South Africa. The budget that was initially allocated for the intervention at the Department of Health was later redirected to the intervention at Dipaliseng Local Municipality and this led to the late commencement of the project. The total amount allocated was committed as a Service Level Agreement was signed in the fourth quarter of 2014/15 and the project will be finalised by the end of May 2015.

Sub-programme expenditure

Sub- Programme Name	2013/2014			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	6 453	6 080	373	12 809	10 809	2000
Accounting Services	5 039	4 712	327	4 945	4 622	323
Norms and Standards	14 249	13 607	642	13 161	12 650	511
Risk Management	1 321	1 207	114	1 908	1 856	52
Provincial Internal Audit	1 920	1 917	3	2 279	2 149	130
Total	28 982	27 523	1 459	35 102	32 086	3 016

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
N/A				

5.2. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2014 to 31 March 2015

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Ehlanzeni District Municipality		Data cleansing	Yes	3 000		
Nkangala District Municipality		Data cleansing	Yes	3 000		
Mbombela Local Municipality		Licence fee	N/A	7		
PSETA		1 percent of training budget	N/A	146		
FASSET		1 percent of training budget	N/A	281		
SABC		Licence fee	N/A	2		
Total				6 436		

The table below reflects the transfer payments which were budgeted for in the period 1 April 2014 to 31 March 2015, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
N/A				

6. CONDITIONAL GRANTS

The Department did not receive or issue any conditional grants for the financial year.

7. DONOR FUNDS

The Department did not receive any donor funds for the financial year.

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

Infrastructure projects	2013/2014			2014/2015		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	5 061	4 877	184	4 417	3 070	1 347
Total	5 061	4 877	184	4 417	3 070	1 347

The underspending is mainly budget reprioritised during the adjustment budget for the procurement of the storage area network device and the installation of infrastructure network.



Part C: Governance



finance

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



Part C: Governance

1 INTRODUCTION

The Department has well established governance structures such as the Audit Committee and Risk Management Committee which are tasked with a responsibility to ensure that risks are managed, internal controls are adequate and effective and governance principles are implemented.

The Internal Audit Unit conducted an assessment of compliance with King III principles, and areas of improvement were noted for implementation by the management. The outcomes of Management Performance Assessment Tool (MPAT) evaluation which was conducted by the Department of Performance Monitoring and Evaluation in the Presidency were positive on the key performance areas of strategic planning, governance and accountability, human resource management and financial management. An MPAT remedial action plan was developed and approved to address issues raised during the evaluation

2 RISK MANAGEMENT

- The Department has an approved Risk Management Policy, Risk Management Committee Charter and Risk Management Strategy.
- Risk assessments are conducted annually for all programmes to identify risks that impact on the achievement of objectives. Progress made on identified risk areas are evaluated on a quarterly basis. The quarterly reviews would also identify new or emerging risks. Risk awareness workshops are conducted to create awareness of risk management to all levels in the Department.
- A Risk Management Committee that advises management on the overall system of risk management has been appointed. An external Chairperson was appointed during November 2013 to comply with the Provincial Risk Management Framework and to add value to risk management in the Department.
- The Audit Committee advises the Department on risk management and independently monitors the effectiveness of the system of risk management at Audit Committee meetings.
- The Department conducts quarterly risk evaluation sessions to monitor the management of risks. All programmes are required to include the action plans to address high risk areas in the annual performance plan.

3 FRAUD AND CORRUPTION

- The Department has an approved Fraud Prevention Policy and plan. Ongoing awareness sessions are conducted to raise awareness on the policy, plan and staff responsibilities to fraud prevention and reporting activities.
- An approved Whistle Blowing Policy is in place and cases of suspected fraud and corruption are reported via the National Toll Free Hotline. Investigations are conducted for all reported cases by the Department and reports sent to the Integrity Management Unit in the Office of the Premier. Reports of the Integrity Management Unit are a standing item on the Audit Committee agenda.
- The Department uses the Internal Audit Unit, Labour Relations or Security Management to investigate cases depending on their nature. The need for officials to make confidential disclosure about suspect fraud and corruption is promoted.
- Depending on the merit of each case, action is taken after advice from the Legal Services Unit or State Attorneys.

4 MINIMISING CONFLICT OF INTEREST

The Department continued to minimise potential conflict of interest by raising awareness amongst officials on the importance of disclosing their financial interests. Furthermore, officials are reminded on an annual basis on the requirement to seek permission before any remunerative work outside the employment of the public service is performed. The Department also has a system of monitoring officials doing business with Government. For the period under review, all SMS Members declared their financial interests through the e-disclosure system and all Officials in the Office of the Chief Financial Officer and officials who were granted permission to perform remunerative work outside their employment, also disclosed their interests in line with applicable prescripts and guidelines

5 CODE OF CONDUCT

The Department continued to raise awareness amongst officials on the Code of Conduct through awareness workshops, and including distributing the Code to newly appointed officials. This was followed by issuing of circulars to all staff on the importance of adherence to the Code of Conduct and the consequences of non-adherence.

During the period under review, there were no cases of breach of the Code of Conduct reported or experienced.

6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

In compliance with the Occupational Health and Safety Act, 1993 (Act No 85 of 1993), the Department appointed Occupational Health and Safety (OHS) representatives and they were trained accordingly. Occupational Health and Safety Committee was established to assist in monitoring compliance with the legislation. Awareness workshops on OHS were conducted to all officials. Ongoing inspections were conducted to identify occupational hazards and recommend remedial actions.

7 PORTFOLIO COMMITTEES

Meeting dates with Portfolio Committee:

- 22 July 2014 – Vote 3: Budget 2014/15;
- 21 August 2014 – Vote 3: 1st Quarter performance 2014/15;
- 6 November 2014 – Vote 3: Annual Report 2013/14, and
- 12 March 2015 – Vote 3: 2nd and 3rd Quarter performance 2014/15.

Resolutions	Response by the Department
1st Quarter Performance Report	
1. Itemise and determine if there was value for money for all payments made to PWC for the takeover of the Matikwane Hospital and submit a report to the Committee	The report was received from PWC on the technical advice. The Provincial Treasury hereby confirms that value for money was achieved and that an action list was compiled. The Provincial Treasury undertakes to present all reports that are submitted as annexures to the Honourable Members during the tabling of the resolutions of the House in order to provide explanations that may be required.
2. Ensure that draft plans for the User Asset Management from departments are submitted timeously; and steps taken against departments that do not comply; a progress report should be submitted to the committee by end of November 2014	The defaulting departments sent their UAMPs in July 2014. The departments were sent reminder letters. Provincial Treasury usually sends a programme of various submission dates aligned to DoRA for departments to comply with. Going forward a mechanism of sending reminders to departments at certain intervals will strengthen this area of work.
3. Compile SCM frameworks and risk assessment for each vote, public entity and municipality and submit such progress report to the Committee	There is a nationally legislated Supply Chain Management framework to which all departments, public entities and municipalities should comply with. All our stakeholders were trained on the frameworks. Currently the Provincial Treasury monitors compliance to the framework by all departments, public entities and municipalities. The Supply Chain Management framework clearly defines and determines how public institutions should conduct processes for procurement of goods and services. The risk or challenges in these areas are the non-compliance with the framework. The compliance is evidenced by the number of reports or requests for deviations, especially in departments; in the case of major challenges are the lack of and the undermining of proper procurement processes, including not using Bid Committees in line with the requirement of the Supply Chain Management framework. This is also evident in the number of issues raised by the Auditor General on supply chain management. The Going Back to Basics Programme is prioritising this area of work.
4. Ensure that it monitors all the municipal audit outcomes in order to ensure that the financial status is in order	Audit actions plans for municipalities were received and are monitored by the different Treasury Units on a day to day basis. The 2013/14 audit process will only be finalised by 30 November 2014. The plan is to table the outcomes at the Technical PCF where all municipalities are present and agreements can be reached on how to improve all the findings. Some improvements will be achieved as the Provincial Treasury has partnered with SASOL on development of Standard Operating Procedures, policies, job descriptions. SASOL made a presentation to the Executive Authority on 27 November 2014 and the necessary approvals were granted by the Executive Authority on the reorganization of phases in order to get the basics right.

Resolutions	Response by the Department
5. Analyse the Financial Management Capability Maturity Model results and submit the analysis report to the Committee	The FMCMM results have been analysed.
2nd Quarter Performance report	
1. The department should explain whether the over spending on Goods and Services, and Transfers and Subsidies won't result to Unauthorised Expenditure during the audit period?	The Department has received additional R10 million during the adjustment budget to cover the over spending on goods and services for the costs related to intervention at Department of Health. Funds were shifted on compensation of employees to cover the transfer and subsidies cost of leave gratuities.
2. How will the payment of Leave Gratuity which relate to the previous financial year affect the budget for Compensation of Employees in the current financial year?	The Department has utilised savings accumulated on vacant funded positions in order to defray the possible over-expenditure.
3. The department should inform the committee whether there are measures in place to fast track the procurement of Capital Assets?	Committees have worked extra- ordinary hours to fast-track their work and as a result computers and office furniture have been delivered according to plan, the budget has been utilised. During the tabling of the 1 st quarter report there was an acknowledgement that the committees were established quite late. The Executive Authority has already had strong discussion with the Accounting Officer never to delay establishment of the SCM committees. We are making a commitment once again that in future the committees will be appointed much earlier before 31 March of each financial year. Work is already underway to review Supply Chain committees prior to 31 March 2015 so that from 1 April 2015 all committees are in place and all procurement processes will be concluded timely and that service delivery is not compromised ever again.
4. The department should explain to the committee what influenced the 56% spending on Transfers and Subsidies and what impact will this overspending have on the performance of the subsequent quarter?	The 56% spending was due to R3 million to support Municipalities with data cleansing. This was a once off payment and was projected to be transferred as such.
5. The department should inform the committee whether there is a specific quarter/period where Capital Assets will be procured, and why?	The Capital Assets to be procured is planned for the 4 th quarter. The Economic Analysis renewal of the Rex Database license is in February/March and the printing of Provincial Economic Review and Outlook (PERO) document in March.
3rd Quarter Performance report	
1. Can the department clarify the meaning of "under capacitated" since the department's vacancy report as at 31 December 2014 does not reflect a vacant position for the Office of the HOD (management services).	On the approved organogram there is no structure for Risk Management however the Department had identified posts to capacitate the Risk Management Unit due to introduction of new legislations. The Department has since assigned a senior Manager and the entire Norms and Standards Unit to assist in performing the duties of Risk Management. Interviews were already held for a Risk Manager (Chief Risk Officer) on the 9 th March 2015. The position is planned to be filled from 1 April 2015.
2. Can the department inform the committee on whether the evaluation report has been finalised, given that the 31 January 2015 has passed?	The evaluation report was duly finalised. The Department has tabled the evaluation report to the Risk Management Committee which took place on Monday, 23 March 2015.
3. What are the measures that have been put in place to address the under-performance in the programme?	The Chairperson was already appointed and is an external person with vast experience in issues of risk management, audit committee issues, amongst others. The Risk Management official that has been recently appointed and is currently focusing on finalising the planned targets in terms of risk management to ensure all is achieved by the end of the financial year. All the policies that relate to risk management activities have been finalised and approved. Appointment of risk champions in the various directorates has been concluded. The Chair of the Risk Management Committee sits in the Audit Committee until such time that performance on Risk Matters has improved. On 27 March 2015, the Department of Finance will be training the risk champions. All the under-performance has been addressed accordingly however we must indicate that we have failed on raising awareness on risk management in a timeous manner.
4. Can the department brief the Committee on the challenges that lead to a slow procurement	This was as a result of late appointment of bid committees and non-responsiveness of bids requests. The improvements in the departmental business processes have been dealt with which ranged from being more organized and that we adhere to our schedule of meetings.

VOTE 3: DEPARTMENT OF FINANCE

Province of Mpumalanga

Resolutions	Response by the Department
process of office furniture and computer equipment as this seem to be a recurring matter?	We will also request the Executive Authority (EA) that in the performance agreements we include the performance in the various Committees of the department so that the procurement matters of the Department are not delayed. We can commit that the Department has since procured office furniture and computers as per the revised procurement plan. Our contract management in terms of exercising consequences towards service providers that delay in delivering according to the signed service level agreement.
5. Can the department give time lines when these vacant positions will be filled?	There is an immediate moratorium in the Province. The filling of posts will take a different form where over- supply in other votes will provide a database which will provide names of the officials that can be transferred to the Department of Finance.
6. The department should provide the committee with the status quo of data cleansing and explain why it has failed to properly budget for data cleansing in Thaba Chewu Municipality and how will the overspending on transfer and subsidies affect the performance of the 4 th quarter?	<p>The Department initially budgeted R3 million for data cleansing for Ehlanzeni District Municipality and only transferred R 2 688 000 before the adjustment budget. At this stage this was the amount requested by the Ehlanzeni district and SLA was concluded and signed as such. At a later stage Thaba Chewu Local Municipality requested assistance towards skills audit in order to respond to legal challenges raised by organized labour. The allocation of R312 000 was then re-prioritised towards assisting Thaba Chewu Local Municipality. During the adjustment budget an additional R3 million was identified for Nkangala District Municipality. However when the virements were made only R2 688 000 was provided additionally. This resulted to the overspending when the remaining budget of R312 000 was transferred to Ehlanzeni District Municipality. The Department has identified savings on COE to cover the overspending.</p> <p>It must be noted that the transfer was made to Ehlanzeni District Municipality in line with the District model and not directly to Thaba Chewu Local Municipality.</p>
7. What are the measures in place to ensure compliance from departments which are delaying with required information?	The required information has since been received and the reports were finalised. Follow-up letters to submit information has been sent and a meeting was held on 6 March 2015 with departments where discussions took place regarding the importance of submission of information as required. Escalation to the Provincial Management Committee (PMC) which is also assisting in ensuring compliance by departments. Tracking mechanisms taken to relevant cluster. An escalation mechanism has been introduced where matters are escalated to the Executing Authority of each Department. Executive Authority has directed the Department those regular sessions with Executive Authorities and not only discusses matters during the MTEC discussions. Regular presentations at the Executive Council on emerging issues that will impact on compliance. Provincial Treasury has presented to PMC – compliance matrix and also governance efficiencies in order to improve audit outcomes and eliminate audit findings around compliance and leadership issues on the dashboard of internal controls in departments. The escalation mechanism has also been escalated to the Local Sphere of Government. It can be confirmed that the Executive Authority for Finance convened district wide engagements and introduced the escalation mechanism at the Local sphere of Government. District model is also in place where Districts are at the centre of coordination.
8. What are the challenges that delays reports from being completed as evidence that remedial actions on audit outcomes were monitored. It is also important that the department set achievable targets	<p>Challenges have been the preparation as well as the submission of audit action plans/reports by municipalities during December month as the regulatory audit is concluded 30 November of each year. Once we miss working during December and January months as municipalities and the various units in the Provincial Treasury we often miss a great opportunity to do our work whilst the audit outcomes are still fresh in our minds. The finalization of audits is legislated hence it was not anticipated that some of the municipalities could delay in submission of remedial action plans. The audit reports were issued accordingly by the Auditor General's Office on 30 November 2014. The Provincial Treasury in realizing that this target is not always met due to matters beyond the control of the Provincial Treasury the matter was escalated to PMC. On 1-2 December 2014 a special technical PCF was convened in an effort to assist the municipalities and Provincial Treasury. 1 December 2014, Municipal Managers attended day one of session. 2 December 2014, Chief Financial Officers attended and presentations and agreements were reached on audit action plans, timeframe for submissions, internal audit plans, feedbacks and improvements in responsiveness, responsiveness towards risk management assessments and also Audit Committee guidance. During the district wide engagements convened by the Executive Authority on 11 December 2014 and 17 December 2014, it was emphasized that audit action plans are submitted to Provincial Treasury by 31 December 2014. Some municipalities delayed in submission of their plans for review. Escalation was put on test and it can be confirmed that the Provincial Treasury has received and reviewed all audit action plans. Provincial Treasury will continue to issue a circular to all Municipalities to submit action plans each year for review, in compliance with the MFMA, section 131(2), (a) and (b). We request that the Honourable Members allow the Provincial Treasury to retain this target .We believe that this target is achievable. What needs to be corrected is the commitment by municipalities to receive the support. If we adhere to the target it gives us 7 months of monitoring a remedial plan than to set a much relaxed target and not allow adequate time to clear the matters raised by the Auditor General in each municipality. IMSP – a value add document to enforce, and embrace the 2 spheres. The IMSP defines the scope and assigns targets to the Provincial Treasury, targets will be met as the work of Finance and Municipalities is clearly defined and all must demonstrate commitment to succeed.</p>

Resolutions	Response by the Department
9. Can the department indicate whether there is a form of enforcement or agreement with municipalities to ensure that action plans are submitted on time? Going forward the department should review this target and set clear and reasonable timeline	Provincial Treasury issues a circular to all Municipalities to submit action plans each year for review, in compliance with the MFMA, section 131(2), (a) and (b). Provincial Treasury circulars are personalized and later audited and as such form as a enforcement mechanism. An escalation mechanism has been introduced where non- compliance will be escalated to the Districts as well as Executive Mayors. This has been agreed during the district wide engagements that were convened per district and all local municipalities. A district model has also been adopted where the coordination work is done at a district level. A PCF MANCO has been established which is chaired by the Director General with Provincial Treasury, COGTA, MMs of Districts serving on the MANCO committee. Each District MM is accountable for performance of its locals. Provincial Treasury is responsible for object 6 which deals with audit outcomes and all financial matters in local government sphere of government. Value add service – IMSP agreement to assist one another.
10. What are the steps taken by the department in ensuring that MRTT submit the risk assessment report?	Reminder letters were sent to MRTT to submit the risk assessment report. We also wrote to the Parent department escalating the matter to the Accounting Officer. The officials have been tasked to visit the institution in order to assist with the assessment sessions. The Provincial Treasury has also introduced as a value add service assistance sessions that are geared towards assistance towards municipalities beyond circulars, more of a developmental approach that policing work.

8 SCOPA RESOLUTIONS

Feedback on SCOPA preliminary questions on the 2013 – 14 Financial Statements of the Department of Finance

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
1.	Clean Audit Opinion	What measures will the department put in place to ensure that it maintains the clean audit opinion?	The department compiled an action plan on all AG findings as well as internal audit findings. The action plan is monitored on a quarterly basis to ensure that all actions are implemented	Yes
2.	Clean Audit Opinion	What challenges does the department envisage that might hamper the achievement of clean audit opinion in the 2014/15 financial year?	The department is adhering to the plans put in place to ensure it maintain the clean audit but problems with filling of vacant post and especially that of the departments Risk Management Officer post might have an impact. A norm was developed to address the slow appointment of vacant posts, to ensuring monitoring of the process. The slow appointment of vacancies will contribute to underspending.	Yes
3.	Predetermined Objective	How is the department planning to assist departments and municipalities who are struggling with financial and performance information?	<ul style="list-style-type: none"> • There is a quarterly analysis on the performance information reported by departments. Provincial Treasury gives feedback on each department's performance. Departments are expected to respond to the recommendations given on the feedback (kindly note that performance information for municipalities is the department of COGTA) • Workshop officials to address capacity challenges relating to financial management. • Issue guidelines relating to financial reporting and performance information. • Discuss and guide municipalities on critical issues affecting financial reporting and performance information. • Attend audit steering committee meetings to resolve the queries raised during audit period. • Monitoring of the action plans to ensure corrective measures planned are implemented. • Use of information sharing forums to 	Yes

VOTE 3: DEPARTMENT OF FINANCE

Province of Mpumalanga

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			discuss challenges and resolve them.	
4.	Predetermined Objective	What are the steps taken by the department to enforce compliance to municipalities who did not submit their action plans for compliance assessment during the 2013/14 financial year?	<ul style="list-style-type: none"> All municipalities prepared and submitted the 2013/14 action plans. Department will monitor the action plans to ensure corrective measures planned are implemented. 	Yes
5.	Predetermined Objective	Does the department have a plan in place to assist municipalities to achieve clean audit opinion? If yes provide progress report	<ul style="list-style-type: none"> The Department developed action plan frameworks for audit findings and distributed the frameworks to all municipalities. Action plans have been submitted by all municipalities and the Department evaluates these plans to ensure that all matters raised in the AG management letter and audit report are included. Feedback reports on the evaluations performed are then submitted to the Municipal Managers. 	Yes
			<ul style="list-style-type: none"> The Department also partnered with SASOL to assist municipalities with basic procedures that are not in place to support monitoring activities. Standard Operating Procedures and job descriptions will be developed for all municipalities during the 2015/16 financial year. The following municipalities have been identified for site visits in order to perform a gap analysis (Phase 1) and this process should be finalized by end of March 2015: <ol style="list-style-type: none"> Umjindi Dipaleseng Mbombela Chief Albert Luthuli Nkomazi Dr Pixley Ka Isaka Seme Mkhondo Lekwa Dr JS Moroka Victor Khanye <p>The information gathered in phase 1 will be used to determine the best approach for the implementation of standardised processes and job descriptions throughout the province and the training of municipal representatives</p>	Yes
			<p>The following municipalities have been identified to be supported in terms of filing and safekeeping of documents:</p> <ol style="list-style-type: none"> Mkhondo Emalahleni Thaba Chweu Emakhazeni Msukaligwa 	Yes
			<p>The following municipalities have been identified to be monitored and supported in terms of Human Resource Management due to continuous non-compliance in this area:</p>	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			<ol style="list-style-type: none"> 1. Gert Sibande 2. Mkhondo 3. Govan Mbeki 4. Nkangala 5. Emalahleni 6. Emakhazeni 7. Thaba Chweu 8. Bushbuckridge 9. Nkomazi 	
			<p>The following municipalities will be monitored and supported in terms of Risk Management and Internal audit due to challenges experienced with governance matters:</p> <ol style="list-style-type: none"> 1. Chief Albert Luthuli 2. Dipaliseng 3. Victor Khanye 4. Dr JS Moroka 5. Emalahleni 6. Emakhazeni 7. Dr Pixley Ka Isaka Seme 8. Gert Sibande 	Yes
6.	Predetermined Objective	The Accounting Officer must indicate the potential challenges at municipalities, departments and public entities together with a plan on how to assist in addressing those challenges.	<ul style="list-style-type: none"> • Lack of qualified personnel: 1) Help the municipalities when they recruit with shortlisting of candidates.2) provided the necessary training if and when required. • Weak financial management. Deploy the municipal specialists to the municipalities. • Monitor the expenditure and advise the municipalities in time on challenges. 	Yes
			The Department analyses the results of the AG findings as well as the results of the Financial Management Capability Maturity Model and from those are able to identify areas where key challenges are experienced. These are then included in the remedial action plans and received focus attention from the various Programmes in the Departments.	Yes
7.	Human resource management	Can the Accounting Officer explain whether the department does have enough capacity to support departments and municipalities in monitoring expenditure and performance?	<p>There are 18 officials in the Municipal Finance Unit .These officials are allocated to districts. Each district is headed by 2 managers and the rest are assistant managers.</p> <p>There are 10 officials allocated to help departments with monitoring of expenditure. Officials are allocated a minimum of one departments. There are officials allocated two departments and they give constant feedback.</p>	Yes
8.	Human Resource Management	What steps have been taken by the Accounting Officer to ensure that there is a Treasury specialist in each municipality?	Currently they are 5 Municipal specialists distributed as follows 2 at Ehlanzeni District, 2 at Gert Sibande District and 1 at Nkangala District .The department cannot at this stage afford a specialist per municipality .The specialists visit the municipalities within the district they are located and help the municipalities with their challenges .The department is in a process of appointing more specialists so that they are 3 specialists per district.	Yes
9.	Information Technology	What are the measures	Ensure that all service request forms are	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		in place to prevent unauthorized access to application systems?	fully completed and signed by all relevant parties without compromise. Monitoring of control measures will be enhanced and evidence of such will be filed.	
10.	Information Technology	Why did the accounting office failed to ensure that strict access control policies and procedure are being implemented?	<ul style="list-style-type: none"> IT Security awareness workshops have been integrated with the Interlinked Financial Systems training to target high risk system users. A separate test environment is established for testing of patches before deployment and evidence of such testing is maintained. Management will ensure that network security controls are in place, adequate remediation plans are formalized, reviewed and actioned by SITA as responsible for the Government Wide Area Network. A firewall has been installed and configurations have been corrected as recommended by the auditors and in accordance with best practices. 	Yes
11.	Information Technology	The Accounting Officer should provide the committee with a plan of addressing the 3 IT challenges to ensure that they do not recur in the next financial years.	<p>Business Continuity Plan and Disaster Recovery Plan have been developed and sent for inputs. Plans will also be sent for approval by 28 February 2015</p> <p>Ensure the provision of continuous monitoring and support on the implementation of control measures and maintenance of proof thereof.</p>	<p>Yes</p> <p>Yes</p>

9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
N/A	N/A	N/A

10. INTERNAL CONTROL UNIT

The Department does not have an Internal Control Unit, but has an Internal Audit Unit that conducts its work in accordance with an approved Internal Audit Plan, that is based on the risk assessment conducted.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the Internal Audit

The Internal Audit Unit conducts its activities as per the approved Internal Audit Plan that is based on the risk assessment and approved by the Audit Committee. The Internal Audit Unit derives its mandate from the Internal Audit Charter.

The Internal Audit Unit exists to provide assurance and consulting activity to the department so as to add value and improve operation to achieve the Departmental strategic goals and objectives.

Summary of audit work done

The Internal Audit Unit reports quarterly to the Audit Committee on the progress of work conducted in accordance with the approved Internal Audit Plan.

The following internal audit work was completed during the year under review:

- Performance Information and Financial Statement Reviews;
- Revenue Fund Financial Statements Review;
- Regional Offices Reviews;
- Control Environment;
- Quarterly Key Controls Review;
- Payroll Verification;
- Provincial Asset Management;
- Information Technology and Interlinked Financial Systems;
- Financial and Supply Chain Management; and
- Asset Management.

Key activities and objectives of the Audit Committee;

The Audit Committee fulfils a vital role in corporate governance to ensure the integrity of integrated reporting and internal financial controls and the identification and management of risk. The Audit Committee assists Management in carrying out its responsibilities as they relate to the Department in terms of financial, Management and other reporting practices; internal controls and Management of risks as well as the compliance with laws, regulations and ethics.

The table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr Kingsley Chisale	ACCA CIA BCOM CFE	External	N/A	27/10/2008	N/A	5
Ms Nontle Jaxa	B Com Acc B Compt Hons MBA	External	N/A	27/10/2008	N/A	3
Mr Hangalakani Hlomane	BSc: Maths Sciences Masters: IT	External	N/A	01/11/2013	N/A	4
Mr Sam Mthembu	FAP(IAC)SA BCom (Accounting) MBL	External	N/A	01/11/2013	N/A	4

12. AUDIT COMMITTEE REPORT

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2015.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities as prescribed by section 38(1) (a) of the Public Finance Management Act 1999, (Act No. 1 of 1999) (PFMA) and Treasury Regulation (TR) 3.1. The Audit Committee has for the period under review adopted a formal terms of reference by way of the Audit Committee Charter, has regulated its affairs in compliance with the charter and has discharged all of its responsibilities as contained therein.

The Effectiveness of Internal Control Systems

We are confident that the system of internal control applied by the Department over financial risk and risk management is effective, efficient and transparent in most respects. In line with the PFMA and King III Report on Corporate Governance requirements, Internal Audit provided the Audit Committee and Management with assurance whether internal controls are adequate and effective. This was achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the control processes.

The following internal audit work was completed during the year under review:

- Performance Information and Financial Statement Reviews;
- Revenue Fund Financial Statements Review;
- Regional Offices Reviews;
- Control Environment;
- Quarterly Key Controls Review;
- Payroll Verification;
- Provincial Asset Management;
- Information Technology and Interlinked Financial Systems;
- Financial and Supply Chain Management; and
- Asset Management.

The following were areas of concern:

- Vacancy of the Chief Financial Officer;
- Performance Management and development system effectiveness;
- Performance of Departmental Committees;
- Capacitation of the Risk Management Unit;
- DPSA framework for IT Governance compliance;
- Availability of bid documents at Regional Offices;
- Utilisation of the Intenda Proquote system;
- Irregular expenditure and payment after 30 days;
- Delay to finalize advertised bids;
- Turnaround time for purchasing and delivery of goods and services;
- Lack of asset replacement and maintenance plans;
- Assets incorrectly captured on the asset register; and
- Movement of assets without following proper procedures.

From the various reports of the Internal Auditors, it was noted that some matters were reported indicating deficiencies to the system of internal control. In order to address deficiencies noted, Management is required to compile comprehensive action plans. The Audit Committee will monitor progress made in implementing the action plans developed and implemented by management.

Risk Management

Reports on the risk management processes were presented during the quarterly meetings of the Audit Committee. The Internal Audit unit provided assurance on the adequacy and effectiveness of the risk

management processes based on the audits executed. The Audit Committee is concerned on the delay to finalize the permanent appointment of the Chief Risk Officer and other key critical vacant positions caused by the moratorium. The risk management unit did experience capacity constraints during the financial year, however the risk process of the department was mostly effective. There were no material incidents or losses attributable to the failure of risk management in the department.

In-Year Management and Monthly and Quarterly Reports

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Department as required by the PFMA.

Evaluation of Financial Statements

The Audit Committee has:

Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the Auditor-General and the Accounting Officer;

Reviewed the Auditor-General's Management Report and managements responses thereto;

Reviewed that there are no changes to the accounting policies and practices;

Reviewed the Department's compliance with legal and regulatory provisions;

Reviewed the information on predetermined objectives to be included in the Annual Report.

Reviewed the internal audit report on the midterm interim financial statements and is satisfied that management has addressed issues raised.

Independence of the Audit Committee

The Audit Committee is independent of management in the execution of its duties.

Internal Audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Department in its audits.

Auditor-General's Report

We have reviewed the Department's implementation plan for audit issues raised in the prior-year audit report and we are satisfied that the matters have been adequately resolved.

The Audit Committee concurs and accepts the Auditor-General's conclusion on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted when read together with the report of the Auditor-General. The Audit Committee recommend that the Annual Financial Statements be approved at the meeting of 23 July 2015.

Appreciation

The Audit Committee appreciates the assistance and cooperation of management in assisting it in the discharge of its responsibility.



Kingsley Juliano Chisale
Chairperson of the Audit Committee
Mpumalanga Department of Finance
31 July 2015

“...ensure that the shrinking budgets do not adversely affect the progressive plans to improve financial performance and accountability in all institutions in the Province.”

- MEC SE Kholwane



Part D: Human Resource Management





Part D: Human Resource Management

1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

The status of human resources in the department:

The Department will continue to: - Provide human resource and support services to enable it to achieve its objectives; Implement human resource and employment equity plan; Implement skills development programmes to improve operational efficiency and employment opportunities and also address skills gaps as informed by performance management assessments; provide labour advice to promote sound employee/employer relations; and promote health and wellness and support programmes

Human resource priorities for the year under review and the impact of these:

Human resource priorities	The impact of these.
Attracting and recruiting the best and skilled employees	Recruitment of competent personnel
Retaining and developing a modern responsive and professional workforce	Reduced number of personnel turnover. Compliance to EE Act
Ensure proper implementation of exit questionnaire	Effective exit questionnaire.
Provision of accurate HR information.	Correct details on PERSAL.
Proper management of sick leave	Record and manage attendance registers.
Entrench and instill discipline and implement the code of conduct.	Well behaved and disciplined officials.
Ensure capacity building for all employees	Approved Workplace Skills Plan (WSP).
Proper management and implementation of Performance Management & Development.	Compliance to PMDS policy. Workplace productivity and employment opportunities
Management of Employee Health and Wellness programme	Healthy and productive workforce

Workforce planning and key strategies to attract and recruit a skilled and capable workforce:

Attracting and recruiting the skilled employees

Approach:

Identification of critical generic and functional competencies for Senior Management, Middle Management and Operational staff members. To ensure the eradication of barriers, identify EE gaps and set numeric and time bound objectives in the Department and address an over and undersupply of persons from designated groups. Advertise and fill vacant funded posts. Replace vacant funded posts as and when a need arises.

Employee performance management:

The Department managed to pay performance incentives and pay progression to all eligible officials at Salary level 1-12. Senior Management members at Salary level 13 and 14 were not assessed accordingly.

Employee wellness programmes:

The Employee Health and Wellness Unit has established the Employee Health and Wellness Committee that deals with the planning of Mainstreaming of the Four Pillars of the National Frame Work on Employee Health and Wellness Programme e.g. The Mainstreaming of HIV/AIDS and TB Management, Health and Productivity Management, Wellness Management and Safety Health Environment and Quality Management, Monitoring and Evaluation and the implementation through monthly report and the use of the M & E tool.

The Department conducted the following Health and Wellness workshops and activities.

- 1 Health Screening on HIV/AIDS, High bold pressure, sugar diabetes and Body Mass index;
- 1 Candle Light Memorial;
- 16 support Group Session;
- 1 World Aids Day Commemoration;
- 1 Women's Health Month event;
- 1 Work Life balance Session for all the employees who is about to retire;
- 1 Workshop on HIV/AIDS and STI;
- 2 Workshop on OHS and Demonstration on Evacuation Drill;
- 1 Physical Health and Wellness Day;
- One on One Session with the Affected employees and Referrals were coordinated;
- 1 workshop on Financial Matters;

Highlight achievements and challenges faced by the department, as well as future human resource plans /goals:

The age of the workforce is balanced and there is stability in the Department. Employment of female officials is high. The PERSAL clean-up process improved data integrity and the reduced vacancy rate is at 8% and within the applicable 10% benchmark. Approved training programme for 2014/15 was achieved 100%. One official was retained. Nine (9) exit interviews conducted. Three misconduct cases were finalized. Two grievances resolved. Eleven (11) Health and wellness workshops conducted. All eligible officials at salary level 1-12 were assessed and those qualifying were paid accordingly. SMS members from Salary Level 13-14 were not assessed. Abuse of sick leave was reduced by 0,8%.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2014 and 31 March 2015

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	76 155	42 586	255	2 350	56	335
Sustainable Resource Management	44 378	32 066	208	0	72	668
Assets & Liabilities Management	112 135	48 258	1 138	263	43	412
Financial Governance	32 086	17 780	191	10 847	55	508
Total as on Financial Systems (BAS)	264 754	140 690	1 792	13 460	53	430

Table 3.1.2 Personnel costs by salary band for the period 1 April 2014 and 31 March 2015

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	2 316	1.6	18	129
Skilled (Levels 3-5)	5 694	4.0	34	167
Highly skilled production (Levels 6-8)	29 525	20.7	98	301
Highly skilled supervision (Levels 9-12)	78 707	55.2	142	554
Senior management (Levels 13-16)	20 879	14.6	20	1 044
Contract (Levels 1-2)	1 741	1.2	14	124
Contract (Levels 9-12)	778	0.5	1	778
Abnormal Appointment	3 000	2.1	7	429
TOTAL	142 640	99.9	334	427

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2014 and 31 March 2015

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	32 199	70	230	0.5	1 199	2.6	1 957	4.3
Sustainable Resource Management	22 685	63.7	8	0	557	1.6	690	1.9
Assets & Liabilities Management	36 820	70.5	344	0.7	835	1.6	1 507	2.9
Financial Governance	13 816	70.7	7	0	319	1.6	542	2.8
TOTAL	105 520	68.8	589	0.4	2 910	1.9	4 696	3.1

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2014 and 31 March 2015

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	1 513	65.2	0	0	199	8.6	229	9.9
Skilled (Levels 3-5)	3 974	69.1	23	0.4	354	6.2	410	7.1
Highly skilled production (Levels 6-8)	20 672	67.6	338	1.1	1 031	3.4	1 645	5.4
Highly skilled supervision (Levels 9-12)	59 305	68.9	228	0.3	1 002	1.2	2 198	2.6
Senior management (Levels 13-16)	17 572	78.4	0	0	324	1.4	214	1
Contract (Levels 1-2)	1 741	99.5	0	0	0	0	0	0
Contract (Levels 9-12)	743	88.6	0	0	0	0	0	0
Abnormal Appointment	0	0	0	0	0	0	0	0
TOTAL	105 520	68.8	589	0.4	2 910	1.9	4 696	3.1

3.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2015

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Pr1 administration, Permanent	127	127	0	0
Pr2 sustainable resource management, Permanent	48	48	0	0
Pr3 assets and liabilities management, Permanent	117	117	0	0
Pr4 financial governance, Permanent	35	35	0	0
TOTAL	327	327	0	0

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2015

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2), Permanent	19	19	0	0
Skilled (Levels 3-5), Permanent	34	34	0	0
Highly skilled production (Levels 6-8), Permanent	97	97	0	0
Highly skilled supervision (Levels 9-12), Permanent	142	142	0	0
Senior management (Levels 13-16), Permanent	20	20	0	0
Contract (Levels 1-2), Permanent	14	14	0	0
Contract (Levels 9-12), Permanent	1	1	0	0
TOTAL	327	327	0	0

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2015
This tables identifying critical position as per post captured on the PERSAL

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	57	57	0	0
Cleaners in offices workshops hospitals etc., Permanent	14	14	0	0
Communication and information related, Permanent	3	3	0	0
Computer system designers and analysts., Permanent	1	1	0	0
Engineering sciences related, Permanent	1	1	0	0
Finance and economics related, Permanent	35	35	0	0
Financial and related professionals, Permanent	44	44	0	0
Financial clerks and credit controllers, Permanent	4	4	0	0
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources clerks, Permanent	1	1	0	0
Human resources related, Permanent	9	9	0	0
Information technology related, Permanent	19	19	0	0
Legal related, Permanent	1	1	0	0
Light vehicle drivers, Permanent	1	1	0	0
Logistical support personnel, Permanent	29	29	0	0
Messengers porters and deliverers, Permanent	2	2	0	0
Other administrative policy and related officers, Permanent	1	1	0	0
Other information technology personnel., Permanent	8	8	0	0
Other occupations, Permanent	73	73	0	0
Risk management and security services, Permanent	1	1	0	0
Secretaries & other keyboard operating clerks, Permanent	16	16	0	0
Senior managers, Permanent	6	6	0	0
TOTAL	327	327	0	0

3.3. Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	3	3	100	0	0
Salary Level 13	16	16	100	0	0
Total	20	20	100	0	0

Table 3.3.2 SMS post information as on 30 September 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	3	3	100	0	0
Salary Level 13	19	16	84	3	16
Total	23	20	87	3	13

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2014 and 31 March 2015

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	3	0	0
Total	3	0	0

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within six months
N/A

Reasons for vacancies not filled within twelve months

A moratorium on the filling of all vacant posts across all Provincial Departments as per circular dated 13 March 2015 has been issued.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within six months

N/A

Reasons for vacancies not filled within six months

N/A

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within six months

N/A

Reasons for vacancies not filled within six months

N/A

3.4. Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2014 and 31 March 2015

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	19	0	0	0	0	0	0
Contract (Levels 1-2)	14	0	0	0	0	0	0
Contract (Levels 9-12)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	34	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	97	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	142	0	0	0	0	0	0
Senior Management Service Band A	13	0	0	0	0	0	0
Senior Management Service Band B	6	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
TOTAL	327	0	0	0	0	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2014 and 31 March 2015

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2014 and 31 March 2015

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Senior Managers	3	13	14	Retention strategy
Total number of employees whose salaries exceeded the level determined by job evaluation				3
Percentage of total employed				1.9%

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2014 and 31 March 2015

Gender	African	Asian	Coloured	White	Total
Female	2	0	0	0	2
Male	1	0	0	0	1
Total	3	0	0	0	3

Employees with a disability	0	0	0	0	0
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3.5. Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2014 and 31 March 2015

Salary band	Number of employees at beginning of period-1 April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2), Permanent	19	0	0	0
Skilled (Levels 3-5), Permanent	32	4	2	6.3
Highly skilled production (Levels 6-8), Permanent	98	2	2	2
Highly skilled supervision (Levels 9-12), Permanent	140	1	2	1.4
Senior Management Service Band A, Permanent	14	0	1	7.1
Senior Management Service Band B, Permanent	6	0	0	0
Senior Management Service Band C, Permanent	1	0	0	0
Senior Management Service Band D, Permanent	1	1	1	100
Contract (Levels 1-2), Permanent	30	3	18	60
Contract (Levels 9-12), Permanent	1	0	0	0
TOTAL	342	11	26	7.6

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2014 and 31 March 2015

Critical occupation	Number of employees at beginning of period-1 April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, Permanent	55	0	1	1.8
Agriculture related, Permanent	1	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	14	0	0	0
Communication and information related, Permanent	4	0	0	0
Computer system designers and analysts., Permanent	1	0	0	0
Engineering sciences related, Permanent	1	0	0	0
Finance and economics related, Permanent	54	3	19	35.2
Financial and related professionals, Permanent	43	1	0	0
Financial clerks and credit controllers, Permanent	4	0	0	0
Head of department/chief executive officer, Permanent	1	0	0	0
Human resources clerks, Permanent	1	0	0	0

Critical occupation	Number of employees at beginning of period-April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Human resources related, Permanent	8	1	0	0
Information technology related, Permanent	18	1	0	0
Library mail and related clerks, Permanent	1	0	0	0
Light vehicle drivers, Permanent	1	0	0	0
Logistical support personnel, Permanent	26	0	0	0
Messengers porters and deliverers, Permanent	2	0	0	0
Other administrative policy and related officers, Permanent	2	0	0	0
Other information technology personnel., Permanent	9	0	1	11.1
Other occupations, Permanent	77	1	4	5.2
Secretaries & other keyboard operating clerks, Permanent	13	4	1	7.7
Senior managers, Permanent	6	0	0	0
TOTAL	342	11	26	7.6

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2014 and 31 March 2015

Termination Type	Number	% of Total Resignations
Resignation, Permanent	8	30.8
Expiry of contract, Permanent	16	61.5
Transfers, Permanent	1	3.8
Dismissal-misconduct, Permanent	1	3.8
TOTAL	26	100
Total number of employees who left as a % of total employment	26	7.6

Table 3.5.4 Promotions by critical occupation for the period 1 April 2014 and 31 March 2015

Occupation	Employees 1 April 2014	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	55	1	1.8	41	74.5
Agriculture related	1	0	0	0	0
Cleaners in offices workshops hospitals etc.	14	0	0	3	21.4
Communication and information related	4	0	0	3	75
Computer system designers and analysts.	1	0	0	1	100

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Occupation	Employees 1 April 2014	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Engineering sciences related	1	0	0	0	0
Finance and economics related	54	0	0	19	35.2
Financial and related professionals	43	0	0	34	79.1
Financial clerks and credit controllers	4	0	0	2	50
Head of department/chief executive officer	1	0	0	0	0
Human resources clerks	1	0	0	1	100
Human resources related	8	0	0	4	50
Information technology related	18	1	5.6	14	77.8
Library mail and related clerks	1	0	0	0	0
Light vehicle drivers	1	0	0	0	0
Logistical support personnel	26	1	3.8	20	76.9
Messengers porters and deliverers	2	0	0	2	100
Other administrative policy and related officers	2	0	0	1	50
Other information technology personnel.	9	0	0	6	66.7
Other occupations	77	1	1.3	62	80.5
Secretaries & other keyboard operating clerks	13	0	0	9	69.2
Senior managers	6	0	0	1	16.7
TOTAL	342	4	1.2	223	65.2

Table 3.5.5 Promotions by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Employees 1 April 2014	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2), Permanent	19	0	0	7	36.8
Skilled (Levels 3-5), Permanent	32	0	0	24	75
Highly skilled production (Levels 6-8), Permanent	98	1	1	79	80.6
Highly skilled supervision (Levels 9-12), Permanent	140	3	2.1	113	80.7
Senior management (Levels 13-16), Permanent	22	0	0	0	0
Contract (Levels 1-2), Permanent	30	0	0	0	0
Contract (Levels 9-12), Permanent	1	0	0	0	0
TOTAL	342	4	1.2	223	65.2

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers, Permanent	2	0	1	0	4	0	0	0	7
Professionals, Permanent	62	2	0	8	45	0	0	4	121
Technicians and associate professionals, Permanent	36	0	1	0	48	0	1	0	86
Clerks, Permanent	6	0	0	0	15	0	0	0	21
Service and sales workers, Permanent	1	0	0	0	0	0	0	0	1
Plant and machine operators and assemblers, Permanent	1	0	0	0	0	0	0	0	1
Elementary occupations, Permanent	38	0	0	1	49	0	0	1	89
Other, Permanent	0	0	0	0	1	0	0	0	1
TOTAL	146	2	2	9	162	0	1	5	327
Employees with disabilities	4	0	1	1	2	0	0	0	8

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	0	1	0	0	0	1
Senior Management, Permanent	9	0	1	1	5	0	0	3	19
Professionally qualified and experienced specialists and mid-management, Permanent	72	1	1	7	60	0	0	1	142
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	39	1	0	0	55	0	1	1	97
Semi-skilled and discretionary decision making, Permanent	15	0	0	0	19	0	0	0	34
Unskilled and defined decision making, Permanent	1	0	0	0	18	0	0	0	19
Contract (Professionally qualified), Permanent	0	0	0	1	0	0	0	0	1
Contract (Unskilled), Permanent	10	0	0	0	4	0	0	0	14
TOTAL	146	2	2	9	162	0	1	5	327

Table 3.6.3 Recruitment for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	2	0	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making, Permanent	3	0	0	0	1	0	0	0	4
Contract (Unskilled), Permanent	3	0	0	0	0	0	0	0	3
TOTAL	9	0	0	0	2	0	0	0	11
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionally qualified and experienced specialists and mid-management, Permanent	59	1	0	5	50	0	0	1	116
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	27	1	0	0	51	0	1	0	80
Semi-skilled and discretionary decision making, Permanent	10	0	0	0	14	0	0	0	24
Unskilled and defined decision making, Permanent	0	0	0	0	7	0	0	0	7
TOTAL	96	2	0	5	122	0	1	1	227
Employees with disabilities	2	0	0	1	0	0	0	0	3

Table 3.6.5 Terminations for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	1	0	0	0	0	0	0	0	1
Senior Management, Permanent	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision making, Permanent	2	0	0	0	0	0	0	0	2
Contract (Unskilled), Permanent	6	0	0	0	12	0	0	0	18
TOTAL	12	0	0	0	14	0	0	0	26
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2014 to 31 March 2015

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Progressive discipline	2	0	0	0	1	0	0	0	3

Table 3.6.7 Skills development for the period 1 April 2014 to 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	9	0	1	2	6	0	0	2	20
Professionals	6	0	0	0	7	0	0	0	13
Technicians and associate professionals	20	0	0	0	16	0	0	0	36
Clerks	7	0	0	0	0	0	0	0	7

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	1	0	0	0	13	0	0	0	14
Total	43	0	1	2	42	0	0	2	90
Employees with disabilities	1	0	0	0	0	0	0	0	0

3.7. Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2015

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Head of Department	1	1	1	100
Salary Level 16	0	0	0	0
Salary Level 15	0	0	0	0
Salary Level 14	3	3	3	100
Salary Level 13	16	16	16	100
Total	20	20	20	100

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2015

Reasons
None

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2015

Reasons
None

3.8. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2014 to 31 March 2015

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
African, Female	126	160	78.8	1 058	8 396
African, Male	87	142	61.3	980	11 263
Asian					
Asian, Female	1	1	100	10	9 764
Asian, Male	0	1	0	0	0
Coloured					
Coloured, Female	0	0	0	0	0
Coloured, Male	1	2	50	31	31 170
White					
White, Female	1	5	20	7	7 495
White, Male	7	8	87.5	148	21 147
Employees with a disability	4	8	50	55	13 744
TOTAL	227	327	69.4	2 289	10 085

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2014 to 31 March 2015

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower skilled (Levels 1-2)	13	18	72.2	36	2 769	0.02
Skilled (Levels 3-5)	26	34	76.5	88	3 385	0.01
Highly skilled production (Levels 6-8)	76	98	77.6	478	6 289	0.26
Highly skilled supervision (Levels 9-12)	111	142	78.2	1 652	14 884	0.99
Contract (Levels 1-2)	0	14	0	0	0	0.00
Contract (Levels 9-12)	1	1	100	35	35 000	0.00
Abnormal Appointment	0	7	0	0	0	
TOTAL	227	314	72.3	2 289	10 085	1.28

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2014 to 31 March 2015
Are these all critical occupations

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	44	57	77.2	480	10 909
Cleaners in offices workshops hospitals etc.	12	14	85.7	34	2 833
Communication and information related	3	3	100	28	9 333
Computer system designers and analysts.	1	1	100	10	10 000
Engineering sciences related	0	1	0	0	0
Finance and economics related	15	35	42.9	163	10 867
Financial and related professionals	30	44	68.2	388	12 933
Financial clerks and credit controllers	3	4	75	27	9 000
Head of department/chief executive officer	0	1	0	0	0
Human resources clerks	1	1	100	7	7 000
Human resources related	4	9	44.4	77	19 250
Information technology related	13	19	68.4	153	11 769
Legal related	0	1	0	0	0
Light vehicle drivers	1	1	100	3	3 000
Logistical support personnel	21	28	75	146	6 952
Messengers porters and deliverers	2	2	100	6	3 000
Other administrative policy and related officers	0	1	0	0	0
Other information technology personnel.	6	8	75	60	10 000
Other occupations	60	73	82.2	641	10 684
Rank: Unknown	0	1	0	0	0
Risk management and security services	0	1	0	0	0
Secretaries & other keyboard operating clerks	10	16	62.5	62	6 200
Senior managers	1	6	16.7	4	4 000
TOTAL	227	327	69.4	2 289	10 085

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2014 to 31 March 2015

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	16	0	0	0	0
Band B	0	3	0	0	0	0
Band C	0	1	0	0	0	0
TOTAL	0	20	0	0	0	0

3.9. Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2014 and 31 March 2015

Salary band	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 foreign workers by major occupation for the period 1 April 2014 and 31 March 2015

Major occupation	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
Nil	0	0	0	0	0	0
Nil	0	0	0	0	0	0

3.10. Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	61	78.7	10	4.8	6	26
Skilled (Levels 3-5)	135	82.2	22	10.6	6	85
Highly skilled production (Levels 6-8)	475	87.2	69	33.3	7	486
Highly skilled supervision (Levels 9-12)	575	85.2	92	44.4	6	1 144
Senior management (Levels 13-16)	101	89.1	13	6.3	8	358
Contract (Levels 9-12)	2	0	1	0.5	2	5
TOTAL	1 349	85.5	207	100	7	2 104

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Highly skilled production (Levels 6-8)	18	100	3	42.9	6	21
Highly skilled supervision (Levels 9-12)	157	100	3	42.9	52	333
Senior management (Levels 13-16)	2	100	1	14.3	2	9
TOTAL	177	100	7	100	25	363

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days taken	Average per employee	Number of Employees using annual leave
Lower skilled (Levels 1-2)	389	22	18
Skilled (Levels 3-5)	703	22	32
Highly skilled production (Levels 6-8)	2 363	24	100
Highly skilled supervision (Levels 9-12)	3 488	24	147

Salary band	Total days taken	Average per employee	Number of Employees using annual leave
Senior management (Levels 13-16)	515	26	20
Contract (Levels 9-12)	27	27	1
TOTAL	7 485	24	318

Table 3.10.4 Capped leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2014
Lower skilled (Levels 1-2)	9	1	9	55
Skilled (Levels 3-5)	1	1	1	110
Highly skilled production (Levels 6-8)	10	2	5	72
Senior management (Levels 13-16)	9	1	9	38
TOTAL	29	5	6	70

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave payouts for the period 1 April 2014 and 31 March 2015

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Capped leave payouts on termination of service for 2014/15	56	1	56
Current leave payout on termination of service for 2014/15	96	5	19
TOTAL	152	6	25

3.11. HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Nil	Nil

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		iNkosi/Dr Musa Khumalo: Senior Manager: Corporate Services
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		Three (3) employees, Budget R 1,370, 000
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they	Yes		Ms JE Nel Mr JK Sithole (NEHAWU) Mr MK Sibanyoni (PSA)

Question	Yes	No	Details, if yes
represent.			Ms EY Mnisi (Health and Wellness) Mr BJ Hlatshwayo Mr TK Theledi Ms AS Mthombeni Mr MJ Rikhotso Mr MS Nkambule Mr RB Ndhlovu Ms YN Mkhabela Ms TT Thwala
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		HIV/AIDS and TB Management Policy, Health and Productivity Management Policy, Wellness Management Policy SHEQ Management Policy.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Awareness sessions , workshops and meetings of support groups
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		Positive response from officials in terms of testing for HIV/AIDS, sugar diabetics, high blood pressure ,cholesterol
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Progress reports are compiled and available for campaign held

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2014 and 31 March 2015

Total number of Collective agreements	None
--	-------------

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2014 and 31 March 2015

Total number of Disciplinary hearings finalised	03
--	-----------

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2014 and 31 March 2015

Type of misconduct	Number	% of total
Fraud	2	66,7
Unacceptable conduct	1	33,3
Total	3	100

Table 3.12.4 Grievances logged for the period 1 April 2014and 31 March 2015

Grievances	Number	% of Total
Number of grievances resolved	2	66,7
Number of grievances not resolved	1	33,3
Total number of grievances lodged	3	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2014 and 31 March 2015

Disputes	Number	% of Total
Number of disputes upheld	1	100
Number of disputes dismissed	0	0
Total number of disputes lodged	1	100

Table 3.12.6 Strike actions for the period 1 April 2014 and 31 March 2015

Total number of persons working days lost	Nil
Total costs working days lost	Nil
Amount recovered as a result of no work no pay (R'000)	Nil

Table 3.12.7 Precautionary suspensions for the period 1 April 2014 and 31 March 2015

Number of people suspended	1
Number of people who's suspension exceeded 30 days	1
Average number of days suspended	31 days
Cost of suspension(R'000)	R66

3.13. Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	8	0	6	0	14
	Male	12	0	10	0	22
Professionals	Female	7	0	10	0	17
	Male	6	0	5	0	11
Technicians and associate professionals	Female	15	0	8	0	23
	Male	20	0	13	0	33
Clerks	Female	9	0	5	0	14
	Male	7	0	4	0	11
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational category	Gender	Number of employees as at 1 April 2014	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Elementary occupations	Female	13	0	13	0	13
	Male	1	0	1	0	2
Sub Total	Female	52	0	42	0	94
	Male	46	0	33	0	79
Total		98	0	75	0	173

Table 3.13.2 Training provided for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	8	0	6	0	14
	Male	12	0	10	0	22
Professionals	Female	7	0	10	0	17
	Male	6	0	5	0	11
Technicians and associate professionals	Female	15	0	8	0	23
	Male	20	0	13	0	33
Clerks	Female	9	0	5	0	14
	Male	7	0	4	0	11
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	13	0	13	0	13
	Male	1	0	1	0	2
Sub Total	Female	52	0	42	0	94
	Male	46	0	33	0	79
Total		98	0	75	0	173

3.14. Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2014 and 31 March 2015

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	2	100
Permanent Disablement	0	0
Fatal	0	0
Total	2	100

3.15. Utilisation of Consultants

The following table relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2014 and 31 March 2015

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
N/A	N/A	N/A	N/A

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A	N/A	N/A	N/A

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2014 and 31 March 2015

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
N/A	N/A	N/A	N/A

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A	N/A	N/A	N/A

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2014 and 31 March 2015

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0

“Efforts were also made to support the Provincial Departments and Public Entities to improve in the area of financial governance.”

- MEC SE Kholwane



Part E: Financial Information



finance

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



Part E: Financial Information

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Report of the Auditor-General to the Mpumalanga Provincial Legislature on vote no. 3: Department of Finance

Introduction

1. I have audited the financial statements of the Department of Finance set out on pages 97 to 150, which comprise the appropriation statement, the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Finance as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the MCS and the requirements of the PFMA and DoRA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2015:
 - Programme 2: sustainable resource management, on pages 32 to 36
 - Programme 3: assets and liability management, on pages 36 to 41
 - Programme 4: financial governance, on pages 41 to 45
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 2: sustainable resource management
 - Programme 3: assets and liability management
 - Programme 4: financial governance

Additional matters

13. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

14. Refer to the annual performance report on pages 29 to 45 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

15. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of the sustainable resource management programme and the assets and liabilities management programme. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

16. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

17. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Mbombela

31 July 2015



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Appropriation per programme									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	76 229	-	500	76 729	75 838	891	98.8%	73 017	71 944
2. Sustainable Resources Management	45 330	-	(500)	44 830	44 378	452	99.0%	44 894	44 489
3. Asset and Liabilities Management	115 048	-	-	115 048	112 136	2 912	97.5%	106 352	106 036
4. Financial Governance	35 102	-	-	35 102	32 086	3 016	91.4%	28 982	27 523
		-	-						
Subtotal	271 709	--	-	271 709	264 438	7 271	97.3%	253 245	249 992
Statutory Appropriation	315	-	-	315	315	-	100.0%	1 735	1 735
Members' remuneration	315	-	-	315	315	-	100.0%	1 735	1 735
TOTAL	272 024	-	-	272 024	264 753	7 271	97.3%	254 980	251 727

	2014/15			2013/14	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
TOTAL (brought forward)	272 024	264 753		254 980	251 727
Reconciliation with statement of financial performance					
ADD					
Departmental receipts	81 936			52 850	
Aid assistance	-			25	
Actual amounts per statement of financial performance (total revenue)	353 960			307 855	
ADD					
Aid assistance		-			25
Actual amounts per statement of financial performance (total expenditure)		264 753			251 752

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Appropriation per economic classification									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	260 890	(4)	-	260 886	255 033	5 853	97.8%	246 049	242 990
Compensation of employees	141 891	-	-	141 891	140 690	1 201	99.2%	135 967	135 842
Salaries and wages	124 580	24	-	124 604	123 723	881	99.3%	109 219	109 026
Social contributions	17 311	(24)	-	17 287	16 967	320	98.1%	26 748	26 816
Goods and services	118 999	(4)	-	118 995	114 343	4 652	96.1%	110 082	107 149
Administrative fees	646	(50)	(2)	594	482	112	81.1%	825	738
Advertising	1 556	74	-	1 630	1 605	25	98.5%	1 573	1 387
Minor assets	181	323	-	504	487	17	96.6%	1 227	1 088
Audit costs: External	6 297	(974)	(200)	5 123	5009	114	97.8%	5 248	5 069
Catering: Departmental activities	1 174	(222)	-	952	895	57	94.0%	1 286	1 100
Communication	3 612	13	502	4 127	4 151	(24)	100.6%	4 015	4 385
Computer services	56 308	(987)	-	55 321	54 237	1 084	98.0%	50 825	50 833
Consultants: Business and advisory services	16 056	(571)	-	15 485	13 462	2 023	86.9%	9 255	7 718
Legal services	40	18	-	58	57	1	98.3%	2	152
Contractors	336	556	-	892	922	(30)	104.3%	333	656
Agency and support / outsourced services	461	(461)	-	-	-	-	-	-	-
Fleet services	1 236	33	-	1 269	1 269	-	100.0%	1 616	1 527
Consumable supplies	858	556	-	1 414	1 397	17	98.8%	903	893
Consumable: Stationery, printing and office supplies	1 958	(101)	-	1 857	1 883	(26)	101.4%	2 443	2 210
Operating leases	6 071	1 241	-	7 312	7 311	1	100.0%	6 447	5 933
Property payments	2 429	625	-	3 054	3 214	(160)	105.2%	2 588	2 932
Transport provided: Departmental activity	101	(14)	-	87	86	1	98.9%	175	225
Travel and subsistence	14 834	(203)	(200)	14 431	13 397	1 034	92.8%	15 607	15 118
Training and development	2 283	(356)	-	1 297	1 793	134	93.0%	2 471	2 061

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Appropriation per economic classification									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	1 223	303	-	1 526	1 477	49	96.8%	1 142	993
Rental and hiring	1 339	193	(100)	1 432	1 209	223	84.4%	2 071	220
	-	-	-	-	-	-	-	-	27
Transfers and subsidies	6 717	-	-	6 717	6 646	71	98.9%	3 870	3 860
Provinces and municipalities	6 013	(3)	-	6 010	6 007	3	100.0%	3 012	3 011
Provinces	13	(3)	-	10	7	3	70.0%	-	-
Provincial agencies and funds	13	(3)	-	10	7	3	70.0%	-	-
Municipalities	6 000	-	-	6 000	6 000	-	100.0%	3 012	3 011
Municipal bank accounts	-	-	-	-	-	-	-	3 000	3 000
Municipal agencies and funds	6 000	-	-	6 000	6 000	-	100.0%	12	11
Departmental agencies and accounts	463	2	-	465	429	36	92.3%	435	435
Departmental agencies and accounts	463	2	-	465	429	36	92.3%	435	435
Public corporations	-	-	-	-	-	-	-	46	45
Other transfers to private enterprises	-	-	-	-	-	-	-	46	45
Households	241	1	-	242	210	32	86.8%	377	369
Social benefits	153	1	-	154	154	-	100.0%	-	-
Other transfers to households	88	-	-	88	56	32	63.6%	377	369
Payments for capital assets	4 417	-	-	4 417	3 070	1 347	69.5%	5 061	4 876
Machinery and equipment	4309	(13)	-	4 296	2 989	1 307	69.6%	4 744	4 577
Transport equipment	-	500	-	500	492	8	98.4%	-	-
Other machinery and equipment	4 309	(513)	-	3 796	2 497	1 299	65.8%	4 744	4 577
Intangible assets	108	13	-	121	81	40	66.9%	317	299
Payments for financial assets	-	4	-	4	4	-	100.0%	-	-
Totals	272 024	-	-	272 024	264 753	7 271	97.3%	254 980	251 727

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Statutory Appropriation per economic classification									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	315	-	-	315	315	-	100.0%	1 735	1 735
Compensation of employees	315	-	-	315	315	-	100.0%	1 735	1 735
TOTAL	315	-	-	315	315	-	100.0%	1 735	1 735

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Programme 1: ADMINISTRATION									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Member of the Executive Council	1 597	(100)	-	1 497	1 233	264	82.4%	4 580	4 584
2. Management Services	31 227	(796)	-	30 431	29 968	463	98.5%	29 513	29 221
3. Financial Management	39 625	1 016	500	41 141	41 123	18	100.0%	35 156	34 527
4. Internal Audit	3 780	(120)	-	3 660	3 514	146	96.0%	3 768	3 612
Total for sub programmes	76 229	-	500	76 729	75 838	891	98.8%	73 017	71 944
Economic classification									
Current payments	73 448	(2)	500	73 946	73 314	632	99.1%	70 177	69 217
Compensation of employees	42 832	-	-	42 832	42 272	560	98.7%	41 706	41 616
Salaries and wages	36 917	-	-	36 917	36 503	414	98.9%	33 370	33 298
Social contributions	5 915	-	-	5 915	5 769	146	97.5%	8 336	8 318
Goods and services	30 616	(2)	500	31 114	31 042	72	99.8%	28 471	27 601
Administrative fees	246	(43)	-	203	183	20	90.1%	335	330
Advertising	1 512	74	-	1 586	1 561	25	98.4%	1 546	1 374
Minor assets	165	212	-	377	375	2	99.5%	576	300
Audit costs: External	5 797	(974)	-	4 123	4 121	2	100.0%	2 178	2 491
Catering: Departmental activities	649	(230)	-	419	405	14	96.7%	658	559
Communication	2 420	46	500	2 966	3 042	(76)	102.6%	2 898	3 316
Computer services	-	16	-	16	16	-	100.0%	-	-
Consultants: Business and advisory services	2 606	(233)	-	2 373	2 352	21	99.1%	386	254
Legal services	40	18	-	58	57	1	98.3%	2	152
Contractors	160	325	-	485	518	(33)	106.8%	134	189
Agency and support / outsourced services	461	(461)	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Programme 1: ADMINISTRATION									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services	1 236	33	-	1 269	1 269	-	100.0%	1 616	1 527
	-	-	-	-	-	-	-	-	54
Consumable supplies	742	75	-	817	809	8	99.0%	687	893
Consumable: Stationery, printing and office supplies	1 535	(256)	-	1 279	1 261	18	98.6%	1 454	1 103
Operating leases	6 071	1 241	-	7 312	7 311	1	100.0%	6 447	5 933
Property payments	2 429	625	-	3 054	3 214	(160)	105.2%	2 588	2 932
Transport provided: Departmental activity	35	5	-	40	39	1	97.5%	70	86
Travel and subsistence	3 715	(132)	-	3 583	3 410	173	95.2%	5 141	4 622
Training and development	695	(433)	-	262	255	7	97.3%	980	799
Operating payments	449	98	-	547	535	12	97.8%	539	346
Venues and facilities	353	(8)	-	345	309	36	89.6%	236	314
Rental and hiring	-	-	-	-	-	-	-	-	27
Transfers and subsidies	621	-	-	621	550	71	88.6%	687	686
Provinces and municipalities	13	(3)	-	10	7	3	70.0%	12	11
Provinces	13	(3)	-	10	7	3	70.0%	-	-
Provincial agencies and funds	13	(3)	-	10	7	3	70.0%	-	-
Municipalities								12	11
Municipal bank accounts								12	11
Municipal agencies and funds	463	2	-	465	429	36	92.3%	435	435
Departmental agencies and accounts	463	2	-	465	429	36	92.3%	435	435
Households	145	1	-	146	114	32	78.1%	240	240
Social benefits	57	1	-	58	58	-	100.0%	-	-
Other transfers to households	88	-	-	88	56	32	63.6%	240	240
Payments for capital assets	2 160	-	-	2 160	1 972	188	91.3%	2 153	2 041

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Programme 1: ADMINISTRATION									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Machinery and equipment	2 160			2 160	1 972	188	91.3%	2 078	1 966
Transport equipment	-	500	-	500	492	8	98.4%	-	-
Other machinery and equipment	2 160	(500)	-	1 660	1 480	180	89.2%	2 078	1 966
Intangible assets	-	-	-	-	-	-	-	75	75
Payments for financial assets	-	2	-	2	2	-	100.0%	-	-
TOTAL	76 229	-	500	76 729	75 838	891	98.8%	73 017	71 944

1.1 Sub Programme: Member of the Executive Council									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 597	(100)	-	1 497	1 233	264	82.4%	4 580	4 584
Compensation of employees	930	-	-	930	689	241	74.1%	2 490	2 482
Goods and services	667	(100)	-	567	544	23	95.9%	2 090	2 102
TOTAL	1 597	(100)	-	1 497	1 233	264	82.4%	4 580	4 584

APPROPRIATION STATEMENT
For the year ended 31 March 2015

1.2 Sub Programme : Management Services									
Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	30 676	(798)	-	29 878	29 483	395	98.7%	28 838	28 546
Compensation of employees	24 367	-	-	24 367	24 210	157	99.4%	22 577	22 571
Goods and services	6 309	(798)	-	5 511	5 273	238	95.7%	6 261	5 975
Transfers and subsidies	551	-	-	551	483	68	87.7%	675	675
Provinces and municipalities									
Departmental agencies and accounts	463	-	-	463	427	36	92.2%	435	435
Households	88	-	-	88	56	32	63.3%	240	240
Payments for capital assets	-	2	-	2	2	-	100.0%	-	-
TOTAL	31 227	(796)	-	30 431	29 968	463	98.5%	29 513	29 221

APPROPRIATION STATEMENT
For the year ended 31 March 2015

1.3 Sub Programme : Financial Management									
Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	37 395	1 016	500	38 911	39 046	(137)	100.4%	32 991	32 475
Compensation of employees	14 600	-	-	14 600	14 530	70	99.5%	13 682	13 611
Goods and services	22 795	1 016	500	24 311	24 554	(243)	101.0%	19 309	18 864
Transfers and subsidies	70	-	-	70	67	3	95.7%	12	11
Provinces and municipalities	13	(3)	-	10	7	3	70.0%	12	11
Departmental agencies and accounts	-	2	-	2	2	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	57	1	-	58	58	-	100.0%	-	-
Payments for capital assets	2 160	-	-	2 160	1 972	188	91.3%	2 153	2 041
Machinery and equipment	2 160	-	-	2 160	1 972	188	91.3%	2 078	1 966
Intangible Assets.	-	-	-	-	-	-	-	75	75
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	39 625	1 016	500	41 141	41 123	18	100.0%	35 156	34 527

1.4 Sub Programme: Internal Audit									
Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 780	(120)	-	3 660	3 514	146	96.0%	3 768	3 612
Compensation of Employees	2 935	-	-	2 935	2 843	92	96.9%	2 957	2 952
Goods and services	845	(120)	-	725	671	54	92.6%	811	660
TOTAL	3 780	(120)	-	3 660	3 514	146	96.0%	3 768	3 612

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Programme 2: Sustainable Resource Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support	1 746	(36)	-	1 710	1 696	14	99.2%	6 051	5 992
2. Economic Analysis	3 661	(33)	-	3 628	3 501	127	96.55	3 228	3 186
3. Provincial Administration Fiscal Discipline	4 789	137	(300)	4 626	4 531	95	97.9%	4 627	4 586
4. Budget and Expenditure Management	8 762	-	-	8 762	8 644	118	98.7%	7 976	7 825
5. Municipal Finance	22 690	(43)	(130)	22 517	22 486	31	99.9%	19 816	19 754
6. Infrastructure co-ordination	3 682	(25)	(70)	3 587	3 520	67	98.1%	3 196	3 146
Total for sub programmes	45 330	-	(500)	44 830	44 378	452	99.0%	44 894	44 489
Economic classification									
Current payments	39 290	-	(500)	38 790	38 378	412	98.9%	41 817	41 412
Compensation of employees	32 085	-	-	32 085	32 066	19	99.9%	30 883	30 875
Salaries and wages	28 740	24	-	28 764	28 754	10	100.0%	24 706	24 701
Social contributions	3 345	(24)	-	3 321	3 312	9	99.7%	6 177	6 174
Goods and services	7 205	-	(500)	6 705	6 312	393	94.1%	10 934	10 537
Administrative fees	137	(8)	-	129	92	37	71.3%	170	93
Audit costs: External	680	-	(200)	480	476	4	99.2%	351	352
Catering: Departmental activities	123	(15)	-	108	91	17	84.3%	142	88
Communication	442	1	-	443	417	26	94.1%	378	377
Computer services	240	31	-	271	271	-	100.0%	143	140
Consultants: Business and advisory services	-	-	-	-	-	-	-	3 516	3 398
Consumable: Stationery, printing and office supplies	358	155	-	513	487	26	94.9%	943	870
Travel and subsistence	4 430	(174)	(200)	4 056	3 889	167	95.9%	4 316	4 300
Training and development	255	-	-	255	209	46	82.0%	169	157
Operating payments	169	-	-	169	163	6	96.4%	126	137

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Programme 2: Sustainable Resource Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Venues and facilities	371	10	(100)	281	217	64	77.2%	680	625
Transfers and subsidies	6 000	-	-	6 000	6 000	-	100.0%	3 035	3 035
Provinces and municipalities	6 000	-	-	6 000	6 000	-	100.0%	3 035	3 035
Provinces									
Municipalities	6 000	-	-	6 000	6 000	-	100.0%	3 000	3 000
Municipal bank accounts	-	-	-	-	-	-	-	3 000	3 000
Municipal agencies and funds	6 000	-	-	6 000	6 000	-	100.0%	-	-
Households	-	-	-	-	-	-	-	35	35
Other transfers to households	-	-	-	-	-	-	-	35	35
Payments for capital assets	40	-	-	40	-	40	-	42	42
Intangible assets	40	-	-	40	-	40	-	42	42
Total	45 330	-	(500)	44 830	44 378	452	99.9%	44 894	44 489

2.1 Sub Programme :Programme Support									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 746	(36)	-	1 710	1 696	14	99.2%	6 051	5 992
Compensation of Employees	1 476	(36)	-	1 440	1 453	5	99.7%	1 354	1 353
Goods and services	270	-	-	270	261	9	96.7%	4 697	4 639
TOTAL	1 746	(36)	-	1 710	1 696	14	99.2%	6 051	5 992

APPROPRIATION STATEMENT
For the year ended 31 March 2015

2.2 Sub Programme: Economic Analysis									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 621	(33)	-	3 588	3 501	87	97.6%	3 186	3 144
Compensation of employees	2 907	(33)	-	2 874	2 870	4	99.9%	2 658	2 656
Goods and services	714	-	-	714	631	83	88.4%	528	488
Payments for capital assets	40	-	-	40	-	40	-	42	42
Intangible assets	40	-	-	40	-	40	-	42	42
TOTAL	3 661	(33)	-	3 628	3 501	127	96.5%	3 228	3 186

2.3 Sub Programme: Provincial Administration Fiscal Discipline									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 789	137	(300)	4 626	4 531	95	97.9%	4 627	4 586
Compensation of employees	3 534	137	-	3 671	3 671	-	100.0%	3 398	3 400
Goods and services	1 255	-	(300)	955	860	95	90.1%	1 229	1 186
TOTAL	4 789	137	(300)	4 626	4 531	95	97.9%	4 627	4 586

2.4 Sub Programme: Budget and Expenditure Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 762	-	-	8 762	8 644	118	98.7%	7 976	7 825
Compensation of employees	7 565	-	-	7 565	7 561	4	99.9%	7 008	7 006
Goods and services	1 197	-	-	1 197	1 083	114	90.5%	968	819
TOTAL	8 762			8 762	8 644	118	98.7%	7 976	7 825

2.5 Sub Programme: Municipal Finance									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	16 690	(43)	(130)	16 517	16 486	31	99.8%	16 781	16 719
Compensation of employees	13 584	(43)	-	13 541	13 538	3	100.0%	13 826	13 823
Goods and services	3 106	-	(130)	2 976	2 948	28	99.1%	2 955	2 896
Transfers and subsidies	6 000	-	-	6 000	6 000	-	100.0%	3 035	3 035
Provinces and municipalities	6 000	-	-	6 000	6 000	-	-	3 000	3 000
Households	-	-	-	-	-	-	-	35	35
TOTAL	22 690	(43)	(130)	22 517	22 486	31	99.9%	19 816	19 754

APPROPRIATION STATEMENT
For the year ended 31 March 2015

2.6 Sub Programme: Infrastructure Co- Ordination									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 682	(25)	(70)	3 587	3 520	67	98.1%	3 196	3 146
Compensation of employees	3 019	(25)	-	2 994	2 991	3	99.9%	2 639	2 637
Goods and services	663	-	(70)	593	529	64	89.2%	557	509
TOTAL	3 682	(25)	(70)	3 587	3 520	67	98.1%	3 196	3 146

Programme 3: Asset and Liabilities Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support	1 666	-	-	1 666	1 589	77	95.4%	1 950	1 842
2. Provincial Supply Chain Management	17 113	-	-	17 113	16 845	268	98.4%	16 105	16 095
3. Financial Asset Management	2 852	-	-	2 852	2 736	116	95.9%	2 618	2 578
4. Public Sector Liabilities	4 695	-	-	4 695	4 691	4	99.9%	3 513	3 499
5. Physical Asset Management	4 714	-	-	4 714	4 693	21	99.6%	4 496	4 481
6. Interlinked Financial Systems	11 644	-	-	11 644	11 590	54	99.5%	11 480	11 414
7. Information Technology	72 364	-	-	72 364	69 992	2 372	96.7%	66 190	66 127
Total for sub programmes	115 048	-	-	115 048	112 136	2 912	97.5%	106 352	106 036
Economic classification									
Current payments	112 735	(2)	-	112 733	110 940	1 793	98.4%	104 545	104 310
Compensation of employees	48 717	-	-	48 717	48 258	459	99.1%	45 388	45 387
Salaries and wages	42 823	-	-	42 823	42 509	314	99.3%	36 571	36 309

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Programme 3: Asset and Liabilities Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Social contributions	5 894	-	-	5 894	5 749	145	97.5%	8 817	9 078
Goods and services	64 018	(2)	-	64 016	62 682	1 334	97.9%	59 157	58 924
Administrative fees	189	8	-	197	162	35	82.2%	184	185
Advertising	-	-	-	-	-	-	-	27	13
Minor assets	16	111	-	127	112	15	88.2%	110	94
Catering: Departmental activities	367	22	-	389	382	7	98.2%	418	405
Communication	515	(44)	-	471	447	24	94.9%	540	494
Computer services	56 068	(1 034)	-	55 034	53 950	1 084	98.0%	50 682	50 693
Consultants: Business and advisory services	673	(338)	-	335	263	72	78.5%	675	424
Contractors	176	231	-	407	404	3	99.3%	199	467
Consumable Suppliers	116	481	-	597	588	9	98.5%	216	-
Consumable: Stationery, printing and office supplies	-	-	-	-	71	(71)	-	-	181
Transport provided: Departmental activity	66	(19)	-	47	47	-	100.0%	105	139
Travel and subsistence	3 887	239	-	4 126	4 073	53	98.7%	4 089	4 039
Training and development	1 133	31	-	1 164	1 138	26	97.8%	1 088	922
Operating payments	501	205	-	706	676	30	95.8%	380	397
Venues and facilities	311	105	-	416	369	47	88.7%	414	442
Transfers and subsidies	96	-	-	96	96	-	100.0%	148	139
Public corporations and private enterprises	-	-	-	-	-	-	-	46	45
Private enterprises	-	-	-	-	-	-	-	46	45
Other transfers to private enterprises	-	-	-	-	-	-	-	46	45
Households	96	-	-	96	96	-	100.0%	102	94
Social benefits	96	-	-	96	96	-	100.0%	-	-
	-	-	-	-	-	-	-	102	94

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Programme 3: Asset and Liabilities Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	2 217	-	-	2 217	1 098	1 119	49.5%	1 659	1 586
Machinery and equipment	2 149	(13)	-	2 136	1 017	1 119	47.6%	1 459	1 404
Other machinery and equipment	2 149	(13)	-	2 136	1 017	1 119	47.6%	1 459	1 404
Intangible assets	68	13	-	81	81	-	100.0%	200	182
Payments for financial assets	-	2	-	2	2	-	100.0%	-	-
Total	115 048	-	-	115 048	112 136	2 912	97.5%	106 352	106 036

3.1 Sub Programme: Programme Support									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 666	-	-	1 666	1 589	77	95.4%	1 950	1 842
Compensation of employees	1 377	-	-	1 377	1 371	6	99.6%	1 272	1 268
Goods and services	289	-	-	289	218	71	75.4%	678	574
TOTAL	1 666	-	-	1 666	1 589	77	95.4%	1 950	1 842

3.2 Sub Programme: Provincial Supply Chain Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 113	-	-	17 113	16 845	268	98.4%	16 073	16 063
Compensation of employees	12 791	-	-	12 791	12 579	212	98.3%	11 561	11 553
Goods and services	4 322	-	-	4 322	4 266	56	98.7%	4 512	4 510
Interest and rent on land									
Transfers and subsidies	-	-	-	-	-	-	-	32	32
Households	-	-	-	-	-	-	-	32	32
TOTAL	17 113	-	-	17 113	16 845	268	98.4%	16 105	16 095

3.3 Sub Programme: Financial Asset Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 852	-	-	2 852	2 736	116	95.9%	2 618	2 578
Compensation of employees	2 798	-	-	2 798	2 702	96	96.6%	2 512	2 516
Goods and services	54	-	-	54	34	20	63.0%	106	62
TOTAL	2 852	-	-	2 852	2 736	116	95.9%	2 618	2 578

3.4 Sub Programme: Public Sector Liabilities									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 670	-	-	4 670	4 666	4	99.9%	3 513	3 499
Compensation of employees	4 396	-	-	4 396	4 339	57	98.7%	2 584	2 578
Goods and services	274	-	-	274	327	(53)	119.3%	283	277
Interest and rent on land									
Transfers and subsidies	25	-	-	25	25	-	100.0%	-	-
Households	25	-	-	25	25	-	100.0%	-	-
TOTAL	4 695	-	-	4 695	4 691	4	99.9%	3 513	3 499

3.5 Sub Programme: Physical Asset Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 714	-	-	4 714	4 693	21	99.6%	4 496	4 481
Compensation of employees	3 694	-	-	3 694	3 665	29	99.2%	3 843	3 842
Goods and services	1 020	-	-	1 020	1 028	(8)	100.8%	653	639
TOTAL	4 714	-	-	4 714	4 693	21	99.6%	4 496	4 481

3.6 Sub Programme: Interlinked Financial Systems									
Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 611	-	-	11 611	11 557	54	99.5%	11 384	11 348
Compensation of employees	8 394	-	-	8 394	8 372	22	99.7%	8 148	8 168
Goods and services	3 217	-	-	3 217	3 185	32	99.0%	3 236	3 180
Interest and rent on land									
Transfers and subsidies	33	-	-	33	33	-	100.0%	46	45
Households	33	-	-	33	33	-	100.0%	46	45
TOTAL	11 644	-	-	11 644	11 590	54	99.5%	11 480	11 414

3.7 Sub Programme: Information Technology									
Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	70 109	(2)	-	70 107	68 854	1 253	98.2%	64 511	64 500
Compensation of employees	15 267	-	-	15 267	15 230	37	99.8%	14 822	14 818
Goods and services	54 842	(2)	-	54 840	53 624	1 216	97.8%	49 689	49 682
Interest and rent on land									
Transfers and subsidies	38	-	-	38	38	-	100.0%	70	62
Households	38	-	-	38	38	-	100.0%	70	62
Payments for capital assets	2 217	-	-	2 217	1 098	1 119	49.5%	1 609	1 565
Machinery and equipment	2 149	(13)	-	2 136	1 107	1 119	47.6%	1 409	1 383
Intangible assets	68	13	-	81	81	-	100.0%	200	182
Payments for financial assets	-	2	-	2	2	-	100.0%	-	-
TOTAL	72 364	-	-	72 364	69 992	2 372	96.7%	66 190	66 127

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Programme 4: Financial Governance									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
5. Programme Support	12 809	-	-	12 809	10 809	2 000	84.4%	6 453	6 080
8. Accounting Services	4 945	-	-	4 945	4 622	323	93.5%	5 039	4 712
9. Norms and Standards	13 161	-	-	13 161	12 650	511	96.1%	14 249	13 607
10. Risk Management	1 908	-	-	1 908	1 856	52	97.3%	1 321	1 207
11. Provincial Internal Audit	2 279	-	-	2 279	2 149	130	94.3%	1 920	1 917
Total for sub programmes	35 102	-	-	35 102	32 086	3 016	91.4%	28 982	27 523
Economic classification									
Current payments	35 102	-	-	35 102	32 086	3 016	91.4%	27 775	26 316
Compensation of employees	17 942	-	-	17 942	17 779	163	99.1%	16 255	16 229
Salaries and wages	15 785	-	-	15 785	15 642	143	99.1%	12 837	12 983
Social contributions	2 157	-	-	2 157	2 137	20	99.1%	3 418	3 246
Goods and services	17 160	-	-	17 160	14 307	2 853	83.4%	11 520	10 087
Administrative fees	74	(7)	(2)	65	45	20	69.2%	136	131
Advertising	44	-	-	44	44	-	100.0%	-	-
Minor assets	-	-	-	-	-	-	-	541	694
Audit costs: External	520	-	-	520	412	108	79.2%	2 719	2 226
Catering: Departmental activities	35	1	-	36	17	19	47.2%	68	48
Communication	235	10	2	247	245	2	99.2%	199	198
Consultants: Business and advisory services	12 777	-	-	12 777	10 847	1 930	84.9%	4 678	3 642
Consumable: Stationery, printing and office supplies	65	-	-	65	64	1	98.5%	46	56
Travel and subsistence	2 802	(136)	-	2 666	2 025	641	76.0%	2 061	2 157

APPROPRIATION STATEMENT
For the year ended 31 March 2015

Programme 4: Financial Governance									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Training and development	200	46	-	246	191	55	77.6%	234	183
Operating payments	104	-	-	104	103	1	99.0%	97	113
Venues and facilities	304	86	-	390	314	76	80.5%	741	639
Payments for capital assets	-	-	-	-	-	-	-	1 207	1 207
Machinery and equipment	-	-	-	-	-	-	-	1 207	1 207
Other machinery and equipment	-	-	-	-	-	-	-	1 207	1 207
Total	35 102	-	-	35 102	32 086	3016	91.4%	28 982	27 523

4.1 Sub Programme: Programme Support									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 809	-	-	12 809	10 809	2 000	84.4%	5 246	4 873
Compensation of employees	1 474	-	-	1 474	1 441	33	97.8%	1 398	1 387
Goods and services	11 335	-	-	11 335	9 368	1 967	82.6%	3 848	3 486
Payments for capital assets	-	-	-	-	-	-	-	1 207	1 207
Machinery and equipment	-	-	-	-	-	-	-	1 207	1 207
TOTAL	12 809	-	-	12 809	10 809	2 000	84.4%	6 453	6 080

APPROPRIATION STATEMENT
For the year ended 31 March 2015

4.2 Sub Programme: Accounting Services									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 945	-	-	4 945	4 622	323	93.5%	5 039	4 712
Compensation of employees	3 447	-	-	3 447	3 358	89	97.4%	2 978	2 977
Goods and services	1 498	-	-	1 498	1 264	234	84.4%	2 061	1 735
TOTAL	4 945	-	-	4 945	4 622	323	93.5%	5 039	4 712

4.3 Sub Programme: Norms and Standards									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	13 161	-	-	13 161	12 650	511	96.1%	14 249	13 607
Compensation of employees	9 916	-	-	9 916	9 885	31	99.7%	9 462	9 463
Goods and services	3 245	-	-	3 245	2 765	480	85.2%	4 787	4 144
TOTAL	13 161	-	-	13 161	12 650	511	96.1%	14 249	13 607

4.4 Sub Programme: Risk Management									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 908	-	-	1 908	1 856	52	97.3%	1 321	1 207
Compensation of employees	1 461	-	-	1 461	1 459	2	99.9%	910	898
Goods and services	447	-	-	447	397	50	88.8%	411	309
TOTAL	1 908	-	-	1 908	1 856	52	97.3%	1 321	1 207

4.5 Sub Programme: Provincial Internal Audit									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 279	-	-	2 279	2 149	130	94.3%	1 920	1 917
Compensation of employees	1 644	-	-	1 644	1 636	8	99.5%	1 507	1 504
Goods and services	635	-	-	635	513	122	80.8%	413	413
TOTAL	2 279	-	-	2 279	2 149	130	94.3%	1 920	1 917

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1	Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	Administration	77 044	76 153	891	1%
	Sustainable Resource Management	44 830	44 378	452	1%
	Asset and Liabilities Management	115 048	112 136	2 912	3%
	Financial Governance	35 102	32 086	3 016	9%

Administration

The underspending is mainly on transfers and subsidies, due to cost of legacy projects being lower than anticipated and on payment of capital due to cost being lower than anticipated.

Sustainable Resource Management

The underspending is mainly on goods and service due to cost of audit fees and travelling being lower than anticipated.

Asset and Liabilities Management

On goods and services, the underspending is mainly on computer payments due to delays in the renewal of licence fee for the content keeper and Sepsesam and on payment of capital assets, the underspending is mainly the budget reprioritised during the adjustment budget for the procurement of the storage area network device and installation of infrastructure network.

Financial Governance

The underspending is mainly on goods and services due to travelling cost and audit fees being lower than anticipated and the budget initially allocated for the intervention at Department Health which was later redirected to the intervention at Dipaleseng Local Municipality and this lead to late commencement of the project.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	141 891	140 690	1 201	1%
Goods and services	118 995	114 343	4 652	4%
Transfers and subsidies				
Provinces and municipalities	6 010	6 007	3	0%
Departmental agencies and accounts	465	429	36	8%
Households	242	210	32	13%
Payments for capital assets				
Machinery and equipment	4 296	3 070	1 226	29%
Intangible assets	121	81	40	33%
Payments for financial assets	4	4	0	0%

In the overall the Department has spent R 264,753 million or 97.3 percent of its allocated budget of R 272, 024 million. The R 7,271 million or 2.7 percent underspending is mainly on goods and services due to travelling costs and audit fees being lower than anticipated and the budget initially allocated for the intervention at Department of Health which was later redirected to the intervention at Dipaleseng Local Municipality and this led to the late commencement of the project, delays in the renewal of licence fees for the content keeper and Sepsesam.

On payment for capital assets, the underspending is mainly budget reprioritised during the adjustment budget for the procurement of the storage area network device and the installation of infrastructure network.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
REVENUE			
Annual appropriation	<u>1</u>	271 709	253 245
Statutory appropriation	<u>2</u>	315	1 735
Departmental revenue	<u>3</u>	81 936	52 850
Aid assistance	<u>4</u>	-	25
TOTAL REVENUE		353 960	307 855
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>5</u>	140 690	135 842
Goods and services	<u>6</u>	114 343	107 174
Total current expenditure		255 033	243 016
Transfers and subsidies			
Transfers and subsidies	<u>8</u>	6 646	3 835
Aid assistance	<u>4</u>	-	25
Total transfers and subsidies		6 646	3 860
Expenditure for capital assets			
Tangible assets	<u>9</u>	2 989	4 577
Intangible assets	<u>9</u>	81	299
Total expenditure for capital assets		3 070	4 876
Payments for financial assets	<u>7</u>	4	-
TOTAL EXPENDITURE		264 753	251 752
SURPLUS FOR THE YEAR		89 207	56 103
Reconciliation of Net Surplus for the year			
Voted funds		7 271	3 253
Annual appropriation		7 271	3 253
Departmental revenue and NRF Receipts	<u>13</u>	81 936	52 850
Aid assistance	<u>4</u>	-	-
SURPLUS FOR THE YEAR		89 207	56 103

STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
ASSETS			
Current assets		8 328	4 775
Cash and cash equivalents	<u>10</u>	8 248	3 823
Receivables	<u>11</u>	80	952
Non-current assets		701	-
Receivables	<u>11</u>	701	-
TOTAL ASSETS		9 029	4 775
LIABILITIES			
Current liabilities		8 433	4 162
Voted funds to be surrendered to the Revenue Fund	<u>12</u>	7 271	3 253
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>13</u>	1 151	908
Payables	<u>14</u>	11	1
TOTAL LIABILITIES		8 433	4 162
NET ASSETS		596	613
Represented by:			
Recoverable revenue		596	613
TOTAL		596	613

Note	2014/15 R'000	2013/14 R'000
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STATEMENT OF CHANGES IN NET ASSETS
For the year ended 31 March 2015

	Note	2014/15	2013/14
		R'000	R'000
Recoverable revenue			
Opening balance		613	9
Transfers:		(17)	604
Irrecoverable amounts written off	7.1	(4)	-
Debts recovered (included in departmental receipts)		(24)	50
Debts raised		11	554
Closing balance		596	613
TOTAL		596	613

	Note	2014/15 R'000	2013/14 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		362 389	315 908
Annual appropriated funds received	1.1	271 709	253 245
Statutory appropriated funds received	2	315	1735
Departmental revenue received	3	4 161	2 290
Interest received	3.2	86 204	58 613
Aid assistance received	4	-	25
Net (increase) / decrease in working capital		181	(940)
Surrendered to Revenue Fund		(93 422)	(72 274)
Surrendered to RDP Fund/Donor		-	(25)
Current payments		(255 033)	(243 016)
Payments for financial assets		(4)	-
Transfers and subsidies paid		(6 646)	(3 860)
Net cash flow available from operating activities	15	7 465	(4 207)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(3 070)	(4 876)
Proceeds from sale of capital assets	3.3	47	19
Net cash flows from investing activities		(3 023)	(4 857)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (decrease) in net assets		(17)	604
Net cash flows from financing activities		(17)	604
Net increase /(decrease) in cash and cash equivalents		4 425	(8 460)
Cash and cash equivalents at beginning of period		3 823	12 283
Cash and cash equivalents at end of period	16	8 248	3 823

Summary of significant accounting policies	
<p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
1	Basis of preparation <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	Going concern <p>The financial statements have been prepared on a going concern basis.</p>
3	Presentation currency <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	Rounding <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	Foreign currency translation <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.</p>
6	Comparative information
6.1	Prior period comparative information <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
6.2	Current year comparison with budget <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	Revenue
7.1	Appropriated funds <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
7.2	Departmental revenue <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	Accrued departmental revenue <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial</p>

	<p>statements when:</p> <ul style="list-style-type: none"> it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment.</p> <p>The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accrued expenditure payable</p> <p>Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.</p> <p>Accrued expenditure payable is measured at cost.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> cost, being the fair value of the asset; or the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required</p>

	to be refunded to the donor are recognised as a payable in the statement of financial position.
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
15	<p>Payables</p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
16	Capital Assets
16.1	<p>Immovable capital assets</p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
16.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p>

	<p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
16.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
17	Provisions and Contingents
17.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.</p> <p>The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
17.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
17.4	<p>Commitments</p> <p>Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	Fruitless and wasteful expenditure

	<p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p>Agent-Principal arrangements</p> <p>There are no Agent Principal arrangements</p>
24	<p>Departures from the MCS requirements</p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.</p>
25	<p>Capitalisation reserve</p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period.</p> <p>Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received</p>
26	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.</p> <p>Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>

ACCOUNTING POLICIES

For the year ended 31 March 2015

27	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions are recorded in the notes to the financial statements when the transaction is not at arm's length.</p>
28	<p>Inventories (<i>Effective from 1 April 2016</i>)</p> <p>At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and replacement value.</p>

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	Final Appropriation	Actual Funds Received	2014/15 Funds not requested/ not received	2013/14 Appropriation received
	R'000	R'000	R'000	R'000
Administration	76 729	76 729	-	73 017
Sustainable Resources Management	44 830	44 830	-	44 894
Asset and Liabilities Management	115 048	115 048	-	106 352
Financial Governance	35 102	35 102	-	28 982
Total	271 709	271 709	-	253 245

2. Statutory Appropriation

	2014/15	2013/14
	R'000	R'000
Members' remuneration	315	1 735
Total	315	1 735
Actual Statutory Appropriation received	315	1 735

3. Departmental revenue

	Note	2014/15	2013/14
		R'000	R'000
Sales of goods and services other than capital assets	3.1	4 137	2 240
Interest, dividends and rent on land	3.2	86 204	58 613
Sales of capital assets	3.3	47	19
Transactions in financial assets and liabilities	3.4	24	50
Total revenue collected		90 412	60 922
Less: Own revenue included in appropriation	13	8 476	8 072
Departmental revenue collected		81 936	52 850

3.1 Sales of goods and services other than capital assets

	Note	2014/15	2013/14
		R'000	R'000
Sales of goods and services produced by the department	3	4 137	2 240
Other sales		4 137	2 240
Total		4 137	2 240

3.2 Interest, dividends and rent on land

	Note	2014/15	2013/14
		R'000	R'000
Interest	3	86 204	58 613
Total		86 204	58 613

3.3 Sale of capital assets

	Note	2014/15	2013/14
		R'000	R'000
Tangible assets	3	47	19
Machinery and equipment	24	47	19
Total		47	19

3.4 Transactions in financial assets and liabilities

	Note	2014/15	2013/14
		R'000	R'000
Receivables	3	24	50
Total		24	50

4. Aid assistance

	Note	2014/15	2013/14
		R'000	R'000
Opening Balance		-	25
As restated		-	25
Paid during the year		-	(25)
Closing Balance		-	-

5. Compensation of employees

5.1 Salaries and Wages

	Note	2014/15	2013/14
		R'000	R'000
Basic salary		96 132	91 044
Performance award		2 300	2 010
Service Based		84	161
Compensative/circumstantial		11 569	12 347
Other non-pensionable allowances		13 638	13 602
Total		123 723	119 164

5.2 Social contributions

	Note	2014/15	2013/14
		R'000	R'000
Employer contributions			
Pension		12 262	11 688
Medical		4 684	4 971
Bargaining council		21	19
Total		16 967	16 678

Total compensation of employees

140 690	135 842
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Average number of employees

338	349
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6. Goods and services

	Note	2014/15	2013/14
		R'000	R'000
Administrative fees		479	738
Advertising		1 605	1 387
Minor assets	6.1	487	736
Catering		894	1 111
Communication		4 149	4 401
Computer services	6.2	54 238	50 832
Consultants: Business and advisory services		13 460	7 720
Legal services		57	152
Contractors		922	657
Audit cost – external	6.3	5 005	5 420
Fleet services		1 269	1 527
Consumables	6.4	3 286	3 187
Operating leases		7 312	5 934
Property payments	6.5	3 214	2 932
Rental and hiring		-	27
Transport provided as part of the departmental activities		86	224
Travel and subsistence	6.6	13 397	15 116
Venues and facilities		1 210	2 020
Training and development		1 792	2 061
Other operating expenditure	6.7	1 481	992
Total		114 343	107 174

6.1 Minor assets

	Note	2014/15	2013/14
		R'000	R'000
Tangible assets	6	486	736
Machinery and equipment		486	736
Intangible assets		1	-
Software		1	-
Total		487	736

6.2 Computer services

	Note	2014/15	2013/14
		R'000	R'000
SITA computer services	6	54 238	50 832
Total		54 238	50 832

6.3 Audit cost – External

	Note	2014/15	2013/14
		R'000	R'000
Regularity audits	6	4 734	5 420
Performance audits		271	-
Total		5 005	5 420

6.4 Consumables

	Note	2014/15	2013/14
		R'000	R'000
Consumable supplies	6	1 390	977
Uniform and clothing		55	110
Household supplies		906	855
Communication accessories		1	-
IT consumables		428	12
Stationery, printing and office supplies		1 896	2 210
Total		3 286	3 187

6.5 Property payments

	Note	2014/15	2013/14
		R'000	R'000
Municipal services	6	3 214	2 932
Total		3 214	2 932

6.6 Travel and subsistence

	Note	2014/15	2013/14
		R'000	R'000
Local	6	13 397	15 116
Total		13 397	15 116

6.7 Other operating expenditure

	Note	2014/15	2013/14
		R'000	R'000
Professional bodies, membership and subscription fees	6	31	-
Resettlement costs		65	-
Other		1 385	992
Total		1 481	992

7. Payments for financial assets

	Note	2014/15 R'000	2013/14 R'000
Debts written off	7.1	4	-
Total		4	-

7.1 Debts written off

	Note	2014/15 R'000	2013/14 R'000
Nature of debts written off	7		
Staff Debts		4	-
Total		4	-
Total debt written off		4	-

8. Transfers and subsidies

		2014/15 R'000	2013/14 R'000
Provinces and municipalities	Note 27	6 007	3 011
Departmental agencies and accounts	Annex 1B	429	435
Households	Annex 1G	210	378
Total		6 646	3 824

9. Expenditure for capital assets

	Note	2014/15 R'000	2013/14 R'000
Tangible assets		2 989	4 577
Machinery and equipment	24	2 989	4 577
Intangible assets		81	299
Software	25	81	299
Total		3 070	4 876

9.1 Analysis of funds utilised to acquire capital assets – 2014/15

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	2 989		2 989
Machinery and equipment	2 989		2 989
Intangible assets	81		81
Software	81		81
Total	3 070		3 070

9.2 Analysis of funds utilised to acquire capital assets – 2013/14

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	4 577		4 577
Machinery and equipment	4 577		4 577
Intangible assets	299		299
Software	299		299
Total	4 876		4 876

10. Cash and cash equivalents

	Note	2014/15	2013/14
		R'000	R'000
Consolidated Paymaster General Account		8 248	3 823
Total		8 248	3 823

11. Receivables

		2014/15			2013/14
		R'000 Less than one year	R'000 One to three years	R'000 Older than three years	R'000
	Note			Total	Total
Claims recoverable	11.1 Annex4		36	36	168
Staff debt	11.2	26	55	81	78
Other debtors	11.3	54	609	1	706
Total		80	700	1	952

11.1 Claims recoverable

	Note	2014/15	2013/14
		R'000	R'000
National departments	11	-	40
Provincial departments		36	128
Total		36	168

11.2 Staff debt

	Note	2014/15	2013/14
		R'000	R'000
(Group major categories, but list material items)			
3g Card		-	2
Overpayment		26	23
Recovery for loss/damage to assets		55	51
Tax debts		-	2
Total		81	78

11.3 Other debtors

	Note	2014/15	2013/14
		R'000	R'000
(Group major categories, but list material items)			
Supplier-Overpayment		11	11
Ex-Employees: Tax debt		11	1
Amount to be recovered from Irregular Expenditure		530	530
Ex-Employee: Salary Overpayment		107	160
Recovery for Stolen Laptop		5	4
Total		664	706

12. Voted funds to be surrendered to the Revenue Fund

	Note	2014/15	2013/14
		R'000	R'000
Opening balance		3 253	11 329
As restated		3 253	11 329
Transfer from statement of financial performance (as restated)		7 271	3 253
Paid during the year		(3 253)	(11 329)
Closing balance		7 271	3 253

13. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2014/15	2013/14
		R'000	R'000
Opening balance		908	931
Prior period error		-	-
As restated		908	931
Transfer from Statement of Financial Performance (as restated)		81 936	52 850
Own revenue included in appropriation		8 476	8 072
Paid during the year		(90 169)	(60 945)
Closing balance		1 151	908

14. Payables – current

	Note	2014/15	2013/14
		R'000	R'000
Clearing accounts	14.1	11	1
Total		11	1

14.1 Clearing accounts

	Note	2014/15	2013/14
		R'000	R'000
Description	14		
Sal: Income Tax		6	1
Disallowance		5	-
Total		11	1

15. Net cash flow available from operating activities

	Note	2014/15	2013/14
		R'000	R'000
Net surplus as per Statement of Financial Performance		89 207	56 103
Add back non cash/cash movements not deemed operating activities		(81 742)	(60 310)
(Increase)/decrease in receivables – current		171	(941)
Increase in payables – current		10	1
Proceeds from sale of capital assets		(47)	(19)
Expenditure on capital assets		3 070	4 876
Surrenders to Revenue Fund		(93 422)	(72 274)
Surrenders to RDP Fund/Donor		-	(25)
Voted funds not requested/not received		-	-
Own revenue included in appropriation		8 476	8 072
Net cash flow generated by operating activities		7 465	(4 207)

16. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2014/15	2013/14
		R'000	R'000
Consolidated Paymaster General account		8 248	3 823
Total		8 248	3 823

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

		Note	2014/15	2013/14
			R'000	R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	21	53
Intergovernmental payables (unconfirmed balances)		Annex 5	15	-
Total			36	53

18. Commitments

	Note	2014/15 R'000	2013/14 R'000
Current expenditure			
Approved and contracted		2 549	4 370
Approved but not yet contracted		-	-
		2 549	4 370
Capital expenditure			
Approved and contracted		744	298
Approved but not yet contracted		-	-
		744	298
Total Commitments		3 293	4 668

19. Accruals and payables not recognised

		2014/15 R'000	2013/14 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Other	31		31
Goods and services	3 471	123	3 594
Total	3 502	123	3 625
			2 463

	Note	2014/15 R'000	2013/14 R'000
Listed by programme level			
Administration		1 032	1897
Sustainable Resources Management		270	220
Asset and Liabilities Management		2 285	198
Financial Governance		38	148
Total		3 625	2 463

Other is for the Compensation of Employees

	Note	2014/15 R'000	2013/14 R'000
Confirmed balances with other departments	Annex 5	69	37
Total		69	37

20. Employee benefits

	Note	2014/15	2013/14
		R'000	R'000
Leave entitlement		6 202	6 454
Service bonus (Thirteenth cheque)		3 978	3 704
Performance awards		2 289	2 317
Capped leave commitments		7 847	7 687
Other		27	-
Total		20 343	20 162

Other is for Long Service awards payable in the next twelve months.

21. Lease commitments

21.1 Operating leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2014/15					
Not later than 1 year	-	-	4 383	1 118	5 501
Later than 1 year and not later than 5 years	-	-	5 523	1 466	6 989
Later than five years	-	-	-	-	-
Total lease commitments	-	-	9 906	2 584	12 490

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2013/14					
Not later than 1 year	-	-	3 375	911	4 286
Later than 1 year and not later than 5 years	-	-	6 393	645	7 038
Later than five years	-	-	-	-	-
Total lease commitments	-	-	9 768	1 556	11 324

22. Irregular expenditure

22.1 Reconciliation of irregular expenditure

	Note	2014/15 R'000	2013/14 R'000
Opening balance		355	885
Prior period error		-	-
As restated		355	885
Add: Irregular expenditure – relating to prior year		-	-
Less: Prior year amounts condoned	22.2	-	-
Less: Amounts not condoned and recoverable	11	(234)	(530)
Closing balance		121	355

Analysis of awaiting condonation per age classification

Current year	-	-
Prior years	121	355
Total	121	355

22.2 Details of irregular expenditure not recoverable (not condoned) Incident Not condoned by (condoning authority)

		2014/15 R'000
Bid Document Missing	Accounting Officer	234
Total		234

23. Related Party Transaction

During the year, the department received services from the Department of Public Works, Roads and Transport that are related to the department. The Department of Finance occupies government building 4 lower and upper grounds in the Province provided by the Department of Public Works, Roads and Transport free of charge.

During the year the department provided IT service (IT Support, network and Governance) to the following departments: Office of the Premier, Co-operative Governance and Traditional Affairs, Culture, Sport and Recreation, Human Settlements, Agriculture, Rural Development, Land and Environmental Affairs, Economic Development and Tourism, Education, Community Safety, Security and Liaison, Public Works, Roads and Transport, Health and Social Development.

The Department of Finance provided IT services to all the departments free of charge.

During the year, the department received security services from the Department of Community, Safety, Security and Liaison

24. Key management personnel

	No. of Individuals	2014/15 R'000	2013/14 R'000
Political office bearers (provide detail below)	1	315	1 735
Officials:			
Level 15 to 16	1	1 322	1 137
Level 14 (incl. CFO if at a lower level)	4	4 291	4 444
Total		5 928	7 316

25. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	30 806	3 037	1 072	32 771
Transport assets	4 681	492	167	5 006
Computer equipment	21 193	1 818	647	22 364
Furniture and office equipment	3 493	314	192	3 615
Other machinery and equipment	1 439	413	66	1 786
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	30 806	3 037	1 072	32 771

25.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	2 989	48	-	-	3 037
Transport assets	492	-	-	-	492
Computer equipment	1 789	29	-	-	1 818
Furniture and office equipment	295	19	-	-	314
Other machinery and equipment	413	-	-	-	413
TOTAL ADDITIONS	2 989	48	-	-	3 037

25.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	344	728	1 072	47
Transport assets	167	-	167	45
Computer equipment	-	647	647	-
Furniture and office equipment	111	81	192	2
Other machinery and equipment	66	-	66	-
TOTAL DISPOSAL	344	728	1 072	47

Movement for 2013/14

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	27 181	179	5 326	1 880	30 806
Transport assets	3 939	18	1 628	904	4 681
Computer equipment	18 877	103	3 055	842	21 193
Furniture and office equipment	2 949	65	613	134	3 493
Other machinery and equipment	1 416	(7)	30	-	1 439
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	27 181	179	5 326	1 880	30 806

25.3 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2015

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	12	-	8 346	-	8 358
Additions	-	1	-	486	-	487
Disposals	-	-	-	838	-	838
TOTAL MINOR ASSETS	-	13	-	7 994	-	8 007

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	7	-	7
Number of minor assets at cost	-	8	-	4 852	-	4 860
TOTAL NUMBER OF MINOR ASSETS	-	8	-	4 859	-	4 867

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	12	6	7962	-	7980
Prior Period Error	-	-	(6)	25	-	19
Additions	-	-	-	736	-	736
Disposals	-	-	-	377	-	377
TOTAL MINOR ASSETS	-	12	-	8 346	-	8 358

26. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	4 798	81	-	4 879
TOTAL INTANGIBLE CAPITAL ASSETS	4 798	81	-	4 879

26.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash R'000	Non-Cash R'000	(Develop- ment work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
SOFTWARE	81	-	-	-	81
TOTAL ADDITIONS	81	-	-	-	81

26.2 Movement for 2013/14

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	6 055	(1 219)	299	337	4 798
TOTAL INTANGIBLE CAPITAL ASSETS	6 055	(1 219)	299	337	4 798

27. STATEMENT OF UNCONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY		GRANT ALLOCATION				TRANSFER		
		Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re- allocations by National Treasury or National Department
		R'000	R'000	R'000		R'000	R'000	%
Ehlanzeni Municipality	District	3 000	-	-	3 000	3 000	-	-
Nkangala Municipality	District	-	-	3 000	3 000	3 000	-	-
Mbombela Municipality	Local	7	-	-	7	7	-	-
TOTAL		3 007	-	3 000	6 007	6 007	-	-

UNAUDITED ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2013/14
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Availab le funds Transfe rred	Appro- priation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
PSETA	146	-	-	146	146	100%	433
FASSET	317	-	-	317	281	89%	-
SABC	-	-	2	2	2	100%	2
TOTAL	463	-	2	465	429	100%	435

UNAUDITED ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2013/14
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Availabl e funds Transfe rred	Appro- priation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave Gratuity	153	-	-	153	153	100%	378
Mandela Day Donation	-	-	-	-	-	-	11
Women's Day Celebration	40	-	2	42	22	52%	-
Youth Day Celebration	49	-	-	49	35	71%	-
Total	242	-	2	244	210	100%	389

UNAUDITED ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2014	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2015	Guaranteed interest for year ended 31 March 2015	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Housing									
Old Mutual	Housing	266	53	-	32	-	21	-	-
TOTAL									
		266	53	-	32	-	21	-	-

**UNAUDITED ANNEXURE 4
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2014/15	
							Receipt date up to six (6) working days after year end	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014		Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Department of Health	-	126	-	-	-	126	-	-
Department of Education	-	2	-	-	-	2	-	-
South African Police Services	-	40	-	-	-	40	-	-
Limpopo: Department of Health	-	-	35	-	35	-	-	-
Northern Cape: Treasury	-	-	1	-	1	-	-	-
TOTAL	-	168	36	-	36	168	-	-

UNAUDITED ANNEXURE 5 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2014/15	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000

DEPARTMENTS

Current

Department of Justice and Constitutional Development	-	37	-	-	-	-	-	-
Government Printing	-	-	15	-	15	37	-	-
Department of Public Works, Roads and Transport	22	-	-	-	22	-	-	-
Limpopo: Department of Health	47	-	-	-	47	-	-	-
						-		
Total	69	37	15	-	84	37	-	-

UNAUDITED ANNEXURE 6 INVENTORIES

Inventory	Note	Quantity	2014/15	Quantity	2013/14
			R'000		R'000
Opening balance		-	-	23 753	706
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases – Cash		-	-	-	-
Add: Additions - Non-cash		-	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		-	-	-	-
Add/(Less): Adjustments		-	-	(23 753)	(706)
Closing balance		-	-	-	-

There was a change in SCOA classification that required the Department to disclose consumables instead of inventory as the Department does not have inventory as per the description of SCOA. The quantity of the consumable items is 29 932 at a value of R614 056 as at 31 March 2015.

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