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PART A

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

DEPARTMENT:	Free State Provincial Treasury
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2. LIST OF ABBREVIATIONS/ACRONYMS

ACFE	Association of Certified Fraud Examiners
AFS	Annual Financial Statement
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
APP	Annual Performance Plan
ATSC	Audit Technical Steering Committee
BAS	Basic Accounting System
BRM	Behavioural Risk Management
CAE	Chief Audit Executive
CEO	Chief Executive Officer
CFS	Consolidated Financial Statements
CFO	Chief Financial Officer
COGTA	Cooperative Governance and Traditional Affairs
CRO	Chief Risk Officer
CSD	Central Supplier Database
DESTEA	Department of Economic and Small Business Development, Tourism and Environmental Affairs
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
EAP	Employee Assistance Programme
EHW	Employee Health and Wellness
EHWP	Employee Health and Wellness Programme
EHWSF	Employee Health and Wellness Strategic Framework
EPWP	Expanded Public Works Programme
EXCO	Executive Council
FDC	Free State Development Corporation
FFC	Financial and Fiscal Commission
FICA	Flanders International Cooperation Agency
FOHOD	Forum of Heads of Department
FSGLA	Free State Gambling and Liquor Authority
FSTA	Free State Tourism Authority
FSPG	Free State Provincial Government
GEMS	Government Employee Medical Scheme
GRAP	Generally Recognised Accounting Practice
HCT	HIV Counselling and Testing
HIV	Human Immune Deficiency Virus
HDI	Historically Disadvantaged Individuals
HOD	Head of Department

HRD	Human Resource Development
IA	Internal Audit
ICT	Information and Communication Technology
IDMS	Infrastructure Delivery Management System
IFS	Interim Financial Statement
IGR	Inter-governmental Relations
IIA	Institute of Internal Auditors
IT	Information Technology
IYM	In-year Monitoring
KCM	Key Control Matrix
KPA	Key Performance Area
KPI	Key Performance Indicator
LOGIS	Logistical Information System
MACUFE	Mangaung African Cultural Festival
MBRR	Municipal Budget and Reporting Regulation
M&E	Monitoring and Evaluation
MEC	Member of Executive Council
MFM	Municipal Finance Management
MFMA	Municipal Finance Management Act
MPAT	Management Performance Assessment Tool
mSCOA	Municipal Standard Chart of Accounts
MSP	Municipal Support Programme
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
NEHAWU	National Education, Health and Allied Workers Union
NERSA	National Energy Regulator of South Africa
NSDS	National Skills Development Strategy
OHS	Occupational Health and Safety
PAJA	Promotion to Administrative Justice Act
PAM	Physical Asset Management
PDMS	Performance and Development Management System
PERO	Provincial Economic Review and Outlook
PERSAL	Personnel and Salary Administration System
PFMA	Public Finance Management Act
PMG	Paymaster-General
POR	Provincial Own Revenue
PPI	Programme Performance Indicator
PPP	Public-private partnership

PRF	Provincial Revenue Fund
PROPAC	Provincial Public Accounts Committee
PSA	Public Servants Association
PSCBC	Public Service Collective Bargaining Council
QPR	Quarterly Performance Report
RAF	Road Accident Fund
REA	Revenue Enhancement Allocation
RM	Risk Management
SABC	South African Broadcasting Corporation
SALGA	South African Local Government Association
SCM	Supply Chain Management
SEDA	Small Enterprise Development Agency
SLA	Service Level Agreement
SITA	State Information Technology Agency
SDIP	Service Delivery Improvement Plan
SMS	Senior Management Service
WSP	Workplace Skills Plan

3. FOREWORD BY THE MEC

I have the honour to present the 2015/16 Annual Report, which presents the Department's performance against its mandate and strategic objectives and demonstrates the Department's commitment to transparency and accountability to the public in accordance with Section 195 of the Constitution. The shrinking provincial revenue envelope continued to present challenges during the period under review. Ensuring the economic, effective and efficient management and utilisation of public resources therefore remained the cornerstone of our activities during the period under review. The implementation of cost containment measures was monitored on a regular basis. We are satisfied that we have limited the growth of spending on non-core programmes and expenditure items. Through our rigorous, consultative budget processes we have been able to further reduce the budget for cost containment items for the 2016/17 financial year.

Efforts to improve financial accountability and sustainability have yielded positive results. The improved audit outcomes at both provincial and local government level have been documented in the report. There is evidence of growing maturity and development in our financial management environments and the eradication of "disclaimer" audit opinions at provincial government level have been maintained. We are particularly pleased with the audit outcome of the Thabo Mofutsanyana District Municipality which became the first municipality in the Free State to obtain an "unqualified with no matters" audit opinion, the so-called "clean audit" status and the significant improvements in the audit outcomes at the Nala, Ngwathe and Mohokare local municipalities.

We believe that our improved coordination and focus on targeted areas through the support programmes implemented by the provincial Department of Cooperative Governance and Traditional Affairs, Provincial Treasury, SALGA and National Treasury as well as the strong role played by political leadership and management at district and local municipalities contributed to the improvement in audit outcomes. The support of the Office of the Auditor-General in the Free State as well as structures that have been put in place also enabled us to facilitate a more efficient and effective audit process. Notwithstanding these improvements, it should be acknowledged that the sustainability and stability in our internal control environments will require our continued monitoring and support.

The actions of the Provincial Treasury is guided by five values and principles. One of these is *Accountability: We will honour our commitments; we will take responsibility and we will act in a transparent manner.* I believe that it is this attitude that enabled the department to achieve the success it has over the reporting period. It is in this spirit that I present the 2015/16 Annual Report as an account of the work of the Provincial Treasury over the past fiscal year, with particular emphasis on our role in ensuring prudent financial management to enable the provincial government to implement policies and plans that ensure the well-being of the Free State.

My sincere gratitude goes to the Chief Executive Officer of the Provincial Treasury and his team, Accounting Officers and Chief Financial Officers of departments, entities and municipalities as well as the Members of the Executive Council for their ongoing support and cooperation.



ELZABE C ROCKMAN

MEC for Finance

Date: 31 July 2016





4. REPORT OF THE ACCOUNTING OFFICER

Overview of the operations of the department

The Provincial Treasury derives its mandate from the Public Finance Management Act (Act No. 1 of 1999) and the Municipal Finance Management Act (Act No. 56 of 2003).

Emanating from these acts, the Provincial Treasury is responsible for preparing the provincial budget, exercising control over the implementation thereof, promoting and enforcing transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and entities, overseeing the preparation of municipal budgets and the submission of reports by municipalities, as required by the MFMA.

Provincial Treasury's role is primarily one of monitoring and oversight, the Department's approach though is to also support and build capacity in the process. This approach is reflected in our vision of *"Your partner in financial management and service excellence in the public sector, for a better life for all in the Free State"*. Our mission is to instil prudent financial management and good governance in provincial and local government.

Our operations during the period under review have been guided by the following four strategic goals:

- An efficient, effective and development oriented department
- Support departments, municipalities and entities towards improving financial accountability and sustainability
- Enhance processes, practices and systems towards efficiency gains in order to eliminate waste and derive value for money
- Improve the development and management life cycle of infrastructure and assets

The Department's commitment to operating within the legal and regulatory framework of government is evident from the fully compliant score obtained against 92% of the standards assessed with the 2015 Management Performance Assessment Tool (MPAT). We are particularly satisfied with the Department's good performance in the Financial Management key performance area.

In pursuit of improving financial stability, Provincial Treasury guided the process of the development of a credible and responsive provincial budget and monitored the implementation thereof within the challenges of the current fiscal environment. The intergovernmental relations framework and focussed revenue and expenditure fora, including the Provincial Medium Term Expenditure Committee hearings, greatly enhanced engagements with national and provincial departments, provincial entities and the local government sector. The Department produced economic research and analysis to support budget and policy decisions. These include, amongst other, the Provincial Economic Review and Outlook (PERO), the Medium Term Budget Policy Statement (MTBPS), quarterly labour market review reports, a study on the economic transformation, skills and labour market dynamics of the Free State for the 13-year period between 2002 and 2015 and a socio-economic impact assessment of Macufe 2015 on behalf of the Department of Sport, Arts, Culture and Recreation.

The Department continued to monitor the implementation of cost containment measures by all departments to ensure efficient, effective and economic spending of resources. The implementation of cost containment measures have resulted in a decline in expenditure on non-core items. The Department continued to put in place transversal contracts for generally used commodities to utilise the purchasing power of government in a more strategic and efficient manner.



The audit outcomes of provincial and local government is one of the indicators the Provincial Treasury uses to assess the extent to which we succeed in supporting provincial departments, municipalities and entities towards improving financial accountability. There has been substantial improvement in the audit outcomes for the 2014/15 financial year at both provincial and local government level. At provincial level we believe that the improvement in technical work, the functionality of intergovernmental fora such as the Chief Financial Officers' Forum as well as the frequency and standardisation of Provincial Treasury's reporting requirements contributed to the improvement. At local government level there has been improved coordination and focus on targeted areas through the support programmes implemented by the Department of Cooperative Governance and Traditional Affairs, Provincial Treasury, SALGA and National Treasury. Practical hands-on support and advice on a continuous basis together with political leadership and management driving improvements in the internal control environment also contributed to the improved audit outcomes.

During the year under review Provincial Treasury has been working with the departments of Health and Education to strengthen financial management. We are confident that our collective efforts have yielded positive results in both departments.

This Annual Report is in relation to the goals, objectives and targets that we set in the Annual Performance Plan. Overall the Department achieved 88% of the targets set for the 2015/16 financial year. A detailed report is included in Part B of this report.

Overview of the financial results of the department

Departmental receipts

Departmental receipts	2015/2016			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
Tax Receipts				-	-	-
Sale of goods and services other than capital assets	115	119	(4)	128	260	(132)
Interest, dividends and rent on land	11,042	17,851	(6,809)	42,168	49,372	(7,204)
Sale of capital assets	-	-	-	-	2	(2)
Financial transactions in assets and liabilities	116	87	29	185	270	(85)
Total	11,273	18,057	(6,842)	42,481	49,904	(7,423)

The Free State Provincial Treasury is not a service delivery department and therefore revenue is generated mainly through selling of scrap, tender documents and earning of commission on garnishee orders. Most revenue collected is interest earned on investments done by the Provincial Revenue Fund.

The Department does not charge any tariffs as no services are rendered. Bad debt to the value of R7000,00 was written off during the 2015/16 financial year which did not have a major impact on revenue collection.

With effect from December 2015 the Department implemented a system where disbursement runs were stopped over the festive season. When it resumed again at the end of January 2016 it was only done bi-weekly in order to ensure that funding is available for longer investments in order to collect more revenue. This had the impact that the province generated more revenue than planned on the interest earned on investments for the last three months of the financial year.

Programme Expenditure

The table below provides a summary of the actual expenditure in comparison to the adjusted appropriation for both the current year and previous year at programme level.

Programme Name	2015/2016			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	92,825	90,186	2,639	96,256	92,465	3,792
Sustainable Resource Management	34,106	32,540	1,566	25,486	25,202	283
Asset and Liability Management	103,214	102,245	969	77,628	77,360	268
Financial Governance	21,036	19,974	1,062	19,582	19,452	130
Municipal Finance Management	57,924	55,228	2,696	25,283	24,584	699
Total	309,105	300,173	8,932	244,235	239,063	5,172

Administration

The saving in this programme was mostly due to vacancies not filled as planned. The earmarked funds relating to revenue enhancement is also situated in this programme which further contributed to the saving within goods and services. The Department was unable to obtain an invoice from the SABC, relating to the Budget Day, before year closure and this further contributed to the saving in goods and services.

Sustainable Resource Management

The saving in this programme was mostly due to vacancies not filled as planned. The saving in goods and services was as a result of less spent on the research project on the Macufe socio economic impact.

Assets and Liability Management

The saving in this programme was mostly due to vacancies not filled as planned. The earmarked funds relating to the supplier database was not fully spent during the financial year.

Financial Governance

The saving in this programme was mostly due to vacancies not filled as planned.

Municipal Finance Management

The saving in this programme was mostly due to vacancies not filled as planned. The earmarked funds relating to municipal support was not fully utilized due to the non-finalization of consultant services and service providers which could not be paid before year end. The spending on travel and subsistence also decreased with the full implementation of cost containment measures.

Virements /roll overs

Free State Provincial Treasury did not request or receive any rollover funds in the 2015/16 financial year.

Two (2) virement fund shifts were implemented after the special adjustment budget. One was in respect of leave gratuity payments made to officials who went on retirement or left government. These funds were shifted within transfer payment funding. The

second was in respect of funds in the office of the MEC for Finance which were reprioritized from goods and services to transfer payments in order to contribute to the outreach projects of the MEC to multiple pre-primary schools in the different districts in the Free State Province.

Unauthorised, fruitless and wasteful expenditure

No unauthorized expenditure cases were reported during the 2015/16 financial year.

Relating to fruitless and wasteful expenditure, five (5) cases to the total value of R4,199.48 were registered. Four (4) related to fees for changes or cancellation of travel arrangements done through the travel agencies. In all these cases the amounts were recovered from the relevant officials' salaries. One case was registered in respect of accommodation that was not used but not cancelled. The total amount of the unused booking was taken on as debt against the official on BAS and is being recovered via PERSAL from the official's salary. All officials received a reprimand letter from the Losses and Liability Committee. No outstanding cases remain for the 2015/16 financial year.

Public-private partnership

The Department was not involved in any public-private partnerships during the period under review.

Discontinued activities / activities to be discontinued

There have been no discontinued activities during the period under review and there is no intention of discontinuing activities in the near future.

New or proposed activities

There have been no new activities introduced during the reporting period.

Supply Chain Management

No unsolicited bid proposals were undertaken for the year under review.

Supply Chain Management processes and systems are in place to curb and minimize the occurrence of irregular expenditure. These are monitored by means of a checklist developed to ensure adherence to the processes and systems put in place.

The following challenges were experienced:

- Deviations from the approved procurement plan. This is mitigated by seeking written motivation which had to be approved by the Senior Manager for Supply Chain Management.
- Delay in the approval of log 1 by the end-user impacts on expiry of quotations thus requiring SCM to re-start the procurement process once again.
- Delayed deliveries by suppliers impacting negatively on the monthly projections.
- Non-reporting of lost assets to the Asset Management Unit and to the Loss and Liability Committee is still a challenge however SCM has addressed this challenge through random asset counts to constantly check and monitor unreported losses, movements, etc. and reconciliation thereof.

Gifts and Donations received in kind from non-related parties

As indicated in the annual financial statements, several redundant furniture and equipment items have been donated in kind to outside organisations.

Exemptions and deviations received from the National Treasury

The Department did not request any exemption or deviation from the National Treasury during the period under review.

Events after the reporting date

No events, whether favourable or unfavourable, occurred during the reporting date and the date when the financial statement was authorised, which may have an impact on the financial position and performance of the Department in the past financial year.

Other

Provincial Treasury is responsible for the payment of the usage of computer systems (BAS, PERSAL and LOGIS) on behalf of all the Free State provincial departments and two trading entities.

The Department of Public Works and Infrastructure provided office accommodation to Provincial Treasury in the Fidel Castro and Trustfontein buildings at no cost to the Department.

Acknowledgement and Appreciation

My heartfelt gratitude to the MEC for Finance for her confidence, leadership and unwavering support.

I wish to thank the Accounting Officers and Chief Financial Officers of all the departments, entities and municipalities as well as National Treasury and the Auditor General of South Africa for their cooperation and collaboration.

My appreciation to the staff and management team of the Provincial Treasury, who went to extraordinary lengths to make the achievements possible. It is an honour to work with you and I appreciate your support and dedication.

Approval and sign off

The Annual Financial Statements set out on pages 119 to 179 have been approved.



MNG Mahlatsi

Accounting Officer

Provincial Treasury

Date: 31 July 2016

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 standard 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 2016.

Yours faithfully



MNG Mahlatsi

Accounting Officer

Provincial Treasury

Date: 31 July 2016

6. STRATEGIC OVERVIEW

6.1 Vision

Your partner in financial management and service excellence in the public sector, for a better life for all in the Free State

6.2 Mission

To instil prudent financial management and good governance

6.3 Values

The actions of every Provincial Treasury employee will be guided by the following values and principles:

- **Collaborative**

We will be considerate in working with our stakeholders to realize shared goals. We will be devoted, dedicated and involved

- **Integrity**

We will conduct ourselves with uncompromising standards and principles as individuals, as teams and as a department

- **Accountability**

We will honour our commitments; we will take responsibility and we will act in a transparent manner

- **Assertive**

We will be honest, firm and decisive in our interaction with stakeholders

- **Proactive**

We will stay ahead by anticipating rather than reacting. We will be innovative and diligently seek new ways to address challenges.

7. LEGISLATIVE AND OTHER MANDATES

The existence of the Provincial Treasury and its operations are governed by the following constitutional and legislative mandates:

Constitution of the Republic of South Africa Act, 1996 (Act No.108 of 1996)

The Constitution is the supreme law of the Republic and not only sets out and enshrines the rights of all people in the country which the state must respect, promote and fulfil, it also determines the values and principles governing public administration and what budgets in each sphere of government must contain.

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

The Public Finance Management Act (PFMA) regulates financial management in the national government and provincial governments. It aims to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively and it provides the responsibilities of persons entrusted with financial management in the said governments.

The Provincial Treasury is established in terms of Section 17 of the PFMA (Act No. 1 of 1999) and its functions and powers are set out in Section 18 of the Act. These include amongst other, that the Provincial Treasury must prepare and exercise control over the implementation of the provincial budget and promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities.

The Provincial Treasury must, furthermore, enforce the Act and prescribed standards and generally recognised accounting practices and uniform classification systems in provincial departments. It must also comply with the Annual Division of Revenue Act and monitor and assess the implementation of that Act in provincial public entities as well as the implementation of national and provincial norms and standards in provincial public entities. Provincial Treasury must intervene by taking appropriate steps, which may include the withholding of funds, to address a serious or persistent material breach of the Act by a provincial department of provincial public entity.

The Act allows the Provincial Treasury to assist provincial departments and provincial public entities to build their capacity for efficient, effective and transparent financial management and to also investigate any system of financial management or internal control applied by such departments and entities.

Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

The Act aims to secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government and it establishes treasury norms and standards for the local sphere of government.

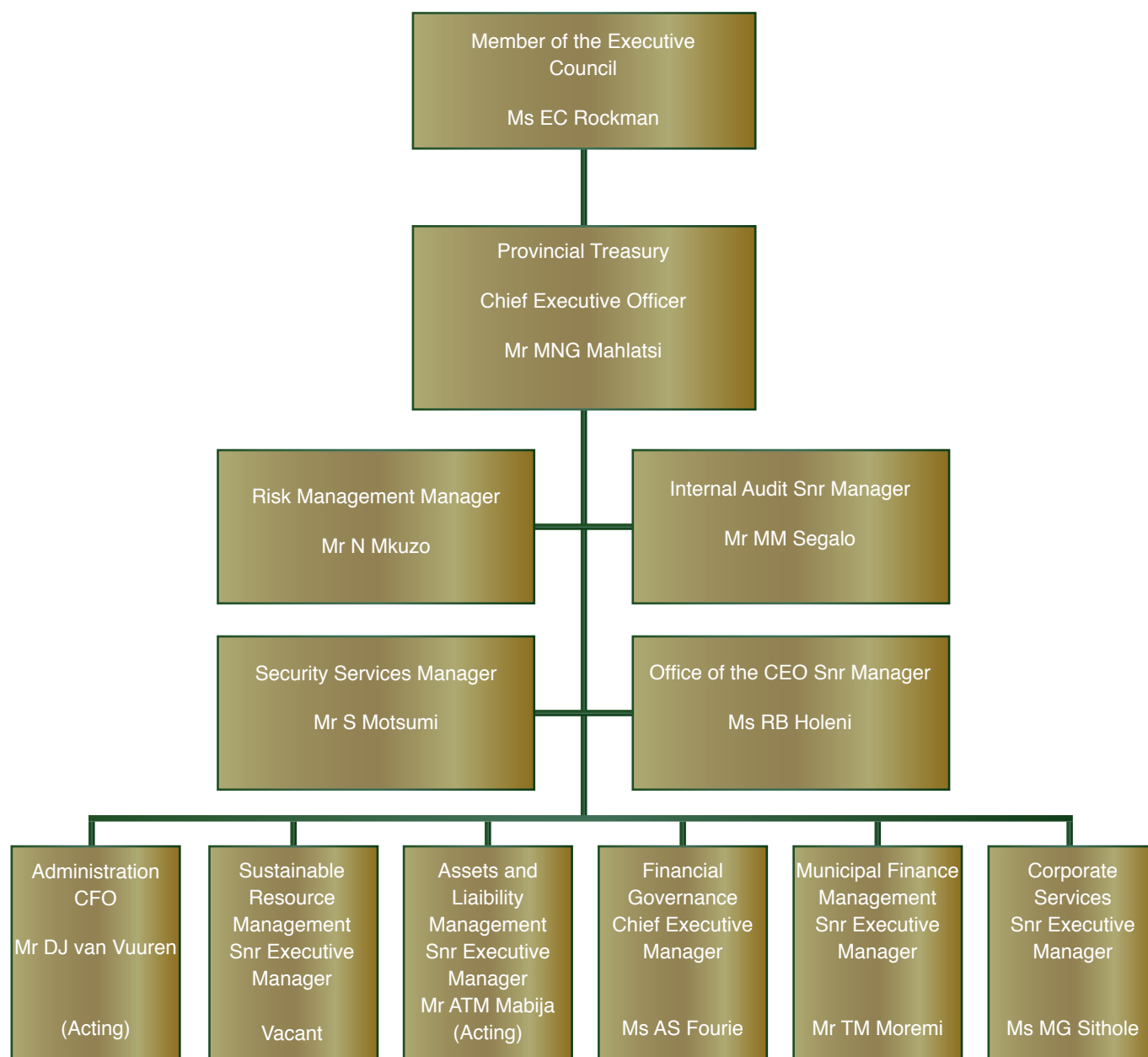
Section 5(4) of the MFMA, 2003 (Act No. 56 of 2003) determines that the Provincial Treasury must, amongst other, monitor compliance with the Act by municipalities and municipal entities, the preparation of their budgets and the monthly outcome thereof as well as the submission of reports as required by the Act.

It may further assist municipalities in the preparation of their budgets. It may exercise any powers and must perform any duties delegated to it by the National Treasury in terms of the Act and may take appropriate steps if a municipality or municipal entity in the province commits a breach of the Act.

Annual Division of Revenue Act

This Act is passed annually to provide for the equitable share of revenue raised nationally among the national, provincial and local spheres of government for the particular financial year. It determines each province's equitable share and allocations to provinces, local government and municipalities from national government's share as well as the responsibilities of all three spheres pursuant to such division and allocations. The Act sets out specific duties for the Provincial Treasury.

8. ORGANISATIONAL STRUCTURE



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 115 for the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. Service Delivery Environment

The Department derives its mandate from the functions and powers assigned to it 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 does not provide services directly to the public. It renders services to provincial departments, public entities and municipalities in terms of the above-mentioned mandates, which include, *inter alia*, preparing the provincial budget and controlling the implementation thereof, promoting and enforcing transparency and effective management of revenue, expenditure, assets and liabilities in provincial departments and provincial public entities, monitoring municipalities with regard to compliance with the MFMA, preparation of their budgets and the monthly outcome thereof as well as reporting in terms of the MFMA.

The service delivery environment in which the Department operates is not always predictable and sometimes requires the Department to adapt to new demands. As an example, municipalities were required to do a self-assessment for the implementation of mSCOA. Some municipalities however required assistance with the self-assessment and Provincial Treasury had to provide unplanned support.

During the period under review the Department was involved in interventions in the departments of Health and Education. The Chief Executive Officer of the Provincial Treasury was appointed as Accounting Officer for both departments and officials from Provincial Treasury assisted in various work groups. Despite the pressure brought about by the additional responsibilities, the Department was able to achieve most of the targets set for the 2015/16 financial year.

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
To manage the provincial budget process and to monitor spending of provincial departments	External Clients: Provincial departments, Provincial Legislature, Cabinet, National Treasury and general public. Internal Clients: Accountant General, MEC support staff	<i>Quantity:</i> Number of copies of the Budget Statements printed Number of copies of Budget Speech printed	Number of copies of the Budget Statements to be printed. Number of copies of Budget Speech to be printed	260 Copies
		<i>Value for money:</i> Monitoring of the Department's spending levels on a monthly basis	Monitoring of the Department's spending levels on a monthly basis	3 Reports per quarter
To capacitate and strengthen Municipal Budgets	External Clients: Municipalities, COGTA, Provincial Legislature, Cabinet, National Treasury and general public. Internal Clients: MEC, CEO, MEC support staff	<i>Quantity:</i> Number of Budget Statements reviewed	Number of Budget Statements Re-viewed	
		Number of budget bi-laterals conducted	Number of budget bi-laterals conducted	4 District bi-laterals for 23 municipalities
		Placing Budget Report on Provincial Treasury website	Placing Budget Report on Provincial Treasury website	1 Consolidated report per quarter
		Alerting MEC, CEO and Cabinet to areas of risk in the provincial budget	Alerting MEC, CEO and Cabinet to areas of risk in the provincial budget	
		<i>Value for money:</i> Monitoring of municipalities' spending levels on a monthly basis.	Value for money: Monitoring of municipalities' spending levels on a monthly basis.	3 Reports per quarter
		Alerting MEC, CEO and Cabinet to areas of risk in the municipal budgets. Report to legislature quarterly on performance of municipal budgets	Alerting MEC, CEO and Cabinet to areas of risk in the municipal budgets. Report to legislature quarterly on performance of municipal budgets	1 Report per quarter to Legislature

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
To improve municipal audit opinions	Impact	Number of ATSC meetings attended. Number of guideline issued. Number of emphasis of matter reduced. Alerting MEC, CEO and Cabinet to areas of non-compliance.	Number of ATSC meetings attended. Number of guideline issued. Number of emphasis of matter reduced. Alerting MEC, CEO and Cabinet to areas of non-compliance.	1 Provincial ATSC on the 1 st & 2 nd and on the 3 rd quarter 3 Provincial ATSC and 4 th quarter 1 meeting

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Municipalities are consulted through forums, workshops, bilaterals and visits	<ul style="list-style-type: none"> • MFM Forum • CFO Fora – Accounting Services • Interns Fora - Compliance • Annual Audit Committee chairpersons forum- Internal Audit 	<ul style="list-style-type: none"> • Presentation was done to FOHOD per quarter • MFM Forum • CFO Fora • Interns Fora • Annual Audit Committee chairpersons forum- Internal Audit

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Information is made available through districts forums, workshops, newspapers and Department website	Consolidated Section 71 report placed on the Provincial Treasury's website quarterly	1 Publication of Section 71 report placed on the Provincial Treasury's website quarterly

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Informal and formal (letters, verbally and emails)	Response must be within 7 working days, providing the name of the person handling the query and reference number where applicable	Informal and formal (letters, verbally and emails)

2.3. Organisational Environment

Provincial Treasury has an approved staff establishment of 417 posts of which 353 were filled at the end of the financial year. Although the Department could not reduce the vacancy rate to 10% as planned, the commitment of staff and their willingness to work overtime enabled the Department to achieve most of its objectives and targets.

Three senior managers, including the Senior Executive Manager for Sustainable Resource Management and the Senior Executive Manager for Asset and Liability Management resigned during the reporting period. These positions have not been filled yet but the Department temporarily re-assigned the responsibilities to other senior managers to ensure that the programmes continue to function effectively.

New organisational arrangements were implemented in the Municipal Finance Management branch during the period under review. The branch's structure changed from a function-based structure to an integrated region-based structure. The district-focused approach has been implemented from August 2015 and has had the desired effect.

2.4. Key policy developments and legislative changes

There were neither major policy developments nor legislative changes that affected the Department's operations during the reporting period.

3. STRATEGIC OUTCOME ORIENTED GOALS

The Provincial Treasury does not render services directly to the public. The Department provides support to provincial departments, municipalities and public entities and is also responsible for oversight and monitoring of financial management. These functions are reflected in the strategic goals of the department:

- An efficient, effective and development oriented department
- Support departments, municipalities and entities towards improving financial accountability and sustainability
- Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money
- Improve the development and management life cycle of infrastructure and assets

Strategic Goal 1: An efficient, effective and development oriented department

Support services which include support to the MEC: Finance and Chief Executive Officer, financial management, supply chain management, human resource management, planning and monitoring and evaluation, internal audit and risk management were provided to support the effective functioning of the Department.

One of the Department's strategic objectives in pursuit of this strategic goal is improvement of the quality of management practices. The Management Performance Assessment Tool (MPAT) is used as one of the measures to determine the quality of management practices. The Department achieved "Department is fully compliant with legal/regulatory requirements" ratings, level 3 and 4 ratings, against 87% of the 38 standards assessed in the 2015 assessment. A level 4 rating, "Department is fully compliant with legal/regulatory requirements and is doing things smartly", on 25 (66%) of the standards with all standards in the Financial Management Key Performance Area achieving a level 4 rating.

The collective effort of all officials in the Department resulted in Provincial Treasury receiving an unqualified with no findings ("clean") audit report for the sixth consecutive year for the 2014/2015 financial year.

Strategic Goal 2: Support departments, municipalities and entities towards improving financial accountability and sustainability

There has been significant improvement in the 2014/2015 audit outcomes of provincial government and local government in the Free State.

Five provincial departments received unqualified with no findings ("clean audit") audit opinions for the 2014/2015 financial year. The Department of Sport, Arts, Culture and Recreation for the 3rd consecutive year, the Free State Legislature for the 2nd consecutive year and the Department of the Premier reverted back to a "clean audit". The Department of Public Works and Infrastructure obtained a "clean audit" for the first time. The Fleet Management Trading Entity and the Provincial Revenue Fund retained their "clean audits". Six (6) provincial departments, the Free State Development Corporation and the Free State Tourism Authority received unqualified with findings audit opinions. Only two provincial departments received qualified audit opinions.

At local government level, the Thabo Mofutsanyana District municipality obtained the first "clean audit" opinion by a municipality in the province. Two local municipalities, Nala and Ngwathe, improved from a disclaimer to an unqualified with other matters audit opinion. In total, nine (9) municipalities received unqualified with other matters audit opinions and eight (8) received qualified opinions. The number of municipalities with disclaimer opinions decreased from nine (9) in 2013/14 to only three (3) in 2014/15.

Strategic Goal 3: Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money

Cost Containment Measures, implemented on non-core items, were monitored according to Instruction Note 31 issued in 2014 given the scarcity of resources. There has been a 5,8 percent decline in the budget and spending of non-core items since the beginning of the financial year.

In an effort to exercise more stringent control over the provincial wage bill, Provincial Treasury continued with the central management of the provincial PERSAL system in 2014. The Department also assisted the departments of Health and Education to conduct headcounts to ensure the integrity of their payrolls. Through the stringent budget processes that were followed, the compensation of employees' budget has been reduced by R325 million over the 2016 MTEF in order to redirect funding towards frontline service delivery.

The investment of the past three financial years on projects that were identified for revenue enhancement started bearing fruits. The allocation of R23 million towards the Department of Police, Roads and Transport have resulted in an increase of revenue generated by the Department. The project to recover debt from ex-employees has generated just above R1 million.

Transversal contracts have been entered into to utilise the purchasing power of government in a more strategic and efficient manner. Ten transversal contracts have been arranged over the 2014/15 and 2015/16 financial years.

At local government level, the Department established a partnership with NERSA to continuously assist municipalities with the determination of cost reflective electricity tariffs.

Strategic Goal 4: Improve the development and management life cycle of infrastructure and assets

The Department monitored infrastructure projects through site visits and review meetings. The approach to monitoring physical asset has been revised to provide departments and entities with better information to enable them to improve the management of and reporting on assets.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1. PROGRAMME 1: ADMINISTRATION

Purpose:

The role of this programme is to provide leadership and strategic management in accordance with legislation, regulations and policies as well as to ensure that there are appropriate support services to all other programmes to ensure the effective and efficient functioning of the department. The programme consists of five operational sub-programmes:

- Office of the MEC
- Management Services
- Corporate Services
- Financial Management
- Supply Chain Management
- Internal Audit

Strategic Objectives:

- Improve the quality of management practices
- Establish a skilled, competent and responsive workforce

Strategic objectives, performance indicators, planned targets and actual achievements

The programme contributes to Strategic Goal 1, ***An efficient, effective and development oriented department.*** The programme provides administrative support services to ensure the effective and efficient functioning of the department. The services provided include financial and supply chain management, risk management, internal audit, human resource management and general support services to the offices of the MEC and Chief Executive Officer.

The Management Performance Assessment Tool is an annual assessment which measures management practices in Strategic Management, Governance and Accountability, Human Resources and Financial Management. The Department achieved a fully compliant (level 3 and 4) rating against 92% of the 36 standards that were assessed in the 2015 (MPAT 1.5) assessment.

The Department obtained a level 4 (fully compliant with legal/regulatory requirements and is doing things smartly) rating on all of the standards in the Financial Management Key Performance Area (KPA). These standards include Demand Management, Acquisition Management, Logistics Management, Asset Management, Management of Cash Flow and Expenditure vs Budget, Payment of Suppliers, Management of Unauthorised, Irregular, Fruitless and Wasteful Expenditure, Pay Sheet Certification and Delegations for financial administration in terms of the PFMA.

The Department also obtained fully compliant (level 3 and 4) ratings against all of the standards in the Governance and Accountability KPA. These include standards such as Service Delivery Improvement Mechanisms, Functionality of Management Structures, Assessment of Accountability Mechanisms (Audit Committee), Assessment of policies and systems to ensure professional ethics, Prevention of Fraud and Corruption, Internal Audit arrangements, Risk Management arrangements, Corporate Governance of ICT, Promotion of Access to Information and Compliance with PAJA requirements.

Fully compliant ratings were achieved against 91% of the Human Resource Management KPA. Standards include, amongst other, Human Resource Planning, Organisational Design and Implementation, Human Resource Development Planning, Implementation and Reporting, Management of Diversity, Management of Employee Health and Wellness etc.

The sections that follow provide information on the achievement of targets for the strategic objectives and performance indicators for the programme for the year under review.

Strategic Objectives:

Programme Name: Administration					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Improve the quality of management practices	Fully compliant against 82% of MPAT standards (27 of 33)	Fully compliant against 82% of MPAT standards (27 of 33)	Fully compliant against 92% of MPAT standards (33 of 36)	+10%	The number of standards that were assessed increased to 36 in MPAT 1.5. The department implemented an improvement plan following MPAT 1.4 which contributed to the better than expected performance.
	Unqualified with no findings (clean) audit opinion	Unqualified with no findings (clean) audit opinion	Unqualified with no findings (clean) audit opinion	-	-
Establish a skilled, competent and responsive workforce	16% Vacancy rate	10% Vacancy rate	15% Vacancy rate	-5%	Internal promotions, whilst addressing critical vacancies, created vacancies elsewhere with the result that the vacancy rate did not improve as expected. Service terminations as well as a decision to revisit the filling of some posts, in the light of concerns about the government wide wage bill, also contributed to higher than expected vacancy rate.

Performance Indicators

Programme / Sub-programme: Financial Management Strategic Objective: Improve the quality of management practices					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
Percentage of MPAT standards that are assessed at level 3 and 4 (fully compliant)	Fully compliant against 82% of standards (27 of 33)	Fully compliant against 82% of standards (27 of 33)	Fully compliant against 92% of standards (33 of 36)	+10%	The number of standards that were assessed increased to 36 in MPAT 1.5. The department implemented an improvement plan following MPAT 1.4 which contributed to the better than expected performance.
Audit Opinion	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	-	-
Percentage of invoices paid within 30 days	99.9%	98%	100%	+2%	The effectiveness of internal procedures and controls enabled the department to perform better than expected.

Programme / Sub-programme: Corporate Services Strategic Objective(s): Establish a skilled, competent and responsive workforce					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
Implementation of the NSDS III Strategic Framework	New PPI	100% of skills budget spent	90% of Skills budget spent	-10%	Total allocated training budget not fully utilized and R300 000 was shifted to other priorities. A management decision was taken that going forward, 100% of the skills budget must be spent on skills development.
Implementation of EHW Strategic Framework	New PPI	4 Pillars implemented	4 Pillars implemented	-	-

Programme / Sub-programme: Corporate Services

Strategic Objective(s): Establish a skilled, competent and responsive workforce

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
Funded vacancy rate	16%	10%	15%	-5%	Internal promotions, whilst addressing critical vacancies, created vacancies elsewhere with the result that the vacancy rate did not improve as expected. Service terminations as well as a decision to revisit the filling of some posts, in the light of concerns about the government wide wage bill, also contributed to higher than expected vacancy rate.
Implementation of approved ICT Governance Policy Framework	ICT Governance Framework approved	Implementation of Phase 2 of the ICT Governance Framework	Implementation of Phase 2 of the ICT Governance Framework	-	-
Average number of days taken to resolve disciplinary cases	No cases reported for the 2014/15 financial year	90 Days	No cases reported for the 2015/16 financial year	-	-

Reasons for deviations

Reasons for deviations are provided in the comments column of the tables above.

Strategy to overcome areas of underperformance

Strategies to overcome under-performance are provided in the comments column of the tables above.

Changes to planned targets

There were no in-year changes to planned targets.

Sub-programme expenditure: Programme 1

Sub- Programme Name	2015/2016			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
Office of the MEC	6,079	6,057	22	6,030	5,864	166
Management Services	15,258	14,836	422	13,175	11,296	1,879
Corporate Services	25,399	24,402	997	33,225	32,158	1,067
Financial Management	41,398	40,585	813	39,598	38,985	613
Internal Audit departmental	4,691	4,306	385	4,227	4,158	69
Total	92,825	90,186	2,639	96,256	92,461	3,795

4.2. PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Purpose:

The role of this programme is to promote the effective management of the provincial fiscal framework. The programme consists of four sub-programmes:

- Economic Analysis
- Fiscal Policy
- Budget Management
- Public Finance

Strategic Objectives:

- Conduct research and provide economic information in pursuit of inclusive growth and development
- Optimise provincial own revenue in order to fund key priorities
- Monitor and assess the implementation of the fiscal policy framework
- Allocate financial resources in line with government priorities
- Monitor the implementation of provincial budget for efficient service delivery

Strategic objectives, performance indicators, planned targets and actual achievements


Programme 2, Sustainable Resource Management, contributes to Strategic Goal 2, **Support departments, municipalities and entities towards improving financial accountability and sustainability** and Strategic Goal 3, **Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money**. The programme provides professional advice and support on provincial economic analysis, fiscal policy, and the management of the annual budget process as well as the implementation of provincial budgets.

The programme assisted and supported departments and entities in the implementation of the 2015/16 budget and ensuring compliance with the provincial fiscal framework. The programme also played a key role in preparing the 2016 MTEF Budget. Through a rigorous budget process, which interrogated the advantages and disadvantages inherent to funding choices, the programme was able to assist the province to adopt a budget which balanced competing priorities within a very confined envelope of available funds.

Ensuring the efficient, effective and economic spending of resources is a priority for Provincial Treasury. The implementation and monitoring of cost containment measures is one of the responsibilities of this programme. These measures, which have been implemented by all departments and entities, have resulted in a decline of 5,8 per cent expenditure on non-core items for 2015/16.

The management of the provincial wage bill is one of the key focus areas of the programme. They have managed to reduce the compensation of employees' budget by R325 million over the 2016 MTEF in order to redirect more funding towards frontline service delivery.

The programme plays a key role in ensuring that the province maximises Provincial Own Revenue. The province has not been able to collect the estimated R1.008 billion due to, amongst other outstanding patient fees, largely emanating from health services provided to patients from the Kingdom of Lesotho, and a lesser than anticipated number of applications received on abnormal loads, drivers licenses etc. Provincial Treasury, together with the Department of Health, entered into discussions with the Ministry of Health in Lesotho and the need to strengthen relationships and systems for timeous recovery for services rendered have been agreed upon. A commitment has also been received from the Ministry to pay a large portion of the debt by the end of the financial year. The programme has also engaged institutions such as the Road Accident Fund and other National Departments utilising provincial services to improve relationships and streamline processes to ensure timeous settlement of claims.



A key function of the programme is to provide economic information which might impact on provincial policy decisions. During the period under review the programme produced quarterly labour market review reports, a Provincial Economic Review and Outlook, a District Economic Review and Outlook and the Provincial Medium Term Budget Policy Statement. Research studies that have been undertaken during the period under review include a study on the Socio-economic impact of Macufe 2015 on behalf of the Department of Sport, Arts, Culture and Recreation, a study on the economic transformation, skills and labour market dynamics of the Free State for the 13-year period between 2002 and 2015, a follow-up study on the Expanded Public Works Programme (EPWP) in the province and a feasibility study on the financial viability of identified municipal resorts in the Moqhaka, Ngwathe and Mafube local municipalities.

The sections that follow provide information on the achievement of targets for the strategic objectives and performance indicators for the programme for the financial year under review.

Strategic Objectives

Programme Name: Sustainable Resource Management					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Conduct research and provide economic information in pursuit of inclusive growth and development	6 Research papers, 2 Publications and 4 Labour Market Reviews produced	3 Research papers, 3 Publications and 4 Labour Market Reviews produced	5 Research papers, 3 Publications and 4 Labour Market Reviews produced	+2 Research papers	Two studies were commissioned as a directive of management towards the middle of the fiscal year and external funding was sourced for these.
Optimize provincial own revenue in order to fund key priorities	R918 945 000	R1 008 183 000	R979 979 000	R28 204 000	The under collection is mainly attributed to the outstanding patients' fees (Lesotho and RAF claims), outstanding Joint Staff Establishment fees with the University of Free State, lesser than anticipated revenue from miscellaneous revenue items (applications for abnormal loads, drivers' and learners' licenses etc.).
Monitor and assess the implementation of the fiscal policy framework	12 Reports on Conditional Grants	12 Reports on Conditional Grants	12 Reports on Conditional Grants	-	-
	4 Reports on financial performance of entities	4 Reports on financial performance of entities	4 Reports on financial performance of entities	-	-
Allocate financial resources in line with government priorities	Appropriation Bill	Appropriation Bill	Appropriation Bill	-	-
	Adjustment Appropriation Bill	Adjustment Appropriation Bill	Adjustment Appropriation Bill	-	-
	4 Reports	4 Reports	4 Reports	-	-

Programme Name: Sustainable Resource Management					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Monitor the implementation of provincial budget for efficient service delivery	15 IYM reports 5 Infrastructure Model Reports	15 IYM reports 5 Infrastructure Model Reports	15 IYM reports 11 Infra-structure Model Reports	- +6	- New web based model was introduced by National Treasury during the first quarter of 2015/16 which required Provincial Treasury to report on a monthly basis.

Performance indicators

Programme / Sub-programme: Economic Analysis Strategic objective: Conduct research and provide economic information in pursuit of inclusive growth and development					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Research papers	6	3	5	+2	Two studies were commissioned as a directive of management towards the middle of the fiscal year and external funding was sourced for these.
Publications	2	3	3	-	-
Quarterly Labour Market Review	4	4	4	-	-

Programme / Sub-programme: Fiscal Policy

Strategic Objectives: Optimize provincial own revenue in order to fund key priorities & Monitor and assess the implementation of the fiscal policy framework

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Revenue base for revenue generating departments developed	12 Departments	12 Departments	12 Departments	-	-
Research papers relating to revenue	1	1	1	-	-
Monthly performance reports on Provincial Own Revenue (POR) and Revenue Enhancement Allocation (REA)	12 POR	12 POR	12 POR	-	-
	12 REA	12 REA	12 REA	-	-
Monthly performance reports on Conditional Grants	12	12	12	-	-
Quarterly reports on Financial Performance of Public Entities	4	4	4	-	-

Programme / Sub-programme: Budget Management
Strategic Objective: Allocate financial resources in line with government priorities

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Appropriation Bill	Credible Provincial Budget tabled within 2 weeks after National Budget	Appropriation Bill in line with national prescripts	Appropriation Bill in line with national prescripts	-	-
Adjustment Appropriation Bill	<p>Credible Adjustment Budget tabled within 30 days after National Adjustment Budget</p> <p>Special Adjustment Budget tabled in March 2015</p>	Adjustment Appropriation Bill in line with national prescripts	<p>Adjustment Appropriation Bill in line with national prescripts 2015/16 tabled on 20 Nov 2015</p> <p>Second Adjustment Budget was tabled on the 8 March 2016</p>	<p>-</p> <p>Second Adjustment Budget was tabled on the 8 March 2016</p>	<p>-</p> <p>Second Adjustment Budget was tabled on 8 March 2016 as the province had to appropriate R6 million as part of a reallocation from Northern Cape in order to comply with DoRA section 19 and 20.</p>
Reports on funded priorities	4	4	4	-	-

Programme / Sub-programme: Public Finance**Strategic Objective: Monitor the implementation of provincial budget for efficient service delivery**

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Monthly assessment reports produced in terms of In-Year Monitoring Model	15	15	15	-	-
Quarterly assessment reports prepared in terms of Infrastructure Model	5	5	11	+6	New web based model was introduced by National Treasury during the first quarter of 2015/16 which required Provincial Treasury to report on a monthly basis.

Reasons for deviations

Reasons for deviations are provided in the comments column of the tables above.

Strategy to overcome areas of underperformance

The programme achieved all the planned targets for the period under review.

Changes to planned targets

There were no in-year changes to planned targets.

Sub-programme expenditure: Programme 2

Sub- Programme Name	2015/2016			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	3,200	3,175	24	1,804	1,672	132
Economic Analysis	6,964	6,273	692	5,667	5,658	9
Fiscal Policy	6,266	6,106	161	4,919	4,823	96
Budget Management	9,826	9,411	414	9,088	9,082	6
Public Finance	7,850	7,575	275	4,008	3,968	40
Total	34 106	32,540	1,566	25,486	25,203	283

4.3. PROGRAMME 3: ASSET AND LIABILITY MANAGEMENT

Purpose:

The role of this programme is to promote effective management of provincial assets and liabilities and to manage and maintain transversal financial management systems. This programme consists of two operational sub-programmes:

- Asset Management
- Supporting and Interlinked Financial Systems

Strategic Objectives:

- Strengthen supply chain management in the province through capacity building and oversight
- Strengthen asset management in the province through capacity building and oversight
- Promote effective and efficient infrastructure delivery
- Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund
- Support and capacitate transversal financial management system users

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 3 contributes to Strategic Goal 2, **Support departments, municipalities and entities towards improving financial accountability and sustainability**, Strategic Goal 3, **Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money** and Strategic Goal 4, **Improve the development and management life cycle of infrastructure and assets**. The programme provides policy direction, implement transversal financial management systems, monitor movable and immovable assets and liabilities, promote effective supply chain management practices and manage the provincial revenue fund.

Supply Chain Management practices were monitored on a regular basis and 56 reports were produced. In order to assist Supply Chain Management practitioners in provincial departments, entities and municipalities a Supply Chain Management Toolkit, which is a web-based tool that provides practitioners with procedures and templates, was launched and extensive training provided throughout the province.

The programme assisted five departments to publish 61 bids during the reporting period on the eTender Portal for bids to be accessible to potential bidders. To assist departments and prospective suppliers with the use of the Central Supplier Database, training sessions were held for departments and entities, work sessions were held with SALGA and SEDA and district road shows were conducted. 536 Prospective suppliers were assisted to self-register on the Central Supplier Database.

Transversal contracts have been put in place and are monitored on a regular basis to improve cost effectiveness in procurement and ensure compliance in terms of contract monitoring. Regular monitoring of and reporting on the payment of invoices within 30 days has resulted in a decrease in the number and values of invoices that are not paid within 30 days.

During the period under review, 104 reports were produced on physical asset monitoring. Departments have also been assisted to improve on reporting on assets through the assessment of Interim Financial Statements on assets as well as monitoring of Audit Action Implementation Plans on assets. To build capacity on asset management 16 forums and one (1) comprehensive training session were held.

The Provincial Revenue Fund succeeded in retaining an unqualified with no findings ("clean audit") audit opinion for the 6th consecutive year for 2014/15. Various strategies were employed to contain actual cash disbursements within the available cash resources of departments. The enhanced cash management procedures, including the implementation of the cash blocking functionality for departments, ensured that the Provincial Revenue Fund did not have to rely on temporary bridging finance and overdraft facilities.

The Department continued to assist departments with headcounts to ensure the integrity of payroll information. The headcount for the Department of Health was completed during the reporting period and the one at the Department of Education was in the final stage of completion at the time of reporting. The Department furthermore continued with the central management of PERSAL in an endeavour to improve the management of the provincial wage bill.

The sections that follow provide information on the achievement of targets for the strategic objectives and performance indicators for the programme for the financial year under review.

Strategic Objectives

Programme Name: Asset and Liability Management					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Strengthen supply chain management in the province through capacity building and oversight	52 Reports	52 Reports	56 Reports	+4	The annual target was incorrectly captured in the APP.
	4 Forums	4 Forums	6 Forums	+2	Additional forums had to be held to brief departments on the implementation of transversal contracts and for National Treasury to engage suppliers and SCM Practitioners on the new SCM reforms
	4 Training sessions	4 Training sessions	14 Training sessions	+10 Training sessions	Additional training sessions had to be held to improve utilisation of the SCM Toolkit and to prepare departments and entities to use the CSD with effect from 1 April 2016.
Strengthen asset management in the province through capacity building and oversight	120 Monitoring reports	100 Monitoring reports	104 Monitoring reports	+4	Over achievement is due to interventions that required follow-up visits
	16 Forums	16 Forums	16 Forums	-	-
	16 Training sessions	1 Training session	1 Training session	-	-
Promote effective and efficient infrastructure delivery	60 Projects	4 Reports on monitoring visits	4 Reports on monitoring visits	-	-
	4 Reports on management of PPP projects	4 Reports on management of PPP projects	4 Reports on management of PPP projects	-	-

Programme Name: Asset and Liability Management					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund	12 Reports on cash allocations	12 Reports on cash allocations	12 Reports on cash allocations	-	-
	Unqualified with no findings audit opinion on PRF	Unqualified with no findings audit opinion on PRF	Unqualified with no findings audit opinion on PRF	-	-
Support and capacitate transversal financial management systems users	Respond within 8 working hours	Respond within 8 working hours	Respond within 8 working hours	-	-
	600 Users trained	750 Users trained	925 Users trained	+175	The target is demand driven and more requests could be accommodated than initially anticipated.

Performance indicators

Programme / Sub-programme: Asset Management

Strategic Objectives:

- Strengthen supply chain management in the province through capacity building and oversight To manage transversal financial management systems
- Strengthen asset management in the province through capacity building and oversight
- Promote effective and efficient infrastructure delivery
- Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Monthly SCM monitoring reports	56	* 52	56	+4	Target was incorrectly set as 13 per quarter instead of 14
Reports on assessment of transversal contracts	4	4	4	-	-
Reports on payment of invoices within 30 days	6	12	12	-	-
Report on administration of Supplier Management System	4	4	4	-	-
SCM Forums	4	4	6	+2	A special forum had to be held to explain the implementation of the transversal contracts National Treasury requested an engagement with suppliers and SCM Practitioners to launch the new SCM reforms to the different stakeholders

Programme / Sub-programme: Asset Management

Strategic Objectives:

- Strengthen supply chain management in the province through capacity building and oversight To manage transversal financial management systems
- Strengthen asset management in the province through capacity building and oversight
- Promote effective and efficient infrastructure delivery
- Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
SCM Training sessions	7	4	14	+10	Provincial Treasury had to conduct 3 extra training sessions on the SCM Toolkit to improve the utilisation thereof. 7 Additional training sessions were conducted on the Centralised Supplier Database to prepare departments and entities for the implementation date of 1 April 2016.
Physical Asset monitoring reports	107	100	104	+4	Over achievement is due to interventions that required follow-up visits
Assessment reports on Interim Financial Statements on assets	New PPI	4	4	-	-
Review of Audit Action Implementation plan on assets	New PPI	4	4	-	-
PAM Forums	14	16	16	-	-
PAM training sessions	13	1	1	-	-
Reports on infrastructure monitoring visits conducted	60	4	4	-	-

Programme / Sub-programme: Asset Management

Strategic Objectives:

- Strengthen supply chain management in the province through capacity building and oversight To manage transversal financial management systems
- Strengthen asset management in the province through capacity building and oversight
- Promote effective and efficient infrastructure delivery
- Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Quarterly Infrastructure review meetings	12	4	4	-	-
Reviews of the IDMS framework	New PPI	1	1	-	-
Consolidated reports on effective management of PPP projects	4	4	4	-	-
PPP Forums	4	4	4	-	-
Monthly reports on cash allocations to departments	12	12	12	-	-
Monthly monitoring reports on investments	12	12	12	-	-
Annual review of settlement limit and bridging finance	Review of bridging finance 12 Settlement limits	1 Review	1 Review	-	-
Monthly reconciliation between PRF and PMGs	12 Recons per department	12 Recons	12	-	-

Programme / Sub-programme: Asset Management

Strategic Objectives:

- Strengthen supply chain management in the province through capacity building and oversight To manage transversal financial management systems
- Strengthen asset management in the province through capacity building and oversight
- Promote effective and efficient infrastructure delivery
- Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Monitoring of SLA with provincial banker through monthly meetings	9	12	10	-2	One meeting could not take place due to the unavailability of members and another meeting was replaced by a meeting of the MEC and CEO with the management of Standard bank
Timely submission of accurate Annual Financial Statements on PRF	1 Set of AFS	1 Set of AFS	1	-	-

* Target incorrectly captured in the Annual Performance Plan

Programme / Sub-programme: Supporting and Interlinked Financial Systems
Strategic Objective: Support and capacitate transversal financial management systems users

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Percentage of working hours that BAS Terminal Servers are available	99.77% of 8 working hours	95% of 8 working hours	99.89% of 8 working hours	+4.83%	Logs and hardware warnings are researched in time to ensure uptime and enhance performance.
Percentage of requests for technical and functional support responded to within 8 working hours	100% of calls responded to within 8 working hours	100% of calls responded to within 8 working hours	100% of calls responded to within 8 working hours	-	-
Turnaround time for processing credible and accurate entities	Within 10 working days	Within 10 working days	96% of entities processed were processed within 10 working days	-4%	Delays in verification processes resulted in entities not processed in time. The entity management process will in future depend on the Central Supplier Database.
Turnaround time for processing item-codification requests and items to be codified and standardised	Within 48 working hours	Within 48 working hours	98% of requests were codified within 48 working hours	-2%	Incomplete information submitted by departments for the identification and description of items lead to delays in the codification. To address this matter, departments have been requested to submit additional material such as pictures, contact details of suppliers etc. to assist in the process.
Number of users trained on Transversal Systems (BAS, PERSAL and LOGIS)	898 Users trained	750	925	+175	The target is demand driven and more requests could be accommodated than initially anticipated.

Reasons for deviations

Reasons for deviations are provided in the comments column of the tables above.

Strategy to overcome areas of underperformance

Strategies to overcome under-performance are provided in the comments column of the tables above.

Changes to planned targets

There were no in-year changes to planned targets. One target for the Asset Management sub-programme was incorrectly captured in the Annual Performance Plan as reported in the table above.

Sub-programme expenditure: Programme 3

Sub- Programme Name	2015/2016			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	1,333	1,302	31	2,258	2,252	6
Asset Management	56,034	55,592	442	33,505	33,376	129
Supporting and Interlinked Financial Systems	45,847	45,351	496	41,865	41,732	133
Total	103,214	101,984	1 230	77,628	77,360	268

4.4. PROGRAMME 4: FINANCIAL GOVERNANCE

Purpose

The role of this programme is to promote financial governance within the provincial government.

The programme consists of two (2) sub-programmes:

- Accounting Services
- Provincial Risk Management and Internal Audit

Strategic Objectives:

- Promote and enforce sound accounting practices and reporting through capacity building and monitoring
- Promote and enforce risk management and internal audit practices through capacity building and monitoring

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 4 contributes to Strategic Goal 2, **Support departments, municipalities and entities towards improving financial accountability and sustainability** and Strategic Goal 3, **Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money**. It strives to improve financial accountability in the Provincial sphere of government in order to improve financial governance and audit outcomes.

The programme has done much work to improve financial management and reporting in provincial departments and entities. That it has improved is evident from the most recent audit outcomes of the provincial government for the financial year ending 2015. Provincial Treasury obtained an unqualified with no findings ("clean audit") opinion for the 6th consecutive year, Sport, Arts, Culture and Recreation for the 3rd consecutive year, Free State Legislature for the 2nd consecutive year since reverting back to an unqualified with no findings ("clean audit") opinion in 2013/14. The Department of the Premier also reverted back to a "clean audit" while the Department of Public Works and Infrastructure for the first time achieved an unqualified with no findings ("clean audit") opinion in 2014/15. The Consolidated Annual Financial Statements for public- and trading entities as well as other funds obtained an unqualified with findings audit opinion for the 2nd consecutive year. The improvement is further evident from the nine (9) qualification findings of 2013/14 that reduced to five (5) in 2014/15 which represent a 45% improvement. Non-compliance matters reduced with 67 from 157 in 2013/14 to 90 in 2014/15, which translates to an improvement of 44%.

The Programme assessed the draft Annual Financial Statements of all provincial departments, entities, the Legislature and two funds before submission to the Auditor General to enable departments and entities to improve the quality of the statements submitted to the Auditor General. With the assessment of the 2014/15 statements, which took place during the reporting period, 216 findings were resolved by departments before the statements were submitted for auditing. Interim Annual Financial Statements are assessed quarterly for departments and bi-annually for entities. The Department measures the extent to which departments resolve the findings raised as one of the means to measure the extent to which the Department promotes and enforces sound accounting practices and reporting. During the period under review, 86% of the findings that were raised were resolved compared to the target of 80%. To improve the quality of the work files, an assessment is also done to determine adherence to the minimum requirements of the audit work file. The Department's expectation to have at least two (2) departments at a 100% adherence to the minimum requirements was exceeded with three (3) departments achieving a 100% and 6 departments achieving an average of 98% adherence.

The programme is also responsible for promoting and improving risk management and internal audit practices in the province and on a quarterly basis assess compliance of departments and entities with a set of key performance indicators. The Department aimed to have at least nine (9) departments and two (2) entities achieve 85% compliance with regard to risk management key performance indicators. Provincial departments exceeded expectations with regard to risk management and 11 departments achieved an average of 95% compliance. With regard to internal audit, the Department aimed to have 10 departments and one (1) entity achieve 90% compliance. Ten (10) departments exceeded the expected compliance rate by achieving an average of 94%. Entities were less successful with none of them achieving the expected targets. The Department will continue with its monitoring and capacity building activities to support all departments and entities to improve compliance.

The Department continued to partner with ACFE, Standard Bank, PwC and the University of the Free State to facilitate the province's participation in the International Fraud Awareness Week during the period under review. The main event was held in Bloemfontein with

regional seminars held in Bothaville and Parys. In total 408 delegates participated in the events.

The programme facilitated Certified Fraud Examiner certificate training for 20 delegates which included the MEC for Finance and senior officials and chief financial officers from provincial departments and municipalities. The programme furthermore had capacity building sessions for Audit Committee members, Chief Audit Executives and Internal Auditors. A pilot project for the implementation of Barn Owl, a tool for Risk practitioners, was successfully undertaken.

The sections that follow provide information on the achievement of targets for the strategic objectives and performance indicators for the programme for the financial year under review.

Strategic Objectives

Programme Name: Financial Governance					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Promote and enforce sound accounting practices and reporting through capacity building and monitoring	70% or more of AFS findings resolved	80% or more of AFS findings resolved	86% or more of AFS findings resolved	+6%	Departments and entities achieved better than expected results in the assessments.
	Compliance with minimum requirements of AFS work file: 1 Depts. = 100% 4 Depts. >90% 1 Entity > 80%	Compliance with minimum requirements of AFS work file: 2 Depts. = 100% 5 Depts. >90% 1 Entity > 80%	Compliance with minimum requirements of AFS work file: 3 Depts. = 100% 6 Depts. > 90% 1 Entities > 90%	+1 Dept. +1 Dept. -	
	Depts. and entities at KCM assessment score 1: 11 Depts. 3 Entities	Depts. and entities at KCM assessment score 1: 7 Depts. 2 Entities	Depts. and entities at KCM assessment score 1: 1 Dept. 0 Entity	+6 Dept. +2 Entity	

Programme Name: Financial Governance					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Promote and enforce risk management and internal audit practises through capacity building and monitoring	<p>Risk Management KPI compliance of 85%:</p> <p>7 Depts. 2 Entities</p> <p>Internal Audit KPI compliance of 90%:</p> <p>9 Depts. 0 Entities</p>	<p>Risk Management KPI compliance of 85%:</p> <p>9 Depts. 2 Entities</p> <p>Internal Audit KPI compliance of 90%:</p> <p>10 Depts. 1 Entity</p>	<p>Risk Management KPI compliance of 95% achieved:</p> <p>11 Depts. 1 Entity</p> <p>Internal Audit KPI compliance of 94% achieved:</p> <p>10 Depts. 0 Entity</p>	<p>+2 Depts. -1 Entity</p> <p>- -1 Entity</p>	<p>Departments performed better than expected and scored higher than the set target. Entities did not perform as well as expected. FDC and FSGLA operated with</p> <p>Acting CROs and Acting CAEs during the reporting period. FSTA appointed an audit manager, who is also performing risk management functions with effect from 1 Nov. 2016.</p> <p>Feedback has been given to all departments and entities. The Department will continue to monitor compliance on a quarterly basis.</p>

Performance indicators

Programme / Sub-programme: Accounting Services Strategic Objective: Promote and enforce sound accounting practices and reporting through capacity building and monitoring					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Formal training sessions conducted/ facilitated to build capacity in Provincial Departments and Entities on accounting practices	7	6	6	-	-
Consolidated reports on interim and annual financial statements and work files assessments produced to promote the quality financial statements	4	4	4	-	-
Timely submission of quality consolidated annual financial statements and Annual Report					
• Draft CFS	30 Jun	30 Jun	30 Jun	-	-
• Final CFS	31 Aug	31 Aug	31 Aug	-	-
• Annual Report	31 Oct	31 Oct	31 Oct	-	-
Consolidated Key Control Matrix assessment reports produced for Departments and Entities to promote compliance with legislative requirements	13	14	14	-	-

Programme / Sub-programme: Provincial Risk Management and Internal Audit**Strategic Objective: Promote and enforce risk management and internal audit practises through capacity building and monitoring**

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Bi-annual consolidated assessment report produced for departments and entities to promote compliance with Risk Management Framework	2	2	2	-	-
Bi-annual consolidated assessment report produced for departments and entities to promote compliance with Fraud Risk Assessment in line with Risk Management Framework	2	2	2	-	-
Bi-annual consolidated assessment reports produced for departments and public entities to promote compliance with Internal Audit Framework	2	2	2	-	-
Formal training and fraud awareness sessions to be conducted/ facilitated to build capacity and promote Risk Management, Internal Audit and Fraud alertness for provincial departments and entities	13	7	9	+2	During the International Fraud Awareness week, two more seminars were held to cover departments in all districts

Reasons for deviations

Reasons for deviations are provided in the comments column of the tables above.

Strategy to overcome areas of underperformance

The programme achieved all the planned targets for the period under review.

Changes to planned targets

There were no in-year changes to planned targets.

Sub-programme expenditure: Programme 4

Sub- Programme Name	2015/2016			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	2,541	2,451	90	3,793	3,761	32
Accounting Services	11,186	10,610	576	9,422	9,355	67
Risk Management and Internal Audit Provincial	7,309	6,913	396	6,367	6,336	31
Total	21,036	19,974	1,062	19,582	19,452	130

4.5. PROGRAMME 5: MUNICIPAL FINANCE MANAGEMENT

Purpose

The role of this programme is to promote and improve financial governance at local government level.

The programme was restructured during the review period with a subsequent change in the sub-programmes. The programme had the following five (5) sub-programmes at the start of the financial year:

- Municipal Budget and Monitoring (IYM)
- Municipal Accounting Services
- Municipal Revenue and Debt Management
- Municipal Supply Chain Management and Compliance
- Municipal Risk Management and Internal Audit

These were amended to six (6) sub-programmes:

- Thabo Mofutsanyana District
- Fezile Dabi District
- Lejweleputswa District
- Xhariep District
- Municipal Risk and Internal Audit
- Municipal Support Programme and IGR

The changes in the structure and sub-programmes did not effect the targets set in the Annual Performance Plan.

Strategic Objectives:

Monitor and support delegated municipalities in implementing sound financial management and good governance

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 5 contributes to Strategic Goal 2, ***Support departments, municipalities and entities towards improving financial accountability and sustainability*** and Strategic Goal 3, ***Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money***. It strives to improve financial accountability in the local sphere of government in order to improve financial governance and audit outcomes.

There has been significant improvement in the audit outcomes of municipalities for the 2014/15 financial year. Although this can be ascribed to a variety of factors, there has been significant improvement in the quality of the technical support that the Department provided to municipalities. During the period under review, the Department implemented a new organisational structure, moving from a functionally based approach to a more integrated, district-based approach which not only monitors but provides “hands on” technical support to struggling municipalities. Without compromising the integrity or independence of the audit process, a Provincial Audit Intervention Committee has been established to deal with the broader coordination of the provincial and municipal audit process and to intervene where audits do not progress within the envisaged time-frames. It also facilitated communication on audit matters with relevant role-players and attended to transversal issues as well as technical disputes.

The programme's monitoring and support activities included the assessment of draft and final budgets on credibility, funding and compliance with the MBRR regulations, assistance with investigations of irregular, unauthorised, fruitless and wasteful expenditure and capacity building in terms of supply chain management, asset management and internal audit and risk management practices.

Significant progress has been made with budget management in municipalities. The Free State municipalities achieved 98% budget compliance for the 2015/16 financial year, making them the second best in the country after the Northern Cape province. There has also been improvement in the quality of the municipal budget statements.

Provincial Treasury played a crucial role in reversing the implementation of Section 216 of the Constitution by National Treasury at several municipalities due to the defaulting of payments of Water Boards and Eskom accounts. Municipalities were assisted to draft recovery plans and review current payment plans to ensure that Councils adopt plans that are sustainable in order for the municipalities to adhere to the payment agreements. Support has been provided jointly with Eskom, COGTA, the Department of Energy and NERSA.

The sections that follow provide information on the achievement of targets for the strategic objectives and performance indicators for the programme for the financial year under review.

Strategic Objectives

Programme Name: Municipal Finance Management					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Monitor and support delegated municipalities in implementing sound financial management and good governance.	23 Municipalities supported	23 Municipalities supported	23 Municipalities supported	-	-

Performance Indicators

Programme / Sub-programme: Municipal Finance Management					
Strategic Objective: Monitor and support delegated municipalities in implementing sound financial management and good governance					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Assessment of Draft and Final Budgets received on credibility and compliance with MFMA regulations	3 Consolidated reports for 23 municipalities	2 Consolidated reports	2 Consolidated reports	-	-
Percentage of municipalities complying with S71 reporting requirements	75% of 23 municipalities	75% of 23 municipalities	78% compliance with section 71 requirements	+3%	-

Programme / Sub-programme: Municipal Finance Management

Strategic Objective: Monitor and support delegated municipalities in implementing sound financial management and good governance

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Support to municipalities to reduce the outstanding debt owed to municipalities by government departments	2 Plenary sessions	2 Plenary sessions	3 Plenary sessions	+1	An additional session had to be held to introduce new structures
	10 Work sessions at municipalities	12 Work sessions at municipalities	12 Work sessions at municipalities	-	-
Reviews of mid-year and Annual Financial Statements (AFS)	1 Report on review of AFS	1 Report on review of AFS	1 Report on review of AFS	-	-
	1 Report on review of mid-year	1 Report on review of mid-year	0	-1	Municipalities did not submit mid-year statements. Awareness will be created of the importance of submitting mid-year financial statements for assessment.
Asset Management Forums	New PPI	2	1	-1	One forum could not take place due to assistance that had to be provided to municipalities with the mSCOA self-assessment.

Programme / Sub-programme: Municipal Finance Management

Strategic Objective: Monitor and support delegated municipalities in implementing sound financial management and good governance

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of identified municipalities supported to improve SCM compliance to 100% of FMCMM SCM KPIs	New PPI	12	10	-2	Only ten municipalities completed the assessment. None of them however achieved 100% compliance. Support to municipalities will be intensified to ensure that the assessments are completed and performance improved.
Annual assessment of municipalities' compliance against MFMA 30 Monitoring Indicators	4 Consolidated reports on 23 municipalities	1 Assessment report	1 Assessment report	-	-
Assessment of delegation of powers	1 Consolidated report 3 Progress reports	1 Consolidated report	1 Consolidated report	-	-
Assessment of compliance with Minimum Competency Level Requirements	2 Reports	2 Reports	2 Reports	-	-
Capacity Building: District SCM Forums	New PPI	8	8	-	-
SCM formal training	23 Municipalities	1 Report	1 Report	-	-
Interns' Forums	2 Interns Fora	2	2	-	-

Programme / Sub-programme: Municipal Finance Management

Strategic Objective: Monitor and support delegated municipalities in implementing sound financial management and good governance

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Assessment of functionality and efficiency of internal audit, risk management, audit committee and risk committee	18 Muns (78%) on 60% score 9 Muns (39%) on 60% score 15 Muns (65%) on 50% score 8 Muns (35%) on 50% score 17 Muns (74%) on 50% score	4 Consolidated reports	4 Consolidated reports	-	-
Development of concept risk registers and annual audit plans	New PPI	8 Concept documents	8 Concept documents	-	-
Capacity building: Formal training (IA & RM practices)	4	2	2	-	-
Annual Audit Committee chairperson's Forums	2	2	2	-	-
Host forum – fraud awareness week.	5	1	1	-	-

Reasons for deviations

Reasons for deviations are provided in the comments column of the tables above.

Strategy to overcome areas of underperformance

Strategies to overcome under-performance are provided in the comments column of the tables above.

Changes to planned targets

There were no in-year changes to planned targets.

Sub-programme expenditure: Programme 5

Sub- Programme Name	2015/2016			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
Program Support	31,755	29,268	2,487	2,652	2,638	14
Thabo Mofutsanyane District	6,905	6,869	36	6,639	6,016	623
Fezile Dabi District	6,055	6,027	28	5,205	5,184	21
Lejweleputswa District	4,440	4,353	87	3,777	3,766	11
Xhariep District	4,523	4,494	29	3,717	3,705	12
Municipal Risk Management & Internal Audit	4,131	4,111	20	3,293	3,275	18
MSP and IGR Directorate	115	106	9	-	-	-
Total	57,924	55,228	2,696	25,283	24,584	699

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

The table below reflects the transfer payments made for the period 1 April 2015 to 31 March 2016

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
<i>None</i>				

5.2. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2015 to 31 March 2016

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
<i>None</i>						

The table below reflects the transfer payments which were budgeted for in the period 1 April 2015 to 31 March 2016, 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
<i>None</i>				

6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

The table below describes each of the conditional grants and earmarked funds paid by the department.

Conditional Grants:

Department/ Municipality to whom the grant has been transferred	N/A
Purpose of the grant	N/A
Expected outputs of the grant	N/A
Actual outputs achieved	N/A
Amount per amended DORA	N/A
Amount transferred (R'000)	N/A
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	N/A
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	N/A

6.2. Conditional grants and earmarked funds received

The table below details the conditional grants and ear marked funds received during the period 1 April 2015 to 31 March 2016.

Department who transferred the grant	N/A
Purpose of the grant	N/A
Expected outputs of the grant	N/A
Actual outputs achieved	N/A
Amount per amended DORA (R'000)	N/A
Amount received (R'000)	N/A
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	N/A
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving department	N/A

7. DONOR FUNDS

7.1. Donor Funds Received

The department received the following donor funds:

Name of donor	FICA
Full amount of the funding	R1,200 000.00
Period of the commitment	One year
Purpose of the funding	Technical & Management support to Department of Economic and Small Business Development, Tourism and Environmental Affairs (DESTEA)
Expected outputs	Trained officials
Actual outputs achieved	100%
Amount received in current period (R'000)	600
Amount spent by the department (R'000)	1,076
Reasons for the funds unspent	Training provided at a lower cost
Monitoring mechanism by the donor	Excess funds returned to National Treasury via Provincial Revenue Fund

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

The table below indicates expenditure on new and replacement assets.

New and replacement Assets	2015/2016			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
Audio Visual equipment	9	9	-	-	-	-
Building Air-con Systems	-	-	-	-	-	-
Computer hardware and systems	1,250	1,159	91	1,111	821	290
Domestic equipment	-	-	-	-	-	-
Learning, Training Support	-	-	-	8	8	-
Office equipment	136	135	1	131	86	45
Office furniture	13	13	-	288	211	77
Total	1,408	1,316	92	1,538	1,126	412

PART C

GOVERNANCE

1. INTRODUCTION

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the department has good governance structures in place to effectively, efficiently and economically utilise the state resources, which is funded by the taxpayer.

2. RISK MANAGEMENT

The Department operated with an approved Risk Management Policy and Risk Management Strategy. Both were approved on 7 April 2015.

A detailed risk assessment was performed for the Department from the 2nd of February 2015 to the 27th of March 2015. A 2015-16 Risk Assessment Report was subsequently issued.

The Department has a functional Risk Management Committee that is chaired by an independent chairperson, who is not in employment of the state. The committee meets quarterly.

The departmental Chief Risk Officer reports to the Audit Committee and recommendations are made by the committee after the assessment of reports.

The Department has made significant strides in managing some critical risks. Risks such as leave management, asset register not updated and inadequate implementation of ICT governance framework have improved greatly.

3. FRAUD AND CORRUPTION

The Department has an approved Fraud Management Strategy, Fraud Management Policy and a Whistle Blowing Policy in place. Security services reports regularly to Top Management on the reported cases and progress made on investigations.

The Risk Management unit runs awareness campaigns ranging from fraud and corruption workshops, posters, fraud articles to fraud risk assessments. Every office has a poster which is extracted from the Fraud Management Strategy which outlines the reporting processes should any one suspect fraudulent or corrupt activity.

Suspected fraud may be reported through one of the following:

Non-Anonymous Reporting

- Report in writing, verbally or telephonically to the line Manager
- Report in writing, verbally or telephonically to the Manager: Security Services
- Report in writing to the Accounting Officer.

Anonymous Reporting

- The confidential Fraud Hotline: 0800 701 701
- Anonymous letter to the Manager: Security Services

4. MINIMISING CONFLICT OF INTEREST

Members of bid committees are required to declare interest through the completion of the Declaration of Interest and Confidentiality document whenever a bid committee convenes.

In addition to the above, SCM practitioners are subjected to the requirements of the Directorate's Code of Conduct, which requires practitioners to declare any business interest, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest.

In the event that conflict of interest arises with bids, the committee member will be required to withdraw from the bidding process.

The SBD4 bidding document requires bidders to declare relations with both people employed by the state and involved in the procurement process.

As prescribed by Chapter Three of the Public Service Act, 1994 (Act No. 103 of 1994), read with related regulations regarding financial disclosures, all members of the Senior Management Service (SMS) completed the financial disclosure forms. These were signed off by the Executive Authority and presented to the Office of Public Service Commission as required.

5. CODE OF CONDUCT

The Department has developed the Free State Provincial Treasury Code of Conduct Procedure Manual. Officials are trained on it to improve understanding and implementation of the Code of Conduct.

The manual gives guidance to officials in making ethical and professional decisions. It identifies attitudes, conduct and actions required to ensure that the role and responsibilities of the Provincial Treasury are carried out in an ethical manner in order to attain strategic objectives.

The manual clearly indicates the procedure to be followed in the case of a breach of any of the conditions of the Code of Conduct. All instances of non-compliance with the Code of Conduct are treated seriously by the Department and depending on the nature of the misconduct, may result in the department taking formal disciplinary action.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Employers are expected to provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of employees. The Department has established an Occupational Health and Safety (OHS) Committee, which includes the HIV Committee, to oversee health and safety matters in the Department and ensure compliance with the requirements of the Occupational Health and Safety Act (Act No. 85 of 1993).

Although the Department is accommodated in a building of which it is not the custodian, the Department provides, as far as possible, a working environment that is safe and without risk to the health of the employees. Regular interaction takes place with the Department of Public Works and Infrastructure to address matters that are outside the Department's control.

7. ACCESS TO INFORMATION

The Department received five (5) requests for access to information in terms of the Promotion of Access to Information Act of 2000. All the requests were granted in full.

The Department submitted its section 32 report for the financial year to the Human Rights Commission and also submitted its section 15 automatically available information to the Minister of Justice and Constitutional Development for publication in the Government Gazette. The Department's section 14 manual was submitted to the Human Rights Commission and is available on the official website in Sesotho, English and Afrikaans.

8. PORTFOLIO COMMITTEES

The Department attended the following Portfolio Committee meetings:

Date	Matters discussed
28 July 2015	2015/16 Annual Performance Plan
13 October 2015	Report of the Auditor-General on the audited financial statements of 2014/15
8 March 2016	Appropriation Bill, 2 nd and 3 rd Quarter expenditure reports

9. PROPAC RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
Resolution 6 of 2014	Appointment and management of consultants	<p>The Portfolio Committee directed Provincial Treasury to implement the following:</p> <ul style="list-style-type: none"> • Develop a provincial guide on the use, appointment and management of consultants • Arrange an information session for all departments and entities to properly brief them on the content of the Guide, and • Monitor the implementation by departments and entities on a quarterly basis. 	<p>A guide on the use, appointment and management of consultants has been issued by Provincial Treasury on 15 April 2016.</p> <p>An in-house information session with CFOs, departmental accountants and heads of supply chain management has been held as part of the CFO forum.</p> <p>Monitoring of the implementation will be done through quarterly SCM KPI assessment reports with effect from the 2016/17 financial year.</p>	No

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
Resolution 17 of 2014	Transversal Resolutions: Capacity and skills	<p>All staff in the following functional areas in provincial departments to be assessed against the Competency Framework and relevant Technical Competency Dictionary to identify training and development needs and to ensure that the Work Skills Plan for 2015/16 are based on the outcome of these assessments:</p> <ul style="list-style-type: none"> • Management Accounting (Planning and Budgeting) • Revenue Management • Expenditure Management • Asset Management (Movable and Immovable) • Financial Accounting • Supply Chain Management • Internal Control • Enterprise Risk Management • Internal Audit <p>The Competency Framework and relevant Technical Competency Dictionary be used as part of the future recruitment and selection process.</p>	<p>Relevant job descriptions in Financial Management (Administration), Accounting Services and Municipal Finance Management have been aligned to the Competency Framework.</p> <p>The 2016/17 WSP include training needs in the listed areas.</p>	Yes
Resolution 6 of 2015	Procurement of central database not procured through SITA	Provincial Treasury must investigate on whether SITA should have been involved in the procuring of the central database and disclose the extent of the irregular expenditure, if applicable and ensure compliance with the legislative requirements in this regard.	A response has been submitted to the Department of the Premier for evaluation and submission to EXCO before the Premier submits it to the Legislature.	No

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
	Information technology controls	<p>The IT Manager must:</p> <ul style="list-style-type: none"> a) Design and implement monitoring controls to ensure that firewall logs are periodically reviewed and saved in a safe location. b) Design and implement monitoring controls to ensure that the activities of the administrators are periodically monitored by an independent person who understands what their responsibilities entail. 		
	Human Resources	The Executing Authority must take immediate action to fill the critical funded vacancies in key positions with competent candidates within 90 days from the adoption of the resolution to ensure that the mandate of Provincial Treasury is effectively performed.		
	Supply chain management and irregular expenditure	Provincial Treasury must report on quarterly basis the compliance rate by departments and entities related to SCM requirements as well as the effectiveness of measures implemented to prevent irregular expenditure resulting from non-compliance with SCM requirements.		

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
	Procurement / payments on transversal systems	<p>Provincial Treasury must:</p> <ul style="list-style-type: none"> a) Enforce instructions issued related to procurement and payments and ensure that consequence management is applied where non-compliance is identified; and b) Provide a progress report on quarterly basis to this Committee. 		
	Credibility of information on transversal systems	<p>Provincial Treasury must:</p> <ul style="list-style-type: none"> a) Implement measures to prevent and identify manipulation of commitments on LOGIS and implement consequence management where applicable; and b) Determine if any manipulation of commitments or non-compliance related to commitments by the Department of Health occurred during 2013/14 and 2014/15 and if any, was consequence management applied. 		
	Investigation	The Accounting Officer must follow-up on this matter within 90 days from adoption of the resolution.		

10. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department obtained an unqualified with no findings report in 2014/15 financial year.

The Department has developed an Amended Audit Action Plan in which all findings raised in the Auditor General's management letter are recorded and assigned to responsible officials for implementation. Progress is reported on a monthly basis to all relevant stakeholders.

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
None		

11. INTERNAL CONTROL UNIT

The internal control unit ensures that the department complies with laws and regulations with regard to financial management. The activities undertaken during the period under review include:

- Ensured that before payments are done, all documents are checked and verified to comply with applicable policies and regulations
- Ensured that Irregular, Unauthorised and Fruitless and Wasteful expenditure identified are investigated and resolved and also ensured that Departmental procedures were adhered to
- Maintained Irregular, Unauthorised and Fruitless and Wasteful expenditure registers
- Verified that payments, journal entries and revenue are properly captured and processed
- Ensured that the Department is consistent with its Internal Control procedures
- Monthly reporting of the payments which are not paid within 30 days
- Ensured that all internal and external audit management letter queries are resolved and recommendations are implemented before the next annual audit
- Secretariat to the Losses and Liability committee

12. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit

Internal Audit evaluated and assessed:

- Internal control systems employed by the department to ensure the reliability and integrity of financial and non-financial information
- Internal control systems established to ensure compliance with policies, procedures, laws and regulations applicable to the department
- Internal control systems designed to ensure that departmental assets are safeguarded
- The efficiency and effectiveness with which departmental resources are utilized to ensure achievement of set targets
- Departmental operations to ensure they are carried out as planned and the results are consistent with established objectives and goals
- Adequacy and effectiveness of the departments Risk Management and Governance processes

Internal Audit Activity coordinated work with external auditors, where possible, to ensure full audit plan coverage and minimize duplication.

Summary of audit work done

Internal Audit Activity reported periodically to management and the Audit Committee on its purpose, authority, responsibility and performance relative to the internal audit plan. The quarterly reporting to management and the Audit Committee was to provide reasonable assurance on the effectiveness of the Department's Governance, Risk Management and Internal Control processes.

The Audit Committee has been provided with reasonable assurance that there will not be any material breakdowns in the department and that any, if identified, are addressed or are in the process of being addressed. The Audit Committee is provided with quarterly reports on, but not limited to, financial information, non-financial information, risk management, internal audit plan coverage, Compliance issues and possible fraud areas.

The Internal Audit Activity achieved its targets in terms of the approved Annual Internal Audit Plan for the 2015/2016 financial year. A total of 33 audits were completed by the Internal Audit unit during the reporting period.

Key activities and objectives of the audit committee

Audit Committee executed the following activities in the reporting period:

- Reviewed and discussed the Annual Financial statements to be included in the Annual Report, with AGSA and the Accounting Officer.
- Reviewed AGSA audit report, management letter and management responses thereon.
- Reviewed information on predetermined objectives to be included in the Annual Report.
- Reviewed the Department's compliance with legal and regulatory provisions.
- Reviewed and approved Internal Audit plans and audit charters.
- Satisfied itself that the Internal Audit scope was risk based and included management recommendations.
- Considered the reports of internal auditors on the Department's system of internal controls.
- Reviewed the adequacy of corrective actions to be taken by management in response to issues raised by assurance providers.

Attendance of audit committee meetings by audit committee members

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. D Nadison (Chairperson)	B.A Social Work M.A Industrial Social Work	External	-	2014/09/01	-	4
Mr. D Lekoto	B.Com Hons, Post Grad Diploma Certified Fraud Examiner Certified Public Accountant(CA) GIA	External	-	2014/09/01	-	4
Adv. N van Heerden	Bachelor of Arts Bachelor of Law	External	-	2014/09/01	-	3
Ms T Mnqeta	B.Com Accounting	External	-	2014/09/01	-	4

13. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Department revealed certain weaknesses, which were then raised with the Department.

The following Internal Audit work was completed during the year under review:

- 15 Control review audits
- 4 Financial audits
- 1 Performance audit
- 6 Consulting audits
- 4 Compliance audits
- 2 Follow up audits
- 1 Management request

In-Year Management and Monthly/Quarterly Report

The Audit Committee is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the Accounting Officer for the year under review and is satisfied that all reporting requirements have been met.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the Annual Financial Statements to be included in the Annual Report, with the AGSA and Accounting officer
- Reviewed the AGSA report, management letter and management responses thereon
- Reviewed adjustment resulting from external audit
- Reviewed information on predetermined objectives
- Reviewed Department's compliance with legal and regulatory provisions

We have reviewed the Department's implementation plan for audit issues raised in the previous year and we are satisfied that significant progress has been made to resolve the issues.

The Audit Committee does not concur and does not accept the conclusions of the Auditor-General of South Africa on the Annual Financial Statements and is further of the opinion that the audited Financial Statements be accepted as a true reflections of the departments Financial position.

The Audit Committee has met with the AGSA and raised issues with the audit report of the Auditor-General of South Africa.



Mr David Lekoto

Acting Chairperson of the Audit Committee

Free State Treasury

Date: 04 August 2016

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 Free State Provincial Treasury ended the 2015/16 financial year with a staff compliment of 353 employees. The organizational structure comprised of 417 funded posts. The Department therefore ended the 2015/16 financial year with a vacancy rate of 15%.

During the reporting period, the Department employed 19 new employees, of which 15 were permanent appointments, and four (4) employees were appointed on temporary employment contracts. The Department lost the services of seventeen (17) permanent employees, reasons are set out in table 3.5.3, whilst the contracts of 19 contract workers expired. The Department also promoted 9 employees during the financial year.

As a result of the service terminations and the fact that internal promotions do not assist with the reduction of the vacancy rate, the Department could not achieve the planned 10% vacancy rate during the 2015/16 financial year. The Department was however able to fill critical posts and reduce the vacancy rate of 16% (funded vacancies) at the end of 2014/15 to 15% at the end of 2015/16.

The Department has an approved Human Resources Plan for the 2014/15 to 2016/17 financial years to address challenges such as reducing the vacancy rate, reducing the turnover rate, ensuring employee wellness and a representative workforce in all occupational categories. Strategies to address these challenges include:

- Training and development of employees, focusing on training needs identified through the performance management processes and training of female employees in leadership to prepare them for management responsibilities
- Improving skills of employees and potential employees through part time bursaries and internships and traineeships
- Reducing staff turnover through, amongst other, ensuring that the grading of posts are in line with other provincial treasuries and awarding bursaries for career growth opportunities, training, staff rotation and other development opportunities
- Ensuring a stable and healthy workforce through analysing and addressing sick leave usage in the department and the appointment of a new health and wellness service provider
- Ensuring a representative workforce through, amongst other, considering equity in the filling of vacant posts and approaching disability organisations to identify potential employees

The Department is committed to investing in its employees' development, and therefore a number of employees have been trained and awarded bursaries during the year. The Department also employed a number of Interns and Trainee Learners to assist with the skills development of potential employees.

The Department is well represented in terms of race and gender. The employment of people with disabilities however remains a challenge.

The Department uses the services of an Employee Health and Wellness Service provider that assists in assessing and promoting the wellbeing of its employees. The services include a 24-hour toll-free counselling service for employees. Quarterly health assessments and HCT were conducted in collaboration with GEMS. The Department has active sporting codes that contribute to a healthy workforce. Two health fun walks, which not only contribute to health and wellness but also the *esprit de corps*, were held during the year under review.

The Free State Provincial Government (FSPG) Performance and Development Management System (PDMS) Policy Framework for SMS members (level 13 to 16) and officials on (Level 1 to 12) are being implemented by the Free State Provincial Treasury.

Performance assessment for officials on salary levels 1 to 12 for 2014/15 Performance Cycle has been completed and rewards and pay progression were implemented on 11 August 2015. The assessment for SMS members for the 2014/15 performance cycle has been completed and rewards and pay progression were implemented on 9 March 2016. All members of the Senior Management Service had signed performance agreements for the 2015/16 financial year.

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 2015 to 31 March 2016

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	90 186	61 016	0	0	67.7	455
Sustainable Resources Management	32 540	28 005	0	0	86.1	571
Asset and Liability Management	102 245	37 109	0	0	36.3	417
Financial Governance	19 974	17 108	0	0	85.7	534
Municipal Finance Management	55 228	27 315	0	0	49.5	557
Total	300 173	170 553	0	0	56.8	442

Table 3.1.2 Personnel costs by salary band for the period 1 April 2015 to 31 March 2016

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)	0	0	0	0
Skilled (Levels 3-5)	7 315	4.2	42	174
Highly skilled production (Levels 6-8)	51 085	30.0	143	357
Highly skilled supervision (Levels 9-12)	77 361	45.4	145	534
Senior management (Levels 13-16)	29 170	17.1	23	1 268
Periodic remuneration	131	0.1	3	44
Contract	5 491	3.2	21	261
Total	170 553	100	377	452

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2015 to 31 March 2016

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	42 756	70.1	8	1.3	1 441	2.4	2 696	4.4
Sustainable Resources Management	18 313	65.4	34	0.1	343	1.2	946	3.4
Asset and Liability Management	26 841	72.3	137	0.4	1 130	3	2 004	5.4
Financial Governance	14 607	85.4	211	1.2	412	2.4	618	3.6
Municipal Finance Management	17 255	63.2	0	0	415	1.5	647	2.4
Total	119 772	70.0	390	0.2	3 741	2.2	6 911	4.1

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2015 to 31 March 2016

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
Skilled (Levels 1-2)	0	0	2	0	0	0	0	0
Skilled (Levels 3-5)	4 656	63.7	2	0	457	6.3	646	8.8
Highly skilled production (Levels 6-8)	33 695	66.0	246	0.5	1 758	3.4	3 294	6.4
Highly skilled supervision (Levels 9-12)	54 289	70.2	140	0.2	1 169	1.5	2 724	3.5
Senior management (Levels 13-16)	21 575	74.0	0	0	357	1.2	247	0.8
Others	5 557	98.8	0	0	0	0	0	0
Periodic Remuneration	0	0	0	0	0	0	0	0
Total	119 772	70.0	390	0.2	3 741	2.2	6 911	4.1

3.2. Employment and Vacancies

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2016

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	166	134	19	20
Sustainable Resources Management	60	49	18	2
Asset and Liability Management	97	89	8	2
Financial Governance	40	32	20	0
Municipal Finance Management	54	49	9	2
Total	417	353	15	26

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2016

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)	0	0	0	10
Skilled (Levels 3-5)	50	42	16	8
Highly skilled production (Levels 6-8)	166	143	14	4
Highly skilled supervision (Levels 9-12)	174	145	17	1
Senior management (Levels 13-16)	27	23	15	3
Total	417	353	15	26

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2016

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
SMS	27	23	15	2
Total	27	23	15	2

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 2016

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
Director-General/ Head of Department	1	1	100	0	0
Salary Level 15	2	1	50	1	50
Salary Level 14	4	3	75	1	25
Salary Level 13	20	18	90	2	10
Total	27	23	85.2	4	14.8

Table 3.3.2 SMS post information as on 30 September 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
Director-General/ Head of Department	1	1	100	0	0
Salary Level 15	2	1	50	1	50
Salary Level 14	4	3	75	1	25
Salary Level 13	20	19	95	1	5
Total	27	24	89	3	11

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2015 to 31 March 2016

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 within 12 months
Director-General/ Head of Department	0	0	0
Salary Level 15	0	0	0
Salary Level 14	1	0	0
Salary Level 13	1	0	0
Total	2	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 2015 to 31 March 2016

Reasons for vacancies not advertised within six months
The re-structuring of the Department delayed the filling of existing vacancies.
Reasons for vacancies not filled within twelve months
The re-structuring of the Department delayed the filling of existing vacancies.

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 2015 to 31 March 2016

Reasons for vacancies not advertised within six months
None. The failure of the Department to fill vacancies within 12 months after becoming vacant was as a result of the Departmental re-structuring process that was not concluded during the oversight period.

Reasons for vacancies not filled within six months

None. The re-structuring of the Department delayed the filling of existing vacancies.

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 2015 to 31 March 2016

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)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	50	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	166	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	174	12	7	0	0	0	
Senior Management Service Band A	19	0	0	0	0	0	0
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	417	12	7	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 2015 to 31 March 2016

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

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 2015 to 31 March 2016

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation	0			
Percentage of total employed				0
None				0

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 2015 and 31 March 2016

Total number of Employees whose salaries exceeded the grades determined by job evaluation	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.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2015 to 31 March 2016

Salary band	Number of employees at beginning of period-1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	37	1	0	0
Highly skilled production (Levels 6-8)	149	10	6	4
Highly skilled supervision (Levels 9-12)	143	4	8	5.5
Senior Management Service Bands A	19	0	1	5.2
Senior Management Service Bands B	5	0	2	40
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Contracts	45	4	19	42.2
Total	400	19	36	9

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2015 to 31 March 2016

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
None	0	0	0	0
Total	0	0	0	0

Table 3.5.3 Reasons why staff left the department for the period 1 April 2015 to 31 March 2016

Termination Type	Number	% of Total Resignations
Death	1	6
Resignation	10	59
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	6
Retirement	1	6
Transfer to other Public Service Departments	4	23
Other	0	0
Total	17	100
Total number of employees who left as a % of total employment	4.8	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2015 to 31 March 2016

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
None	0	0	0	0	0
Total	0	0	0	0	0

Table 3.5.5 Promotions by salary band for the period 1 April 2015 to 31 March 2016

Salary Band	Employees 1 April 2015	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)	0	0	0	0	0
Skilled (Levels 3-5)	37	1	2.7	29	78.3
Highly skilled production (Levels 6-8)	149	3	2.0	100	67.1
Highly skilled supervision (Levels 9-12)	143	5	3.5	105	73.4
Senior Management (Level 13-16)	26	0	0	16	61.5
Total	355	9	2.5	250	70.4

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 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	75	1	1	9	56	5	1	19	167
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	7	0	0	1	1	0	0	0	9
Clerks	41	3	0	7	94	6	0	21	172
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	4	0	0	0	1	0	0	0	5
Total	127	4	1	17	152	11	1	40	353
Employees with disabilities	2	0	0	1	0	0	0	1	4

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	0	0	1	0	0	1	5
Senior Management	10	0	1	3	3	0	0	1	18
Professionally qualified and experienced specialists and mid-management	26	0	0	3	18	2	0	8	57
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	74	3	0	11	109	7	1	27	232
Semi-skilled and discretionary decision making	10	1	0	0	20	2	0	3	36
Unskilled and defined decision making	4	0	0	0	1	0	0	0	5
Total	127	4	1	17	152	11	1	40	353

Table 3.6.3 Recruitment for the period 1 April 2015 to 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	9	0	0	0	3	0	0	1	13
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	9	0	0	0	5	0	0	1	15
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2015 to 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	1	0	0	3	0	0	1	8
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	4	1	0	0	3	0	0	1	9
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2015 to 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	1	2
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	0	2	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	5	0	0	2	10
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	1	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	6	0	0	0	7	0	0	4	17
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2015 to 31 March 2016

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
None	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2015 to 31 March 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	70	1	2	1	26	1	1	7	109
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	24	0	0	1	6	0	0	0	31
Clerks	36	0	0	0	21	0	0	0	57
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	0	0	0	0	0	0	0	0	0
Total	130	1	2	2	53	1	1	7	197
Employees with disabilities	0	0	0	0	1	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
Director-General/ Head of Department	1	1	1	3.6
Salary Level 15	1	1	1	3.6
Salary Level 14	5	5	5	17.8
Salary Level 13	22	21	21	75.0
Total	29	28	28	100

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

Reasons
In May 2015 the post of Senior Manager: Public Finance was vacant. 1 post = 3.44%

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2015 to 31 March 2016

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	40	127	31.5	835	20 875
Female	62	152	40.7	974	15 709
Asian					
Male	0	1	0	0	0
Female	1	1	100	14	14 158
Coloured					
Male	3	4	75.0	37	12 333
Female	4	11	36.4	63	15 750
White					
Male	12	17	70.6	349	29 083
Female	25	40	62.5	504	19 880
Total	147	353	41.6	2 776	18 884

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2015 to 31 March 2016

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)	0	0	0	0	0	0
Skilled (Levels 3-5)	13	42	30.9	80	6 153	1.1
Highly skilled production (Levels 6-8)	67	143	46.8	742	11 074	1.5
Highly skilled supervision (Levels 9-12)	57	145	39.3	1 305	22 894	1.7
Total	137	330	41.5	2 127	15 525	1.2

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016

Critical occupation	Beneficiary Profile		Cost		
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
None	0	0	0	0	0
Total	0	0	0	0	0

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2015 to 31 March 2016

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	7	18	38.9	347	49 571	1.5
Band B	2	3	66.7	189	94 500	3.6
Band C	1	1	100	113	113 000	7.4
Band D	0	1	0	0	0	
Total	10	23	43.5	649	64 900	2.2

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 2015 to 31 March 2016

Salary band	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	1	100	1	100	0	0
Contract (Levels 9-12)	0	0	0	0	0	0
Contract (Levels 13-16)	0	0	0	0	0	0
Total	1	100	1	100	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2015 to 31 March 2016

Major occupation	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Econometrician	1	100	1	100	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 2015 to 31 December 2015

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)	55	58.2	20	6	3	15
Skilled (Levels 3-5)	268	71.3	29	8.6	9	176
Highly skilled production (Levels 6-8)	1 116	76.1	137	40.8	8	1 343
Highly skilled supervision (Levels 9 -12)	974	75.2	129	38.4	8	1 824
Top and Senior management (Levels 13-16)	136	87.5	21	6.3	6	470
Total	2 549	75.4	336	100	8	3 828

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2015 to 31 December 2015

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)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	17	100	2	8.7	9	12
Highly skilled production (Levels 6-8)	172	100	12	52.2	14	232
Highly skilled supervision (Levels 9-12)	58	100	7	30.4	8	93
Senior management (Levels 13-16)	14	100	2	8.7	7	49
Total	261	100	23	100	11	386

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 2015 to 31 December 2015

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	419	31	14
Skilled (Levels 3-5)	809	36	22
Highly skilled production (Levels 6-8)	3 978	163	24
Highly skilled supervision (Levels 9-12)	3 725	154	24
Senior management (Levels 13-16)	648	30	22
Total	9 579	414	23

Table 3.10.4 Capped leave for the period 1 January 2015 to 31 December 2015

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 December 2014
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)	27	9	3	30
Senior management (Levels 13-16)	15	1	15	77
Total	42	10	4	38

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

Table 3.10.5 Leave pay-outs for the period 1 April 2015 to 31 March 2016

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2015/16 due to non-utilisation of leave for the previous cycle	504	24	21
Capped leave pay-outs on termination of service for 2015/16	857	39	22
Current leave pay-out on termination of service for 2015/16	135	9	15
Total	1 496	72	21

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
<p>The nature of the Department's work is such that it does not expose employees to a high risk of contracting HIV and related diseases. The Department does however have programmes that addresses HIV and AIDS and related diseases for all employees.</p>	<ol style="list-style-type: none"> 1. Education on Sexually Transmitted Infections (STI) Information Sessions on their treatment as well as treatment of opportunistic infections. 2. Monitoring and regular distribution of barrier methods, particularly condoms and femidoms (female condoms) at accessible distribution points like ablution places and bathrooms. 3. On-going referral as per need of HIV affected and infected officials for regular health assessments, VCT, on-going counselling, infection control, social support and treatment services for appropriate management of STI's and HIV/TB. 4. Support for both infected and affected employees as well as their immediate families (according to scope of applicability of FSPT HIV, AIDS & TB Policy). 5. Preventive and Universal Measures (as in the First Aid and HIV and AIDS & TB Policy) during medical emergencies (first aid). 6. Networks - established external partnerships with other stakeholders such as the Department of Health, ATTIC and GEMS for referral and support. 7. Quarterly HCT - Voluntary Confidential Counselling Testing (VCCT) encouraged. 8. EHW Policies, Gender, Sexual and Workplace Harassment, First Aid and HIV and AIDS/TB - accessible to all officials on departmental intranet. 9. HIV, AIDS and TB Policy Workshop - Education of staff on Prevention of HIV, AIDS and TB and STI and condom use. 10. Creation of non-discriminatory environment by empowering officials and maintenance of confidentiality-policy implementation. 11. Capacity Building - Training of EHW staff in mainstreaming of HIV Gender base Rights. 12. Monitoring and Evaluation strategies such as the following Workplace HIV and AIDS programme measures: <ul style="list-style-type: none"> • Number of female and male condoms distributed in the toilets and bathrooms – 18 416 • Retraining of peer educators who were previously trained to empower other officials on basic HIV. Training of more peer educators in doing VCTs • Number of employees educated on HIV and AIDS/TB issues in order to create awareness – ICAS-SA TB Article circulated in March 2016 and 2 Articles on STIs circulated during STI and Condom Week in February 2016 • Quarterly Distribution of a Number of HIV and AIDS/TB brochures/ leaflets developed and distributed - several left at condom distribution points • Support of affected and infected officials – All officials who disclosed that they are HIV positive were supported • On-going counselling is offered on site by ICAS-SA 24/7 toll free services and GEMS Health Professionals for those affected as part of dedicated EHWP • TB Screenings by GEMS

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes

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.	√		Mrs MG Sithole: Senior Executive 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.	√		<p>The Department has a dedicated unit, the HRD & EHW Unit in the Corporate Services Chief Directorate, that is responsible for promoting the health and well-being of employees.</p> <p>The unit consists of the Manager: HRD & EHW, three Training Officers, Chief User Clerk, two officials; Assistant Manager responsible for Employee Health & Wellness Programme (EHWP with all 4 pillars) and Special Programmes i.e. Gender, Youth, Child, Aged, Disabled and Moral Regeneration as well as an EAP Officer who coordinates all 4 pillars.</p> <p>An amount of R380,679.00 was allocated to EHWP for the 2015/16 financial year.</p>
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	√		<p>The Department has appointed a service provider (ICAS) to render an employee health and wellness service. The service include a 24/7 toll free counselling service to employees.</p> <p>The Employee Health and Wellness unit has put in place interventions to address gaps identified through a BRM audit conducted by the service provider. Targeted interventions were developed to promote a healthy lifestyle and coping skills. These include regular information sharing on relevant topics, emotional intelligence training for senior managers, health assessments in collaboration with GEMS etc.</p>

Question	Yes	No	Details, if yes
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 represent.	√		<p>The EAP unit has a formally established HIV/AIDS committee which has been incorporated into the OHS Task Team. Attendance was found to have improved with one committee that serves both interests. Peer educators on the committee constitutes the HIV Committee within OHS Task Team. Both NEHAWU and PSA are represented on the Committee.</p> <p><u>HIV PEER EDUCATORS TRAINED</u></p> <p>P Thamae</p> <p>C. Ntlokwana</p> <p>P. Mahabuke</p> <p>N. Mokotso</p> <p>T. Medupe (replaced by Ms A. Purcell)</p> <p><u>PEER EDUCATORS TRAINED IN VCT</u></p> <p>S. Basson</p> <p>N. Mokotso</p> <p>P.E. Mahabuke</p> <p>C. Ntlokwana</p>
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.	√		All EHWP policies to be reviewed with the exception of the First Aid 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.	√		<p>Confidentiality is maintained by safe keeping of EAP documents. No disclosing of the affected official's information to any other person without the employee's written consent.</p> <p>Privacy during test campaigns.</p> <p>Private and confidential 24/7 counselling services by external service provider, ICAS.</p> <p>Education of staff on HIV, AIDS & TB and how it is spread. Awareness and prevention programmes on HIV/AIDS and other sexually transmitted infections for the employees in the department and, where possible, their families. These programmes are integrated with programmes that promote the health and well-being of employees.</p> <p>Encouraging staff to voluntarily test during HCT campaigns to encourage openness, acceptance, care and support for HIV- positive employees.</p>

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	√		<p>Employees are encouraged to undergo voluntary testing and counselling.</p> <p>Tests have been done quarterly by GEMS at every departmental activity like sport tournaments, Wellness Day celebration, Fun Walk and also during World AIDS Day.</p>
8. Has the department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		<p>The Department has the following measures in place to monitor and evaluate the impact of the health promotion programme:</p> <ol style="list-style-type: none"> 1. HRD & EHW Survey. Although indicators were not developed to measure impact, responses to the EHWP surveys helped in measuring impact. 2. Officials are encouraged to give feedback via mail about their satisfaction after an event or activity. 3. BRM Audit was done by ICAS in 2015. 4. Verbal feedback and attendance of wellness activities. 5. Monitoring statistics of absenteeism if increasing or declining; and from which components and suggesting intervention strategies that can boost morale in affected components. 6. Reports from contracted service provider of 24/7 counselling services. 7. Implementation of DPSA M&E and Reports – EHWSF Monitoring Tool. EHW Quarterly Reports. 8. EHW Research on utilisation of EHW by Management in 2015.

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2015 and 31 March 2016

Total number of Collective agreements	0
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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 2015 to 31 March 2016

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	0	0

Total number of Disciplinary hearings finalised	0
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Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 to 31 March 2016

Type of misconduct	Number	% of total
None	0	0
Total	0	0

Table 3.12.4 Grievances logged for the period 1 April 2015 to 31 March 2016

Grievances	Number	% of Total
Number of grievances resolved	10	83
Number of grievances not resolved	2	17
Total number of grievances lodged	12	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2015 to 31 March 2016

Disputes	Number	% of Total
Number of disputes upheld	3	100
Number of disputes dismissed	0	0
Total number of disputes lodged	3	100

Table 3.12.6 Strike actions for the period 1 April 2015 to 31 March 2016

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2015 to 31 March 2016

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	0

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 2015 to 31 March 2016

Occupational category	Gender	Number of employees as at 1 April 2015	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	82	0	190	0	190
	Male	84	0	115	0	115
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	1	0	1	0	1
	Male	8	0	8	0	8
Clerks	Female	125	0	131	0	131
	Male	49	0	35	0	35
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	1	0	0	0	0
	Male	5	0	0	0	0
Sub Total	Female	209	0	322	0	322
	Male	146	0	158	0	158
Total		355	0	480	0	480

Table 3.13.2 Training provided for the period 1 April 2015 to 31 March 2016

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	82	0	42	0	42
	Male	84	0	37	0	37
Professionals	Female	0	0	5	0	5
	Male	0	0	17	0	17
Technicians and associate professionals	Female	1	0	5	0	5
	Male	8	0	4	0	4
Clerks	Female	125	0	19	0	19
	Male	49	0	31	0	31
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	1	0	0	0	0
	Male	5	0	0	0	0
Sub Total	Female	209	0	71	0	71
	Male	146	0	89	0	89
Total		355	0	160	0	160

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 2015 to 31 March 2016

Nature of injury on duty	Number	% of total
Required basic medical attention only	4	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	4	100

3.15. Utilisation of Consultants

The following tables relate 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 2015 to 31 March 2016

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Assist Departments to recover Ex- employee debt	1	12 Months Extended for three months	1 296 096
SCM Toolkit	1	36 Months	389 880
Request for proposal: Development and implementation of an integrated information, governance and process management system (supplier database management system) to facilitate policy and legislative implementation and improved service delivery	1	12 Months	50 000 000
Assist Maluti-A-Phofung Local Municipality to compile GRAP 17 compliant asset register (Moveable and Immovable)	1	4 Months	2 949 523
Assist Phumelela Local Municipality with the following: 1. Preparation of the 2014/15 Annual Financial Statements 2. Valuation of landfill sites and actuaries 3. Impairment of debtors and creditors discounting 4. Assisting in clearing prior audit queries	1	4 Months	1 149 120
Appointment of technical experts to conduct a feasibility study and advice the Free State Provincial Treasury on a cost effective and efficient model for management/outourcing/disposal of municipal resorts in the Free State with focus on Mimosa (Parys), Kroonpark (Kroonstad) and Wilge Resort (Mafube)	1	3 Months	2 899 020

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
Six (6)	6	1 790 days	58 683 640

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 to 31 March 2016

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Assist Departments to recover Ex- employee debt	66.6	100	N/A
SCM Toolkit	44.4	24.9	N/A
Request for proposal: Development and implementation of an integrated information, governance and process management system (supplier database management system) to facilitate policy and legislative implementation and improved service delivery	55	55	N/A
Assist Maluti-A-Phofung Local Municipality to compile GRAP 17 compliant asset register (Moveable and Immovable)	100	100	N/A
Assist Phumelela Local Municipality with the following: <ol style="list-style-type: none"> 1. Preparation of the 2014/15 Annual Financial Statements 2. Valuation of landfill sites and actuates 3. Impairment of debtors and creditors discounting 4. Assisting in clearing prior audit queries 	38.5	93.5	N/A
Appointment of technical experts to conduct a feasibility study and advice the Free State Provincial Treasury on a cost effective and efficient model for management/outourcing/disposal of municipal resorts in the Free State with focus on the Mimosa (Parys), Kroonpark (Kroonstad) and Wilge Resort (Mafube)	68	66.7	N/A

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2015 to 31 March 2016

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> • Supply Chain Management • Prevention of misstatements in the Interim and Annual Financial Statements • Human Resource Management • Budget and Expenditure Management • Asset Management • Performance Management 	1	8 Months	714 529
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> • Review risk register and risk strategies 	1	8 Months	60 000
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> • Review Internal Audit methodology in line with IIA standards • Review and implement measures to enhance internal reporting and planning 	1	8 Months	90 000
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> • Develop a mechanism to effectively monitor public entities 	1	8 Months	48 000
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> • Develop mechanisms to effectively monitor internal control systems 	1	8 Months	100 000

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities: <ul style="list-style-type: none"> Develop a combined assurance framework to optimise assurance coverage 	1	8 Months	130 000

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
One (1)	6	167 days	1 142 529

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 to 31 March 2016

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities: <ul style="list-style-type: none"> Supply Chain Management Prevention of misstatements in the Interim and Annual Financial Statements Human Resource Management Budget and Expenditure Management Asset Management Performance Management 	32.6	9.34	N/A

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> Review risk register and risk strategies 	100	100	N/A
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> Review Internal Audit methodology in line with IIA standards Review and implement measures to enhance internal reporting and planning 	29	29	N/A
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> Develop a mechanism to effectively monitor public entities 	100	100	N/A
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> Develop mechanisms to effectively monitor internal control systems 	98	100	N/A

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
<p>Appointment of technical experts to provide financial management improvement support to the Department of Economic and Small Business Development, Tourism and Environmental Affairs and its entities:</p> <ul style="list-style-type: none"> Develop a combined assurance framework to optimise assurance coverage 	100	100	N/A

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2015 to 31 March 2016

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

PART E

FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL

Report of the auditor-general to Free State Provincial Legislature on vote no. 4: Provincial Treasury

Report on the financial statements

Introduction

1. I have audited the financial statements of the Free State Provincial Treasury set out on pages 119 to 179, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, 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 prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), 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 and fair presentation 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 qualified audit opinion.

Basis for qualified opinion

Irregular expenditure

6. The department did not include the required information on irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. The department procured IT-related goods and services without consulting the State Information Technology Agency (Sita), as required by section 7(3) of the State Information Technology Agency Act, 1998 (Act No. 88 of 1998), resulting in irregular expenditure of R29 271 037.

Qualified opinion

7. In my opinion, except for the effects of the matter described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Free State Provincial Treasury as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with Modified Cash Standard and the requirements of the PFMA.

Report on other legal and regulatory requirements

8. 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 of selected programmes presented in the annual performance report, compliance with legislation and 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

9. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:
- Programme 2: Sustainable resource management on pages 34 to 39
 - Programme 3: Asset and liability management on pages 40 to 47
 - Programme 4: Financial governance on pages 48 to 53
 - Programme 5: Municipal finance management on pages 54 to 58
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* (FMPPI).
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 on pages 34 to 39
 - Programme 3: Asset and liability management on pages 40 to 47
 - Programme 4: Financial governance on pages 48 to 53
 - Programme 5: Municipal finance management on pages 54 to 58.

Compliance with legislation

13. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Procurement and contract management

14. IT-related goods and services were not procured through Sita, as required by section 7(3) of the State Information Technology Agency Act, 1998 (Act No. 88 of 1998).

Internal control

15. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion and the findings on compliance with legislation included in this report.

Leadership

16. Leadership did not always take timely and adequate action to address weaknesses in the supply chain management section due to inadequate monitoring and supervision, which resulted in non-compliance with applicable legislation and gave rise to irregular expenditure.

Auditor - General

Bloemfontein

31 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS

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Appropriation per programme										
2015/16							2014/15			
Programme	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	R'000
1. Administration	92 859	-	(34)	92 825	90 186	2 639	97.2%	96 256	92 464	
2. Sustainable Resource Management	34 104	-	2	34 106	32 540	1 566	95.4%	25 486	25 203	
3. Asset and Liability Management	103 214	-	-	103 214	102 245	969	99.1%	77 628	77 360	
4. Financial Governance	21 036	-	-	21 036	19 974	1 062	95.0%	19 582	19 452	
5. Municipal Finance Management	57 892	-	32	57 924	55 228	2 696	95.3%	25 283	24 584	
Subtotal	309 105	-	-	309 105	300 173	8 932	97.1%	244 235	239 063	
TOTAL	309 105	-	-	309 105	300 173	8 932	97.1%	244 235	239 063	

	2015/16			2014/15	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
Departmental receipts	-			30 828	
Aid assistance	602			800	
Actual amounts per statement of financial performance (total revenue)	309 707			275 863	
ADD					
Aid assistance		1 254			-
Actual amounts per statement of financial performance (total expenditure)		301 427			239 063

Appropriation per economic classification										
2015/16										2014/15
	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	R'000
Economic classification										
Current payments	286 923	(1 381)	(150)	285 392	276 630	8 762	96.9%	239 431	235 101	
Compensation of employees	177 502	(2 307)	(292)	174 903	170 553	4 350	97.5%	158 499	155 792	
Salaries and wages	152 889	(1 490)	(180)	151 219	148 336	2 883	98.1%	138 736	136 083	
Social contributions	24 613	(817)	(112)	23 684	22 217	1 467	93.8%	19 763	19 709	
Goods and services	108 421	926	142	109 489	105 298	4 191	96.2%	80 932	79 309	
Administrative fees	416	(170)	-	246	230	16	93.5%	268	235	
Advertising	10 879	145	-	11 024	10 816	208	98.1%	10 648	10 645	
Minor assets	728	(464)	-	264	240	24	90.9%	431	369	
Audit costs: External	6 816	5 777	-	12 593	12 593	-	100.0%	11 206	11 183	

Appropriation per economic classification									
2015/16								2014/15	
	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
Bursaries: Employees	407	10	-	417	417	-	100.0%	326	326
Catering: Departmental activities	1 035	(396)	-	639	614	25	96.1%	1 058	1 045
Communication (G & S)	1 170	(666)	-	504	469	35	93.1%	662	633
Computer services	24 387	495	-	24 882	24 796	86	99.7%	24 966	24 939
Consultants: Business and advisory services	35 977	712	292	36 981	33 520	3 461	90.6%	8 398	7 639
Legal services	-	-	-	-	-	-	-	57	57
Contractors	911	(168)	-	743	739	4	99.5%	1 835	1 816
Agency and support / outsourced services	1 106	(387)	-	719	694	25	96.5%	1 469	1 357
Entertainment	60	(28)	-	32	27	5	84.4%	52	24
Fleet services (Including government motor transport)	711	122	-	833	833	-	100.0%	731	731
Consumable supplies	694	(153)	-	541	520	21	96.1%	413	351
Consumable: Stationery, printing and office supplies	9 691	(496)	-	9 195	9 163	32	99.7%	3 058	2 988
Operating leases	1 122	189	-	1 311	1 311	-	100.0%	1 367	1 367
Transport provided: Departmental activity	300	(73)	-	227	227	-	100.0%	211	211
Travel and subsistence	7 458	(2 147)	(150)	5 161	4 975	186	96.4%	4 358	4 019
Training and development	3 438	(1 152)	-	2 286	2 251	35	98.5%	8 318	8 293
Operating payments	413	(93)	-	320	294	26	91.9%	397	380

Appropriation per economic classification									
2015/16								2014/15	
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	R'000
Venues and facilities	702	-	571	569	2	99.6%	703	701	
Interest and rent on land	1 000	-	1 000	779	221	77.9%	-	-	
Interest (Including Interest on unitary repayment) (PPP)	1 000	-	1 000	779	221	77.9%	-	-	
Transfers and subsidies	19 499	150	19 649	19 557	92	99.5%	541	499	
Provinces and municipalities	18 850	-	18 850	18 840	10	99.9%	-	-	
Municipalities	18 850	-	18 850	18 840	10	99.9%	-	-	
Municipal bank accounts	18 850	-	18 850	18 840	10	99.9%	-	-	
Households	649	-	799	717	82	89.7%	541	499	
Social benefits	302	-	357	337	20	94.4%	268	245	
Other transfers to households	347	-	442	380	62	86.0%	273	254	
Payments for capital assets	2 683	1 381	4 064	3 972	92	97.7%	4 263	3 423	
Buildings and other fixed structures	30	-	30	29	1	96.7%	-	-	
Other fixed structures	30	-	30	29	1	96.7%	-	-	
Machinery and equipment	2 653	1 381	4 034	3 943	91	97.7%	4 263	3 423	
Other machinery and equipment	2 653	1 381	4 034	3 943	91	97.7%	4 263	3 423	
Payments for financial assets	-	-	-	14	(14)	-	-	40	
309 105	-	-	309 105	300 173	8 932	97.1%	244 235	239 063	

Programme 1: ADMINISTRATION									
2015/16							2014/15		
	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. Office of the MEC	6 453	(340)	(34)	6 079	6 057	22	99.6%	6 030	5 864
2. Management Services	15 841	(583)	-	15 258	14 836	422	97.2%	13 175	11 296
3. Corporate Services	25 919	(520)	-	25 399	24 402	997	96.1%	33 227	32 161
4. Financial Management (Office of the CFO)	39 413	1 985	-	41 398	40 585	813	98.0%	39 597	38 985
5. Internal Audit (departmental)	5 233	(542)	-	4 691	4 306	385	91.8%	4 227	4 158
Total for sub programmes	92 859	-	(34)	92 825	90 186	2 639	97.2%	96 256	92 464
Economic classification									
Current payments	90 115	(1 121)	(150)	88 844	86 285	2 559	97.1%	92 579	89 429
Compensation of employees	63 422	(600)	-	62 822	61 016	1 806	97.1%	59 574	57 708
Salaries and wages	54 413	(149)	-	54 264	52 986	1 278	97.6%	52 131	50 268
Social contributions	9 009	(451)	-	8 558	8 030	528	93.8%	7 443	7 440
Goods and services	26 693	(521)	(150)	26 022	25 269	753	97.1%	33 005	31 721
Administrative fees	249	(98)	-	151	141	10	93.4%	175	160
Advertising	795	826	-	1 621	1 416	205	87.4%	1 177	1 174
Minor assets	268	(193)	-	75	72	3	96.0%	177	128
Audit costs: External	6 816	2 022	-	8 838	8 838	-	100.0%	8 597	8 597
Bursaries: Employees	407	10	-	417	417	-	100.0%	326	326

Programme 1: ADMINISTRATION									
2015/16								2014/15	
	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
Catering: Departmental activities	439	(168)	-	271	271	-	100.0%	628	617
Communication (G&S)	1 115	(649)	-	466	434	32	93.1%	605	580
Computer services	3 695	(650)	-	3 045	3 041	4	99.9%	4 474	4 472
Consultants: Business and advisory services	2 260	(84)	-	2 176	1 807	369	83.0%	5 798	5 039
Legal services	-	-	-	-	-	-	-	57	57
Contractors	797	(76)	-	721	718	3	99.6%	1 794	1 785
Agency and support / outsourced services	780	(314)	-	466	441	25	94.6%	1 211	1 105
Entertainment	28	(8)	-	20	18	2	90.0%	30	10
Fleet services (Incl. Government Transport)	711	122	-	833	833	-	100.0%	731	731
Consumable supplies	248	(88)	-	160	158	2	98.8%	141	100
Consumable: Stationery, printing and office supplies	2 031	(340)	-	1 691	1 683	8	99.5%	1 602	1 559
Operating leases	1 122	189	-	1 311	1 311	-	100.0%	1 367	1 367
Transport provided: Departmental activity	300	(73)	-	227	227	-	100.0%	192	192
Travel and subsistence	2 615	(696)	(150)	1 769	1 740	29	98.4%	1 644	1 478
Training and development	1 454	(75)	-	1 379	1 345	34	97.5%	1 673	1 655
Operating payments	309	(93)	-	216	190	26	88.0%	335	319
Venues and facilities	254	(85)	-	169	168	1	99.4%	271	270

Programme 1: ADMINISTRATION									
2015/16								2014/15	
	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
Transfers and subsidies	460	-	116	576	494	82	85.8%	292	253
Households	460	-	116	576	494	82	85.8%	292	253
Social benefits	113	-	21	134	114	20	85.1%	60	40
Other transfers to households	347	-	95	442	380	62	86.0%	232	213
Payments for capital assets	2 284	1 121	-	3 405	3 399	6	99.8%	3 385	2 742
Buildings and other fixed structures	30	-	-	30	29	1	96.7%	-	-
Other fixed structures	30	-	-	30	29	1	96.7%	-	-
Machinery and equipment	2 254	1 121	-	3 375	3 370	5	99.9%	3 385	2 742
Other machinery and equipment	2 254	1 121	-	3 375	3 370	5	99.9%	3 385	2 742
Payments for financial assets					8	(8)	-	-	40
	92 859	-	(34)	92 825	90 186	2 639	97.2%	96 256	92 464

Programme 2: SUSTAINABLE RESOURCE MANAGEMENT									
2015/16								2014/15	
	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	1 518	1 680	2	3 200	3 175	25	99.2%	1 804	1 672
2. Economic Analysis	7 963	(999)	-	6 964	6 273	691	90.1%	5 667	5 658
3. Fiscal Policy	6 443	(177)	-	6 266	6 106	160	97.4%	4 919	4 823
4. Budget Management	9 660	166	-	9 826	9 411	415	95.8%	9 088	9 082
5. Public Finance	8 520	(670)	-	7 850	7 575	275	96.5%	4 008	3 968
Total for sub programmes	34 104	-	2	34 106	32 540	1 566	95.4%	25 486	25 203
Economic classification									
Current payments	33 932	(65)	-	33 867	32 328	1 539	95.5%	25 316	25 070
Compensation of employees	29 944	(1 000)	-	28 944	28 005	939	96.8%	22 685	22 594
Salaries and wages	26 244	(1 012)	-	25 232	24 510	722	97.1%	19 883	19 802
Social contributions	3 700	12	-	3 712	3 495	217	94.2%	2 802	2 792
Goods and services	3 988	935	-	4 923	4 323	600	87.8%	2 631	2 476
Administrative fees	54	(34)	-	20	20	-	100.0%	43	40
Advertising	50	182	-	232	232	-	100.0%	124	124
Minor assets	42	(4)	-	38	37	1	97.4%	26	25
Audit costs: External	-	2 000	-	2 000	2 000	-	100.0%	969	968
Catering: Departmental activities	129	(62)	-	67	45	22	67.2%	32	32
Consultants: Business and advisory services	1 000	-	-	1 000	451	549	45.1%	-	-

Programme 2: SUSTAINABLE RESOURCE MANAGEMENT									
2015/16								2014/15	
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	R'000
Contractors	5	(2)	3	2	1	66.7%	1	1	1
Agency and support / outsourced services	-	-	-	-	-	-	-	2	2
Entertainment	9	(8)	1	1	-	100.0%	4	4	4
Consumable supplies	67	(9)	58	57	1	98.3%	44	44	44
Consumable: Stationery, printing and office supplies	778	(57)	721	717	4	99.4%	530	527	527
Transport provided: Departmental activity	-	-	-	-	-	-	19	19	19
Travel and subsistence	1 563	(903)	660	639	21	96.8%	580	440	440
Training and development	125	(125)	-	-	-	-	10	3	3
Venues and facilities	166	(43)	123	122	1	99.2%	247	247	247
Transfers and subsidies	17	-	19	19	-	100.0%	53	50	50
Households	17	-	19	19	-	100.0%	53	50	50
Social benefits	17	-	19	19	-	100.0%	12	9	9
Other transfers to households	-	-	-	-	-	-	41	41	41
Payments for capital assets	155	65	220	187	33	85.0%	117	83	83
Machinery and equipment	155	65	220	187	33	85.0%	117	83	83
Other machinery and equipment	155	65	220	187	33	85.0%	117	83	83
Payments for financial assets	-	-	-	6	(6)	-	-	-	-
Total	34 104	-	34 106	32 540	1 566	95.4%	25 486	25 203	25 203

Programme 3: ASSET AND LIABILITY MANAGEMENT									
2015/16								2014/15	
	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	1 301	32	-	1 333	1 302	31	97.7%	2 257	2 251
2. Asset Management	56 585	(551)	-	56 034	55 592	442	99.2%	33 507	33 375
3. Supporting and Interlinked Financial Systems	45 328	519	-	45 847	45 351	496	98.9%	41 864	41 734
Total for sub programmes	103 214	-	-	103 214	102 245	969	99.1%	77 628	77 360
Economic classification									
Current payments	102 903	(85)	-	102 818	101 878	940	98.8%	77 212	77 043
Compensation of employees	37 506	(2)	-	37 504	37 109	395	98.9%	36 879	36 752
Salaries and wages	31 933	(29)	-	31 904	31 659	245	99.2%	31 880	31 761
Social contributions	5 573	27	-	5 600	5 450	150	97.3%	4 999	4 991
Goods and services	64 397	(83)	-	64 314	63 990	324	99.5%	40 333	40 291
Administrative fees	49	(13)	-	36	29	7	80.6%	7	5
Advertising	10 034	(863)	-	9 171	9 168	3	100.0%	9 347	9 347
Minor assets	272	(191)	-	81	65	16	80.2%	130	129
Audit costs: External	-	105	-	105	105	-	100.0%	-	-
Catering: Departmental activities	85	(49)	-	36	35	1	97.2%	43	42
Communication (G&S)	47	(11)	-	36	32	4	88.9%	48	46
Computer services	20 692	1 145	-	21 837	21 755	82	99.6%	20 427	20 402

Programme 3: ASSET AND LIABILITY MANAGEMENT									
2015/16								2014/15	
	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
Consultants: Business and advisory services	25 313	-	-	25 313	25 223	90	99.6%	2 600	2 600
Contractors	85	(77)	-	8	8	-	100.0%	3	3
Agency and support / outsourced services	81	(72)	-	9	9	-	100.0%	79	79
Entertainment	6	-	-	6	3	3	50.0%	3	2
Consumable supplies	228	(45)	-	183	168	15	91.8%	94	92
Consumable: Stationery, printing and office supplies	6 191	96	-	6 287	6 274	13	99.8%	399	396
Travel and subsistence	1 037	(120)	-	917	828	89	90.3%	816	812
Training and development	176	(10)	-	166	165	1	99.4%	6 211	6 211
Operating payments	64	-	-	64	64	-	100.0%	62	61
Venues and facilities	37	22	-	59	59	-	100.0%	64	64
Interest and rent on land	1 000	-	-	1 000	779	221	77.9%	-	-
Interest (incl. interest on unitary payment (PPP))	1 000	-	-	1 000	779	221	77.9%	-	-
Transfers and subsidies	131	-	-	131	131	-	100.0%	-	-
Households	131	-	-	131	131	-	100.0%	-	-
Social benefits	131	-	-	131	131	-	100.0%	-	-
Payments for capital assets	180	85	-	265	236	29	89.1%	416	317
Machinery and equipment	180	85	-	265	236	29	89.1%	416	317

Programme 3: ASSET AND LIABILITY MANAGEMENT									
2015/16								2014/15	
	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
Other machinery and equipment	180	85	-	265	236	29	89.1%	416	317
Total	103 214	-	-	103 214	102 245	969	99.1%	77 628	77 360

Programme 4: FINANCIAL GOVERNANCE									
2015/16								2014/15	
	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. Program Support	2 152	389	-	2 541	2 451	90	96.5%	3 793	3 761
2. Accounting Services	11 664	(478)	-	11 186	10 610	576	94.9%	9 422	9 355
3. Risk Management and Internal Audit Provincial	7 220	89	-	7 309	6 913	396	94.6%	6 367	6 336
Total for sub programmes	21 036	-	-	21 036	19 974	1 062	95.0%	19 582	19 452
Economic classification									
Current payments	20 953	(5)	-	20 948	19 910	1 038	95.0%	19 490	19 361
Compensation of employees	18 590	(201)	(292)	18 097	17 108	989	94.5%	16 920	16 866

Programme 4: FINANCIAL GOVERNANCE									
2015/16								2014/15	
	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
Salaries and wages	15 689	34	(180)	15 543	15 068	475	96.9%	14 919	14 871
Social contributions	2 901	(235)	(112)	2 554	2 404	514	79.9%	2 001	1 995
Goods and services	2 363	196	292	2 851	2 802	49	98.3%	2 570	2 495
Administrative fees	16	(11)	-	5	5	-	100.0%	15	9
Minor assets	45	10	-	55	51	4	92.7%	40	36
Audit costs: External	-	450	-	450	450	-	100.0%	1 640	1 618
Catering: Departmental activities	153	(112)	-	41	40	1	97.6%	124	123
Communication (G&S)	3	(3)	-	-	-	-	-	1	-
Computer Services	-	-	-	-	-	-	-	65	65
Consultants: Business and advisory services	-	800	292	1 092	1 092	-	100.0%	-	-
Contractors	11	(5)	-	6	6	-	100.0%	16	14
Agency and support / outsourced services	6	(2)	-	4	4	-	100.0%	5	3
Entertainment	6	(3)	-	3	3	-	100.0%	6	1
Consumable supplies	60	(10)	-	50	50	-	100.0%	44	37
Consumable: Stationery, printing and office supplies	324	(61)	-	263	257	6	97.7%	266	260
Travel and subsistence	242	(87)	-	155	117	38	75.5%	210	192
Training and development	1 265	(767)	-	498	498	-	100.0%	35	35
Operating payments	40	-	-	40	40	-	100.0%	-	-

Programme 4: FINANCIAL GOVERNANCE									
2015/16								2014/15	
	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	192	(3)	-	189	189	-	100.0%	103	102
Transfers and subsidies	19	-	-	19	19	-	100.0%	-	-
Households	19	-	-	19	19	-	100.0%	-	-
Social benefits	19	-	-	19	19	-	100.0%	-	-
Payments for capital assets	64	5	-	69	45	24	65.2%	92	91
Machinery and equipment	64	5	-	69	45	24	65.2%	92	91
Other machinery and equipment	64	5	-	69	45	24	65.2%	92	91
Total	21 036	-	-	21 036	19 974	1 062	95.0%	19 582	19 452

Programme 5: MUNICIPAL FINANCE MANAGEMENT									
2015/16								2014/15	
	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	30 271	1 483	1	31 755	29 268	2 487	92.2%	2 652	2 638
2. Thabo Mofutsanyana District	6 488	417	-	6 905	6 869	36	99.5%	6 639	6 016

Programme 5: MUNICIPAL FINANCE MANAGEMENT									
2015/16								2014/15	
	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
3. Fezile Dabi Dstict	6 228	(204)	31	6 055	6 027	28	99.5%	5 205	5 184
4. Lejweleputswa District	4 758	(318)	-	4 440	4 353	87	98.0%	3 777	3 766
5. Xhariep District	4 958	(435)	-	4 523	4 494	29	99.4%	3 717	3 705
6. Municipal Risk Management and Internal Audit	4 177	(46)	-	4 131	4 111	20	99.5%	3 293	3 275
7. MSP and IGR Directorate	1 012	(897)	-	115	106	9	92.2%	-	-
Total for sub programmes	57 892	-	32	57 924	55 228	2 696	95.3%	25 283	24 584
Economic classification									
Current payments	39 020	(105)	-	38 915	36 229	2 686	93.1%	24 834	24 198
Compensation of employees	28 040	(504)	-	27 536	27 315	221	99.2%	22 441	21 872
Salaries and wages	24 610	(334)	-	24 276	24 113	163	99.3%	19 923	19 381
Social contributions	3 430	(170)	-	3 260	3 202	58	98.2%	2 518	2 491
Goods and services	10 980	399	-	11 379	8 914	2 465	78.3%	2 393	2 326
Administrative fees	48	(14)	-	34	35	(1)	102.9%	28	21
Minor assets	101	(86)	-	15	15	-	100.0%	58	51
Audit costs: External	-	1 200	-	1 200	1 200	-	100.0%	-	-
Catering: Departmental activities	229	(5)	-	224	223	1	99.6%	231	231
Communication (G&S)	5	(3)	-	2	3	(1)	150.0%	8	7
Consultants: Business and advisory services	7 404	(4)	-	7 400	4 947	2 453	66.9%	-	-
Contractors	13	(8)	-	5	5	-	100.0%	21	13

Programme 5: MUICIPAL FINANCE MANAGEMENT									
2015/16								2014/15	
	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
Agency and support / outsourced services	239	1	-	240	240	-	100.0%	172	168
Entertainment	11	(9)	-	2	2	-	100.0%	9	7
Consumable supplies	91	(1)	-	90	87	3	96.7%	90	78
Consumable: Stationery, printing and office supplies	367	(134)	-	233	232	1	99.6%	261	246
Travel and subsistence	2 001	(341)	-	1 660	1 651	9	99.5%	1 108	1 097
Training and development	418	(175)	-	243	243	-	100.0%	389	389
Venues and facilities	53	(22)	-	31	31	-	100.0%	18	18
Transfers and subsidies	18 872	-	32	18 904	18 894	10	99.9%	196	196
Provinces and municipalities	18 850	-	-	18 850	18 840	10	99.9%	-	-
Municipalities	18 850	-	-	18 850	18 840	10	99.9%	-	-
Municipal bank accounts	18 850	-	-	18 850	18 840	10	99.9%	-	-
Households	22	-	32	54	54	-	100.0%	196	196
Social benefits	22	-	32	54	54	-	100.0%	196	196
Payments for capital assets	-	105	-	105	105	-	100.0%	253	190
Machinery and equipment	-	105	-	105	105	-	100.0%	253	190
Other machinery and equipment	-	105	-	105	105	-	100.0%	253	190
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	57 892	-	32	57 924	55 228	2 696	95.3%	25 283	24 584

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, notes and Annexure 1 A and B 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 R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
	Administration	92 825	90 186	2 639	2.84%
	Sustainable Resource Management	34 106	32 540	1 566	4.59%
	Assets and Liability Management	103 214	102 245	969	0.94%
	Financial Governance	21 036	19 974	1 062	5.05%
	Municipal Finance Management	57 924	55 228	2 696	4.65%
4.2	Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
	Current expenditure				
	Compensation of employees	174 903	170 553	4 350	2.49%
	Goods and services	109 489	105 298	4 191	3.83%
	Interest and rent on land	1 000	779	221	22.10%
	Transfers and subsidies				
	Provinces and municipalities	18 850	18 840	10	0.05%
	Households	799	717	82	10.26%
	Payments for capital assets				
	Buildings and other fixed structures	30	29	1	3.33%
	Machinery and equipment	4 034	3 943	91	2.26%
	Payments for financial assets	-	14	-14	100.00%

	<i>Note</i>	2015/16 R'000	2014/15 R'000
REVENUE			
Annual appropriation	1	309 105	244 235
Departmental revenue	2	-	30 828
Aid assistance	3	602	800
TOTAL REVENUE		309 707	275 863
EXPENDITURE			
Current expenditure			
Compensation of employees	4	170 553	155 792
Goods and services	5	105 298	79 309
Interest and rent on land	6	779	-
Aid assistance	3	1 254	-
Total current expenditure		277 884	235 101
Transfers and subsidies			
Transfers and subsidies	8	19 557	499
Total transfers and subsidies		19 557	499
Expenditure for capital assets			
Tangible assets	9	3 972	3 423
Total expenditure for capital assets		3 972	3 423
Payments for financial assets	7	14	40
TOTAL EXPENDITURE		301 427	239 063
SURPLUS/(DEFICIT) FOR THE YEAR		8 280	36 800
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		8 932	5 172
Annual appropriation		8 932	5 172
Conditional grants		-	-
Departmental revenue	14	-	30 828
Aid assistance	3	(652)	800
SURPLUS/(DEFICIT) FOR THE YEAR		8 280	36 800

	<i>Note</i>	2015/16 R'000	2014/15 R'000
ASSETS			
Current assets		9 117	6 099
Cash and cash equivalents	10	8 960	5 712
Prepayments and advances	11	-	23
Receivables	12	157	364
Non-current assets		2	17
Receivables	12	2	17
TOTAL ASSETS		9 119	6 116
LIABILITIES			
Current liabilities		9 086	6 022
Voted funds to be surrendered to the Revenue Fund	13	8 932	5 172
Departmental revenue to be surrendered to the Revenue Fund	14	46	39
Payables	15	84	11
Aid assistance unutilised	3	24	800
TOTAL LIABILITIES		9 086	6 022
NET ASSETS		33	94
Represented by:			
Recoverable revenue		33	94
TOTAL		33	94

	<i>Note</i>	2015/16 R'000	2014/15 R'000
Recoverable revenue			
Opening balance		94	48
Transfers:		(61)	46
Irrecoverable amounts written off	7.2	(4)	(2)
Debts revised		(16)	(2)
Debts recovered (included in departmental receipts)		(76)	(216)
Debts raised		35	266
Closing balance		33	94
TOTAL		33	94

	<i>Note</i>	2015/16 R'000	2014/15 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		327 764	294 937
Annual appropriated funds received	1.1	309 105	244 235
Departmental revenue received	2.1, 2.4	206	530
Interest received	2.2	17 851	49 372
Aid assistance received	3	602	800
Net (increase)/decrease in working capital		318	2 768
Surrendered to Revenue Fund		(23 222)	(53 143)
Surrendered to RDP Fund/Donor		(124)	-
Current payments		(277 105)	(235 101)
Interest paid	6	(779)	-
Payments for financial assets		(14)	(40)
Transfers and subsidies paid		(19 557)	(499)
Net cash flow available from operating activities	16	7 281	8 922
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(3 972)	(3 423)
Proceeds from sale of capital assets	2.3	-	2
Net cash flows from investing activities		(3 972)	(3 421)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(61)	46
Net cash flows from financing activities		(61)	46
Net increase/(decrease) in cash and cash equivalents		3 248	5 547
Cash and cash equivalents at beginning of period		5 712	165
Cash and cash equivalents at end of period	17	8 960	5 712

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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.

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.

1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The financial statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Comparative information
5.1	Prior period comparative information 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.
5.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
6	Revenue

6.1	<p>Appropriated funds</p> <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>
6.2	<p>Departmental revenue</p> <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>
6.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial 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>
7	Expenditure
7.1	Compensation of employees
7.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
7.1.2	<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>
7.2	<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. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>

7.3	<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 or in the case of transfers and subsidies when they are due and payable.</p> <p>Accrued expenditure payable is measured at cost.</p>
7.4	<p>Leases</p>
7.4.1	<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>
7.4.2	<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.
8	<p>Aid Assistance</p>
8.1	<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 to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
8.2	<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>
9	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</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>

10	<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>
11	<p>Receivables</p> <p>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. Write-offs are made according to the department's write-off policy.</p>
12	<p>Financial assets</p>
12.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
12.2	<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>
13	<p>Payables</p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
14	<p>Capital Assets</p>
14.1	<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>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>
14.2	<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>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>

14.3	<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>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>
15	Provisions and Contingents
15.1	<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. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
15.2	<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>
15.3	<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>
16	<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>

17	<p>Fruitless and wasteful expenditure</p> <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>
18	<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>
19	<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>
20	<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>
21	<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.</p>

22	<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. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
23	<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 within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>

1. Annual Appropriation

1.1 Annual Appropriation

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

	2015/16			2014/15	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	92 825	92 825	-	96 256	96 256
Sustainable Resource Management	34 106	34 106	-	25 486	25 486
Asset and Liability Management	103 214	103 214	-	77 628	77 628
Financial Governance	21 036	21 036	-	19 582	19 582
Municipal Finance Management	57 924	57 924	-	25 283	25 283
Total	309 105	309 105	-	244 235	244 235

2. Departmental revenue

Sales of goods and services other than capital assets	2.1	119	260
Interest, dividends and rent on land	2.2	17 851	49 372
Sales of capital assets	2.3	-	2
Transactions in financial assets and liabilities	2.4	87	270
Total revenue collected		18 057	49 904
Less: Own revenue included in appropriation	16	18 057	19 076
Total departmental revenue collected		-	30 828

2.1 Sales of goods and services other than capital assets

	Note 2	2015/16 R'000	2014/15 R'000
Sales of goods and services produced by the department		117	260
Other sales		117	260
Sales of scrap, waste and other used current goods		2	-
Total		119	260

2.2 Interest, dividends and rent on land

Interest	2	17 851	49 372
Total		17 851	49 372

2.3 Sale of capital assets

Tangible assets	2	-	2
Machinery and equipment	26.2	-	2
Total		-	2

2.4 Transactions in financial assets and liabilities

Receivables		80	-
Other Receipts including Recoverable Revenue		7	270
Total	2	87	270

3. Aid assistance

Opening Balance		800	-
Prior period error		-	-
As restated		800	-
Transferred from statement of financial performance		(652)	800
Paid during the year		(124)	-
Closing Balance		24	800

Amount of R124 thousand paid back to National Treasury in respect of FICA. The project is completed.

3.1 Analysis of balance by source

Aid assistance from other sources		24	800
Closing balance		24	800

3.2 Analysis of balance

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Aid assistance unutilised	3	24	800
Closing balance		24	800

4. Compensation of employees

4.1 Salaries and Wages

Basic salary		119 772	110 511
Performance award		2 776	2 477
Service Based		733	497
Compensative/circumstantial		2 308	1 899
Other non-pensionable allowances		22 747	20 698
Total		148 336	136 082

4.2 Social contributions

Employer contributions

Pension		15 280	14 168
Medical		6 911	5 518
Bargaining council		26	24
Total		22 217	19 710

Total compensation of employees

170 553	155 792
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Average number of employees

351	384
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5. Goods and services

Administrative fees		230	235
Advertising		10 816	10 644
Minor assets	5.1	240	368
Bursaries (employees)		417	326
Catering		614	1 046
Communication		469	633
Computer services	5.2	24 796	24 939
Consultants: Business and advisory services		33 520	7 639
Legal services		-	57
Contractors		741	1 817

	Note	2015/16 R'000	2014/15 R'000
Agency and support / outsourced services		692	1 357
Entertainment		27	24
Audit cost – external	5.3	12 593	11 184
Fleet services		833	731
Consumables	5.4	9 683	3 335
Operating leases		1 311	1 367
Transport provided as part of the departmental activities		227	212
Travel and subsistence	5.5	4 975	4 022
Venues and facilities		569	702
Training and development		2 251	8 291
Other operating expenditure	5.6	294	380
Total		105 298	79 309

5.1 Minor assets

	Note	2015/16 R'000	2014/15 R'000
	5		
Tangible assets		240	366
Machinery and equipment		240	366
Intangible assets		-	2
Software		-	2
Total		240	368

5.2 Computer services

	Note		
	5		
SITA computer services		20 234	20 050
External computer service providers		4 562	4 889
Total		24 796	24 939

5.3 Audit cost – External

	Note		
Regularity audits	5	12 593	11 184
Total		12 593	11 184

An amount of R7 930 million was paid in respect of overdue AGSA accounts for 14 municipalities and the department of Human Settlement.

5.4 Consumables

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Consumable supplies		520	349
Uniform and clothing		1	2
Household supplies		333	262
Building material and supplies		119	24
IT consumables		40	54
Other consumables		27	7
Stationery, printing and office supplies		9 163	2 986
Total	5	9 683	3 335

5.5 Travel and subsistence

Local		4 939	3 779
Foreign		36	243
Total	5	4 975	4 022

5.6 Other operating expenditure

Professional bodies, membership and subscription fees		53	13
Resettlement costs		107	234
Other		134	133
Total	5	294	380

6. Interest and rent on land

Interest paid		779	-
Total		779	-

The interest paid was in respect of the provincial revenue fund

7. Payments for financial assets

Other material losses written off	<i>7.1</i>	7	28
Debts written off	<i>7.2</i>	7	12
Total		14	40

7.1 Other material losses written off

Nature of losses	7		
DA26/4/7 (11/13) Loss of supporting documentation prior to 2004		-	28
DA26/4/5 (03/15) Theft of laptop		1	-

	<i>Note</i>	2015/16 R'000	2014/15 R'000
DA26/4/5 (04/15) Theft of laptop		1	-
DA26/4/5 (05/15) Theft of laptops		4	-
DA26/4/5 (01/15) Theft of laptop		1	-
Total		<u>7</u>	<u>28</u>

7.2 Debts written off

Nature of debts written off

7

Recoverable revenue written off

Ex-employee debt written off (J Motlhasedi)	-	2
Ex-employee debt written off (L Halter)	4	-
Total	<u>4</u>	<u>2</u>

Other debt written off

Employee debt written off (ME Hok)	-	10
Ex-Employee debt written off (L Halter)	1	-
Ex-Employee debt written off (TC Maseme)	1	-
Ex-Employee debt written off (BG Mogotlwane)	1	-
Total	<u>3</u>	<u>10</u>

Total debt written off	<u>7</u>	<u>12</u>
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8. Transfers and subsidies

Provinces and municipalities	<i>30, Annex 1A</i>	18 840	-
Households	<i>Annex 1B</i>	717	499
Total		<u>19 557</u>	<u>499</u>

9. Expenditure for capital assets

Tangible assets

		3 972	3 423
Buildings and other fixed structures	28	29	-
Machinery and equipment	26.1	3 943	3 423
Total		<u>3 972</u>	<u>3 423</u>

9.1 Analysis of funds utilised to acquire capital assets – 2015/16

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	3 972	-	3 972
Buildings and other fixed structures	29	-	29
Machinery and equipment	3 943	-	3 943
Total	3 972	-	3 972

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

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	3 423	-	3 423
Machinery and equipment	3 423	-	3 423
Total	3 423	-	3 423

9.3 Finance lease expenditure included in Expenditure for capital assets

Tangible assets		
Machinery and equipment	2 627	2 297
Total	2 627	2 297

10. Cash and cash equivalents

Consolidated Paymaster General Account	8 960	5 712
Total	8 960	5 712

No amounts is kept separate and not available for use. The department is not borrowing funds.

11. Prepayments and advances

Travel and subsistence	-	23
Total	-	23

12. Receivables

	Note	2015/16			2014/15		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	12.1	-	-	-	72	-	72
Staff debt	12.2	156	2	158	292	17	309
Fruitless and wasteful expenditure	12.3	1	-	1	-	-	-
Total		157	2	159	364	17	381

12.1 Claims recoverable

	12 and Annex 2	R'000	R'000
Provincial departments		-	72
Total		-	72

12.2 Staff debt

Breach of contract – Employee debt	10	79
Ex-employee debt	54	23
Telephone debt/Communication Debt	7	20
Employee debt	56	65
Losses/Damages – Employee debt	23	10
Salary overpayment debt	4	109
Subsistence and Travel debt	1	3
Tax Debt	3	-
Total	158	309

12.3 Fruitless and wasteful expenditure

	12	
Opening balance	-	-
Less amounts recovered	(3)	-
Transfers from note 24 Fruitless and Wasteful Expenditure	4	-
Total	1	-

12.4 Impairment of receivables

	<i>Note</i>	2015/16 R'000	2014/15 R'000
Estimate of impairment of receivables		60	-
Total		60	-

13. Voted funds to be surrendered to the Revenue Fund

Opening balance		5 172	3 269
As restated		5 172	3 269
Transfer from statement of financial performance (as restated)		8 932	5 172
Paid during the year		(5 172)	(3 269)
Closing balance		8 932	5 172

14. Departmental revenue to be surrendered to the Revenue Fund

Opening balance		39	9
As restated		39	9
Transfer from Statement of Financial Performance (as restated)		-	30 828
Own revenue included in appropriation		18 057	19 076
Paid during the year		(18 050)	(49 874)
Closing balance		46	39

15. Payables – current

Clearing accounts	15.1	84	11
Total		84	11

15.1 Clearing accounts

S&W: Income Tax	15	84	7
S&W: Pension		-	4
Total		84	11

16. Net cash flow available from operating activities

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		8 280	36 800
Add back non cash/cash movements not deemed operating activities		(999)	(27 878)
(Increase)/decrease in receivables – current		222	2 979
(Increase)/decrease in prepayments and advances		23	34
Increase/(decrease) in payables – current		73	(245)
Proceeds from sale of capital assets		-	(2)
Expenditure on capital assets		3 972	3 423
Surrenders to Revenue Fund		(23 222)	(53 143)
Surrenders to RDP Fund/Donor		(124)	-
Own revenue included in appropriation		18 057	19 076
Net cash flow generated by operating activities		7 281	8 922

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

Consolidated Paymaster General account	8 960	5 712
Total	8 960	5 712

18. Contingent liabilities and contingent assets

18.1 Contingent liabilities

Liable to	Nature		
Intergovernmental payables (unconfirmed balances)	<i>Annex 3</i>	66	-
Total		66	-

19. Commitments

Current expenditure

Approved and contracted	1 083	144
Total Commitments	1 083	144

20. Accruals and payables not recognised

20.1 Accruals

	2015/16			2014/15
	R'000			R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	5 735	-	5 735	3 299
Total	5 735	-	5 735	3 299

Listed by programme level

Administration	1 042	2 112
Sustainable Resource Management	25	33
Assets and Liability Management	3 475	1 052
Financial Governance	1	2
Municipal Finance Management	1 192	100
Total	5 735	3 299

20.2 Payables not recognised

Listed by economic classification

Goods and services	7	-	7	-
Total	7	-	7	-

Listed by programme level

Financial Governance	2	-
Municipal Finance Management	5	-
Total	7	-

Included in the above totals are the following:

Confirmed balances with other departments	<i>Annex 3</i>	351	567
Total		351	567

Employee benefits

	30 Days	30+ Days	2015/16 Total	2014/15 Total
Leave entitlement			4 769	5 097
Service bonus (Thirteenth cheque)			5 180	4 753
Performance awards			3 539	2 460
Capped leave commitments			5 411	4 956
Other			304	133
Total			19 203	17 399

At this stage the department is not able to reliably measure the long term portion of the long service awards.

21. Lease commitments

21.1 Operating leases expenditure

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equip- ment	Total
Not later than 1 year	-	-	-	1 099	1 099
Later than 1 year and not later than 5 years	-	-	-	466	466
Total lease commitments	-	-	-	1 565	1 565

2014/15	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	995	995
Later than 1 year and not later than 5 years	-	-	-	685	685
Total lease commitments	-	-	-	1 680	1 680

The department lease 13 fleet vehicles from Fleet management. None of the lease agreements include the escalation clause.

The department doesn't have sub-lease agreements.

22.2 Finance leases expenditure**

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	2 699	2 699
Later than 1 year and not later than 5 years	-	-	-	2 342	2 342
Total lease commitments	-	-	-	5 041	5 041

2014/15	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	200	200
Later than 1 year and not later than 5 years	-	-	-	6	6
Total lease commitments	-	-	-	206	206

The department rented 38 photocopy machines from Gerox for a period for a period of 36 months, 83 cellular phones and 63 USB devices for 24 months from Vodacom. No lease is including the escalation clause.

None of the assets stated above is sub-leased by the department.

As a result of the tender process in the department, the purchase option is not applicable and there is no escalation clause relating to any of the lease agreements.

There is no sale lease back agreement entered into by the department and none of the assets is sub-leased.

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	<i>Note</i>	2015/16 R'000	2014/15 R'000
Opening balance		-	4
As restated		-	4
Add: Irregular expenditure – relating to current year		5	135
Less: Current year amounts condoned		(5)	(135)
Less: Amounts not condoned and recoverable		-	(4)
Closing balance		-	-
Analysis of awaiting condonation per age classification			
Current year		-	-
Prior years		-	-
		-	-

23.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	
Third party invoice not received	None – Service provider closed down	5
Total		5

23.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	
Third party invoice not received	Accounting Officer	5
Total		5

23.4 Details of irregular expenditures under investigation (not included in the main note)

Incident	
SITA Supplier database – To be further investigated and/or resolved following the resolution of the intergovernmental dispute between Provincial Treasury and Sita.	29 272
Total	29 272

24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Opening balance		-	-
Fruitless and wasteful expenditure – relating to current year		4	-
Less: Amounts transferred to receivables for recovery	12.3	(4)	-
Closing balance		-	-

24.2 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2015//16
		R'000
Cancellation fees-Travel agencies	Recovered and issued letter	1
Non usage of accommodation	Recovered and issued letter	3
Total		4

25. Key management personnel

	No. of Individuals		
Political office bearer	1	1 898	1 821
Officials:			
Level 15 to 16	2	3 370	3 332
Level 14 (incl. CFO if at a lower level)	6	5 849	4 692
Family members of key management personnel	2	1 065	1 185
Total		12 182	11 030

26. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	27 228	-	1 316	1 320	27 224
Computer equipment	19 254	-	1 159	1 220	19 193
Furniture and office equipment	6 470	-	148	94	6 524
Other machinery and equipment	1 504	-	9	6	1 507
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	27 228	-	1 316	1 320	27 224

26.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease pay- ments)	Received current, not paid (Paid cur- rent year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	3 943	-	(2 627)	-	1 316
Computer equipment	1 159	-	-	-	1 159
Furniture and office equipment	2 775	-	(2 627)	-	148
Other machinery and equipment	9	-	-	-	9
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	3 943	-	(2 627)	-	1 316

26.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	1 320	-	1 320	-
Computer equipment	1 220	-	1 220	2
Furniture and office equipment	94	-	94	-
Other machinery and equipment	6	-	6	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	1 320	-	1 320	2

Computer equipment sold as scrap due to the state of the equipment. Not regarded as assets sold.

26.3 Movement for 2014/15

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	27 264	(1)	1 126	1 161	27 228
Computer equipment	19 329	-	821	896	19 254
Furniture and office equipment	6 242	-	297	69	6 470
Other machinery and equipment	1 693	(1)	8	196	1 504
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	27 264	(1)	1 126	1 161	27 228

26.3.1 Prior period error

	Note	2014/15 R'000
Nature of prior period error		
Relating to 2015/16 [affecting the opening balance]		(1)
Rounding on other machinery and equipment		(1)
Total prior period errors		(1)

26.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2016

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	3	31	13 510	-	13 544
Value adjustments	-	(1)	(2)	(26)	-	(29)
Additions	-	-	-	240	-	240
Disposals	-	-	-	608	-	608
TOTAL MINOR ASSETS	-	2	29	13 116	-	13 147
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	2	22	7 712	-	7 736
TOTAL NUMBER OF MINOR ASSETS	-	2	22	7 712	-	7 736

MINOR ASSETS

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	3	31	14 026	-	14 060
Additions	-	-	-	368	-	368
Disposals	-	-	-	884	-	884
TOTAL MINOR ASSETS	-	3	31	13 510	-	13 544
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equip- ment	Biological assets	Total
Number of minor as- sets at cost	-	2	23	7 923	-	7 948
TOTAL NUMBER OF MINOR ASSETS	-	2	23	7 923	-	7 948

26.4.1 Prior period error

Note

2014/15
R'000

Nature of prior period error

Relating to 2015/16 *[affecting the opening balance]*

Intangible assets	1
Machinery and equipment	(1)
Total prior period errors	-

Calculator charger incorrectly allocated on asset register on intangible assets instead of machinery and equipment.

27. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	560	-	-	-	560
TOTAL INTANGIBLE CAPITAL ASSETS	560	-	-	-	560

27.1 Movement for 2014/15

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	560	-	-	-	560
TOTAL INTANGIBLE CAPITAL ASSETS	560	-	-	-	560

28. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	-	-	29	29	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	29	29	-

28.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	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
BUILDING AND OTHER FIXED STRUCTURES	29	-	-	-	29
Other fixed structures	29	-	-	-	29
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	29	-	-	-	29

28.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	-	29	29	-
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	29	29	-

Section 42 transfer to the Department of Public Works and Infrastructure. Security gate and window installed at cashier office on the 5th floor Fidel Castro Building.

29. Transfer of functions

Provide a description of the changes as a result of the transfer or receipt of functions

- The transfer of this function relates specifically to the transfer of the payment and contract management of the Public Information Platform and Provincial Government

Description of actions taken to ensure compliance with the PFMA S42

- Not applicable

Reference to the proclamation or declaration giving effect to the transfer or receipt of functions

- Approval by the Premier dated 5 March 2015

Indicate whether there was an agreement drawn up, and provide a description of roles, responsibilities and accountability arrangements.

- Due to the nature of the function transfer there was no agreement necessary between the departments.

30. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds With-held	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Setsotho Local Municipality	-	-	5 000	5 000	5 000	-	-
Phumelela Local Municipality	-	-	600	600	600	-	-
Tswelopele Local Municipality	-	-	500	500	500	-	-
Nketoana Local Municipality	-	-	1 250	1 250	1 250	-	-
Ngwathe Local Municipality	-	-	10 000	10 000	10 000	-	-
Naledi Local Municipality	-	-	500	500	500	-	-
Mohokare Local Municipality	-	-	500	500	500	-	-
Letsemeng Local Municipality	-	-	500	500	490	-	-
TOTAL	-	-	18 850	18 850	18 840	-	-

Letsemeng Local Municipality was one of the eight municipalities that was identified to receive conditional grants via the earmarked MSP project launched by the Department. The actual invoice however for services rendered by the service provider was less and therefore less funds were transferred.

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2014/15
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allo-cations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	2014/15
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Setotso Local Municipality	-	-	5 000	5 000	5 000	-	-	5 000	5 000	100%	-
Phumelela Local Municipality	-	-	600	600	600	-	-	600	600	100%	-
Tswelopele Local Municipality	-	-	500	500	500	-	-	500	500	100%	-
Nketoana Local Municipality	-	-	1 250	1 250	1 250	-	-	1 250	1 250	100%	-
Ngwathe Local Municipality	-	-	10 000	10 000	10 000	-	-	10 000	10 000	100%	-
Naledi Local Municipality	-	-	500	500	500	-	-	500	500	100%	-
Mohokare Local Municipality	-	-	500	500	500	-	-	500	500	100%	-
Letsemeng Local Municipality	-	-	500	500	490	-	-	490	490	100%	-
TOTAL	-	-	18 850	18 850	18 840	-	-	18 840	18 840	100%	-

Service provider invoice was less than the planned amount therefore only actual expenditure was transferred.

ANNEXURE 1B

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2014/15
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Donation of washing machine to Boiketlong Old Age Home for Nelson Mandela celebrations	-	-	-	-	-	-	15
Donation to Ms. Seadimo Tiale to attend Chess World University Championships in Poland	-	-	-	-	-	-	40
Donation of food to non-privilege people in Clarens by the MEC	-	-	-	-	-	-	2
Donation of school uniforms as part of the MEC outreach project	-	-	-	-	-	-	30
Donation of cleaning materials, bulbs, painting materials for Phambili Primary school in Jacobsdal	-	-	-	-	-	-	65
Donation of food parcels for households of Phambili Community in Letsemeng	-	-	-	-	-	-	30
Injury on duty	21	-	-	21	1	5%	17
Leave gratuity	302	-	55	357	336	94%	251
Act of grace – IJ Moses	-	-	-	-	-	-	41
Pledge of MEC for Finance towards financial assistance to Ms. Katleho Mokoka – Student at NWU	30	-	-	30	30	100%	-

ANNEXURE 1B (CONTINUE)

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2014/15
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Donation of school uniforms and food parcels as part of outreach by MEC to Letsemeng District.	53	-	-	53	53	100%	-
Donation of cleaning materials, bulbs, painting materials for Tswelapele Ka Thuto Primary School in Letsemeng	25	-	-	25	25	100%	-
Donation of two busses for Xhariep area to Ladybrand for ministerial outreach project	40	-	-	40	40	100%	-
Donation to departmental officials – in line with bereavement policy	3	-	-	3	3	100%	-
Donation of accommodation, venue, catering and transport for learners to visit EC, Grootfontein Agricultural College, Rhodes University, NMMU and Walters Sisulu University	1	-	-	1	1	100%	-
Donation of household items to four families in QwaQwa as part of the outreach programme of the MEC	27	-	-	27	27	100%	-
Donation of groceries to matric learners at Oppermansgrond in Letsemeng District as part of the MEC's outreach	36	-	-	36	36	100%	-
Financial Assistance donation to Thobile Mushwana to represent SA in Young World Summit in Bangkok	65	-	-	65	65	100%	-
Donation of Christmas party for early childhood development centres in Xhariep, Maluti a Phofung, Fezile Dabi & Mantsopa Local Municipalities	46	-	95	141	100	71%	-
TOTAL	649	-	150	799	717	90%	491

ANNEXURE 1C

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2015/16	2014/15
		R'000	R'000
Received in kind			
CEO – Tickets to Robin Sharma Event	Unconditional gift from external party	-	3
PAG – Waterfront Voucher	Gift of appreciation from all Provincial CFO's	-	1
TOTAL		-	4

ANNEXURE 1D

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI-TURE R'000	CLOSING BALANCE R'000
Received in cash					
FICA training funds	Training assistance to Economic Development and Small Business Development, Tourism and Environmental Affairs	600	600	1 076	124
Fasset training funds	Training assistance to officials	200	2	178	24
TOTAL		800	602	1 254	148

Included in the above closing balance of R148 thousand is R124 thousand which was already surrendered to National Treasury as the project was finalised and the assistance is not continuing.

ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2015/16	2014/15
	R'000	R'000
Made in kind		
Donation of old redundant furniture and equipment to Acts of Apostile	-	49
Donation of old redundant furniture and equipment to Phambili Primary School	-	127
Donation of old redundant furniture and equipment to Bloemfontein Crèche	-	79
Donation of old redundant furniture and equipment to Commtech Technical School	-	70
Donation of old redundant furniture and equipment to Department of Education	-	66
Donation of old redundant furniture and equipment to Jesus never fails Ministries	-	34
Donation of old redundant furniture to Vrystaat Nasorg	63	-
Donation of old redundant furniture to Nzame School	46	-
TOTAL	109	425

ANNEXURE 2

CLAIMS RECOVERABLE

Government Entity	Confirmed balance out-standing		Unconfirmed balance out-standing		Total		Cash in transit at year end 2015/16	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
FSP: Department of the Premier	-	72	-	-	-	72	-	-
TOTAL	-	72	-	-	-	72	-	-

ANNEXURE 3

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance out-standing		Unconfirmed balance out-standing		TOTAL		Cash in transit at year end 2015/16	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	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								
FSP: Department of the Premier	330	395	-	-	330	395	-	-
FSP: Department of Agriculture and Rural Development	-	172	-	-	-	172	-	-
Department of Justice and Constitutional Development	-	-	57	-	57	-	-	-
Department of Home Affairs	21	-	-	-	21	-	-	-
Subtotal	351	567	57	-	408	567	-	-
OTHER GOVERNMENT ENTITY								
Current								
Government Printing works	-	-	9	-	9	-	-	-
Subtotal	-	-	9	-	9	-	-	-
TOTAL	351	567	66	-	417	567	-	-

ANNEXURE 3

MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2016					
	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance	
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT					
Other machinery and equipment	-	29	(29)	-	-
	-	29	(29)	-	-
TOTAL	-	29	(29)	-	-

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