

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

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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 Statements
AGSA	Auditor-General of South Africa
BAS	Basic Accounting System
CFS	Consolidated Financial Statements
CFO	Chief Financial Officer
COGTA	Cooperative Governance and Traditional Affairs
CSD	Central Supplier Database
DESTE	Department of Economic, Small Business Development, Tourism and Environmental Affairs
DPSA	Department of Public Service and Administration
EHW	Employee Health and Wellness
EPRE	Estimates of Provincial Revenue and Expenditure
EXCO	Executive Council
FMCM	Financial Management Capability Maturity Model
FSGA	Free State Gambling and Liquor Authority
FSTA	Free State Tourism Authority
HOD	Head of Department
IFS	Interim Financial Statement
IGR	Intergovernmental Relations
IYM	In-year Monitoring
KCM	Key Control Matrix
KPI	Key Performance Indicator
LOGIS	Logistical Information System
MBRR	Municipal Budget and Reporting Regulations
MEC	Member of the Executive Council
MF	Municipal Finance Management
MFMA	Municipal Finance Management Act
MPAT	Management Performance Assessment Tool
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
NERSA	National Energy Regulator of South Africa
OHS	Occupational Health and Safety
PAIA	Promotion of Access to Information Act
PAM	Physical Asset Management
PERO	Provincial Economic Review and Outlook
PERSAL	Personnel and Salary Administration System
PFMA	Public Finance Management Act
PPP	Public-private partnership
SARS	South African Revenue Service
SCM	Supply Chain Management
SEDA	Small Enterprise Development Agency
SITA	State Information Technology Agency
SMS	Senior Management Service
UIFW	Unauthorised, Irregular, Fruitless and Wasteful expenditure



### 3. FOREWORD BY THE MEC

It gives me great pleasure to present this Annual Report, reflecting on the work of the Provincial Treasury for the financial year 2017/18. The report gives an overview of 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 Provincial Treasury is responsible for not only ensuring compliance to the Public Finance Management Act (Act No.1 of 1999) and Municipal Finance Management Act (Act No. 56 of 2003), but also to provide support to provincial departments, entities and municipalities to improve financial management.

Provincial Treasury, as the custodian of public financial management in the province continued to engage relevant stakeholders, encourage political and administrative commitment to governance and clean administration and to support and enable employees in the public sector to discharge their duties in a manner that forms the cornerstone of governance excellence. In this regard, the Department continued to execute its mandate of monitoring and oversight in pursuit of the provincial government's transformation and economic development agenda.

During 2017/18 the broader economic environment had an adverse impact on revenue and the fiscal framework as a whole. The continuing fiscal consolidation stance, in the midst of slow economic growth, impacts particularly on economically limited provinces such as the Free State. There were no new funds allocated to the province and in-year cost pressures had to be dealt with through enforcing technical and allocative efficiencies, it required continuous vigorous analysis of budgets and the province had to reprioritize towards core programmes and frontline services.

The increasing budget pressure relating to compensation of employees, as a result of increases that are higher than inflation, remains a challenge. The measures that have been initiated to curtail spending on compensation, which include determining limits on compensation for all departments and entities, PERSAL blocking and headcounts in provincial departments, appear to begin to have the desired outcome as the compensation of employees' budget, as a percentage of the total provincial budget, has declined from 61.1% in 2016/17 to 59.2% in 2017/18.

Management of the budget, through our in-year monitoring processes, and effective cash management enabled us to close the financial year with an underspending of 0.4% of the appropriated budget or R33,161 billion (pre-audited). We have furthermore been able to slightly exceed our own revenue target of R1,112 billion by collecting R1,124 billion.

The provincial audit outcomes for 2016/17 showed a slight improvement with the number of qualified audit opinions decreasing from 8 for the 2015/16 financial year to 6 for the 2016/17 financial year. Although there was a 14% improvement in the number of qualification findings in provincial departments, Provincial Treasury remained concerned about areas such as accruals, payables and commitments, irregular expenditure and financial health of certain departments etc. Municipal audit outcomes for the 2016/17 financial year were disappointing. Twenty municipal audits have been finalized and shows a disconcerting pattern of stagnation and regression. The poor quality of Annual Financial Statements is of particular concern to us and Provincial Treasury will coordinate a multidisciplinary approach to address systematic areas of concern and oversee the implementation of response plans.

For Provincial Treasury to effectively support departments, entities and municipalities the Department needs to be efficient, effective and development oriented. We will therefore continue to invest in the people and culture that we nurture to ensure that we continue to pursue our mission to instil prudent financial management and good governance.

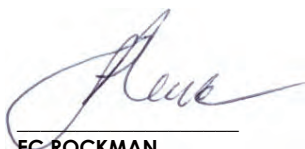


**MS EC ROCKMAN**

Member of the Executive Council for Finance

I present this Annual Report as an account of the work done by Provincial Treasury over the 2017/18 fiscal year. Whilst we are proud of the department's achievements, we are also mindful of the challenges that face the Department in ensuring that we instil prudent financial management and good governance in the province.

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



**EC ROCKMAN**  
**MEC for Finance**

Date: " %>i `m&\$%

## 4. REPORT OF THE ACCOUNTING OFFICER

### Overview of the operations of the Department

The Provincial Treasury carried out its operations during the period under review based on, and guided by, its mandate in terms of the Public Finance Management Act (Act No. 1 of 1999) and the Municipal Finance Management Act (Act No. 56 of 2003).

Provincial Treasury is, amongst other, responsible for preparing the provincial budget, exercising control over the implementation of the budget, promoting and enforcing transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and entities. The Department is furthermore responsible to monitor compliance with the Municipal Finance Management Act (MFMA) by municipalities and municipal entities, the preparation of municipal budgets and the monthly outcome of those budgets as well as the submission of reports by municipalities, as required by the Municipal Finance Management Act (Act No. 56 of 2003).

For 2017/18, the Department was challenged to develop a fiscal policy framework that contributes to inclusive economic growth whilst ensuring delivery on priorities of government despite a perpetual decline in the province's equitable share allocations. Therefore, the Department had to ensure that the provincial resources were spent efficiently, effectively and economically. The Department assisted and supported all provincial departments with the annual budget process as well as the implementation of the 2017/18 provincial budget.

According to the preliminary in-year reports the province spent 99.6% of the appropriated budget of R33,161 billion. With the implementation and monitoring of cost containment measures a saving of R162,886 million (12.9%) of the appropriated budget for non-core items was realised during the reporting period.

Provincial own revenue collection is a critical function that assists in ensuring that the provincial own priorities are adequately funded. According to preliminary figures for the 2017/18 financial year, the province has exceeded the revenue target of R1,112 billion by R12 million (1.8%).

The emphasis in the 2017 MTEF was on the continuation of efficient, effective and economic utilisation of limited financial resources towards radical transformation of the provincial socio-economic landscape. The view was to have a more inclusive economy that creates employment opportunities, promotes ownership and full participation in the economic activities of the province. Provincial Treasury, in partnership with the provincial departments, the Central University of Technology (CUT), the Human Sciences Research Council (HSRC), the National School of Government and private sector partners hosted a provincial Research Colloquium under the theme "*Fostering a resilient, thriving, inclusive and competitive economy for human development*". The Colloquium managed to bring diverse stakeholders together and consolidated recently completed research on the Free State province, channelling it into the 6 pillars and 15 drivers of the Free State Growth and Development Strategy so as to enhance policy analysis and policy making in the province.

Progress has been made in strengthening good governance and sound financial management practices in the provincial sphere of government. Audit outcomes for 2016/17 however suggested that areas such as the quality of performance reports, supply chain management and financial health of departments still required attention.

To address cumulative irregular expenditure dating back as far as 2007, Provincial Treasury introduced interventions in terms of Section 18 of the PFMA and initiated a process of investigating irregular expenditure of previous years in the departments of Health, Education and Human Settlements. This initiative yielded substantial results, which include resolving the qualification area of completeness of irregular expenditure in the Department of Health, removing 1 217 cases to the value of R479,4 million from the irregular expenditure registers of the three departments and investigation of 7 474 cases of irregular expenditure of which 6 257, to the value of R2,8 billion, have been finalised and information provided to departments to complete the process. To enhance the existing internal controls, root causes for the transgressions were determined during the investigations and remedial controls developed for implementation to prevent future irregular expenditure.

To improve compliance with legislation and the quality and integrity of financial accounting and reporting of provincial departments and public entities, Provincial Treasury continued with monthly and quarterly reporting by departments and entities on key performance indicators. These indicators are revised on an annual basis to address external audit findings on non-compliance as well as those identified through the MPAT. The assessment results, with recommendations, are provided to accounting officers and the areas that require intervention are highlighted. In the most recent MPAT



**MR MNG MAHLATSI**  
Head of Department



assessment the province achieved a fully compliant score (level 3 or 4) for all departments against the Acquisition Management, Asset Management and Management of Unauthorised, Irregular, Fruitless and Wasteful Expenditure standards.

The Department strives to improve financial accountability in the local sphere of government in order to improve financial governance and audit outcomes as well as enhance service delivery. Provincial Treasury not only monitored but also provided "hands on" technical support to municipalities. During the period under review two senior managers from the Department were deployed as administrators to two of the municipalities in which the Executive Council intervened in terms of Section 139 of the MFMA.

The 2016/17 audit outcome for municipalities in the province has been disappointing. Provincial Treasury will be coordinating a multidisciplinary approach to address areas of concern and oversee the implementation of response plans, with particular attention to the quality of financial statements.

With regard to Provincial Treasury's own performance, the Department achieved a fully compliant score (level 3 or 4) against 87% of the standards for the 2017 MPAT assessment. The Department furthermore maintained a 100% payment of suppliers within 30 days throughout the year. Ninety-four percent (94%) of the performance targets that were set in the Annual Performance Plan for 2017/18 were achieved. A detailed report is included in Part B of this report.

### Overview of the financial results of the Department

#### Departmental receipts

Departmental receipts	2017/2018			2016/2017		
	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	126	154	(28)	119	134	(15)
Interest, dividends and rent on land	10 835	16 011	(5 176)	20 202	23 745	(3 543)
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	126	170	(44)	119	229	(110)
<b>Total</b>	<b>11 087</b>	<b>16 335</b>	<b>(5 248)</b>	<b>20 440</b>	<b>24 108</b>	<b>(3 668)</b>

Provincial Treasury is not a service delivery department and therefore does not charge any tariffs. The largest portion of revenue collected is in respect of interest earned on investments done by the Provincial Revenue Fund.

The Provincial Revenue Fund limited disbursements to once every two weeks, which allowed longer periods for investments with higher interest rates that could be earned. The Department was able to generate R5,176 million more revenue than planned.

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Programme Expenditure

Programme Name	2017/2018			2016/2017		
	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	102 146	92 926	9 220	94 420	90 073	4 347
Sustainable Resource Management	42 930	40 180	2 750	42 160	41 614	546
Asset and Liability Management	86 803	85 372	1 431	106 579	98 391	8 188
Financial Governance	32 618	26 623	5 995	27 747	21 807	5 940
Municipal Finance Management	63 393	60 948	2 445	65 311	64 479	832
<b>Total</b>	<b>327 890</b>	<b>306 049</b>	<b>21 841</b>	<b>336 217</b>	<b>316 364</b>	<b>19 853</b>

#### Administration

The under expenditure in this programme is due to the non-filling of vacancies and slow spending on earmarked funds received after the adjustment budget. The slow spending on other goods and services and capital items primarily stems from commitments on services required in relation to the relocation of some offices to a new building. These services could not be delivered before the end of the financial year and roll overs will be requested in the new financial year for these commitments.

#### Sustainable Resource Management

The under spending in this programme is mainly due to vacancies that could not be filled. Savings also occurred on items such as travel and subsistence due to strict implementation of cost containment measures.

#### Asset and Liability Management

The under spending in this programme is primarily due to vacancies that could not be filled.

#### Financial Governance

The under spending in this programme is due to additional earmarked funding received during the adjustment budget that could not be spent before year-end. Of this, R3 million relates to Phase II of the provincial intervention programme for irregular expenditure. The specifications were finalised and requests for proposals issued. However, the bid process could not be finalized before year-end and is currently underway. Furthermore, R2,5 million relates to internal audit and risk management software which could not be procured prior to year-end due to a delay by SITA. This process has been delayed from the 2016/17 financial year. Funding for the Fraud 101 training and CFE preparation and examination course was not spent.

#### Municipal Finance Management

The under expenditure in this programme stems from vacancies that could not be filled as well as earmarked funds received for training and development of the Municipal Support Programme projects aimed at providing technical support to municipalities, which includes the compilation of the annual financial statements, assisting with the clearing of prior year audit findings and implementing the Municipal Standard Chart of Accounts (mSCOA), that could not be spent before year-end.

#### Virements /roll overs

Roll overs for the 2017/18 financial year were received for:

- recovery of ex-employee debt for all the Free State departments;
- internal audit training compulsory for the Province;
- mSCOA training at National Treasury that could not be done prior to the end of the 2016/17 Financial Year;
- training according to personal development plans for departmental officials which could not be finalized in the 2016/17 financial year; and
- internal audit and risk management software of which procurement had been delayed by SITA from 2016/17.

Three (3) virements were implemented after the adjustment budget. Of these, one was for reprioritisation of earmarked funds to voted funds for goods and services for the Tsebo building project and additional funds for CFE training. The second virement was for reprioritisation of savings on compensation of employees for the shortfall on the relocation project, SITA and leave gratuity payments. A third virement was implemented for correcting the earmarked budget in accordance with the tabled adjusted budget.

### **Unauthorised, fruitless and wasteful expenditure**

Four (4) cases, to the value of R15 000, were registered as fruitless and wasteful expenditure for the 2017/18 financial year. All cases were handed over to the Department's Legal Services unit for investigation.

### **Future plans of the Department**

The following are the Department's strategic objectives as per the Strategic Plan:

- Improve the quality of management practices
- Establish a skilled, competent and responsive workforce
- 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 and budget framework
- Promote effective and efficient infrastructure delivery
- Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund
- Strengthen supply chain management in the province through capacity building and oversight
- Strengthen asset management in the province through capacity building and oversight
- Support and capacitate transversal financial management systems users
- Promote and enforce sound accounting practices and reporting through capacity building and oversight
- Promote and enforce risk management and internal audit practices through capacity building and monitoring
- Monitor and support municipalities towards improved budget management
- Monitor and support municipalities towards improved audit outcomes
- Monitor and support municipalities to strengthen compliance with Supply Chain Management prescripts
- Monitor and support municipalities to strengthen Internal Audit and Risk Management

### **Public-private partnerships**

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

### **Discontinued activities / activities to be discontinued**

No activities were discontinued during the period under review. There is also no intention of discontinuing activities in the near future.

### **New or proposed activities**

There were no new activities introduced during the reporting period.

### **Supply Chain Management**

There were no unsolicited bid proposals concluded during the year under review. SCM processes and systems are in place to prevent irregular expenditure.

Adherence to SCM processes and procedures is monitored closely. The Department paid 100% of its suppliers within 30 days during the period under review.

### **Gifts and Donations received in kind from non-related parties**

No gifts and donations were received in kind.

### Exemptions and deviations received from the National Treasury

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

### Events after the reporting date

No events, favourable or unfavourable, occurred during the period under review and the date on which the Annual Financial Statements were authorised which may impact 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 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

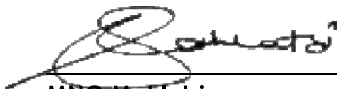
My heartfelt gratitude to the MEC for Finance for her confidence, leadership and unwavering support.

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 100 to 174 have been approved.



**MNG Mahlatsi**  
**Accounting Officer**  
**Provincial Treasury**

**Date: 31 July 2018**

### 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 2018.

Yours faithfully

  
**MNG Mahlati**  
**Accounting Officer**

**Date: 31 July 2018**



### 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 or 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.

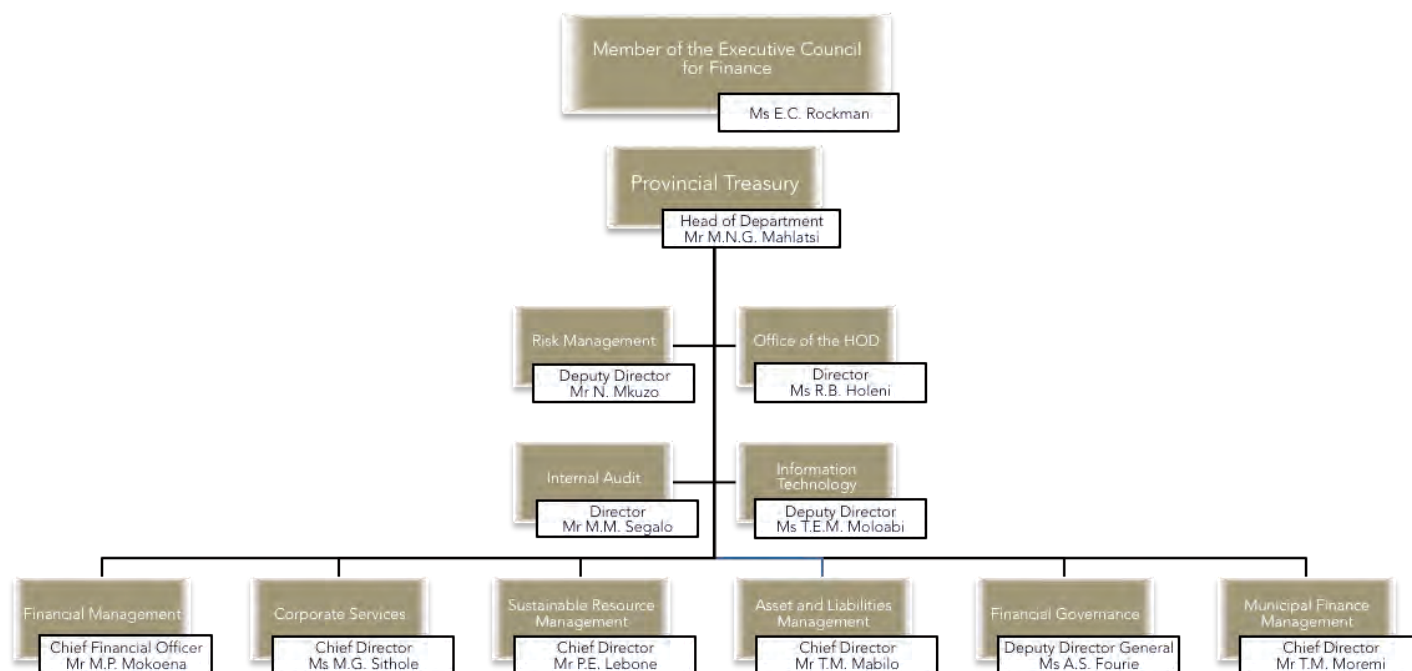
Section 5(4) of the MFMA, 2003 (Act No. 56 of 2003) determines that the Provincial Treasury must, amongst other, monitor compliance with the Act by municipalities and municipal entities, the preparation of their budgets and the monthly outcome thereof as well as the submission of reports as required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

PERMORMANCE INFORMATION

## 1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA 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 95 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 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.

During the period under review the Department was involved in interventions in the departments of Health and Education. The Head of Department of the Provincial Treasury was appointed as accounting officer for both departments. Two senior managers have also been deployed to municipalities in which the Executive Council intervened in terms of Section 139 (1) (b) of the MFMA.

### 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 conduct benchmarking, mid-year review and monitor the spending of municipalities	Municipalities COGTA General Public	Budget Statement reviews	Number of Budget Statement reviews	22 Budget Statement reviews
		Budget Bi-lateral sessions conducted	Number of Budget Bi-lateral sessions conducted	22 Budget Bi-lateral sessions conducted
		Mid-year reviews conducted	Mid-year reviews conducted	23 Mid-year reviews conducted
To capacitate and strengthen municipalities	Municipalities	Monitoring of municipalities spending levels on monthly basis	Monitoring of municipalities spending levels on monthly basis	1 Section 71 consolidated report on performance of municipalities Report tabled at PROPAC on 23 May 2017
		Alerting MEC, HOD and Cabinet on risk areas on IYM	Alerting MEC, HOD and Cabinet on risk areas on IYM	Alerting MEC, HOD and Cabinet on risk areas on IYM
To improve department and municipal audit opinion	Departments Municipalities	Number of reports on audit action plans reviewed and key control matrix assessed	Number of reports on audit action plans reviewed and key control matrix assessed	3 Consolidated reports
		Number of Audit Technical Steering Committee meetings attended	Number of Audit Technical Steering Committee meetings attended	Each municipality had six audit steering committee meetings during the audit cycle (total of 132 meetings) Two reports prepared on UIFW



*Batho Pele arrangements with beneficiaries (Consultation access etc.)*

Current/actual arrangements	Desired arrangements	Actual achievements
None	-	-

*Service delivery information tool*

Current/actual information tools	Desired information tools	Actual achievements
None	-	-

*Complaints mechanism*

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Approved Complaints Policy	Approved Complaints Policy	Approved Complaints Policy

### 2.3 Organisational environment

The Department had a staff establishment of 440 funded posts of which 348 were filled at the end of the period under review. A number of critical vacancies were filled including the post of Chief Financial Officer, Chief Director: Sustainable Resource Management, Chief Director: Asset and Liability Management and the Director: Compensation.

A moratorium on the filling of posts from 1 September 2017 until 31 March 2018, the termination of the services of 22 employees, as well as the creation of 27 new posts in the Department, led to an increase in the vacancy rate to 21%. The filling of vacancies will be prioritised in 2018/19 to ensure that the Department is in a position to fulfil its mandate.

The Department is currently re-organising functions of the Sustainable Resource Management, Asset and Liability Management, Financial Governance and Municipal Finance Management branches to align the organisational structure with the generic structure that was developed for provincial treasuries.

### 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 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, which are:

- 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**

A well-managed department that is professional, accountable and development oriented, that promotes the values and principles of public administration as contained in the Constitution and has skilled public servants who are committed to delivering high quality services is central to ensuring effective service delivery.

The Management Performance Assessment Tool (MPAT) is one of the measures that is used to assess management practices in the Department. For the 2017 MPAT assessment the Department achieved fully compliant (level 3 and 4) ratings against 87% of the 23 standards that were assessed. The Department also achieved a fully compliant (level 3 and 4) rating against 100% of all the Financial Management standards for the 4<sup>th</sup> year in a row.

The Department achieved 94% of the targets set in the Annual Performance Plan for the 2017/18 financial year.

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

The Department aimed to support and assist departments, municipalities and entities through oversight, capacity building and other interventions to improve transparent, economic, efficient and effective management of revenue, expenditure, assets and liabilities and have high quality, timely and accurate reporting.

The audit opinion expressed by the Auditor-General is one of the measures that the Department uses to assess the improvement in financial accountability and sustainability. There was a slight improvement in provincial audit outcomes from 2015/16 to 2016/17, with the number of qualified audit opinions decreasing from eight (8) to six (6) and Provincial Treasury, the Free State Legislature and the Provincial Revenue Fund obtaining "clean" audits.

The municipal audit outcomes for 2016/17 were disappointing with a regression in the audit outcomes of seven (7) municipalities, thirteen (13) municipalities sustaining unqualified audit opinions with findings and two (2) sustaining qualified audit opinions. Provincial Treasury will be coordinating a multi-disciplinary approach to support municipalities in addressing areas of concern.

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

Provincial Treasury supported departments and entities in the implementation of the 2017/18 budget in ensuring the effective, efficient, and economic spending which resulted in a decrease of about 12.9% on the budget for non-core items. Provincial departments that contributed to the decline in the budget for non-core items were the Department of Economic and Small Business Development, Tourism and Environmental Affairs (DESTE) by R21m (31%), Provincial Treasury by R23m (43%), Education by R55m (19%), Health by R86m (18%) and Agriculture by R5.8m (17%).

The Department has arranged eight (8) transversal contracts on behalf of the Free State Provincial Government to ensure that the province obtains value for money. One hundred and thirty-one (131) companies have been appointed through these contracts and the provincial government incurred expenditure amounting to approximately R800 million with these companies. An analysis of this procurement spent indicates that black-owned, provincial companies have been empowered but the procurement spent on female and youth-owned companies can be improved. All transversal contracts advertised after 1 April 2017 included pre-qualification criteria with regard to preferential procurement and all of these required BBEEE level one (1) to three (3) as a minimum.

The programme of provincial headcounts, aimed at physically verifying the existence of officials appointed on the PERSAL system and ensuring the integrity of the payroll was successfully concluded.

The alignment of BAS disbursement runs to cash payment schedules assisted to contain actual cash disbursement within the available cash resources.

### **Strategic Goal 4: Improve the development management cycle of infrastructure and assets.**

Regular oversight and monitoring to improve spending on infrastructure projects in the province resulted in more than 92% of the infrastructure budget being spent in 2017/18, as compared to 89% in 2016/17.

Monitoring of physical assets took place on a continuous basis and feedback was provided to departments to enable them to improve the management of assets. Departments were assisted to improve their reporting on assets through the assessment of interim financial statements, monitoring of audit action implementation plans on assets and physical asset monitoring reports.

## 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
- 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 provides administrative support services to all other programmes in the Department 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 the Head of Department.

The programme contributes towards the achievement of Strategic Goal 1, *An efficient, effective and development oriented department.*

The Management Performance Assessment Tool (MPAT) measures management practices in Strategic Management, Governance and Accountability, Human Resources and Financial Management. In the 2017 assessment the Department achieved fully compliant (level 3 and 4) ratings against 87% of the 23 standards that were assessed.

The Provincial Treasury is an efficient, well organised department with efficient processes, procedures and internal controls. In 2017/18, the Department was able to pay all legitimate invoices within 30 days.

The Department also conducted its own headcount to physically verify officials. All officials were accounted for.

In efforts to ensure a skilled, competent and responsive workforce, the Department continued to invest in its employees' development. The Department awarded eight bursaries in 2017 to employees to further their studies. In total 16 employees are currently studying with support from the Department. Of these, five are towards post graduate qualifications.

To promote the wellbeing and health of officials, the Department, in collaboration with GEMS, conducted health promotion programmes which included health walks and quarterly wellness screening tests (glucose, cholesterol, high blood pressure, BMI, TB and HIV screening).

The tables 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	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Improve the quality of management practices	MPAT Scores	Fully compliant against 76% of MPAT standards (25 of 33)	Fully compliant against 85% of standards (29 of 34)	Fully compliant against 87% of standards (20 of *23)	+ 2%	Internal controls resulted in better than expected performance.
	Audit Opinion	Unqualified with no findings (clean) audit opinion	Unqualified with findings audit opinion	Unqualified with findings audit opinion	-	-
Establish a skilled, competent and responsive workforce	Vacancy Rate	13%	10%	21%	- 11%	A moratorium was placed on the filling of vacancies from 1 December 2017 leaving the service of the Department and the filling of 27 new posts with effect from 1 December 2018 resulted in a significant increase in the vacancy rate.  The Department will be filling a number of critical vacancies during the new financial year to address the vacancy rate.

\*The number of standards was reduced to 23 in the 2017 MPAT assessment

**Reasons for deviations**

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

**Strategy to overcome areas of under performance**

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



# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Performance indicators

Programme / Sub-programme: Financial Management								
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations	
Number of Provincial Treasury findings on Interim Financial Statements	New PPI	New PPI	6	14	9	+ 5	Internal controls resulted in better than expected performance.	
Provincial Treasury assessment score on accuracy and completeness of IFS work-file	New PPI	New PPI	98.8%	98%	99%	+ 1%	Internal controls resulted in better than expected performance.	
Percentage of Key Control Indicators at level 4 score on Provincial Treasury KCM assessment:								
Monthly assessment	New PPI	New PPI	89%	85%	93%	+ 8%	Internal controls resulted in better than expected performance.  Underperformance was mainly in respect of Key Control Indicators linked to departmental internal audit due to the delay in the appointment of the Audit Committee, policies and procedures and the vacancy rate of the Department.  The Audit Committee has been appointed with effect from March 2018. A process to develop and review relevant policies has been put in place and the Department is in the process of filling a number of vacancies.	
Quarterly assessment	New PPI	New PPI	78%	80%	74%	- 6%		
Percentage of invoices paid within 30 days	99.9%	100%	100%	99%	100%	+ 1%	Internal controls resulted in better than expected performance.	

Programme / Sub-programme: Corporate Services								
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations	
Compliance with the NSDS III Framework	New PPI	90% of skills budget spent	100% Compliance to the NSDS III Framework	100% Compliance to the NSDS III Framework	75% Compliance to the NSDS III Framework	Report on 5% of Total Staff Establishment appointed as Interns and Experiential Learners	Due to a moratorium that was placed on the filling of posts, interns and experiential learners could not be appointed as planned. Interns and experiential learners will be appointed in the new financial year.	
Compliance with the EHW Strategic Framework	New PPI	4 Pillars implemented	80% Compliance with the EHW Strategic Framework	100% Compliance with the EHW Strategic Framework	100% Compliance with the EHW Strategic Framework	-	-	
Average number of days taken to resolve disciplinary cases	No disciplinary cases reported for the 2014/15 financial year	No disciplinary cases reported for the 2015/16 financial year	51 Days	90 Days	No disciplinary cases were reported during 2017/18 financial year	-	-	

**Reasons for deviations**

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

**Strategy to overcome areas of under performance**

Strategies to overcome areas of 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 for the year.

### Linking performance with budgets

Expenditure recorded under this programme amounted to R92,926 million (91%) against the allocated budget of R102,146 million. The main cost items in this programme are compensation of employees, Auditor General fees, training, printing of annual publications and other centralised support services such as cell phones and photocopy machine leases, IT Support services etc. The saving of 9% in this programme is due to vacancies not being filled and slow spending on the earmarked funds received after the adjustment budget. Furthermore, the slow spending on other goods and services and capital items primarily stemmed from commitments for the relocation to the new building where services could not be delivered, rollovers will be requested in the new financial year for these commitments.

### Sub-programme expenditure

Sub-Programme Name	2017/2018			2016/2017		
	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	6 382	6 256	126	6 229	6 013	216
Management Services	14 491	13 732	759	16 062	14 317	1 745
Corporate Services	26 659	24 976	1 683	27 956	26 681	1 275
Financial Management	49 386	42 981	6 405	39 477	38 656	821
Internal Audit departmental	5 228	4 981	247	4 696	4 406	290
<b>Total</b>	<b>102 146</b>	<b>92 926</b>	<b>9 220</b>	<b>94 420</b>	<b>90 073</b>	<b>4 347</b>

### 4.2. PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

#### Purpose

The role of this programme is to provide professional advice and support on provincial economic analysis, fiscal policy, and the management of the annual budget process and the implementation of provincial budgets.

The programme consists of five sub-programmes:

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

#### Strategic Objectives

- Conduct research and provide economic information in pursuit of inclusive growth and development
- Optimize provincial own revenue in order to fund key priorities
- Monitor and assess the implementation of the fiscal policy and budget framework
- Promote effective and efficient infrastructure delivery
- Ensure sustainable and effective cash management practices and efficient management of the Provincial Revenue Fund

#### Strategic objectives, performance indicators, planned targets and actual achievements

The Sustainable Resource Management programme contributes to Strategic Goal 2: *Support departments, municipalities and public entities towards improving financial sustainability and accountability* and Strategic Goal 3: *Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money.*

The Programme strives to influence the allocation of the limited provincial resources through an evidence based approach and thus three research papers were concluded. The programme, as a repository of economic information, furthermore produced three key documents, namely, Provincial Economic Review and Outlook, District Economic Review and Outlook and the Medium Term Budget Policy Statement as well as four Quarterly Labour Market Reviews.

Provincial Treasury partnered with the Office of the Premier, DESTEa, the Central University of Technology (CUT), the Human Sciences Research Council (HSRC), the National School of Government, Standard Bank and Vodacom to host a provincial Research Colloquium under the theme "*Fostering a resilient, thriving, inclusive and competitive economy for human development*". The colloquium brought together diverse stakeholders and partners and was designed to consolidate all recently completed research on the Free State province and channel it into the 6 pillars and 15 drivers of the Free State Growth and Development Strategy so as to enhance policy making and policy analysis in the province. In total 32 papers were presented in parallel sessions, of which 10 were by PhD and Masters degree students from the Central University of Technology (CUT) and the University of the Free State (UFS).

In view of the constrained Provincial Fiscal Framework and the need to fund key priorities, the programme continuously sought to improve on revenue collection. The programme conducted quarterly revenue bilateral reviews with all departments and entities with the view to address challenges and share best practices. Monthly and quarterly reports emanating from the monitoring of departments' performance were compiled as planned and support provided where necessary. The revenue target for 2017/18 amounted to R1,112 billion and the province managed to collect R1,124 billion by the end of the financial year. The over collection of R12 million was mainly as a result of the higher than expected revenue collected from motor vehicle licences by the Department of Police, Roads and Transport and a refund from the national Department of Education to the provincial Department of Education. Other contributors include the Department of Agriculture and Rural Development with permits and abattoir registrations and Provincial Treasury with interest generated from investments.

In terms of monitoring and assessing implementation of the provincial fiscal policy framework the programme managed to implement the budget process as planned. Key budget process milestones such as National Treasury July visits, the Provincial Medium Term Expenditure Committee and tabling of the adjustment and main budgets were achieved successfully. The budget process was a very consultative one with all the engagements processed through the structures in the province, such as the Treasury Committee and Budget and EXCO Makgotla. Over and above the normal budget processes, Provincial Treasury introduced technical budget sessions with all provincial

departments and public entities with the aim of ensuring thorough evaluation of budgets and alignment of budgets to priorities.

The programme worked closely with departments and public entities to ensure that quality reports in terms of the In-year Monitoring and Infrastructure Reporting Model as required by the PFMA were submitted on time. Through its oversight and monitoring role the programme managed to improve spending on infrastructure projects in the province; more than 92% of the infrastructure budget was spent as compared to 89% in 2016/17.

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



# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Strategic objectives

Programme Name: Sustainable Resource Management						
Strategic objectives	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Conduct research and provide economic information in pursuit of inclusive growth and development	Socio-economic information provided	10 Reports produced (i.e. 3 research papers; 3 publications, namely MIBPS, PERO and DERO and 4 online Quarterly Labour Market Review Reports)	10	10	-	-
Optimise provincial own revenue in order to fund key priorities	Revenue collected	R1,042 billion	R1,112 billion	R1,124 billion	+ R0,012 billion	Over collection mainly derived from motor vehicle licenses tax and refunds on infrastructure projects from the national Department of Education. The Department of Agriculture and Rural Development contributed in terms of permits and abattoir registrations. The province also generated interest from investments made by Provincial Treasury.
Monitor and assess the implementation of the fiscal and budget policy framework	Timeous preparation of the provincial budget	EPRE published within two weeks of National Budget (7 March 2017)	EPRE published within two weeks of national budget	EPRE published within three weeks of national budget (14 March 2018)	One week	The Minister of Finance granted approval that the budget may be tabled by 14 March 2018 as the Executive Council, in addition to the normal budget preparatory process, referred the draft budget for further consultation and review by another Technical Committee and Political Committee.
	Variance between provincial budget and expenditure	1% of appropriate budget not spent (R297 million of the appropriated R31,087 billion)	2% or less of appropriated budget	0.4% variance achieved (Province underspent by R134 million of the appropriated budget of R33,161 billion)	-	-
	Level of compliance with Monthly KCM Indicators – assessment score: • Own Revenue and Conditional Grants (DORA)	New PI	8 (67%) Depts on score 4	10 (83%) Depts on score 4	+ 2 Depts	Improved compliance and adherence from departments resulted in better than expected performance.

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

Programme Name: Sustainable Resource Management						
Strategic objectives	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
	<ul style="list-style-type: none"> <li>Budget performance</li> </ul>	New PI	8 (67%) Depts on score 4	12 (100%) Depts on score 4	+ 4 Depts	Frequent interaction with the departments (CFOs and line managers) as well as in-house training resulted in better than expected performance. The focus was especially on those departments that did not do well in 2016/17 financial year.
	<ul style="list-style-type: none"> <li>IYM, IRM &amp; SCOA</li> </ul>	New PI	8 (67%) Depts on score 4	5 (42%) Depts on score 4	- 3 Depts	Three departments did not perform as expected due to the late submission of hardcopies and misclassification of expenditure. Written feedback with recommendations is provided to departments after the evaluation of KCMs.
	Level of compliance with Quarterly KCM Indicators – assessment score: <ul style="list-style-type: none"> <li>Own Revenue and Conditional Grants (DORA)</li> </ul>	New PI	8 (67%) Depts on score 4	11 (92%) Depts on score 4	+ 3 Depts	Departments performed better than expected as a result of effective oversight and consistent adherence to timelines and conditional grant framework.
	<ul style="list-style-type: none"> <li>Budget performance</li> </ul>	New PI	8 (67%) Depts on score 4	11 (92%) Depts on score 4	+ 3 Depts	Frequent interaction with the departments (CFOs and line managers) as well as in house training contributed to better than expected results. The focus was especially on those departments that did not do well in 2016/17 financial.
	<ul style="list-style-type: none"> <li>IYM, IRM &amp; SCOA</li> </ul>	New PI	8 (67%) Depts on score 4	7 (58%) Depts on score 4	- 1 Dept	One department did not perform as expected mainly due to annexures not fully completed and the budget that was not locked. Written feedback with recommendations is provided to departments after the evaluation of KCMs.
	Percentage of projects completed in time and on budget	86% of projects were not completed in time and on budget	25%	*18.2 %	- 6.8%	The underperformance is due to late appointment of contractors and contractors experiencing cash flow problems. The Department will intensify support to departments to enable the institutionalisation of the IDMS, implementation of best practices in infrastructure planning and implementing projects according to approved infrastructure plans.

Programme Name: Sustainable Resource Management						
Strategic objectives	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Ensure sustainable and effective cash management practices and efficient management of the PRF	Percentage of appropriated funds transferred to provincial departments	100% of appropriated funds	100% of appropriated funds	100% of appropriated funds	-	-
	Audit opinion on PRF	Unqualified with no findings (2015/16)	Unqualified with no findings (2016/17)	Unqualified with no findings (2016/17)	-	-

\* This is the percentage of long term projects excluding smaller projects such as township revitalization

#### Reasons for deviations

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

#### Strategy to overcome areas of under performance

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

**Performance indicators**

Programme / Sub-programme: Economic Analysis							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of research papers produced	6	5	3	3	3	-	-
Number of publications produced	2	3	3	3	3	-	-
Quarterly Labour Market Reviews produced	4	4	4	4	4	-	-

Programme / Sub-programme: Fiscal Policy							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Revenue base for revenue generating departments developed	Revenue base for 12 Departments	12 Departments	12 Departments	12 Departments	12 Departments	-	-
Performance reports on Provincial Own Revenue (POR)	12 POR	12 POR	12 POR	12 POR	12 POR	-	-
Performance reports on Revenue Enhancement Allocation (REA)	12 REA	12 REA	12 REA	12 REA	12 REA	-	-
Research papers on revenue enhancement produced	1	1	n/a	1	1	-	-
Performance reports on Conditional Grants	12	12	12	12	12	-	-
Reports on financial and non-financial performance of public entities	4	4	4	4	4	-	-

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## VOTE 4: FREE STATE PROVINCIAL TREASURY

Programme / Sub-programme: Budget Management								
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations	
Appropriation Bill in line with national prescripts	Credible Provincial Budget tabled within 2 weeks after National Budget	Appropriation Bill in line with national prescripts	1	1	1	-	-	
Adjustment Appropriation Bill in line with national prescripts	Credible Adjustment Budget tabled within 30 days after National Adjustment Budget (November 2014)  Special Adjustment Budget was tabled in March 2015	Adjustment Appropriation Bill in line with national prescripts 2015/16 tabled on 20 November 2015  Second Adjustment Budget was tabled on 8 March 2016	2	1	2	+ 1	The province had to table a special adjustment to reduce potential unauthorised expenditure.	
Reports on funded priorities	4	4	4	4	4	-	-	
Analysis reports on spending on personnel by provincial departments	New PPI	New PPI	4	4	4	-	-	

Programme / Sub-programme: Public Finance									
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations		
Assessment reports in terms of IYM	15	15	15	15	15	-	-		
Assessment reports in terms of Infrastructure Model	5	11	12	12	12	-	-		
Reports on infrastructure monitoring visits conducted	60	4	4	4	5	+ 1	A request was received to compile a valuation report on the Jim Fouche Resort in addition to the planned visits.		
Quarterly Infrastructure review reports	New PPI	New PPI	New PPI	4	4	-	-		
Evaluation of planning documents for departments	New PPI	New PPI	8 Departments	8 Departments	8 Departments	-	-		
Annual review of settlement limit and bridging finance	Review of bridging finance 12 Settlement limits	1 Review	1 Review	1 Review	1 Review	-	-		
Timely submission of Annual Financial Statements on PRF	1 Set of AFS submitted on time	1 Set of AFS	15 June 2016	15 June 2017	15 June 2017	-	-		

**Reasons for deviations**

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

**Strategy to overcome areas of under performance**

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 for the year.



# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Linking performance with budgets

Expenditure recorded under this programme amounted to R40,180 million (93.6%) against the allocated budget of R42,930 million. Main cost drivers for this programme are compensation of employees, travel and subsistence and printing of annual publications. The saving of 6.4% is primarily due to vacancies that could not be filled and slow spending on travel and subsistence due to strict implementation of cost containment measures.

### Sub-programme expenditure

Sub-Programme Name	2017/2018			2016/2017		
	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	1 817	1 666	151	663	651	12
Economic Analysis	7 634	6 887	747	6 859	6 692	167
Fiscal Policy	7 366	6 695	671	7 104	7 029	75
Budget Management	11 827	11 691	136	11 389	11 269	120
Public Finance	13 468	12 595	873	15 971	15 799	172
Compensation	818	646	172	174	174	-
<b>Total</b>	<b>42 930</b>	<b>40 180</b>	<b>2 750</b>	<b>42 160</b>	<b>41 614</b>	<b>546</b>

### 4.3 PROGRAMME 3: ASSET AND LIABILITY MANAGEMENT

#### Purpose

The role of this programme is to promote effective management of provincial assets and liabilities, procure transversal and cross-cutting goods and services and manage and maintain transversal financial systems in the province.

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
- Support and capacitate transversal financial management systems users

#### Strategic objectives, performance indicators, planned targets and actual achievements

The Asset and Liability Management programme contributes towards the achievement of 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* as well as Strategic Goal 4: *Improve the development and management life cycle of infrastructure and assets*, in terms of provincial departments and entities.

Effective supply chain management is key to the achievement of cost effectiveness and value for money. One of the strategies that the programme uses is putting in place transversal contracts to capitalise on economies of scale. The Asset and Liability Management programme played an important role in facilitating this process and ensuring effective contract management. Eight (8) transversal contracts were arranged on behalf of the Free State Provincial Government and through these contracts 131 companies have been appointed. The analysis that was done on procurement spent indicates that black-owned, provincial companies have been empowered through these contracts.

The programme continued to support potential service providers to register on the Central Supplier Database (CSD) and 7 319 new suppliers were registered on the CSD in 2017/18. Roadshows across the province were conducted in collaboration with National Treasury, SARS, SEDA and DESTEA. Potential suppliers in smaller towns and rural areas were reached through various outreach programmes to encourage them to register on CSD.

The programme concluded the physical verification of officials in provincial departments on the PERSAL system to ensure the integrity of the payroll. In total 60 859 officials were verified over a two year period.

Continuous support has been provided to users of transversal financial management systems, which include BAS, LOGIS and PERSAL. In addition to technical support provided, the programme trained 1 053 users in these systems.

The tables 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: Asset and Liability Management						
Strategic objectives	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Strengthen supply chain management in the province through capacity building and oversight	Level of compliance with SCM KCM Indicators – assessment score	12 Depts and 2 entities with score >1 on all indicators	8 Depts and 1 public entity with score >1 on all indicators	7 Depts and 1 trading and 0 public entity with score >1 on all indicators	- 1 Dept and 1 public entity	Departments did not perform as expected as some did not indicate whether appointment of consultants is done in accordance with applicable prescripts. The public entity did not submit a KCM for the 3 <sup>rd</sup> quarter and could not be assessed. Written feedback with recommendations is provided to departments and entities after the evaluation of KCMs.
Strengthen asset management in the province through capacity building and oversight	Number of departments, trading and public entities with audit findings on assets management	3 Depts and 2 entities with findings on assets	6 Depts, 1 trading and 1 public entity	2 Depts, 0 trading and 0 public entity	+ 4 Depts, 1 trading and 1 public entity	The Department responded to requests from departments and entities for more visits and support on asset management, stocktaking and disposals which lead to significant improvement.
	Level of compliance with Monthly PAM KCM Indicators – assessment score	New PI	10 Depts and 2 trading entities with score >1 on all indicators	12 Depts and 0 trading entities with score >1 on all indicators	+ 2 Depts - 1 Trading entity	Departments performed better than expected whilst the trading entity did not perform as expected. More support will be provided to the entity. Written feedback with recommendations is provided to departments and entities after the evaluation of KCMs.
	Level of compliance with Quarterly PAM KCM Indicators – assessment score	New PI	10 Depts and 2 trading entities with score >1 on all indicators	9 Depts and 2 trading entities with score >1 on all indicators	- 1 Dept	One department did not perform as expected. More support will be provided to the department. Written feedback with recommendations is provided to departments and entities after the evaluation of KCMs.
Support and capacitate transversal financial management systems users	Support provided on transversal systems	100%	100%	98.90%	- 1.10%	Network and email problems that were experienced during the reporting period resulted in officials not receiving notification of calls for support as well as an increase in the scope of support added to i-Request resulted in the target not being met. To prevent a recurrence, officials will in future regularly log onto the helpdesk system to determine if there are calls that must be attended to and not depend on e-mail notifications only.

Programme Name: Asset and Liability Management						
Strategic objectives	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
	Level of compliance with Monthly Transversal Systems KCM Indicators – assessment score	New PI	6 Depts and 2 trading entities with score > 1 on all indicators	8 Depts and 0 trading entity with scores > 1 on all indicators.	+ 2 Depts - 2 Trading entities	Two entities did not perform as expected. More support will be provided to the entities. Written feedback with recommendations is provided to departments and entities after the evaluation of KCMs.
	Level of compliance with Quarterly Transversal Systems KCM Indicators – assessment score	New PI	6 Depts and 2 trading entities with score > 1 on all indicators	8 Depts and 2 trading entities with scores > 1 on all indicators.	+ 2 Depts	The departments performed better than expected.

**Reasons for deviations**

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

**Strategy to overcome areas of under performance**

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

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Performance indicators

Programme / Sub-programme: Asset Management								
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations	
SCM monitoring reports	56	56	56	52	53	+ 1	Separate reports were produced for FSGLA and FSTA prior to the merger of the two entities on 1 June 2017.	
PPP monitoring reports	4	4	4	4	4	-		
Reports on assessment of transversal contracts	4	4	7	4	4	-		
Reports on payment of invoices within 30 days	6	12	12	12	12	-		
SCM Forums	4	6	4	4	4	-		
SCM Training sessions	7	14	8	4	5	+ 1	An additional training session was held on 70% procurement spent for new officials in departments and those that did not comply with the reporting requirement.	
Report on assessment of Annual Procurement Plans	New PPI	New PPI	1	1	1	-		
Physical Asset monitoring reports	107	104	109	117	125	+ 8	Follow-up visits had to be conducted.	
Report on follow up of Prior Year asset audit issues	New PPI	New PPI	4	4	4	-		

Programme / Sub-programme: Supporting and Interlinked Financial System							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Percentage of working hours that BAS Terminal Servers are available	99.77% of 8 working hours	99.89% of 8 working hours	99.79% of 8 working hours	95% of 8 working hours	99.83% of 8 working hours	+ 4.83%	Analysis of logs done to identify errors and solve them before they occur, ensures uptime.
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	100% of calls responded to within 8 working hours	98.94% of calls responded to within 8 working hours	- 1.06%	Network and e-mail problems that were experienced as well as new areas that were added to i-Request which increased the scope of work. Officials have been requested to regularly log onto the helpdesk system to determine if there are calls that must be attended to and not depend on e-mail notifications only.
Number of users trained on Transversal Systems (BAS, PERSAL and LOGIS)	898	925	999	850	1053	+ 203	The target is demand driven and additional needs are accommodated if they can be addressed within the current resource allocation.

**Reasons for deviations**

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

**Strategy to overcome areas of under-performance**

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

**Changes to planned targets**

There were no in year changes to planned targets for the year.

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Linking performance with budgets

Expenditure recorded under this programme amounted to R85,372 million (98.3%) against the allocated budget of R86,803 million. Main cost drivers for this programme are compensation of employees, SITA for transversal systems and travel and subsistence cost. The saving of 1.7% is mainly due to the non-filling of vacancies within the programme.

### Sub-programme expenditure

Sub-Programme Name	2017/2018			2016/2017		
	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	1 806	1 782	24	1 550	1 506	44
Asset Management	31 884	31 073	811	55 825	49 906	5 919
Supporting and Interlinked Financial Systems	53 113	52 517	596	49 204	46 979	2 225
<b>Total</b>	<b>86 803</b>	<b>85 372</b>	<b>1 431</b>	<b>106 579</b>	<b>98 391</b>	<b>8 188</b>

### 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 practises through capacity building and monitoring

#### Strategic objectives, performance indicators, planned targets and actual achievements

For the period under review, Financial Governance continued with the efforts to improve financial accountability in the provincial government in order to improve financial governance and audit outcomes. The Programme supports and contributes towards the achievement of Strategic Goal 2: *Support departments, municipalities and entities towards improving financial accountability and sustainability*, in terms of provincial departments and entities as well as Strategic Goal 3: *Enhance processes, practices and systems towards efficiency gains, to eliminate waste and derive value for money*.

The programme promoted financial reporting through capacity building and monitoring. The programme assessed the draft Annual Financial Statements as well as the AFS work file for departments and entities 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 2016/17 financial year, 97% of the findings were resolved for departments before the statements were submitted for auditing and 91% of the findings for entities were resolved. To improve the quality of the work files, an assessment is done to determine adherence to the minimum requirements of the audit work file. The Department's target was to have at least 3 departments achieving a 100%, this was exceeded with 8 departments and 1 entity achieving a 100% and 4 departments and 1 entity achieving an average of 90% adherence.

To ensure that the province reduces its cumulative irregular expenditure that dates back as far as 2007, Provincial Treasury intervened in terms of Section 18 of the PFMA and initiated a process of investigating irregular expenditure of previous years in the departments of Health, Education and Human Settlements. The objectives were to investigate irregular expenditure cases reported in prior years, which were not yet finalized, address the completeness of irregular expenditure to be reported in the Department of Health, transfer of skills related to identification, completeness, reporting and investigation of irregular expenditure; and make recommendations to improve the existing control measures to prevent and detect irregular expenditure.

With regard to the completeness of irregular expenditure to be reported in the Department of Health, 20 000 payment documents for the period 2010/11 to 2015/16 were verified and the completeness qualification of prior years was resolved.

Seven thousand four hundred and seventy-four (7 474) cases of irregular expenditure were investigated in the three departments. Of these, 6 257 cases to the value of R2,8 billion were finalised and information provided to the departments to complete the process. One thousand two hundred and seventeen (1 217) cases to the value of R479,4 million did not meet the definition of irregular expenditure and had to be removed.

To enhance the existing internal controls, root causes for the transgressions were determined during the investigations and remedial controls developed for implementation to prevent future irregular expenditure. Skills were transferred to 19 officials from the mentioned departments and Provincial Treasury.

This project assisted to resolve the completeness reporting of irregular expenditure and the revenue qualification of prior years in Health, which contributed to the Department of Health moving to an unqualified with findings audit opinion for the first time in 10 years.

Phase II of the intervention project will continue in 2018/19 and aims to further address investigations in the departments of Health, Education, Agriculture and Rural Development, Sport, Arts, Culture and Recreation, Human Settlements and DESTEA.



In an effort to promote risk management and internal audit practises, 6 formal training sessions and 4 fraud awareness sessions were held to capacitate officials in provincial departments and entities on the recent developments and techniques in fraud management, risk management and internal audit practises. The programme also assisted all provincial departments and public entities to employ a system of risk management and internal audit where potential weaknesses are identified and strategies employed to minimise risks before they occur and proactively provides assurance on financial and non-financial internal controls within the departments and public entities. Departments and entities have also developed and implemented Fraud Prevention Plans and Response Strategies.

Provincial Treasury as the custodian of ACFE SA Chapter Corporate Membership for the departments, public entities and municipalities continued to partner with the University of the Free State, PWC, Standard Bank and the ACFE in driving the Anti-Fraud Awareness campaign to capacitate the Provincial Government in anti-corruption and fraud management.

At the end of the 2017/18 financial year there were 23 officials qualified as CFEs in the province and 12 more officials were identified that meet the minimum requirements and will attend CFE training during the 2018/19 financial year.

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

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Strategic objectives

Programme Name: Financial Governance						
Strategic objectives	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Promote and enforce sound accounting practices and reporting through capacity building and monitoring	% AFS findings resolved	99% of 2015/16 AFS findings resolved	85%	96% of 2016/17 AFS findings resolved	+ 11%	Deviation as a result of extra effort and support meetings between CFOs and Provincial Treasury at end of May 2017 to amend Draft AFS. Departments resolved 97% of findings and entities 91%.
	Number of departments / entities with 90% compliance to the minimum requirements of AFS work file	Compliance with minimum requirements of AFS work file (2015/16): 10 Depts = 100% 1 Dept ≥ 90% 4 Entity ≥ 90%	3 Depts = 100% 6 Depts and 1 trading entity ≥ 90% (2016/17 AFS work file)	8 Depts, Legislature and 1 trading entity = 100% 4 Depts and 1 entity ≥ 90% (2016/17 AFS work file)	+ 5 Depts, Legislature and 1 trading entity	Deviation as a result of extra effort by CFOs and Provincial Treasury at end of May 2017 to amend Draft AFS work file and Provincial Treasury supporting departments during assessment meetings to improve compliance.
	Level of compliance with Monthly Accounting KCM Indicators – assessment score	New PI	9 Depts and 2 trading entities with score >1 on all indicators	9 Depts and 1 trading entity with score >1 on all indicators	- 1 Trading entity	One trading entity did not submit the KCM for March 2018 and could not be assessed. The Accounting Officer of the entity has been informed accordingly and requested to intervene to prevent recurrence.
	Level of compliance with Quarterly Accounting KCM Indicators – assessment	New PI	3 Depts and 1 trading entity with score >1 on all indicators	3 Depts and 0 trading entity with score >1 on all indicators	- 1 Trading entity	The trading entity did not perform as expected. Provincial Treasury will be revising the score criteria which was identified to be treated differently between departments and trading entities. Written feedback with recommendations is provided to departments and entities after the evaluation of the KCMs.
Promote and enforce risk management and internal audit practises through capacity building and monitoring	Percentage compliance and effectiveness by departments and public entities on Risk Management and Internal Audit	Risk Man: 8 Depts and 1 public entity ≥ 90%	Risk Man: 9 Depts and 1 public entity ≥ 90%	Risk Man: 7 Depts and 1 public entity ≥ 90%.	- 2 Depts	The underperformance is mainly due to a lack of oversight by the Risk Management Committees of the two departments with regard to the functions of the Risk Management activities. The Department will continue to provide further guidance and monitor implementation by the two departments.

Programme Name: Financial Governance						
Strategic objectives	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
	Activities	Internal Audit: 10 Depts and 0 public entities ≥ 90%	Internal Audit: 10 Depts and 1 public entity ≥ 90%	Internal Audit: 10 Depts and 1 public entity ≥ 90%	-	-
	Level of compliance with Risk Management and Internal Audit Quarterly KCM Indicators – assessment score	New PI	9 Depts and 0 public entities with score > 1 on all indicators	1 Dept with score > 1 on all indicators	- 8 Depts	Departments did not perform as expected. The Department will continue to monitor compliance by departments and provide support where necessary. Written feedback with recommendations is provided to departments after the evaluation of KCMs.

**Reasons for deviations**

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

**Strategy to overcome areas of under performance**

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

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Performance Indicators

Programme / Sub-programme: Accounting Services							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Formal training sessions to build capacity in provincial departments, trading and public entities on accounting practices	7	6	8	8	9	+ 1	An additional training session on petty cash was conducted to address the need in departments.
Consolidated reports on interim and annual financial statements and work files assessments produced to promote the quality of financial statements	4	4	4	4	4	-	-
Timely submission of quality consolidated annual financial statements and Annual Report							
• Draft CFS	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2017	-	-
• Final CFS	31 August 2014	31 August 2015	Entities: 13 Sept 2016 Depts, Legislature and PRF: 30 Sept 2016	31 August 2017	31 August 2017	-	-
• Annual Report	31 October 2014	31 October 2015	A written explanation, setting out reasons why the Annual Report was not submitted, was submitted on 28 October 2016 to the Legislature in compliance with Section 19 (5) of the PFMA.	31 October 2017	31 October 2017	-	-
Consolidated Key Control Matrix assessment reports produced for departments and entities to promote compliance with legislative requirements	13	14	19	19	19	-	-

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

Programme / Sub-programme: Provincial Risk Management and Internal Audit							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Bi-annual consolidated assessment reports produced for departments and entities to promote compliance with Risk Management legislation and Fraud Risk Assessments.	2	2	2 Reports	2 Reports	2 Reports	-	-
Bi-annual consolidated assessment reports produced for departments and public entities to promote compliance with Internal Audit legislation	2	2	2 Reports	2 Reports	2 Reports	-	-
Formal training sessions to build capacity and promote Risk Management, Internal Audit and Fraud alertness for provincial departments and entities	3	2	4	6	6	-	-
Fraud awareness sessions to promote alertness to provincial departments, entities and business	4	7	4	2	2	-	-

### Reasons for deviations

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

### Strategy to overcome areas of under performance

The programme achieved all the set targets for the 2017/18 financial year.

### Changes to planned targets

The target for the performance indicator Fraud awareness sessions to promote alertness to provincial departments, entities and business was amended from 4 to 2 and the Annual Performance Plan was re-tabled accordingly.

### Linking performance with budgets

Expenditure recorded under this programme amounted to R26,623 million (81.6%) against the allocated budget of R32,618 million. The saving of 18.4% in this programme is due to additional earmarked funding received during the adjustment budget that could not be spent before year-end. Of this, R3 million relates to Phase II of the provincial intervention programme for irregular expenditure. The specifications were finalised and requests for proposals issued. However, the bid process could not be finalized before year-end and is currently underway. Furthermore, R2,5 million relates to internal audit and risk management software which could not be procured prior to year-end due to a delay by SITA. This process has been delayed from the 2016/17 financial year and as at 29 March 2018, SITA has not yet delivered on this item. Funding on training and development for the Fraud 101 Training and CFE preparation and examination course was not spent.

### Sub-programme expenditure

Sub-Programme Name	2017/2018			2016/2017		
	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	2 950	2 948	2	3 072	2 964	108
Accounting Services	20 005	17 117	2 888	16 040	12 887	3 153
Risk Management and Internal Audit Provincial	9 663	6 558	3 105	8 635	5 956	2 679
<b>Total</b>	<b>32 618</b>	<b>26 623</b>	<b>5 995</b>	<b>27 747</b>	<b>21 807</b>	<b>5 940</b>

### 4.5. PROGRAMME 5: MUNICIPAL FINANCE MANAGEMENT

#### Purpose

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

The programme had the following six (6) sub-programmes:

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

#### Strategic Objectives

- Monitor and support municipalities towards improved budget management
- Monitor and support municipalities towards improved audit outcomes
- Monitor and support municipalities to strengthen compliance with Supply Chain Management prescripts
- Monitor and support municipalities to strengthen Internal Audit and Risk Management

#### 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.

During the period under review, the Department followed a hybrid organisational approach which is district-based and not only monitors but provides "hands on" technical support to struggling municipalities. Two senior managers of the Department have been deployed to municipalities in which the Executive Council of the province intervened in terms of Section 139 (1) (b) of the MFMA.

Without compromising the integrity or independence of the audit process, a Provincial Audit Intervention Committee deals 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 and capacity building were also provided on supply chain management and internal audit and risk management practices.

Progress has been made with budget management in municipalities. The Free State municipalities achieved 100% budget compliance for the 2016/17 financial year. There has also been improvement in the quality of the municipal budget statements.

With the assistance of Provincial Treasury and an advisor from National Treasury, who has been assigned to capacitate MFM officials, mSCOA has been successfully implemented in municipalities, with the exception of Maluti a Phofung which is still experiencing challenges. On-going support is provided to municipalities on monthly basis on mSCOA and other capacity related matters.

In an endeavour to assist municipalities to improve the quality of their annual financial statements Provincial Treasury coordinated a training session for CFOs/finance officers and Internal Auditors on the compilation and review of the AFS.

To strengthen governance structures at municipalities, risk officers were trained on how to improve the risk management activities at municipalities. There has been some improvement in the functionality of risk management and internal audit structures. Two municipalities have achieved a 100% score on capacity of both its risk management and internal audit structures.

## Strategic objectives

Programme Name: Municipal Finance Management						
Strategic objectives	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Monitor and support municipalities towards improved budget management	Number of municipalities at 60% compliance to budget regulations and reforms	New PI	12	18	+ 6	Municipalities performed better than expected. Provincial Treasury had extensive engagements and bilaterals with municipalities during the preparation and after the assessment of their draft budgets.
Monitor and support municipalities towards improved audit outcomes	Audit opinions: Reduction in audit paragraphs	New PI	10% reduction in audit paragraphs	*22.5% increase in audit paragraphs	- 32.5%	According to the Auditor General's Consolidated General Report on local government audit outcomes for 2016/17, a continued lack of accountability and leadership failures were the main causes of governance failures, which lead to a significant regression in audit outcomes from the prior year.  Provincial Treasury is coordinating a multidisciplinary approach in addressing areas of concern, including the implementation of response plans.
Monitor and support municipalities to strengthen compliance with SCM prescripts	Number of municipalities at 100% compliance to the FMCM SCM KPI's	New PI	8 municipalities	2 municipalities	- 6 municipalities	The deviation is due to capacity constraints in the SCM units of municipalities.  Provincial Treasury is providing ongoing hands-on support to municipalities to address this weakness.
Monitor and support municipalities to strengthen Internal Audit and Risk Management	Compliance with Internal Audit KPIs	14 Municipalities at 65%	15 municipalities at 75% on IA	12 municipalities at 75% on IA	- 3 municipalities	Deviation on internal audit was due to non-functional internal audit units and audit committees of the following municipalities: Nala, Matube, Masilonyana and Mahokare.  Furthermore, Mantsopa (internal review), Dihlabeng (internal Audit Manager resigned) and Kopanong (officials on strike) and audit committees' functionality were not assessed.
	Compliance with Risk Management KPI's	11 Municipalities at 60%	13 municipalities at 70 % on RM	10 municipalities at 70% on RM	- 3 municipalities	Deviation on risk management was due to non-functionality of risk management units and risk management committees of the



Programme Name: Municipal Finance Management						
Strategic objectives	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
						following municipalities: Nketoana, Dhlabeng, Matjhabeng, Nala, Ngwathe and Matube.

\* The figure is based on the audit outcomes of 19 municipalities. At the time of reporting three audits were still in process.

#### Reasons for deviations

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

#### Strategy to overcome areas of under performance

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

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Performance Indicators

Programme / Sub-programme: Municipal Finance Management								
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations	
Assessment reports on Draft and Final Budgets received on credibility and compliance with MFMA regulations	3 Consolidated reports for 23 municipalities	2 Consolidated reports	2 Consolidated reports	2 Consolidated reports	2 Consolidated reports	-	-	
Quarterly publication of Section (71) reports for local government and legislature	New PPI	New PPI	4 Publications	4 Publications	4 Publications	-	-	
Municipalities supported on NERSA application	New PPI	New PPI	1 Provincial NERSA work session	1 Provincial NERSA work session	1 Provincial NERSA work session	-	-	
mSCOA capacity building	New PPI	New PPI	2 Sessions	2 Sessions	2 Sessions	-	-	
mSCOA readiness assessment	New PPI	New PPI	4 Assessment reports	2 Assessment reports	3 Assessment reports	+ 1	National Treasury requested that an assessment test be done in June.	
Municipalities monitored on audit action plans	New PPI	New PPI	4 Consolidated progress reports	2 Consolidated progress reports	2 Consolidated progress reports	-	-	
Monitoring of submission of pre-audited AFS to AG	New PPI	New PPI	New PPI	1 Consolidated report	1 Consolidated report	-	-	
Reports on Municipal Support Programme (MSP)	New PPI	New PPI	2 Consolidated reports on MSP	2 Consolidated reports on MSP	2 Consolidated reports on MSP	-	-	
Training sessions on tax compliance	New PPI	New PPI	New PPI	4	3	- 1	The underperformance is due to a lack of capacity in the unit. The Department will engage SARS for support where required.	
Number of municipalities supported through working sessions on tax matters	New PPI	New PPI	New PPI	6	6	-	-	
Training on SCM compliance and on the use of the SCM Toolkit	New PPI	New PPI	New PPI	8 Municipalities	14 Municipalities	+ 6	Municipalities have reconfigured their bid committees due to most of the Section 56 Managers contracts having expired. New members had to be trained.	

Programme / Sub-programme: Municipal Finance Management								
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations	
Number of Municipalities monitored on implementation of the Standard for Infrastructure Procurement and Delivery Management (SIPDM)	New PPI	New PPI	New PPI	22 Municipalities	22 Municipalities	-	-	
Municipalities assessed and supported on Internal Audit and Risk Management	18 Muns (78%) on 60% score 9 Muns (39%) on 60% score 15 Muns (65%) on 50% score 3 Muns (35%) on 50% score 17 Muns (74%) on 50% score	4 Consolidated reports	1 Consolidated report	1 Consolidated report	1 Consolidated report	-	-	
Internal Audit and Risk Management training sessions held	4	2	2	2	2	-	-	
Fraud awareness sessions held to promote fraud alertness in municipalities	5	1 Fraud Awareness Week	3	1	1	-	-	

**Reasons for deviations**

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

**Strategy to overcome areas of under performance**

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

**Changes to planned targets**

The target for the performance indicator *Fraud awareness sessions held to promote fraud alertness in municipalities* was amended from 3 to 1 and the Annual Performance Plan was re-tabled accordingly.

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Linking performance with budgets

Expenditure recorded under this programme amounted to R60,948 million (96.1%) against the allocated budget of R63,393 million. The saving of 3.9% in this programme stems from vacancies that could not be filled and earmarked training and development funds received for the Municipal Support Programme projects to provide technical support to municipalities, which include, amongst other, the compilation of the annual financial statements, assisting with the clearing of prior year audit findings and mSCOA that could not be spent before year-end.

### Sub-programme expenditure

Sub-Programme Name	2017/2018			2016/2017		
	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	3 007	3 005	2	3 083	3 030	53
Thabo Mofutsanyana District	7 413	7 287	126	6 807	6 743	64
Fezile Dabi District	4 760	4 537	223	4 711	4 578	133
Lejweleputswa District	7 277	7 246	31	6 826	6 794	32
Xhariep District	4 437	4 076	361	4 711	4 676	35
Municipal Risk Management and Internal Audit	4 638	4 625	13	4 544	4 490	54
Municipal Support Program and IGR	31 861	30 172	1 689	34 629	34 168	461
<b>Total</b>	<b>63 393</b>	<b>60 948</b>	<b>2 445</b>	<b>65 311</b>	<b>64 479</b>	<b>832</b>

## 5. TRANSFER PAYMENTS

### 5.1. Transfer payments to public entities

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018.

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
None				

### 5.2. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018.

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
FS181 Masilonyana	Municipality	Appointment of service provider to render bio-remediation services.	Yes	1 900	1 060	Delay in SCM processes
FS182 Tokologo	Municipality	Appointment of service provider to prepare AFS for the municipality.	Yes	1 000	1 000	-
FS195 Phumelela	Municipality	Enhancement of revenue project that entails the procurement of electrical split meters.	Yes	1 800	1 800	-
FS196 Mantsopa	Municipality	Appointment of service provider to prepare AFS for the municipality.	Yes	1 000	1 000	-
FS201 Moqhaka	Municipality	Appointment of service provider to render bio-remediation services.	Yes	7 000	7 000	-
FS203 Ngwathe	Municipality	R10 million for appointment of service provider to provide bio-remediation services and R4,1 million for assistance with waste water management at Koppies.	Yes	14 100	2 679	Delay in SCM processes
FS205 Mafube	Municipality	Appointment of service provider to prepare AFS for the municipality.	Yes	1 000	830	Delay in SCM processes

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## VOTE 4: FREE STATE PROVINCIAL TREASURY

The table below reflects the transfer payments which were budgeted for in the period 1 April 2017 to 31 March 2018, 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
None				

## 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.

Earmarked fund 1

Department/ Municipality to whom the grant has been transferred	Masilonyana Municipality
Purpose of the grant	Appointment of service provider to render bio-remediation services
Expected outputs of the grant	Rendering of bio-remediation services
Actual outputs achieved	Appointed service provider
Amount per amended DORA (R'000)	R1 900
Amount transferred (R'000)	R1 900
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R1 060
Reasons for the funds unspent by the entity	Delays in supply chain management processes
Monitoring mechanism by the transferring department	Copies of invoices received from municipality and monitoring is done by the Municipal Finance Management unit

Earmarked fund 2

Department/ Municipality to whom the grant has been transferred	Tokologo Municipality
Purpose of the grant	Appointment of service provider to prepare Annual Financial Statements for the municipality
Expected outputs of the grant	Updated Annual Financial Statements
Actual outputs achieved	Appointed service provider
Amount per amended DORA (R'000)	R1 000
Amount transferred (R'000)	R1 000
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R1 000
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	Copies of invoices received from municipality and monitoring is done by the Municipal Finance Management unit

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Earmarked fund 3

Department/ Municipality to whom the grant has been transferred	Phumelela Municipality
Purpose of the grant	Enhancement of revenue project that entails the procurement of electrical split meters
Expected outputs of the grant	Revenue enhancement
Actual outputs achieved	Revenue enhanced
Amount per amended DORA (R'000)	R1 800
Amount transferred (R'000)	R1 800
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R1 800
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	Copies of invoices received from municipality and monitoring is done by the Municipal Finance Management unit

### Earmarked fund 4

Department/ Municipality to whom the grant has been transferred	Mantsopa Municipality
Purpose of the grant	Appointment of service provider to prepare Annual Financial Statements for municipality
Expected outputs of the grant	Updated Annual Financial Statements
Actual outputs achieved	Service provider appointed
Amount per amended DORA (R'000)	R1 000
Amount transferred (R'000)	R1 000
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R1 000
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	Copies of invoices received from municipality. Annual Financial Statements are verified by the Municipal Finance Management unit

### Earmarked fund 5

Department/ Municipality to whom the grant has been transferred	Moqhaka Municipality
Purpose of the grant	Appointment of service provider to render bio-remediation services
Expected outputs of the grant	Service delivery on bio-remediation services
Actual outputs achieved	Service provider appointed
Amount per amended DORA (R'000)	R7 000
Amount transferred (R'000)	R7 000
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R7 000
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	Copies of invoices received from municipality and monitoring is done by the Municipal Finance Management unit

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## VOTE 4: FREE STATE PROVINCIAL TREASURY

### Earmarked fund 6

Department/ Municipality to whom the grant has been transferred	Ngwathe Municipality
Purpose of the grant	Appointment of service provider to render bio-remediation services and assistance of waste water management at Koppies
Expected outputs of the grant	Service delivery on bio-remediation services and waste water management
Actual outputs achieved	Service provider appointed
Amount per amended DORA (R'000)	R14 100
Amount transferred (R'000)	R14 100
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R2 679
Reasons for the funds unspent by the entity	Delay in processes of supply chain management
Monitoring mechanism by the transferring department	Copies of invoices received from municipality and monitoring is done by the Municipal Finance Management unit

### Earmarked fund 7

Department/ Municipality to whom the grant has been transferred	Mafube Municipality
Purpose of the grant	Appointment of service provider to prepare Annual Financial Statements of the municipality
Expected outputs of the grant	Updated Annual Financial Statements
Actual outputs achieved	Service provider appointed
Amount per amended DORA (R'000)	R1 000
Amount transferred (R'000)	R1 000
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R830
Reasons for the funds unspent by the entity	Delays in supply chain management processes
Monitoring mechanism by the transferring department	Copies of invoices received from municipality and monitoring is done by the Municipal Finance Management unit



**6.2. Conditional grants and earmarked funds received**

The table below details the conditional grants and earmarked funds received for the period 1 April 2017 to 31 March 2018.

Conditional Grant

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	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**

Donor Fund

Name of donor	N/A
Full amount of the funding	N/A
Period of the commitment	N/A
Purpose of the funding	N/A
Expected outputs	N/A
Actual outputs achieved	N/A
Amount received in current period (R'000)	N/A
Amount spent by the department (R'000)	N/A
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	N/A

## 8. CAPITAL INVESTMENT

### 8.1. Capital investment, maintenance and asset management plan

Infrastructure projects	2016/2017			2017/2018		
	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
Audio visual equipment	262	261	1	262	261	1
Building air-con system	60	60	-	60	60	-
Computer equipment	3 674	1 298	2 376	1 334	825	509
Domestic equipment	11	11	-	11	11	-
Learning, Training Support	48	32	16	35	19	16
Office equipment	120	120	-	120	120	-
Office furniture	20	20	-	-	-	-
Telecommunication equipment	10	10	-	10	10	-
Fix individual movable air conditioners	46	43	3	16	15	1
Desktop printing equipment	117	116	1	33	24	9
<b>Total</b>	<b>4 368</b>	<b>1 971</b>	<b>2 397</b>	<b>3 215</b>	<b>2 170</b>	<b>1 045</b>



# PART C

GOVERNANCE

### 1. INTRODUCTION

The Department is committed to maintaining the highest standards of governance, which is fundamental to the management of public finances and resources. The Department has good governance structures in place to effectively, efficiently and economically utilize the state resources, which is funded by the tax payer.

### 2. RISK MANAGEMENT

The Department operated with an approved Risk Management Policy and Risk Management Strategy for the financial year 2017/18 (both approved on 3 March 2017).

A detailed risk assessment for the 2017/18 financial year was performed from 1 to 28 February 2017. A 2017/18 Risk Assessment Report was issued and monitoring of risks falling beyond the departmental tolerance level took place on quarterly basis, including the identification of new/emerging risks.

The Department has a functional Risk Management Committee with an independent chairperson.

The Departmental Chief Risk Officer reports to the Audit Committee quarterly (after the report has passed via the Risk Management Committee) and recommendations are made by the committee after the assessment of reports.

Progress has been realized with the management of risk with 28% of risks resolved as reported in the 4<sup>th</sup> quarter Risk Management Report.

### 3. FRAUD AND CORRUPTION

The Department has an approved Fraud Management Strategy and Fraud Management Policy as well as a Whistle Blowing Policy in place. The Security Services sub-directorate reports regularly to Top Management on the reported cases and progress made on investigations. The Risk Management sub-directorate runs with awareness campaigns ranging from fraud and corruption workshops, whistle blowing awareness, posters, fraud articles to fraud risk assessments. For the 2017/18 financial year the Department did not have any fraud/corruption related cases.

In terms of the fraud implementation plan the Department is effectively implementing its fraud awareness activities as evidenced by the fact that no fraud or corruption related case has been reported or identified by all the departmental assurance providers.

Every office has a poster, extracted from the Fraud Management Strategy, which outlines the reporting processes should anyone suspect fraudulent or corrupt activities. The Department also has an approved Whistle-Blowing Policy that clearly outlines protection of the whistle blowers. The Department distributed posters to all Provincial Treasury officials in February 2018 during the head count process, which outlines the fraud and corruption reporting process.

#### Reporting Process

Suspected fraud must be reported through one of the following:

#### Non-Anonymous Reporting

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

#### Anonymous Reporting

- The confidential Fraud Hotline: 0800 701 701 or SMS to 39772
- Anonymous Letter to the Deputy Director: Security Services

The Accounting Officer decides at an early stage what type of investigation to conduct, who is to lead it and what the main objectives are. The Security Services sub-directorate maintains a register for the reported fraud incidents and discloses such information to the Accounting Officer. The Accounting Officer must, in consultation with the Legal Advisor and Chief Director: Corporate Services, determine a course of action, appropriate to the seriousness of the alleged offence, to be instituted against the person(s) suspected of fraud, while the investigation is being conducted. The Accounting Officer will determine, as advised by the Legal Advisor and the Deputy Director: Security Services, whether the case can be dealt with internally or whether external involvement is necessary.

#### 4. MINIMISING CONFLICT OF INTEREST

Names of company directors doing business with the Department are checked on the Persal system to verify that none of the employees of the state do business with the Department. This information is requested from all potential suppliers by filling the SBD4 Form (declaration of interest) which forms part of bid documents.

Furthermore, Bid Evaluation Committee members are required to sign declaration of interests and code of conduct during each evaluation process. In the event that a member declares their interest/relation with one of the bids received, that member is excused from the proceedings of the committee. However, for the period under review there were no such instances.

As prescribed by Chapter 3 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), employees on level 11-12, all SCM and Finance employees completed the financial disclosure forms.

#### 5. CODE OF CONDUCT

- Departmental Ethics Management Strategy Approved.
- Departmental Ethics Management Implementation Plan Approved.
- Financial Disclosure Policy Approved.
- Approved ethics strategy and implementation.
- Code of conduct presented to departmental directorates to ensure adherence to the code of conduct, legislation and reduce misconduct cases.
- Code of conduct presented to promote labour harmony.
- In an event of a breach of conduct, the disciplinary processes as enshrined therein are followed.
- Disciplinary processes are handled within the prescribed timeframes.

#### 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department has an Occupational Health and Safety (OHS) committee that meets quarterly.

All health safety and environmental issues discussed during meetings are handed over to the Department of Public Works and Infrastructure as custodians of the building.

#### 7. ACCESS TO INFORMATION

The Department received seven (7) requests for access to information in terms of the Promotion of Access to Information Act of 2000 and they were all granted in full.

The Department has the PAIA Manuals in three languages (English, Afrikaans and Sesotho). Section 15, which is automatically available information, has been submitted to the Minister of Justice and Constitutional Development for publication in the Government Gazette.

#### 8. PORTFOLIO COMMITTEES

The Department attended the following Portfolio Committee meetings:

Date	Matters discussed
28 June 2017	4 <sup>th</sup> Quarter Report of 2016/17 and 2015/16 Annual Report
22 November 2017	Adjustment Appropriation Bill, 2016/17 Annual Report, Consolidated First and Second Quarter Expenditure Report (2017/18) and Revised 2017/18 Annual Performance Plan

### 9. PROPAC RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
Resolution 1 of 2016 [6 of 2015 (3)]	Human Resources	The Executing Authority must take immediate action to fill the critical 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.	The critical posts that were identified were filled by September 2017.	Yes
Resolution 1 of 2016 [6 of 2015 (4)]	Supply chain management and irregular expenditure	Provincial Treasury must report on quarterly basis the compliance rate by departments and entities to SCM requirements as well as the effectiveness of measures implemented to prevent irregular expenditure resulting from non-compliance with SCM requirements.	<p>A consolidated report on the compliance rate by departments and entities to SCM requirements was submitted to the PROPAC.</p> <p>Provincial Treasury introduced the following to address issues of irregular expenditure:</p> <ul style="list-style-type: none"> <li>departments and entities are monitored through the assessment of their SCM compliance issues and reporting;</li> <li>SCM practitioners have access to the SCM toolkit which assists with their daily SCM operations, controls and standardised forms for departments and entities;</li> <li>the FSSMS system was introduced to departments and entities for rotation of suppliers and the uploading of contracts;</li> <li>training was provided to departments and entities in 70% procurement spent reporting, CRA reporting, Demand Management, CSD and SCM Toolkit; and</li> <li>non-compliance letters were compiled on issues of irregular expenditure against procurement outside the transversal contracts and deviations reported by departments.</li> </ul>	Yes
Resolution 6 of 2017 (1)	SCM Toolkit	The Accounting Officer should ensure that: a) A presentation on the SCM toolkit is presented to the Provincial Legislature and b) The toolkit is rolled-out to the Legislature, if content is applicable.	The Legislature has been given access to the SCM Toolkit and training was provided on 25 May 2018.	No
Resolution 6 of 2017 (2)	Funding of Mandate of the Department of Public Works and Infrastructure	The Accounting Officer should: a) In the preparation of the next MTEF budget address the funding related to the mandate of the Department of Public Works and Infrastructure with regard to rates and taxes.	<p>Provincial Treasury allocated an amount of R1,155 billion over the 2018 MTEF towards payments of property rates and taxes.</p> <p>The amount is disaggregated as follows:</p> <ul style="list-style-type: none"> <li>R364,646 million in 2018/19;</li> <li>R385,066 million in 2019/20 and</li> <li>R406,245 million in the last year.</li> </ul>	No

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
			<p>The provincial Fiscal Framework remains constrained over the 2018 MTEF due to the cuts implemented by National Treasury.</p> <p>The budget cuts for the 2018 MTEF amount to R411 million and R892 million for equitable share and conditional grants respectively. The budget cuts were affected proportionally across all departments. In view of the constrained 2018 MTEF fiscal framework, it is imperative to note that the process of dealing with accruals and payables is an ongoing effort in the Province and departments are requested to continuously re-evaluate strategies to manage accruals and payables. The expenditure on this item will be closely monitored during the 2018/19 financial year.</p> <p>For municipal services an amount of R271 million is allocated over 2018 MTEF and is divided as follows:</p> <ul style="list-style-type: none"> <li>• R46 million in 2018/19;</li> <li>• R110 million in 2019/20 and</li> <li>• R115 million in 2020/21.</li> </ul> <p>The province has taken a progress approach in trying to deal with the property payments. The allocation includes funding from 2017 MTEF, which was R40 million 2018/19 and R100 million in 2019/20.</p>	
Transversal Resolution 15 of 2016 (1)	Supply Chain Management	<p>The Accounting Officer must:</p> <p>a) Implement measures to ensure that the Supply Chain Management Toolkit that was rolled out by Provincial Treasury during the 2015/16 financial year is used to its full potential in order to curb non-compliance with Supply Chain practices that result in irregular expenditure or non-compliance with laws and regulations.</p>	Supply Chain Management practitioners in the Department viewed all areas of the toolkit.	Yes
Transversal Resolution 20 of 2017	Implementation of Resolutions	<p>a) The monthly progress report with implementation submitted to Provincial Treasury should be signed-off by the Accounting Officer;</p> <p>b) The Accounting Officer should implement measures, including remedial action plans related to prior resolutions not yet implemented and institute immediate actions/solutions to successfully address the root causes for delays to promote timely implementation;</p> <p>c) A quarterly progress report should be prepared and signed-off by the Executive Authority and submitted to Provincial Treasury before/on the 10<sup>th</sup> of the month following the quarter</p>	<p>Provincial Treasury fully implemented all prior resolutions.</p> <p>Reports will be submitted as required on the new resolutions.</p>	No

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
		for assessment and report to EXCO and the Portfolio Committee.		

### 10. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Irregular expenditure – Centralized Supplier Database – not in accordance with SITA Act	2015/16	The investigation was finalized and the matter was escalated to National Treasury for condonation. National Treasury will conduct a forensic audit prior to approval.



### 11. INTERNAL CONTROL UNIT

The internal control activities ensure 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 authorised in the LOGIS or BAS system, 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;
- Maintain the 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 on invoices which are not paid within 30 days from the date of receipt;
- Ensured that all internal and external audit management letter queries are resolved and recommendations are implemented before the next annual regularity audit.

### 12. INTERNAL AUDIT AND AUDIT COMMITTEES

#### Key activities and objectives of the internal audit

- To evaluate the internal control system employed to ensure reliability and integrity of financial and non-financial information.
- To evaluate the system established to ensure compliance with policies, procedures, laws and regulations applicable to the Department.
- To evaluate the internal control system designed to ensure that departmental assets are safeguarded.
- To evaluate the efficiency and effectiveness with which departmental resources are utilized to ensure achievement of set targets.
- To evaluate departmental operations to ensure they are carried out as planned and the results are consistent with established objectives and goals.
- To evaluate the adequacy and effectiveness of the Department's Risk Management and Governance processes.

#### Summary of audit work done by Internal Audit

- Internal Audit Activity reported periodically to management and the Audit Committee on its purpose, authority, responsibility and performance relative to the approved annual internal audit plan.
- Quarterly reporting to management and the Audit Committee to provide reasonable assurance that the Department's Governance, Risk Management and Internal Control processes are effective.
- Provided the Audit Committee with reasonable assurance that there will not be any material breakdowns within the department, and that any, if identified, are addressed or are in the process of being addressed.
- Completed a total of 33 audits from the approved annual internal audit plan during the period under review.

#### Key activities and objectives of the audit committee

- Reviewed and discussed the Annual Financial Statements with the Auditor General.
- 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.
- Approved Internal Audit plans and Audit charters.
- Satisfied itself that Internal Audit scope was risk based and included management inputs.
- Reviewed the adequacy of corrective actions to be taken by management in response to issues raised.

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

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	N/A	2014/09/01	2018/02/28	5
Mr. D Lekoto	B.Com Hons, Post Grad Diploma Certified Fraud Examiner Certified Public Accountant (CA) GIA	External	N/A	2014/09/01	Deceased	1
Adv. N van Heerden	Bachelor of Arts Bachelor of Law	External	N/A	2014/09/01	2018/02/28	1
Ms T Mnqeta (Chairperson)	B.Com Accounting	External	N/A	2014/09/01 2018/03/01	2018/02/28	5
Ms. D Semppe	B. Com General B.Compt Honours M.Com Forensic Accounting	External	N/A	2018/03/01	N/A	0
Mr. J Emslie	B.Com Post Graduate Diploma in Accountancy CA (SA)	External	N/A	2018/03/01	N/A	0
Ms. T Segoe-Backward	B. Iuris and LLB Post Graduate Diploma in Drafting and Interpreting contracts	External	N/A	2018/03/01	N/A	0
Mr. T Zororo	CIA CISA Post Graduate Diploma in Computer Auditing B.SC. Honours Information Systems CRMA	External	N/A	2018/03/01	N/A	0

### 13. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

#### **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:

- 3 Financial Audits
- 1 IT Audit
- 5 Compliance Audits
- 2 Follow up Audits
- 1 Governance Audit
- 4 Performance Audits
- 3 Control Review Audits
- 15 Operational Audits

The following were areas of concern:

No areas of significant weaknesses were identified

#### **In-Year Management and Monthly/Quarterly Report**

The Department has reported monthly and quarterly to the Treasury as is required by the PFMA.

#### **Evaluation of Financial Statements**

We have reviewed the annual financial statements prepared by the Department.

### Auditor General's Report

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 concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



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**Ms. Tembela Mqeta**  
Chairperson of the Audit Committee  
Free State Provincial Treasury

**Date: 26 July 2018**

# PART D

HUMAN RESOURCE  
MANAGEMENT

### 1. INTRODUCTION

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

### 2. OVERVIEW OF HUMAN RESOURCES

#### **The status of human resources in the Department**

The Department had a vacancy rate of 21% at the end of the 2017/18 financial year, which is an increase of 8% from the vacancy rate of 13% at the end of the 2016/17 financial year. The main contributing factors for the increase in the vacancy rate were as follows:

- A moratorium was placed on the filling of vacancies during August 2017, and as a result thereof the Department could not fill any vacancies from 1 September 2017 until 31 March 2018.
- Twenty-two employees terminated their services with the Department, whilst only seven employees could be appointed from 1 April 2017 until 31 August 2017.
- Twenty-seven new posts were created, which increased the staff establishment of the Department from 413 posts to 440 posts. The new posts were only created with effect from 1 December 2017, and could only be filled in the 2018/2019 financial year.

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

A new Human Resources Plan was compiled and approved during 2017/18, and one of the major priorities was the improvement of the vacancy rate of the Department. However, due to the factors mentioned above that increased the vacancy rate of the Department, the filling of vacancies will be prioritised in the 2018/19 financial year.

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

A Recruitment Management Plan was put in place as a measure to speed up the recruitment and selection process. The Department is also in the process to appoint two Senior Human Resources Information Practitioners that will deal with recruitment and selection of employees that will enhance the capability of the Human Resources Information Division to reduce the time to fill Departmental vacancies.

#### **Employee performance management**

The Department is currently utilizing the Free State Provincial Government Framework/Policy on PMDS for SMS and Levels 1 – 12.

All officials who qualified for cash bonuses were paid in terms of the framework/policy.

#### **Employee wellness programmes**

Four Departmental Employee Health and Wellness operational plans were developed, implemented and continuously monitored.

### **Highlight of achievements and challenges faced by the Department, as well as future human resource plans/goals**

The Human Resources Management Sub-directorate developed standard operating procedures as well as service standards for all of its services/functions. The Sub-directorate also identified all of the critical vacancies to be filled and most of the vacancies have already been advertised during the fourth quarter of the 2017/18 financial year.

The Executive Council of the Province resolved during the second quarter that vacancies should not be filled for the time being. The decision had a direct impact on the Department's ability to reduce the vacancy rate to the targeted percentage of 11% at the end of the 2017/18 financial year.

The Senior Management Services posts of Director: Public Finance and Financial Asset Management, the Director: Fiscal Policy, the Director: Asset Management and Supply Chain Management, the Director: Support Services as well as the Director: Supply Chain Management were vacant during the 2017/18 financial year. However, the posts have been advertised during the fourth quarter of the 2017/18 financial year and will be filled during the 2018/19 financial year. Due to the creation of 27 new posts during the fourth quarter of the 2017/18 financial year, the vacancy rate of the Department increased significantly to 21%. The Department has a Recruitment Management Plan in place to fill most of its vacancies during the 2018/19 financial year.

### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

#### 3.1. Personnel related expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary band. In particular, they provide 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 2017 to 31 March 2018

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	92 926	66 966	0	0	72	507
Sustainable Resources Management	40 180	37 418	0	0	93	624
Asset and Liability Management	85 372	36 332	0	0	43	498
Financial Governance	26 623	22 674	0	0	85	597
Municipal Finance Management	60 948	29 221	0	0	48	649
<b>Total</b>	<b>306 049</b>	<b>192 611</b>	<b>0</b>	<b>0</b>	<b>63</b>	<b>553</b>

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 to 31 March 2018

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)	192	0	0	0
Skilled (Levels 3-5)	7 699	4	43	179
Highly skilled production (Levels 6-8)	60 869	32	137	444
Highly skilled supervision (Levels 9-12)	91 097	47	145	628
Senior and Top management (Levels 13-16)	32 754	17	23	1 424
<b>Total</b>	<b>192 611</b>	<b>100</b>	<b>348</b>	<b>553</b>



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Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 to 31 March 2018

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	58 152	87	47	0.07	1 516	2.5	2 844	4.2
Sustainable Resources Management	32 763	88	13	0.03	643	1.7	1 234	3.3
Asset and Liability Management	31 119	86	58	0.16	1 127	3.1	1 809	5.0
Financial Governance	19 848	88	93	0.4	521	2.3	687	3.0
Municipal Finance Management	25 765	88	0	0	534	1.8	798	2.7
<b>Total</b>	<b>167 647</b>	<b>87</b>	<b>211</b>	<b>0.11</b>	<b>4 341</b>	<b>2.3</b>	<b>7 372</b>	<b>3.8</b>

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 to 31 March 2018

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)	192	0	0	0	0	0	0	0
Skilled (Levels 3-5)	6 147	79.8	15	0.2	454	5.9	658	8.5
Highly skilled production (Levels 6-8)	50 715	83.3	111	0.2	1 951	3.2	3 820	6.3
Highly skilled supervision (Levels 9-12)	79 723	87.5	85	0.1	1 604	1.8	2 709	2.3
Senior management (Levels 13-16)	30 870	94.2	0	0	332	1	185	0.6
<b>Total</b>	<b>167 647</b>	<b>87</b>	<b>211</b>	<b>0.11</b>	<b>4 341</b>	<b>2.3</b>	<b>7 372</b>	<b>3.8</b>

### 3.2. Employment and Vacancies

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

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Table 3.2.1 Employment and vacancies by programme as on 31 March 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	190	132	31	7
Sustainable Resources Management	71	60	15	2
Asset and Liability Management	86	73	15	0
Financial Governance	39	38	3	0
Municipal Finance Management	54	45	17	0
<b>Total</b>	<b>440</b>	<b>348</b>	<b>21</b>	<b>9</b>

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

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)	17	0	100	4
Skilled (Levels 3-5)	54	43	20	1
Highly skilled production (Levels 6-8)	166	137	17	3
Highly skilled supervision (Levels 9-12)	175	145	17	0
Senior management (Levels 13-16)	28	23	18	1
<b>Total</b>	<b>440</b>	<b>348</b>	<b>21</b>	<b>9</b>

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Directors (SMS posts)	28	23	18	1
<b>Total</b>	<b>28</b>	<b>23</b>	<b>8.2</b>	<b>1</b>

### 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 2018

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	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	21	16	76	5	24
<b>Total</b>	<b>28</b>	<b>23</b>	<b>82</b>	<b>5</b>	<b>18</b>

Table 3.3.2 SMS post information as on 30 September 2017

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	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	21	16	76	5	24
<b>Total</b>	<b>28</b>	<b>23</b>	<b>82</b>	<b>5</b>	<b>18</b>

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 15	0	0	0
Salary Level 14	2	2	0
Salary Level 13	0	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>0</b>

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 2017 and 31 March 2018

Reasons for vacancies not advertised within six months
A moratorium was placed on the filling of vacancies from August 2017 until March 2018.
Reasons for vacancies not filled within twelve months
A moratorium was placed on the filling of vacancies from August 2017 until March 2018.

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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 2017 and 31 March 2018

Reasons for vacancies not advertised within six months
Due to the moratorium that was placed on the filling of vacancies from August 2017 until 31 March 2018, no employee could be held responsible for not advertising SMS posts within 6 months after becoming vacant.

Reasons for vacancies not filled within six months
A moratorium was placed on the filling of vacancies from August 2017 until March 2018.

### 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 2017 to 31 March 2018

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)	17	5	29	0	0	0	0
Skilled (Levels 3-5)	54	17	31	0	0	0	0
Highly skilled production (Levels 6-8)	166	2	1.2	0	0	0	0
Highly skilled supervision (Levels 9-12)	175	1	0.6	0	0	0	0
Senior Management Service Band A	21	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
<b>Total</b>	<b>440</b>	<b>25</b>	<b>5.7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 to 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Employees with a disability	0
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Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 to 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Deputy Director	5	11	12	Resolution 3 of 2009 and retention/placement.
Assistant Director	2	9	10	Resolution 3 of 2009
Senior Administration Officer	4	7	8	Resolution 3 of 2009
Personal Assistant	4	7	8	Resolution 3 of 2009 and placement.
Network Administrator	1	7	8	Resolution 3 of 2009
Messenger	1	4	5	Temporary secondment to higher level post.
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>17</b>
<b>Percentage of total employed</b>				<b>4.9</b>

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 to 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	5	0	1	7	13
Male	3	0	1	0	4
<b>Total</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>7</b>	<b>17</b>

<b>Employees with a disability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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Total number of Employees whose salaries exceeded the grades determine by job evaluation	<b>17</b>
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### 3.5 Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of employees at beginning of period- 1 April 2017	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)	40	1	1	2.5
Highly skilled production (Levels 6-8)	138	3	8	5.8
Highly skilled supervision (Levels 9-12)	156	1	11	7.1
Senior Management Service Bands A	19	1	2	10.5
Senior Management Service Bands B	2	1	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Contracts	25	9	19	76
<b>Total</b>	<b>382</b>	<b>16</b>	<b>41</b>	<b>10.7</b>

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Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Number of employees at beginning of period- April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
SMS posts	23	2	2	0
<b>Total</b>	<b>23</b>	<b>2</b>	<b>2</b>	<b>0</b>

Table 3.5.3 Reasons why staff left the department for the period 1 April 2017 to 31 March 2018

Termination Type	Number	% of Total Resignations
Death	2	4.9
Resignation	14	34.1
Expiry of contract	19	46.3
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	2.4
Transfer to other Public Service Departments	5	12.2
Other	0	0
<b>Total</b>	<b>41</b>	<b>100</b>
<b>Total number of employees who left as a % of total employment</b>	<b>41</b>	<b>11.48</b>

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 to 31 March 2018

Occupation	Employees 1 April 2017	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
SMS posts	23	2	8.7	11	47.8
<b>Total</b>	<b>23</b>	<b>2</b>	<b>8.7</b>	<b>11</b>	<b>47.8</b>

Table 3.5.5 Promotions by salary band for the period 1 April 2017 to 31 March 2018

Salary Band	Employees 1 April 2017	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)	43	0	0	26	60.5
Highly skilled production (Levels 6-8)	137	0	0	91	66.4
Highly skilled supervision (Levels 9-12)	145	2	1.4	112	77.2
Senior Management (Levels 13-16)	23	2	8.7	11	47.8
<b>Total</b>	<b>348</b>	<b>4</b>	<b>1.1</b>	<b>240</b>	<b>67.2</b>

### 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 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	80	0	1	8	54	5	1	19	168
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	3	0	0	1	3	0	0	0	7
Clerks	48	3	0	8	86	5	0	18	168
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
<b>Total</b>	<b>135</b>	<b>3</b>	<b>1</b>	<b>17</b>	<b>144</b>	<b>10</b>	<b>1</b>	<b>37</b>	<b>348</b>
<b>Employees with disabilities</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	0	0	0	1	0	0	1	7
Senior Management	8	0	1	3	3	0	0	1	16
Professionally qualified and experienced specialists and mid-management	30	0	0	2	17	2	0	8	59
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	75	2	0	12	102	6	1	24	222
Semi-skilled and discretionary decision making	13	1	0	0	20	2	0	3	39
Unskilled and defined decision making	4	0	0	0	1	0	0	0	5
<b>Total</b>	<b>135</b>	<b>3</b>	<b>1</b>	<b>17</b>	<b>144</b>	<b>10</b>	<b>1</b>	<b>37</b>	<b>348</b>

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Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	0	0	0	0	0	0	1
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	1	0	0	1	1	0	0	0	3
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
<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

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	1	0	0	0	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	2	0	0	1	2	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	1	0	0	7	0	0	1	14
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
<b>Total</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>22</b>
<b>Employees with Disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dishonesty	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	58	0	2	11	83	2	2	30	188
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	4	0	0	2	12	0	0	0	18
Clerks	20	3	0	7	35	5	0	11	81
Service and sales workers	1	0	0	0	0	0	0	0	1
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
<b>Total</b>	<b>83</b>	<b>3</b>	<b>2</b>	<b>20</b>	<b>130</b>	<b>7</b>	<b>2</b>	<b>41</b>	<b>288</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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 2018

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	4.3
Salary Level 15	1	1	1	4.3
Salary Level 14	5	5	4	17.4
Salary Level 13	21	16	16	69.6
<b>Total</b>	<b>28</b>	<b>23</b>	<b>22</b>	<b>95.7</b>

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2018

Reasons
Six SMS posts were vacant during period
One SMS member did not submit his performance agreement before he was transferred to another Department.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2018

Reasons
None. The one SMS member that did not submit his performance agreement transferred to another Department.

### 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 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>	89	279	31.9	1697	19 067
Male	40	135	29.6	854	21 350
Female	49	144	34	843	17 204
<b>Asian</b>	1	2	50	16	16 000
Male	0	1	0	0	0
Female	1	1	100	16	16 000
<b>Coloured</b>	5	13	38.5	96	19 200
Male	1	3	33.3	14	14 000
Female	4	10	40	82	20 500
<b>White</b>	33	54	61	780	23 636
Male	10	17	58.8	201	20 100
Female	23	37	62.2	579	25 173
<b>Total</b>	<b>128</b>	<b>348</b>	<b>36.8</b>	<b>2 589</b>	<b>20 227</b>

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Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

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)	12	43	27.9	89	7 416	1.2
Highly skilled production (Levels 6-8)	57	137	41.6	776	13 614	1.3
Highly skilled supervision (Levels 9-12)	52	145	35.9	1 289	24 788	1.4
<b>Total</b>	<b>121</b>	<b>325</b>	<b>37.2</b>	<b>2 154</b>	<b>17 802</b>	<b>1.1</b>

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Director	4	16	25	266	66 500
Chief Director	2	5	40	100	50 000
DDG	1	1	100	68	68 000
HOD	0	1	0	0	0
<b>Total</b>	<b>7</b>	<b>23</b>	<b>30</b>	<b>435</b>	<b>62 143</b>

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

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	4	16	25	266	66 500	4
Band B	2	5	40	100	50 000	2
Band C	1	1	100	68	68 000	1
Band D	0	1	0	0	0	0
<b>Total</b>	<b>7</b>	<b>23</b>	<b>30</b>	<b>435</b>	<b>62 143</b>	<b>7</b>

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### 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 2017 to 31 March 2018

Salary band	01 April 2017		31 March 2018		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
<b>Total</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>0</b>	<b>0</b>

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 to 31 March 2018

Major occupation	01 April 2017		31 March 2018		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 2017 to 31 December 2017

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 Skills (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	257	71.6	30	69.8	9	201
Highly skilled production (Levels 6-8)	1 113	74.6	137	100	8	1 587
Highly skilled supervision (Levels 9 -12)	1 017	71.8	142	97.9	7	2 301
Top and Senior management (Levels 13-16)	73	80.8	15	65.2	5	335
<b>Total</b>	<b>2 460</b>	<b>73</b>	<b>324</b>	<b>93</b>	<b>7.6</b>	<b>13 654</b>

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Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

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)	42	100	2	4.7	21	36
Highly skilled production (Levels 6-8)	177	100	6	4.4	30	235
Highly skilled supervision (Levels 9-12)	245	100	5	3.4	49	476
Senior management (Levels 13-16)	24	100	1	4.3	24	136
<b>Total</b>	<b>488</b>	<b>100</b>	<b>14</b>	<b>4</b>	<b>35</b>	<b>883</b>

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 2017 to 31 December 2017

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	817	43	19
Highly skilled production (Levels 6-8)	3 014	137	22
Highly skilled supervision (Levels 9-12)	3 335	145	23
Senior management (Levels 13-16)	391	23	17
<b>Total</b>	<b>7 557</b>	<b>348</b>	<b>22</b>

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2018
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	7
Highly skilled production (Levels 6-8)	10	4	3	23
Highly skilled supervision (Levels 9-12)	3	2	2	31
Senior management (Levels 13-16)	0	0	0	7
<b>Total</b>	<b>13</b>	<b>6</b>	<b>2.2</b>	<b>30</b>

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## VOTE 4: FREE STATE PROVINCIAL TREASURY

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

Table 3.10.5 Leave payouts for the period 1 April 2017 to 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2017/18 due to non-utilisation of leave for the previous cycle	721	20	36
Capped leave payouts on termination of service for 2017/18	1 438	49	29
Current leave payout on termination of service for 2017/18	0	1	0
<b>Total</b>	<b>2 159</b>	<b>70</b>	<b>31</b>

### 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
None	None

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.	X		Ms M Sithole - Chief Director: 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.	X		Employee Health and Wellness Unit. Three (3) employees. The budget is R421 480.
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.	X		The Department in collaboration with GEMS is currently doing the health promotion programme which includes health walks and quarterly wellness screening tests (glucose, cholesterol, high blood pressure, BMI, TB and HIV screening).
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.	X		Ms. M Sithole (16.2 committee member) Mr. N Mamome Ms. B Khaile Mr. K Mofokeng (PSA) Mr. T Kulanyane (PSA) Ms. N Majodina (Nehawu) Mr. D Moeti (Nehawu) Mr. G Mashibini Ms. X Monare Ms. R Sepenyane Mr. S Moolosi Mr. K Nkoe Mr. M Raleting Mr. N Mofokeng Mr. K Kukuni Mr. T Petersen Ms. F Ntsala Ms. C Motsemme
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.	X		Wellness Management, Safety Health Environment and Risk Quality, HIV, Counselling and Testing and Health and Productivity Management.
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.	X		Item 6 in the Departmental Policy on HIV/AIDS stipulates that "Employees or prospective employees with HIV, AIDS, and TB, shall have the same rights and obligations as all employees. Employees or prospective employees with HIV, AIDS, and

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

Question	Yes	No	Details, if yes
			TB, shall be treated in a just, humane and life-affirming manner".
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		Item 6.2.5 of the Departmental Policy states that "Employees who wish to be tested for HIV, AIDS, and TB shall have access to voluntary counselling and testing". During 2017/2018, 139 employees (60 males and 79 females) voluntarily tested for HIV.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Through systems Monitoring Tool Report submitted to DPSA.

### 3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2017 to 31 March 2018

Total number of Collective agreements	None
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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 2017 and 31 March 2018

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
<b>Total</b>	<b>0</b>	<b>0</b>

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 2017 to 31 March 2018

Type of misconduct	Number	% of total
None	0	0

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## VOTE 4: FREE STATE PROVINCIAL TREASURY

Table 3.12.3.1 Total misconduct cases for the period 1 April 2017 to 31 March 2018

Type of misconduct	Number of cases outstanding 1 April 2017	Number of cases added in 2017/18	Number of cases finalised in 2017/18	Number of cases outstanding 31 March 2018
None	0	0	0	0

Table 3.12.4 Grievances logged for the period 1 April 2017 to 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	8	100
Number of grievances not resolved	0	0
<b>Total number of grievances lodged</b>	<b>8</b>	<b>100</b>

Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 to 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	1	33.3
Number of disputes dismissed	-	-
Number of disputes withdrawn	2	66.6
<b>Total number of disputes lodged</b>	<b>4</b>	<b>100</b>

Table 3.12.6 Strike actions for the period 1 April 2017 to 31 March 2018

Total number of persons working days lost	4
Total costs working days lost	R3 523
<b>Amount recovered as a result of no work no pay (R'000)</b>	<b>R3 523</b>

Table 3.12.7 Precautionary suspensions for the period 1 April 2017 to 31 March 2018

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 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	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	89	0	25	0	25
	Male	91	0	34	0	34
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	2	0	3	0	3
	Male	4	0	0	0	0
Clerks	Female	111	0	27	0	27
	Male	55	0	16	0	16
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	13	0	13
	Male	4	0	11	0	11
Sub Total	Female	203	0	68	0	68
	Male	154	0	61	0	61
<b>Total</b>		<b>357</b>	<b>0</b>	<b>129</b>	<b>0</b>	<b>129</b>

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Table 3.13.2 Training provided for the period 1 April 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	89	0	117	0	117
	Male	91	0	71	0	71
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	2	0	12	0	12
	Male	4	0	6	0	6
Clerks	Female	111	0	51	0	51
	Male	55	0	30	0	30
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	1	0	1
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	4	0	0	0	0
Sub Total	Female	203	0	0	0	0
	Male	154	0	0	0	0
<b>Total</b>		<b>357</b>	<b>0</b>	<b>288</b>	<b>0</b>	<b>288</b>

### 3.14 Injury on duty

The following table provides basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2017 to 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**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 2017 to 31 March 2018*

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Recovery of former employees' debt	1	365 days	88 569.98

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
1	1	365 days	88 569.98

*Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 to 31 March 2018*

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Recovery of former employees' debt	100%	80%	25

*Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2017 to 31 March 2018*

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
Intervention related to irregular expenditure for the Free State departments of Health, Education and Human Settlements	1	90 days	2 702 786.50

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
1	1	90 days	R 2 702 786.50

*Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 to 31 March 2018*

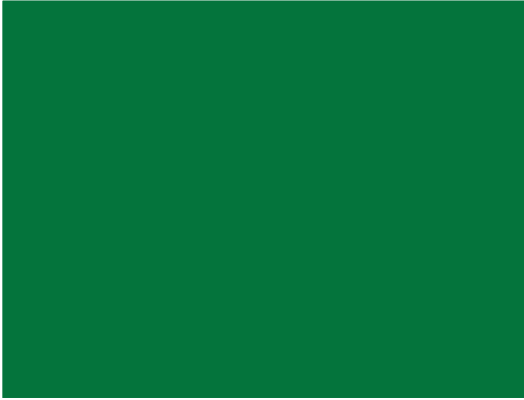
Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Intervention related to irregular expenditure for the Free State departments of Health, Education and Human Settlements	32 %	33%	45%

**3.16 Severance Packages***Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2017 to 31 March 2018*

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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# PART E

FINANCIAL INFORMATION





### 1. REPORT OF THE AUDITOR-GENERAL

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

##### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the Free State Provincial Treasury set out on pages 100 to 17(, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, 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 to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Free State Provincial Treasury as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

##### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

##### Irregular expenditure

7. As disclosed in note 22 to the financial statements, irregular expenditure of R12 194 000 (2017: 52 734 000) was incurred due to non-compliance with supply chain management (SCM) requirements.

##### Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

##### Unaudited supplementary schedules

9. The supplementary information set out on pages 16' to 17( does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on thereon.

##### Responsibilities of accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the 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.
11. In preparing the financial statements, the accounting officer is responsible for assessing the Free State Provincial Treasury's ability to continue as a going concern, disclosing, as applicable, matters relating to

going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

#### Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

#### Report on the audit of the annual performance report

##### Introduction and scope

14. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – sustainable resource management	26 - 34
Programme 3 – assets and liabilities management	35 - 40
Programme 4 – financial governance	41 - 47
Programme 5 – municipal finance management	48 - 53

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.



18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2 – sustainable resource management
- Programme 3 – assets and liabilities management
- Programme 4 – financial governance
- Programme 5 – municipal finance management

### Other matter

19. I draw attention to the matter below.

### Achievement of planned targets

20. Refer to the annual performance report on pages 17 to 53 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a number of targets.

## Report on the audit of compliance with legislation

### Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. The material findings on compliance with specific matters in key legislations are as follows:

### Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R12 194 000 as disclosed in note 22 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by the unjustified extensions of transversal contracts on a month to month basis.

### Procurement and contract management

24. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.

## Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported -performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
30. The leadership did not always exercise oversight responsibility with regard to compliance with laws and regulations, as instances of non-compliance with applicable laws and legislation were identified in relation to the extension of transversal contracts on a month to month basis. This was due to poor planning by the department.
31. Management did not always review and monitor compliance with the applicable laws and regulations in relation to SCM prescripts as a result the amount of irregular expenditure disclosed was not complete. This was due to vacancies identified in the departmental SCM unit.

*Auditor General*

Bloemfontein

31 July 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

### Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit 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 department's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Free State Provincial Treasury's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## 2. ANNUAL FINANCIAL STATEMENTS

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## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Appropriation per programme										
2017/18							2016/17			
	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
Programme										
1. Administration	102 146	-	-	102 146	92 926	9 220	91.0%	94 420	90 073	
2. Sustainable Resource Management	42 930	-	-	42 930	40 180	2 750	93.6%	42 160	41 614	
3. Asset and Liabilities Management	86 803	-	-	86 803	85 372	1 431	98.4%	106 579	98 391	
4. Financial Governance	32 618	-	-	32 618	26 623	5 995	81.6%	27 747	21 807	
5. Municipal Finance Management	63 393	-	-	63 393	60 948	2 445	96.1%	65 311	64 479	
Programme sub-total	327 890	-	-	327 890	306 049	21 841	93.3%	336 217	316 364	
TOTAL	327 890	-	-	327 890	306 049	21 841	93.3%	336 217	316 364	
				Final Appropriation	Actual Expenditure					

FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

ADD				
Aid assistance		24		-
Actual amounts per statement of financial performance (total expenditure)		306 073		316 364

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Appropriation per economic classification									
	2017/18					2016/17			
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>285 475</b>	<b>(852)</b>	-	<b>284 623</b>	<b>266 668</b>	<b>17 955</b>	<b>93.7%</b>	<b>280 643</b>	<b>263 327</b>
Compensation of employees	199 248	-	-	199 248	192 611	6 637	96.7%	185 885	185 702
Salaries and wages	173 346	(87)	-	173 259	167 647	5 612	96.8%	162 042	161 880
Social contributions	25 902	87	-	25 989	24 964	1 025	96.1%	23 843	23 822
Goods and services	86 227	(852)	-	85 375	74 057	1 168	86.7%	92 026	74 894
Administrative fees	435	(84)	-	351	278	73	79.2%	328	212
Advertising	11 925	591	-	12 516	12 149	367	97.1%	12 332	11 899
Minor assets	6 269	(2 523)	-	3 746	153	3 593	4.1%	2 975	371
Audit costs: External	4 830	3 495	-	8 325	8 315	10	99.9%	9 369	8 776
Bursaries: Employees	792	(205)	-	587	542	45	92.3%	370	358
Catering: Departmental activities	1 340	(224)	-	1 116	1 067	49	95.6%	949	793
Communication	2 047	759	-	2 806	910	1 896	32.4%	1 275	1 173
Computer services	23 764	390	-	24 154	23 738	416	98.3%	24 760	24 346
Consultants: Business and advisory services	6 097	(172)	-	5 925	4 561	1 364	77.0%	12 642	3 586

## VOTE 4: FREE STATE PROVINCIAL TREASURY

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Legal services	40	(10)	-	30	30	-	100.0%	111	110
Contractors	1 030	106	-	1 136	1 019	117	89.7%	3 067	2 846
Agency and support / outsourced services	298	(146)	-	152	90	62	59.2%	534	486
Entertainment	95	(64)	-	31	25	6	80.6%	35	20
Fleet services	1 013	111	-	1 124	1 124	-	100.0%	627	627
Consumable supplies	570	(131)	-	439	403	36	91.8%	919	702
Consumable: Stationery, printing and office supplies	11 379	(757)	-	10 622	10 322	300	97.2%	11 073	10 810
Operating leases	1 320	(106)	-	1 214	1 213	1	99.9%	1 169	1 167
Transport provided: Departmental activity	8	65	-	73	72	1	98.6%	28	28
Travel and subsistence	7 005	(1 495)	-	5 510	5 013	497	91.0%	5 606	3 897
Training and development	4 469	(356)	-	4 113	1 652	2 461	40.2%	2 710	1 620
Operating payments	216	(37)	-	179	178	1	99.4%	389	388
Venues and facilities	1 285	(59)	-	1 226	1 203	23	98.1%	758	679
Interest and rent on land	-	-	-	-	-	-	-	2 732	2 731
Interest	-	-	-	-	-	-	-	2 732	2 731
<b>Transfers and subsidies</b>	<b>28 635</b>	<b>-</b>	<b>-</b>	<b>28 635</b>	<b>28 592</b>	<b>43</b>	<b>99.8%</b>	<b>25 914</b>	<b>25 793</b>
Provinces and municipalities	27 800	-	-	27 800	27 800	-	100.0%	25 450	25 450
Municipalities	27 800	-	-	27 800	27 800	-	100.0%	25 450	25 450
Municipal bank accounts	27 800	-	-	27 800	27 800	-	100.0%	25 450	25 450
Households	835	-	-	835	792	43	94.9%	464	343



## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Social benefits	568	5	-	573	567	6	99.0%	176	125
Other transfers to households	267	(5)	-	262	225	37	85.9%	288	218
<b>Payments for capital assets</b>	<b>13 780</b>	<b>852</b>	-	<b>14 632</b>	<b>10 778</b>	<b>3 854</b>	<b>73.7%</b>	<b>29 660</b>	<b>27 242</b>
Buildings and other fixed structures	76	-	-	76	73	3	96.1%	60	60
Other fixed structures	76	-	-	76	73	3	96.1%	60	60
Machinery and equipment	7 891	852	-	8 743	6 544	2 199	74.8%	7 336	4 918
Other machinery and equipment	7 891	852	-	8 743	6 544	2 199	74.8%	7 336	4 918
Software and other intangible assets	5 813	-	-	5 813	4 161	1 652	71.5%	22 264	22 264
<b>Payments for financial assets</b>	-	-	-	-	11	(11)	-	-	2
	<b>327 890</b>	-	-	<b>327 890</b>	<b>306 049</b>	<b>21 841</b>	<b>93.3%</b>	<b>336 217</b>	<b>316 364</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Programme 1: ADMINISTRATION									
2017/18							2016/17		
	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
<b>Sub programme</b>									
1. Office of the MEC	6 773	(391)	-	6 382	6 256	126	98.0%	6 229	6 012
2. Management Services	15 226	(735)	-	14 491	13 732	759	94.8%	16 062	14 318
3. Corporate Services	26 051	608	-	26 659	24 976	1 683	93.7%	27 956	26 681
4. Financial Management (Office of the CFO)	48 556	830	-	49 386	42 981	6 405	87.0%	39 477	38 656
5. Internal Audit (departmental)	5 540	(312)	-	5 228	4 981	247	95.3%	4 696	4 406
<b>Total for sub programmes</b>	<b>102 146</b>	<b>-</b>	<b>-</b>	<b>102 146</b>	<b>92 926</b>	<b>9 220</b>	<b>91.0%</b>	<b>94 420</b>	<b>90 073</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>95 899</b>	<b>(801)</b>	<b>-</b>	<b>95 098</b>	<b>88 025</b>	<b>7 073</b>	<b>92.8%</b>	<b>89 758</b>	<b>86 416</b>
Compensation of employees	69 902	-	-	69 902	66 966	2 936	95.8%	62 962	62 853
Salaries and wages	60 576	(19)	-	60 557	58 152	2 405	96.0%	54 555	54 463
Social contributions	9 326	19	-	9 345	8 814	531	94.3%	8 407	8 390
Goods and services	25 997	(801)	-	25 196	21 059	4 137	83.6%	26 796	23 563

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Administrative fees	268	(45)	-	223	172	51	77.1%	199	143
Advertising	1 690	331	-	2 021	1 728	293	85.5%	2 155	1 787
Minor assets	3 646	(2 440)	-	1 206	67	1 139	5.6%	195	175
Audit costs: External	4 830	1 992	-	6 822	6 812	10	99.9%	5 910	5 317
Bursaries: Employees	792	(205)	-	587	542	45	92.3%	370	358
Catering: Departmental activities	766	(116)	-	650	646	4	99.4%	397	288
Communication (G&S)	1 981	785	-	2 766	871	1 895	31.5%	1 219	1 123
Computer services	624	(96)	-	528	432	96	81.8%	3 382	3 084
Consultants: Business and advisory services	429	(82)	-	347	215	132	62.0%	506	263
Legal services	40	(10)	-	30	30	-	100.0%	111	110
Contractors	936	147	-	1 083	977	106	90.2%	3 003	2 836
Agency and support / outsourced services	198	(61)	-	137	85	52	62.0%	229	215
Entertainment	62	(39)	-	23	22	1	95.7%	15	11
Fleet services (including government motor transport)	1 013	111	-	1 124	1 124	-	100.0%	627	627
Consumable supplies	253	(93)	-	160	145	15	90.6%	512	421
Consumable: Stationery, printing and office supplies	2 600	(232)	-	2 368	2 332	36	98.5%	2 479	2 447
Operating leases	1 320	(106)	-	1 214	1 213	1	99.9%	1 169	1 167
Transport provided: Departmental activity	8	65	-	73	72	1	98.6%	28	28
Travel and subsistence	2 394	(556)	-	1 838	1 754	84	95.4%	1 803	1 274

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Training and development	1 700	(200)	-	1 500	1 324	176	88.3%	1 907	1 326
Operating payments	127	17	-	144	144	-	100.0%	353	353
Venues and facilities	320	32	-	352	352	-	100.0%	227	210
<b>Transfers and subsidies</b>	<b>369</b>	<b>-</b>	<b>-</b>	<b>369</b>	<b>326</b>	<b>43</b>	<b>88.3%</b>	<b>369</b>	<b>277</b>
Households	369	-	-	369	326	43	88.3%	369	277
Social benefits	102	5	-	107	101	6	94.4%	81	59
Other transfers to households	267	(5)	-	262	225	37	85.9%	288	218
<b>Payments for capital assets</b>	<b>5 878</b>	<b>801</b>	<b>-</b>	<b>6 679</b>	<b>4 571</b>	<b>2 108</b>	<b>68.4%</b>	<b>4 293</b>	<b>3 379</b>
Buildings and other fixed structures	76	-	-	76	73	3	96.1%	-	-
Other fixed structures	76	-	-	76	73	3	96.1%	-	-
Machinery and equipment	5 802	801	-	6 603	4 498	2 105	68.1%	4 293	3 379
Other machinery and equipment	5 802	801	-	6 603	4 498	2 105	68.1%	4 293	3 379
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total</b>	<b>102 146</b>	<b>-</b>	<b>-</b>	<b>102 146</b>	<b>92 926</b>	<b>9 220</b>	<b>91.0%</b>	<b>94 420</b>	<b>90 073</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Programme 2: SUSTAINABLE RESOURCE MANAGEMENT									
2017/18							2016/17		
	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
<b>Sub programme</b>									
1. Programme Support	1 817	-	-	1 817	1 666	151	91.7%	663	651
2. Economic Analysis	7 634	(35)	-	7 599	6 887	712	90.6%	6 859	6 692
3. Fiscal Policy	7 366	(33)	-	7 333	6 695	638	91.3%	7 104	7 029
4. Budget Management	11 827	140	-	11 967	11 691	276	97.7%	11 389	11 269
5. Public Finance	13 468	(38)	-	13 430	12 595	835	93.8%	15 971	15 799
6. Compensation	818	(34)	-	784	646	138	82.4%	174	174
<b>Total for sub programmes</b>	<b>42 930</b>	<b>-</b>	<b>-</b>	<b>42 930</b>	<b>40 180</b>	<b>2 750</b>	<b>93.6%</b>	<b>42 160</b>	<b>41 614</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>42 560</b>	<b>-</b>	<b>-</b>	<b>42 560</b>	<b>39 846</b>	<b>2 714</b>	<b>93.6%</b>	<b>41 663</b>	<b>41 138</b>
Compensation of employees	39 327	-	-	39 327	37 418	1 909	95.1%	36 243	36 214
Salaries and wages	34 517	(26)	-	34 491	32 763	1 728	95.0%	31 724	31 699
Social contributions	4 810	26	-	4 836	4 655	181	96.3%	4 519	4 515

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Goods and services	3 233	-	-	3 233	2 428	805	75.1%	2 688	2 193
Administrative fees	47	-	-	47	31	16	66.0%	34	17
Advertising	100	221	-	321	256	65	79.8%	14	-
Minor assets	25	(2)	-	23	13	10	56.5%	121	113
Audit costs: External	-	-	-	-	-	-	-	361	361
Catering: Departmental activities	149	20	-	169	125	44	74.0%	105	99
Computer services	156	-	-	156	133	23	85.3%	102	102
Consultants: Business and advisory services	90	(90)	-	-	-	-	-	-	-
Contractors	-	-	-	-	-	-	-	23	-
Agency and support / outsourced services	9	-	-	9	1	8	11.1%	180	175
Entertainment	8	(2)	-	6	1	5	16.7%	4	2
Consumable supplies	66	-	-	66	52	14	78.8%	51	44
Consumable: Stationery, printing and office supplies	772	(98)	-	674	621	53	92.1%	579	528
Travel and subsistence	1 337	(152)	-	1 185	799	386	67.4%	950	588
Training and development	40	125	-	165	-	165	-	5	5
Venues and facilities	434	(22)	-	412	396	16	96.1%	159	159
Interest and rent on land	-	-	-	-	-	-	-	2 732	2 731
Interest	-	-	-	-	-	-	-	2 732	2 731
<b>Transfers and subsidies</b>	<b>176</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>176</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
Households	176	-	-	176	176	-	100.0%	-	-

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Social benefits	176	-	-	176	-	100.0%	-	-	-
<b>Payments for capital assets</b>	<b>194</b>	<b>-</b>	<b>-</b>	<b>194</b>	<b>157</b>	<b>80.9%</b>	<b>497</b>	<b>476</b>	<b>476</b>
Machinery and equipment	194	-	-	194	157	80.9%	497	476	476
Other machinery and equipment	194	-	-	194	157	80.9%	497	476	476
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>42 930</b>	<b>-</b>	<b>-</b>	<b>42 930</b>	<b>40 180</b>	<b>93.6%</b>	<b>42 160</b>	<b>41 614</b>	<b>41 614</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Programme 3: ASSET AND LIABILITIES MANAGEMENT									
2017/18					2016/17				
	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
<b>Sub programme</b>									
1. Programme Support	1 701	105	-	1 806	1 782	24	98.7%	1 550	1 506
2. Asset Management	32 186	(302)	-	31 884	31 073	811	97.5%	55 825	49 906
3. Supporting and Interlinked Financial System	52 916	197	-	53 113	52 517	596	98.9%	49 204	46 979
<b>Total for sub programmes</b>	<b>86 803</b>	<b>-</b>	<b>-</b>	<b>86 803</b>	<b>85 372</b>	<b>1 431</b>	<b>98.4%</b>	<b>106 579</b>	<b>98 391</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>79 277</b>	<b>(25)</b>	<b>-</b>	<b>79 252</b>	<b>77 871</b>	<b>1 381</b>	<b>98.3%</b>	<b>82 042</b>	<b>75 318</b>
Compensation of employees	37 152	-	-	37 152	36 332	820	97.8%	34 841	34 830
Salaries and wages	31 796	(22)	-	31 774	31 119	655	97.9%	29 814	29 803
Social contributions	5 356	22	-	5 378	5 213	165	96.9%	5 027	5 027
Goods and services	42 125	(25)	-	42 100	43 173	(1 073)	102.5%	47 201	40 488
Administrative fees	27	(5)	-	22	19	3	86.4%	23	12
Advertising	10 135	39	-	10 174	10 165	9	99.9%	10 163	10 112



## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Minor assets	56	(9)	-	47	27	20	57.4%	98	35
Audit costs: External	-	209	-	209	209	-	100.0%	911	911
Catering: Departmental activities	95	(22)	-	73	73	-	100.0%	71	49
Communication (G&S)	63	(24)	-	39	38	1	97.4%	53	47
Computer services	22 984	486	-	23 470	23 173	297	98.7%	21 276	21 160
Consultants: Business and advisory services	-	-	-	-	1 634	(1 634)	-	5 813	-
Contractors	76	(25)	-	51	40	11	78.4%	31	7
Agency and support / outsourced services	68	(67)	-	1	-	1	-	26	3
Entertainment	6	(5)	-	1	1	-	100.0%	3	1
Consumable supplies	115	(28)	-	87	85	2	97.7%	206	106
Consumable: Stationery, printing and office supplies	7 396	(184)	-	7 212	7 009	203	97.2%	7 560	7 481
Travel and subsistence	840	(238)	-	602	589	13	97.8%	831	457
Training and development	60	(60)	-	-	-	-	-	29	11
Operating payments	89	(54)	-	35	34	1	97.1%	36	35
Venues and facilities	115	(38)	-	77	77	-	100.0%	71	61
<b>Transfers and subsidies</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>-</b>	<b>100.0%</b>	<b>32</b>	<b>32</b>
Households	50	-	-	50	50	-	100.0%	32	32
Social benefits	50	-	-	50	50	-	100.0%	32	32

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

<b>Payments for capital assets</b>	<b>7 476</b>	<b>25</b>	<b>-</b>	<b>7 501</b>	<b>5 811</b>	<b>1 690</b>	<b>77.5%</b>	<b>24 505</b>	<b>23 041</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	60	60
Other fixed structures	-	-	-	-	-	-	-	60	60
Machinery and equipment	1 663	25	-	1 688	1 650	38	97.7%	2 181	717
Transport equipment									
Other machinery and equipment	1 663	25	-	1 688	1 650	38	97.7%	2 181	717
Software and other Intangible assets	5 813	-	-	5 813	4 161	1 652	71.6%	22 264	22 264
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>86 803</b>	<b>-</b>	<b>-</b>	<b>86 803</b>	<b>85 372</b>	<b>1 431</b>	<b>98.4%</b>	<b>106 579</b>	<b>98 391</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Programme 4: FINANCIAL GOVERNANCE										
2017/18							2016/17			
	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
<b>Sub programme</b>										
1. Programme Support	2 733	217	-	2 950	2 948	2	99.9%	3 072	2 964	
2. Accounting Services	20 103	(98)	-	20 005	17 117	2 888	85.6%	16 040	12 887	
3. Risk Management and Internal Audit Provincial	9 782	(119)	-	9 663	6 558	3 105	67.9%	8 635	5 956	
<b>Total for sub programmes</b>	<b>32 618</b>	<b>-</b>	<b>-</b>	<b>32 618</b>	<b>26 623</b>	<b>5 995</b>	<b>81.6%</b>	<b>27 747</b>	<b>21 807</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>32 574</b>	<b>(5)</b>	<b>-</b>	<b>32 569</b>	<b>26 592</b>	<b>5 977</b>	<b>81.6%</b>	<b>27 688</b>	<b>21 748</b>	
Compensation of employees	22 704	-	-	22 704	22 674	30	99.9%	20 435	20 421	
Salaries and wages	19 888	(10)	-	19 878	19 848	30	99.8%	17 930	17 916	
Social contributions	2 816	10	-	2 826	2 826	-	100.0%	2 505	2 505	
Goods and services	9 870	(5)	-	9 865	3 918	5 947	39.7%	7 253	1 327	
Administrative fees	37	(16)	-	21	19	2	90.5%	23	6	
Minor assets	2 452	(15)	-	2 437	14	2 423	0.6%	2 523	18	

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Audit costs: External	-	284	-	284	284	-	100.0%	572	572
Catering: Departmental activities	69	(21)	-	48	47	1	97.9%	70	53
Consultants: Business and advisory services	5 578	-	-	5 578	2 712	2 866	48.6%	3 000	-
Contractors	12	(11)	-	1	2	(1)	200.0%	10	3
Agency and support / outsourced services	9	(7)	-	2	2	-	100.0%	9	7
Entertainment	5	(4)	-	1	1	-	100.0%	6	4
Consumable supplies	45	(4)	-	41	40	1	97.6%	48	44
Consumable: Stationery, printing and office supplies	337	(56)	-	281	276	5	98.2%	320	258
Travel and subsistence	262	(84)	-	178	172	6	96.6%	324	112
Training and development	798	(66)	-	732	88	644	12.0%	148	101
Venues and facilities	266	(5)	-	261	261	-	100.0%	200	149
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	20	20
Households	-	-	-	-	-	-	-	20	20
Social benefits	-	-	-	-	-	-	-	20	20
<b>Payments for capital assets</b>	44	5	-	49	31	18	63.3%	39	39
Machinery and equipment	44	5	-	49	31	18	63.3%	39	39
Other machinery and equipment	44	5	-	49	31	18	63.3%	39	39
<b>Total</b>	<b>32 618</b>	<b>-</b>	<b>-</b>	<b>32 618</b>	<b>26 623</b>	<b>5 995</b>	<b>81.6%</b>	<b>27 747</b>	<b>21 807</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Programme 5: MUNICIPAL FINANCE MANAGEMENT									
	2017/18					2016/17			
	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
<b>Sub programme</b>									
1. Programme Support	2 123	884	-	3 007	3 005	2	99.9%	3 083	3 030
2. Thabo Mofutsanyane District	7 605	(192)	-	7 413	7 287	126	98.3%	6 807	6 743
3. Fezile Dabi District	4 862	(102)	-	4 760	4 537	223	95.3%	4 711	4 578
4. Lejweleputswa District	7 332	(55)	-	7 277	7 246	31	99.6%	6 826	6 794
5. Xhariep District	4 640	(203)	-	4 437	4 076	361	91.9%	4 711	4 676
6. Municipal Risk Management & Internal Audit	4 770	(132)	-	4 638	4 625	13	99.7%	4 544	4 490
7. Municipal Support Program & IGR	32 061	(200)	-	31 861	30 172	1 689	94.7%	34 629	34 168
<b>Total for sub programmes</b>	<b>63 393</b>	<b>-</b>	<b>-</b>	<b>63 393</b>	<b>60 948</b>	<b>2 445</b>	<b>96.1%</b>	<b>65 311</b>	<b>64 479</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Economic classification	35 165	(21)	-	35 144	32 700	2 444	93.0%	39 492	38 707
<b>Current payments</b>	<b>35 165</b>	<b>(21)</b>	<b>-</b>	<b>35 144</b>	<b>32 700</b>	<b>2 444</b>	<b>93.0%</b>	<b>39 492</b>	<b>38 707</b>
Compensation of employees	30 163	-	-	30 163	29 221	942	96.9%	31 404	31 384
Salaries and wages	26 569	(10)	-	26 559	25 765	794	97.0%	28 019	27 999
Social contributions	3 594	10	-	3 604	3 456	148	95.9%	3 385	3 385
Goods and services	5 002	(21)	-	4 981	3 479	1 502	69.8%	8 088	7 323
Administrative fees	56	(18)	-	38	37	1	97.4%	49	34
Minor assets	90	(57)	-	33	32	1	97.0%	38	30
Audit costs: External	-	1 010	-	1 010	1 010	-	100.0%	1 615	1 615
Catering: Departmental activities	261	(85)	-	176	176	-	100.0%	306	304
Communication (G&S)	3	(2)	-	1	1	-	100.0%	3	3
Consultants: Business and advisory services	-	-	-	-	-	-	-	3 323	3 323
Contractors	6	(5)	-	1	-	1	-	-	-
Agency and support / outsourced services	14	(11)	-	3	2	1	66.7%	90	86
Entertainment	14	(14)	-	-	-	-	-	7	2
Consumable supplies	91	(6)	-	85	81	4	95.3%	102	87
Consumable: Stationery, printing and office supplies	274	(187)	-	87	84	3	96.6%	135	96
Travel and subsistence	2 172	(465)	-	1 707	1 699	8	99.5%	1 698	1 466
Training and development	1 871	(155)	-	1 716	240	1 476	14.0%	621	177

## FREE STATE PROVINCIAL TREASURY VOTE 4

APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

Venues and facilities	150	(26)	-	124	117	7	94.4%	101	100
<b>Transfers and subsidies</b>	<b>28 040</b>	-	-	<b>28 040</b>	<b>28 040</b>	-	<b>100.0%</b>	<b>25 493</b>	<b>25 464</b>
Provinces and municipalities	27 800	-	-	27 800	27 800	-	100.0%	25 450	25 450
Municipalities	27 800	-	-	27 800	27 800	-	100.0%	25 450	25 450
Municipal bank accounts	27 800	-	-	27 800	27 800	-	100.0%	25 450	25 450
Households	240	-	-	240	240	-	100.0%	43	14
Social benefits	240	-	-	240	240	-	100.0%	43	14
<b>Payments for capital assets</b>	<b>188</b>	<b>21</b>	-	<b>209</b>	<b>208</b>	<b>1</b>	<b>99.5%</b>	<b>326</b>	<b>307</b>
Machinery and equipment	188	21	-	209	208	1	99.5%	326	307
Other machinery and equipment	188	21	-	209	208	1	99.5%	326	307
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total</b>	<b>63 393</b>	<b>-</b>	<b>-</b>	<b>63 393</b>	<b>60 948</b>	<b>2 445</b>	<b>96.1%</b>	<b>65 311</b>	<b>64 479</b>

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2018

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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-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):**

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
4.1 Per programme	R'000	R'000	R'000	
Administration	102 146	92 926	9 220	9.0%
Sustainable Resource Management	42 930	40 180	2 750	6.4%
Assets and Liability Management	86 803	85 372	1 431	1.6%
Financial Governance	32 618	26 623	5 995	18.4%
Municipal Finance Management	63 393	60 948	2 445	3.9%
<b>4.2 Per economic classification</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>				
Compensation of employees	199 248	192 611	6 637	3.3%
Goods and services	85 375	74 057	11 318	13.3%
Interest and rent on land	-	-	-	0.0%
<b>Transfers and subsidies</b>				
Provinces and municipalities	27 800	27 800	-	0.0%
Households	835	792	43	5.1%
<b>Payments for capital assets</b>				
Buildings and other fixed structures	76	73	3	3.9%
Machinery and equipment	8 743	6 544	2 199	25.2%
Software and other intangible assets	5 813	4 161	1 652	26.3%
<b>Payments for financial assets</b>	-	11	(11)	0.0%

*Underspending mainly was contributed by non-filling of vacancies as planned, interns and late filling of high level posts. The underspending also was contributed by the non-spending on some of the earmarked funds as the process was delayed.*



# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### FREE STATE PROVINCIAL TREASURY VOTE 4

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 31 MARCH 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
<b>REVENUE</b>			
Annual appropriation	1	327 890	336 217
<b>TOTAL REVENUE</b>		<b>327 890</b>	<b>336 217</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	192 611	185 702
Goods and services	5	74 057	74 894
Interest and rent on land	6	-	2 731
Aid assistance	3	24	-
<b>Total current expenditure</b>		<b>266 692</b>	<b>263 327</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	8	28 592	25 793
<b>Total transfers and subsidies</b>		<b>28 592</b>	<b>25 793</b>
<b>Expenditure for capital assets</b>			
Tangible assets	9	6 617	4 978
Intangible assets	9	4 161	22 264
<b>Total expenditure for capital assets</b>		<b>10 778</b>	<b>27 242</b>
<b>Payments for financial assets</b>	7	11	2
<b>TOTAL EXPENDITURE</b>		<b>306 073</b>	<b>316 364</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>21 817</b>	<b>19 853</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		21 841	19 853
Annual appropriation		21 841	19 853
Aid assistance	3	(24)	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>21 817</b>	<b>19 853</b>

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### FREE STATE PROVINCIAL TREASURY VOTE 4

STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 31 MARCH 2018

	<i>Note</i>	<b>2017/18 R'000</b>	<b>2016/17 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>21 868</b>	<b>19 984</b>
Cash and cash equivalents	10	20 942	19 564
Prepayments and advances	11	11	109
Receivables	12	915	311
<b>Non-current assets</b>		<b>60</b>	<b>62</b>
Receivables	12	60	62
<b>TOTAL ASSETS</b>		<b>21 928</b>	<b>20 046</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>21 850</b>	<b>19 964</b>
Voted funds to be surrendered to the Provincial Revenue Fund	13	21 841	19 853
Departmental revenue to be surrendered to the Provincial Revenue Fund	14	9	87
Aid assistance unutilised	3	-	24
<b>TOTAL LIABILITIES</b>		<b>21 850</b>	<b>19 964</b>
<b>NET ASSETS</b>		<b>78</b>	<b>82</b>
<b>Represented by:</b>			
Recoverable revenue		78	82
<b>TOTAL</b>		<b>78</b>	<b>82</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED 31 MARCH 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
<b>Recoverable revenue</b>			
Opening balance		82	33
Transfers:		(4)	49
Debts revised		-	(4)
Debts recovered (included in departmental receipts)		(152)	(225)
Debts raised		148	278
<b>Closing balance</b>		<b>78</b>	<b>82</b>
<b>TOTAL</b>		<b>78</b>	<b>82</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2018

	<i>Note</i>	<b>2017/18</b> <b>R'000</b>	<b>2016/17</b> <b>R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>344 225</b>	<b>360 324</b>
Annual appropriated funds received	1.1	327 890	336 217
Departmental revenue received	2	324	363
Interest received	2.2	16 011	23 744
Net (increase)/decrease in working capital		(504)	(407)
Surrendered to Provincial Revenue Fund		(36 266)	(32 998)
Current payments		(266 692)	(260 596)
Interest paid	6	-	(2 731)
Payments for financial assets		(11)	(2)
Transfers and subsidies paid		(28 592)	(25 793)
<b>Net cash flow available from operating activities</b>	<b>15</b>	<b>12 160</b>	<b>37 797</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	9	(10 778)	(27 242)
<b>Net cash flows from investing activities</b>		<b>(10 778)</b>	<b>(27 242)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(4)	49
<b>Net cash flows from financing activities</b>		<b>(4)</b>	<b>49</b>
Net increase/(decrease) in cash and cash equivalents		1 378	10 604
Cash and cash equivalents at beginning of period		19 564	8 960
<b>Cash and cash equivalents at end of period</b>	<b>16</b>	<b>20 942</b>	<b>19 564</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## PART A: ACCOUNTING POLICIES

**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.

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

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

<b>6</b>	<b>Revenue</b>
<b>6.1</b>	<p><b>Appropriated funds</b></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>
<b>6.2</b>	<p><b>Departmental revenue</b></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>
<b>6.3</b>	<p><b>Accrued departmental revenue</b></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"> <li>it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>the amount of revenue can be measured reliably.</li> </ul> <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> <p>Write-offs are made according to the department's write-off policy.</p>
<b>7</b>	<b>Expenditure</b>
<b>7.1</b>	<b>Compensation of employees</b>
<b>7.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>7.1.2</b>	<p><b>Social contributions</b></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>
<b>7.2</b>	<p><b>Other expenditure</b></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>
<b>7.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

<b>7.4</b>	<b>Leases</b>
<b>7.4.1</b>	<p><b>Operating leases</b></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>
<b>7.4.2</b>	<p><b>Finance leases</b></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"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>8</b>	<b>Aid Assistance</b>
<b>8.1</b>	<p><b>Aid assistance received</b></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>
<b>8.2</b>	<p><b>Aid assistance paid</b></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>
<b>9</b>	<p><b>Cash and cash equivalents</b></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>
<b>10</b>	<p><b>Prepayments and advances</b></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. Prepayments are made if required by the contractual arrangements with the supplier.</p>
<b>11</b>	<p><b>Receivables</b></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>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

<b>12</b>	<b>Financial assets</b>
<b>12.1</b>	<p><b>Financial assets (not covered elsewhere)</b></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 asset.</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>
<b>12.2</b>	<p><b>Impairment of financial assets</b></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>
<b>13</b>	<p><b>Payables</b></p> <p>Payables are recognised in the statement of financial position at cost.</p>
<b>14</b>	<b>Capital Assets</b>
<b>14.1</b>	<p><b>Immovable capital assets</b></p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the asset register is provided in the notes to financial statements.</p>
<b>14.2</b>	<p><b>Movable capital assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>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 forms part of the cost of the existing asset when ready for use.</p>
<b>14.3</b>	<p><b>Intangible assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p>



### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

	<p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
<b>14.4</b>	<p><b>Project Costs: Work-in-progress</b></p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated to work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
<b>15</b>	<p><b>Provisions and Contingents</b></p>
<b>15.1</b>	<p><b>Provisions</b></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>
<b>15.2</b>	<p><b>Contingent liabilities</b></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>
<b>15.3</b>	<p><b>Commitments</b></p> <p>Commitments (other than for transfer and subsidies) 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>
<b>16</b>	<p><b>Unauthorised expenditure</b></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"> <li>• approved by the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

17	<p><b>Fruitless and wasteful expenditure</b></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><b>Irregular expenditure</b></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><b>Changes in accounting policies, accounting estimates and errors</b></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><b>Events after the reporting date</b></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><b>Departures from the MCS requirements</b></p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information and that the department complied with the standard.</p>
22	<p><b>Recoverable revenue</b></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>

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

<b>23</b>	<b>Related party transactions</b> <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>
<b>24</b>	<b>Employee benefits</b> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

#### PART B: EXPLANATORY NOTES

##### 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 (Voted funds):

	2017/18			2016/17	
	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	102 146	102 146	-	94 420	94 420
Sustainable Resource Management	42 930	42 930	-	42 160	42 160
Asset and Liabilities Management	86 803	86 803	-	106 579	106 579
Financial Governance	32 618	32 618	-	27 747	27 747
Municipal Finance Management	63 393	63 393	-	65 311	65 311
<b>Total</b>	<b>327 890</b>	<b>327 890</b>	<b>-</b>	<b>336 217</b>	<b>336 217</b>

##### 2. Departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services other than capital assets	2.1	154	134
Interest, dividends and rent on land	2.2	16 011	23 744
Transactions in financial assets and liabilities	2.3	170	229
<b>Total revenue collected</b>		<b>16 335</b>	<b>24 107</b>
Less: Own revenue included in appropriation	14	16 335	24 107
<b>Departmental revenue collected</b>		<b>-</b>	<b>-</b>

*Budget R56, 159 million projected – Only R16, 335 million actually collected*

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 2.1 Sales of goods and services other than capital assets

	Note	2017/18 R'000	2016/17 R'000
<b>Sales of goods and services produced by the department</b>	2	<b>151</b>	<b>132</b>
Other sales		151	132
Sales of scrap, waste and other used current goods		3	2
<b>Total</b>		<b>154</b>	<b>134</b>

## 2.2 Interest, dividends and rent on land

2

Interest	16 011	23 744
<b>Total</b>	<b>16 011</b>	<b>23 744</b>

## 2.3 Transactions in financial assets and liabilities

2

Receivables	152	226
Other Receipts including Recoverable Revenue	18	3
<b>Total</b>	<b>170</b>	<b>229</b>

## 3. Aid assistance

Opening Balance	24	24
As restated	24	24
Transferred from statement of financial performance	(24)	-
<b>Closing Balance</b>	<b>-</b>	<b>24</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## Analysis of balance by source

	Note	2017/18 R'000	2016/17 R'000
Aid assistance from other sources	3	-	24
<b>Closing balance</b>		<b>-</b>	<b>24</b>

## 3.1 Analysis of balance

Aid assistance unutilised	3	-	24
<b>Closing balance</b>		<b>-</b>	<b>24</b>
Aid assistance not requested/not received		-	-

## 3.2 Aid assistance expenditure per economic classification

Current	24	-
<b>Total aid assistance expenditure</b>	<b>24</b>	<b>-</b>

## 4. Compensation of employees

## 4.1 Salaries and Wages

Basic salary	136 202	131 622
Performance award	2 473	2 967
Service Based	948	628
Compensative/circumstantial	2 639	1 559
Other non-pensionable allowances	25 385	25 104
<b>Total</b>	<b>167 647</b>	<b>161 880</b>

<i>Including expenditure on voted and earmarked funds</i>
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## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 4.2 Social contributions

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
<b>Employer contributions</b>			
Pension		17 562	16 624
Medical		7 372	7 170
Bargaining council		30	28
<b>Total</b>		<b>24 964</b>	<b>23 822</b>
<b>Total compensation of employees</b>			
		<b>192 611</b>	<b>185 702</b>
Average number of employees		351	357

*Including expenditure on voted funds and earmarked funds*

## 5. Goods and services

Administrative fees		278	212
Advertising		12 149	11 899
Minor assets	5.1	153	371
Bursaries (employees)		542	358
Catering		1 067	793
Communication		910	1 173
Computer services	5.2	23 738	24 346
Consultants: Business and advisory services		4 561	3 586
Legal services		30	110
Contractors		1 019	2 846
Agency and support / outsourced services		90	486
Entertainment		25	20
Audit cost – external	5.3	8 315	8 776
Fleet services		1 124	627
Consumables	5.4	10 725	11 512
Operating leases		1 213	1 167
Transport provided as part of the departmental activities		72	28
Travel and subsistence	5.5	5 013	3 897

# ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

## VOTE 4: FREE STATE PROVINCIAL TREASURY

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	2016/17 R'000
Venues and facilities		1 203	679
Training and development		1 652	1 620
Other operating expenditure	5.6	178	388
<b>Total</b>		<b>74 057</b>	<b>74 894</b>

*Including expenditure on voted and earmarked funds*

#### 5.1 Minor assets

5

##### Tangible assets

153

371

Machinery and equipment

153

371

**Total**

**153**

**371**

#### 5.2 Computer services

5

SITA computer services

22 759

20 708

External computer service providers

979

3 638

**Total**

**23 738**

**24 346**

#### 5.3 Audit cost – External

5

Regularity audits

8 315

8 776

**Total**

**8 315**

**8 776**

*Included in Audit fees is R3 503 200 paid on behalf of municipalities: Tswelopele, Tokologo, Phumelela, Letsemeng, Kopanong, Mohokare and Xhariep.*



### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

	<i>Note</i>	<b>2017/18</b>	<b>2016/17</b>
		<b>R'000</b>	<b>R'000</b>
<b>5.4 Consumables</b>	<b>5</b>		
Consumable supplies		403	702
Uniform and clothing		-	4
Household supplies		315	313
Building material and supplies		12	245
IT consumables		33	63
Other consumables		43	77
Stationery, printing and office supplies		10 322	10 810
<b>Total</b>		<b>10 725</b>	<b>11 512</b>
<b>5.5 Travel and subsistence</b>	<b>5</b>		
Local		4 509	3 770
Foreign		504	127
<b>Total</b>		<b>5 013</b>	<b>3 897</b>
<b>5.6 Other operating expenditure</b>	<b>5</b>		
Professional bodies, membership and subscription fees		26	-
Resettlement costs		58	278
Other		94	110
<b>Total</b>		<b>178</b>	<b>388</b>
<b>6. Interest and rent on land</b>			
Interest paid		-	2 731
<b>Total</b>		<b>-</b>	<b>2 731</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

	<i>Note</i>	<b>2017/18</b> <b>R'000</b>	<b>2016/17</b> <b>R'000</b>
<b>7. Payments for financial assets</b>			
Other material losses written off	7.1	1	2
Debts written off	7.2	10	-
<b>Total</b>		<b>11</b>	<b>2</b>
<b>7.1 Other material losses written off</b>			
<b>Nature of losses</b>	7		
DA26/4/7 (01/16) – Lost keys		-	1
DA/FW/03/2017/18 – Accommodation not utilized		1	-
DA/26/4/5 (04/16) – Theft of external hard drive		-	1
<b>Total</b>		<b>1</b>	<b>2</b>
<b>7.2 Debts written off</b>			
<b>Nature of debts written off</b>	7		
Other debt written off			
Ex-employee irrecoverable debt		6	-
Ex-employee and salary overpayment irrecoverable debt		4	-
<b>Total debt written off</b>		<b>10</b>	<b>-</b>
<b>8. Transfers and subsidies</b>			
Provinces and municipalities	29	27 800	25 450
Households	Annex 1B	792	343
<b>Total</b>		<b>28 592</b>	<b>25 793</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 9. Expenditure for capital assets

	<i>Note</i>	2017/18 R'000	2016/17 R'000
<b>Tangible assets</b>		<b>6 617</b>	<b>4 978</b>
Buildings and other fixed structures	27	73	60
Machinery and equipment	25.1	6 544	4 918
<b>Intangible assets</b>		<b>4 161</b>	<b>22 264</b>
Software	26.1	4 161	22 264
<b>Total</b>		<b>10 778</b>	<b>27 242</b>

## 9.1 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>6 617</b>	<b>-</b>	<b>6 617</b>
Buildings and other fixed structures	73	-	73
Machinery and equipment	6 544	-	6 544
<b>Intangible assets</b>	<b>4 161</b>	<b>-</b>	<b>4 161</b>
Software	4 161	-	4 161
<b>Total</b>	<b>10 778</b>	<b>-</b>	<b>10 778</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 9.2 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>4 978</b>	<b>-</b>	<b>4 978</b>
Buildings and other fixed structures	60	-	60
Machinery and equipment	4 918	-	4 918
<b>Intangible assets</b>	<b>22 264</b>	<b>-</b>	<b>22 264</b>
Software	22 264	-	22 264
<b>Total</b>	<b>27 242</b>	<b>-</b>	<b>27 242</b>

## 9.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2017/18 R'000	2016/17 R'000
<b>Tangible assets</b>			
Machinery and equipment		2 770	2 608
<b>Total</b>		<b>2 770</b>	<b>2 608</b>

## 10. Cash and cash equivalents

Consolidated Paymaster General Account	20 942	19 564
<b>Total</b>	<b>20 942</b>	<b>19 564</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 11. Prepayments and advances

	2017/18	2016/17
	R'000	R'000
Travel and subsistence	11	109
<b>Total</b>	<b>11</b>	<b>109</b>

## 12. Receivables

		2017/18			2016/17		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	<i>Note 12.1</i>	751	-	751	65	-	65
Staff debt	<i>12.2</i>	154	60	214	245	62	307
Fruitless and wasteful expenditure	<i>12.4</i>	5	-	5	-	-	-
Other debtors	<i>12.3</i>	5	-	5	1	-	1
<b>Total</b>		<b>915</b>	<b>60</b>	<b>975</b>	<b>311</b>	<b>62</b>	<b>373</b>

## 12.1 Claims recoverable

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Provincial departments	<i>12 and Annex 3</i>	751	65
<b>Total</b>		<b>751</b>	<b>65</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

	<i>Note</i>	<b>2017/18</b> <b>R'000</b>	<b>2016/17</b> <b>R'000</b>
<b>12.2 Staff debt</b>	<b>12</b>		
Breach of contract – Employee debt		60	64
Ex-employee debt		67	132
Telephone/communication debt		14	13
Employee debt		56	56
Losses/Damages – Employee debt		12	16
Salary overpayment debt		-	20
Travel and subsistence debt		5	-
Tax debt		-	6
<b>Total</b>		<b>214</b>	<b>307</b>
<b>12.3 Other debtors</b>	<b>12</b>		
Losses/Damages - Non-employee		-	1
Breach of contract - Non-employee		5	-
<b>Total</b>		<b>5</b>	<b>1</b>
<b>12.4 Fruitless and wasteful expenditure</b>	<b>12</b>		
Opening balance		-	1
Less amounts recovered		-	(76)
Transfers from note 23 Fruitless and Wasteful Expenditure		5	75
<b>Total</b>		<b>5</b>	<b>-</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 12.5 Impairment of receivables

	2017/18	2016/17
	R'000	R'000
Estimate of impairment of receivables	60	66
<b>Total</b>	<b>60</b>	<b>66</b>

## 13. Voted funds to be surrendered to the Provincial Revenue Fund

Opening balance	19 853	8 932
As restated	19 853	8 932
Transfer from statement of financial performance (as restated)	21 841	19 853
Paid during the year	(19 853)	(8 932)
<b>Closing balance</b>	<b>21 841</b>	<b>19 853</b>

## 14. Departmental revenue to be surrendered to the Provincial Revenue Fund

Opening balance	87	46
As restated	87	46
Own revenue included in appropriation	16 335	24 107
Paid during the year	(16 413)	(24 066)
<b>Closing balance</b>	<b>9</b>	<b>87</b>

## 14.1 Prior period error

	2016/17
	R'000
Relating to 2016/17	(1)
Incorrect rounding – Transfer from position statement	(1)
<b>Total prior period errors</b>	<b>(1)</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 15. Net cash flow available from operating activities

	2017/18	2016/17
	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance	21 817	19 853
Add back non cash/cash movements not deemed operating activities	(9 657)	17 944
(Increase)/decrease in receivables – current	(602)	(214)
(Increase)/decrease in prepayments and advances	98	(109)
Increase/(decrease) in payables – current	-	(84)
Expenditure on capital assets	10 778	27 242
Surrenders to Provincial Revenue Fund	(36 266)	(32 998)
Own revenue included in appropriation	16 335	24 107
<b>Net cash flow generated by operating activities</b>	<b>12 160</b>	<b>37 797</b>

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

Consolidated Paymaster General account	20 942	19 564
<b>Total</b>	<b>20 942</b>	<b>19 564</b>

## 17. Contingent liabilities and contingent assets

## 17.1 Contingent liabilities

Liable to	Nature	Note		
Housing loan guarantees	Employees	Annex 2A	-	38
Claims against the department		Annex 2B	-	97
<b>Total</b>			<b>-</b>	<b>135</b>



## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 18. Commitments

	<i>Note</i>	2017/18 R'000	2016/17 R'000
<b>Current expenditure</b>			
Approved and contracted		5 207	7 378
		<b>5 207</b>	<b>7 378</b>
<b>Capital expenditure</b>			
Approved and contracted		1 655	8 080
		<b>1 655</b>	<b>8 080</b>
<b>Total Commitments</b>		<b>6 862</b>	<b>15 458</b>

No commitment included is over one year

## 19. Accruals and payables not recognised

## 19.1 Accruals

	2017/18 R'000		2016/17 R'000	
<b>Listed by economic classification</b>				
	<b>30 Days R'000</b>	<b>30+ Days R'000</b>	<b>Total R'000</b>	<b>Total R'000</b>
Goods and services	3 909	-	3 909	4 312
<b>Total</b>	<b>3 909</b>	<b>-</b>	<b>3 909</b>	<b>4 312</b>

## Listed by programme level

Administration	1 289	1 192
Sustainable Resource Management	28	14
Assets and Liability Management	2 534	3 085
Financial Governance	-	1
Municipal Finance Management	58	20
<b>Total</b>	<b>3 909</b>	<b>4 312</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## Payables not recognised

## Listed by economic classification

	30 Days	30+ Days	2017/18 Total	2016/17 Total
	R'000	R'000	R'000	R'000
Goods and services	183	-	183	751
<b>Total</b>	<b>183</b>	<b>-</b>	<b>183</b>	<b>751</b>

	2017/18 R'000	2016/17 R'000
<b>Listed by programme level</b>		
Administration	46	334
Sustainable Resource Management	30	242
Assets and Liability Management	14	30
Financial Governance	7	1
Municipal Finance Management	86	144
<b>Total</b>	<b>183</b>	<b>751</b>

## Note

## Included in the above totals are the following:

Confirmed balances with other departments	Annex 4	64	292
<b>Total</b>		<b>64</b>	<b>292</b>

*Included in Accruals is Fleet Management invoice previously incorrectly reported on annexure 4*

## 20. Employee benefits

Leave entitlement	7 095	6 690
Service bonus (Thirteenth cheque)	5 728	5 565
Performance awards	3 180	3 117
Capped leave commitments	6 076	5 795
Other	198	89
<b>Total</b>	<b>22 277</b>	<b>21 256</b>

*Included in other is the long service awards to be paid out. Deducted from the leave entitlement line item is an amount of R49 845.74 of leave instated after 31 March 2018*

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 21. Lease commitments

## 21.1 Operating leases

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2017/18	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1 101	1 101
Later than 1 year and not later than 5 years	-	-	-	1 481	1 481
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 582</b>	<b>2 582</b>

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2016/17	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	933	933
Later than 1 year and not later than 5 years	-	-	-	940	940
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 873</b>	<b>1 873</b>

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

*The department does not have any sub-lease agreements*

## 21.2 Finance leases

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2017/18	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	867	867
Later than 1 year and not later than 5 years	-	-	-	1 906	1 906
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 773</b>	<b>2 773</b>

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2016/17	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	2 083	2 083
Later than 1 year and not later than 5 years	-	-	-	601	601
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 684</b>	<b>2 684</b>

*The department rented 39 photocopy machines from Gerox Trading for a period of 36 months, 85 cellular phones and 81 USB devices*

*None of the assets as stated above are sub-leased by the department*

#### 22. Irregular expenditure

##### 22.1 Reconciliation of irregular expenditure

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		52 734	29 422
Prior period error		-	645
As restated		52 734	30 067
Add: Irregular expenditure – relating to prior year		722	4
Add: Irregular expenditure – relating to current year		12 194	22 663
Less: Prior year amounts condoned		(5)	-
Less: Amounts not condoned and not recovered		(795)	-
<b>Closing balance</b>		<b>64 850</b>	<b>52 734</b>

##### Analysis of awaiting condonation per age classification

Current year	12 194	22 663
Prior years	52 656	30 071
<b>Total</b>	<b>64 850</b>	<b>52 734</b>

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

#### 22.2 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
PIP contract not in line with Sita Act (2017/18 payments)	NT to conduct forensic audit	5 795
Non-compliance with SCM processes with accommodation	Legal Services in process of conducting investigation	6
Insufficient third party invoices	Legal Case in progress (State Law Advisors)	29
Non-compliance with SCM prescripts – three quotations not obtained	Legal Services in process of conducting investigation	470
Advert recruitment not in line with CM processes	Office of the Premier investigating	943
Non-compliance with SCM prescripts – three quotations not obtained	Legal Services in process of conducting investigation	163
Extension of PIP contract longer than three months	Legal Services in process of conducting investigation	4 161
Extension of catering contract longer than three months	Legal Services in process of conducting investigation	500
Extension of event management contract longer than three months	Legal Services in process of conducting investigation	849
<b>Total</b>		<b>12 916</b>

#### 22.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	
Stationery contract not adhered / utilized	Head of Department	5
<b>Total</b>		<b>5</b>

#### 22.4 Details of irregular expenditure not recoverable (not condoned)

Incident	Condoned by (condoning authority)	
Contract for printing not in line with SCM prescripts	National Treasury	795
<b>Total</b>		<b>795</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

**22.5 Prior period error****Nature of prior period error**Relating to 2014/15 *[affecting the opening balance]*

645

Dots designing agency – Department of Premier

645

Total prior period errors

645

**23. Fruitless and wasteful expenditure****23.1 Reconciliation of fruitless and wasteful expenditure**

	<i>Note</i>	<b>2017/18</b>	<b>2016/17</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		12	75
As restated		12	75
Fruitless and wasteful expenditure – relating to prior year		-	12
Fruitless and wasteful expenditure – relating to current year		15	-
Less: Amounts resolved		(13)	-
Less: Amounts transferred to receivables for recovery	15.6	(5)	(75)
<b>Closing balance</b>		<b>9</b>	<b>12</b>

**23.2 Analysis of awaiting resolution per economic classification**

Current	9	12
<b>Total</b>	<b>9</b>	<b>12</b>

**23.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2017/18</b>
		<b>R'000</b>
Non-usage of accommodation	Case handed over to Legal Services for recommendation	1
Non-usage of accommodation	Official had to leave due to illness – no steps taken	1
Non-usage of flight ticket	Official found to be guilty – transferred for recovery	5
None vat vendor paid vat	None – still under investigation	8
<b>Total</b>		<b>15</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 24. Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearer	1	1 978	1 902
Officials:			
Level 15 to 16	2	3 964	3 887
Level 14 (incl. CFO if at a lower level)	5	6 008	4 999
Family members of key management personnel	4	2 728	1 139
<b>Total</b>		<b>14 678</b>	<b>11 927</b>

## 25. Movable Tangible Capital Assets

## MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	28 187	-	3 774	1 190	30 771
Computer equipment	19 835	6	3 607	1 031	22 417
Furniture and office equipment	6 588	(6)	151	98	6 635
Other machinery and equipment	1 764	-	16	61	1 719
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>28 187</b>	<b>-</b>	<b>3 774</b>	<b>1 190</b>	<b>30 771</b>

*Restated on opening balance – computer equipment due to CSD external hard drive*

FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

25.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	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
<b>MACHINERY AND EQUIPMENT</b>	6 544	-	(2 770)	-	3 774
Computer equipment	3 607	-	-	-	3 607
Furniture and office equipment	151	-	-	-	151
Other machinery and equipment	2 786	-	(2 770)	-	16
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>6 544</b>	<b>-</b>	<b>(2 770)</b>	<b>-</b>	<b>3 774</b>

25.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	126	1 064	1 190	3
Computer equipment	67	964	1 031	2
Furniture and office equipment	59	39	98	-
Other machinery and equipment	-	61	61	1
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>126</b>	<b>1 064</b>	<b>1 190</b>	<b>3</b>

All items sold as scrap



## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 25.3 Movement for 2016/17

## MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>27 224</b>	<b>-</b>	<b>2 309</b>	<b>1 346</b>	<b>28 187</b>
Computer equipment	19 193	-	1 811	1 169	19 835
Furniture and office equipment	6 524	-	184	120	6 588
Other machinery and equipment	1 507	-	314	57	1 764
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>27 224</b>	<b>-</b>	<b>2 309</b>	<b>1 346</b>	<b>28 187</b>

## 25.3.1 Prior period error

	2016/17 R'000
Relating to 2016/17	(1)
Rounding on computer equipment additions	(1)
Total prior period errors	(1)

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 25.4 Minor assets

## MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	2	-	12 721	-	12 723
Additions	-	-	-	157	-	157
Disposals	-	-	-	471	-	471
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>12 407</b>	<b>-</b>	<b>12 409</b>

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of minor assets at cost	-	2	-	7 162	-	7 164
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>7 162</b>	<b>-</b>	<b>7 164</b>

### FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

#### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017

	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	-	2	-	13 134	-	13 136
Additions	-	-	-	380	-	380
Disposals	-	-	-	793	-	793
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>12 721</b>	<b>-</b>	<b>12 723</b>

	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
Number of minor assets at cost	-	2	-	7 363	-	7 365
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>7 363</b>	<b>-</b>	<b>7 365</b>

#### 26. Intangible Capital Assets

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>SOFTWARE</b>	560	-	55 696	-	56 256
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>560</b>	<b>-</b>	<b>55 696</b>	<b>-</b>	<b>56 256</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 26.1 Additions

## ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	4 161	51 535	-	-	55 696
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>4 161</b>	<b>51 535</b>	<b>-</b>	<b>-</b>	<b>55 696</b>

## 26.2 Movement for 2016/17

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	560	-	-	-	560
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>560</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 27. Immovable Tangible Capital Assets

## MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	-	73	73	-
Other fixed structures	-	-	73	73	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	-	-	73	73	-

Section 42 transfer was finalized

## 27.1 Additions

## ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	73	-	-	-	73
Other fixed structures	73	-	-	-	73
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	73	-	-	-	73

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 27.2 Disposals

## DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	73	73	-
Other fixed structures	-	73	73	-
<b>TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	-	73	73	-

## 27.3 Movement for 2016/17

## MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	-	60	60	-
Other fixed structures	-	-	60	60	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	-	-	60	60	-

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 27.4 Capital Work-in-progress

## CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	Note	Opening balance 1 April 2017 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2018 R'000
Intangible assets	Annexure 5	51 535	4 161	55 696	-
<b>TOTAL</b>		<b>51 535</b>	<b>4 161</b>	<b>55 696</b>	<b>-</b>

## CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017

	Note	Opening balance R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2017 R'000
Intangible assets	Annexure 5	29 271	22 264	-	-	51 535
<b>TOTAL</b>		<b>29 271</b>	<b>22 264</b>	<b>-</b>	<b>-</b>	<b>51 535</b>

## 28. Prior period errors

2016/17

## 28.1 Correction of prior period errors

	Note	Amount before error correction R'000	Prior period error R'000	Restated Amount R'000
<b>Revenue:</b>				
Interest, dividends and rent on land	2	23 745	(1)	23 744
<b>Net effect</b>		<b>23 745</b>	<b>(1)</b>	<b>23 744</b>

Rounding rectification from 2016/17

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

	<i>Note</i>	<b>Amount before error correction</b> R'000	<b>Prior period error</b> R'000	<b>Restated Amount</b> R'000
<b>Assets:</b>				
Departmental revenue and PRF Receipts to	14	88	(1)	87
Staff debt – current	12	167	78	245
Staff debt – none current	12	140	(78)	62
<b>Net effect</b>		<b>395</b>	<b>(1)</b>	<b>394</b>

<i>Rounding rectification from 2016/17</i>
--

		<b>Amount before error correction</b> R'000	<b>Prior period error</b> R'000	<b>Restated Amount</b> R'000
<b>Liabilities:</b>				
Accruals and payables not recognised	19	4 092	220	4 312
<b>Net effect</b>		<b>4 092</b>	<b>220</b>	<b>4 312</b>

<i>Fleet Management invoice incorrectly reported as a claim under Annexure 4</i>
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## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

	<i>Note</i>	<b>Amount before error correction R'000</b>	<b>Prior period error R'000</b>	<b>Restated Amount R'000</b>
<b>Other:</b>				
Irregular expenditure opening balance	22	29 422	645	30 067
Irregular expenditure closing balance	22	52 089	645	52 734
Movable tangible assets additions computer equipment	25	1 812	(1)	1 811
Movable tangible assets closing balance computer equipment	25	19 836	(1)	19 835
Net cash flow available for operating activities	15	24 108	(1)	24 107
<b>Net effect</b>		<b>127 267</b>	<b>1 287</b>	<b>128 554</b>

*Rounding and additional amount received on irregular expenditure from the Department of Premier relating to the open case on Dots Designing Agency*

## FREE STATE PROVINCIAL TREASURY VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

## 29. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Mantsopa Local Municipality	2 500	-	(1 500)	1 000	1 000	-	-
Phumelela Local Municipality	-	-	1 800	1 800	1 800	-	-
Moghaka Local Municipality	-	-	7 000	7 000	7 000	-	-
Ngwathe Local Municipality	-	-	14 100	14 100	14 100	-	-
Masilonyana Local Municipality	-	-	1 900	1 900	1 900	-	-
Mafube Local Municipality	-	-	1 000	1 000	1 000	-	-
Tokologo Local Municipality	-	-	1 000	1 000	1 000	-	-
Maluti a Phofung Municipality	2 500	-	(2 500)	-	-	-	-
<b>TOTAL</b>	<b>5 000</b>	<b>-</b>	<b>22 800</b>	<b>27 800</b>	<b>27 800</b>	<b>-</b>	<b>-</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## ANNEXURE 1A

## STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2016/17
	DoRA and other transfers R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipi- pality R'000	Amount spent by municipi- pality R'000	Unspent funds R'000	% of available funds spent by municipi- pality %	
Nketoana Local Municipality	-	-	-	-	-	-	-	-	-	-	-	1 250
Mohokare Local Municipality	-	-	-	-	-	-	-	-	-	-	-	500
Setso Local Municipality	-	-	-	-	-	-	-	-	-	-	-	10 000
Phumelela Local Municipality	-	-	1 800	1 800	1 800	-	-	1 800	1 800	-	100%	2 000
Nqwathe Local Municipality	-	-	14 100	14 100	14 100	-	-	14 100	2 679	11 421	19%	11 100
Mohokare Local Municipality	-	-	-	-	-	-	-	-	-	-	-	600

## FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Maluti a Phofung Municipality	2 500	-	(2 500)	-	-	-	-	-	-	-	-	-
Mantsopa Municipality	2 500	-	(1 500)	1 000	1 000	-	-	1 000	1 000	-	-	100%
Masilonyana Municipality	-	-	1 900	1 900	1 900	-	-	1 900	1 060	840	-	56%
Moghaka Municipality	-	-	7 000	7 000	7 000	-	-	7 000	7 000	-	-	100%
Mafube Municipality	-	-	1 000	1 000	1 000	-	-	1 000	830	170	-	83%
Tokologo Municipality	-	-	1 000	1 000	1 000	-	-	1 000	1 000	-	-	100%
<b>TOTAL</b>	<b>5 000</b>	<b>-</b>	<b>22 800</b>	<b>27 800</b>	<b>27 800</b>	<b>-</b>	<b>-</b>	<b>27 800</b>	<b>15 369</b>	<b>12 431</b>	<b>25 450</b>	

Slow spending by municipalities as stated above is mainly contributed by the outsourcing of the functions to external parties and the supply chain processes which accompanies this. Two municipalities are still in process of acquiring suppliers for the provision of Bio-remediation services and waste water management and the remaining is in process of the preparation process of AFS. These funds are projected to be spent by the relevant municipalities in the 2018/19 financial year.

## FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## ANNEXURE 1B

## STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted Appro- priation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>Transfers</b>							
Departmental leave gratuity	563	-	-	563	557	99%	176
Donation to host unity in dialogue with youth and community as part of MEC outreach project programme	-	-	-	-	-	-	27
Donation of school uniforms to 94 learners at Letlotlo Naledi Public School as part of MEC's outreach programme	-	-	-	-	-	-	72
Donation of dust masks, gloves and refuse bags to Letsemeng Local Municipality as part of the Nelson Mandela Day celebrations for 2016	-	-	-	-	-	-	5
Donation of trophies for school tournaments for different sporting codes to a school in Xhariep as part of the MEC's outreach programme	-	-	-	-	-	-	9
Donation of running shoes, socks and track suits for four towns in Letsemeng Local Municipality as part of the Nelson Mandela Day celebrations 2016	-	-	-	-	-	-	31
Donation of transport to community members to attend the 16 Days of no violence against women and children campaign in and around Xhariep District and Bethlehem	-	-	-	-	-	-	134

## FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Donations in line with the bereavement policy relating the death of two departmental officials	2	-	-	2	2	100%	10
Donation in line with the bereavement policy relating the death of family members of departmental officials and the departmental gifts and donations policy for the birth of a child for a departmental official	4	-	-	4	4	100%	-
Donation of food parcels to the community of Smithfield during the Operation Hlasela Campaign as part of the MEC's outreach programme	100	-	-	100	100	100%	-
Donation of food parcels, painting and cleaning material and blankets during the Mandela day activities in the Letsemeng Local Municipality	85	-	-	85	60	71%	-
Donation of food parcels, painting and cleaning material and blankets during the Mandela day activities in the Letsemeng Local Municipality	32	-	-	32	24	75%	-
Donation of food parcels, painting and cleaning material and blankets during the Mandela day activities in the Letsemeng Local Municipality	16	-	-	16	16	100%	-
Donation of groceries to communities during the outreach programme of the MEC	5	-	-	5	1	20%	-
Donation to officials for the passing of a relative	3	-	-	3	3	100%	-
Donation of toiletries to Correctional Services – outreach project	14	-	-	14	14	100%	-
Donations to officials who were hospitalized and newly marriage	1	-	-	1	1	100%	-
Payment of injury on duty cases	10	-	-	10	10	100%	-
<b>TOTAL</b>	<b>835</b>	<b>-</b>	<b>-</b>	<b>835</b>	<b>792</b>	<b>-</b>	<b>464</b>

FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

ANNEXURE 1C

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	PAID BACK ON/BY 31 MARCH R'000	CLOSING BALANCE R'000
Received in cash						
Fasset training funds	Training assistance to officials	24	-	24	-	-
TOTAL		24	-	24	-	-

# FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## ANNEXURE 1D

### STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2017/18	2016/17
	R'000	R'000
<b>Made in kind</b>		
Capital asset donation of computer notebook to Abram Lekaba	-	10
Capital asset donation of old and redundant furniture to Kopano Home Based Care Organisation	-	10
Capital asset donation of old and redundant furniture to Lehae La Rona Old Age Care Centre	-	11
Capital asset donation of computer to Letsemeng Youth Centre	-	10
Capital asset donation of old and redundant furniture to Motheo College	-	41
Capital asset donation of old and redundant furniture to Tshellellang Community Based Centre	-	22
Minor assets donation of old and redundant furniture and equipment to Khanya Community Based Organisation	-	50
Minor assets donation of old and redundant furniture and equipment to Kopano Home Based Care Organisation	-	42
Minor assets donation of old and redundant furniture and equipment to Lehae La Rona Old Age Care Centre	-	33
Minor assets donation of old and redundant furniture and equipment to Leseding Day Care Centre	-	13
Minor assets donation of old and redundant furniture and equipment to Letsemeng Youth Centre	-	8
Minor assets donation of old and redundant furniture and equipment to Methodist Church in Africa	-	19
Minor assets donation of old and redundant furniture and equipment to Motheo College	-	39
Minor assets donation of old and redundant furniture and equipment to The United Methodist Church of Southern Africa	-	12
Minor assets donation of old and redundant furniture and equipment to Tshellellang Community Based Centre	-	50



FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Minor assets donation of old and redundant furniture and equipment to Phumelela Local Municipality	44	-
Minor assets donation of old and redundant furniture and equipment to Commtech Technical School	12	-
Minor assets donation of old and redundant furniture and equipment to Hodisa Technical School	126	-
Major assets donation of old and redundant furniture and equipment to Hodisa Technical School	59	-
<b>TOTAL</b>	<b>241</b>	<b>370</b>

FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2018	Guaranteed interest for year ended 31 March 2018	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Housing									
Standard Bank	PE Jousse	38	38	-	(38)	-	-	-	-
TOTAL		38	38	-	(38)	-	-	-	-

FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018

Nature of Liability	Opening Balance 1 April 2017 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2018 R'000
<b>Claims against the department</b>					
Arbitration – In capacity	49	-	49	-	-
Arbitration – Unfair suspension	48	-	48	-	-
<b>TOTAL</b>	<b>97</b>	<b>-</b>	<b>97</b>	<b>-</b>	<b>-</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## ANNEXURE 3

## CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	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
<b>Department</b>								
FSPG: Department of Human Settlements	-	6	-	-	-	-	-	-
FSPG: Department of Premier	749	41	-	-	749	41	4.4.2018	749
FSPG: Department of Social Development	-	12	-	-	-	12	-	-
FSPG: Department of Health	-	6	-	-	-	6	-	-
FSPG: Department of Economic, Small Business Development, Tourism and Environmental Affairs	2	-	-	-	2	-	4.4.2018	2
<b>TOTAL</b>	<b>751</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>751</b>	<b>65</b>		<b>751</b>

FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2017/18	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	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
<b>DEPARTMENTS</b>								
<b>Current</b>								
FSPG: Department of Premier	17	252	-	-	17	252		-
FSPG: Department of Police, Roads and Transport	-	19	-	-	-	19		-
South African Police Service	-	6	-	-	-	6		-
FSPG: Department of Premier	12	15	-	-	12	15		-
Department of Justice and constitutional development	35	-	-	-	35	-		-
<b>TOTAL</b>	<b>64</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>292</b>		<b>-</b>

## FREE STATE PROVINCIAL TREASURY VOTE 4

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## ANNEXURE 5

## MOVEMENT IN CAPITAL WORK IN PROGRESS

## MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
<b>COMPUTER SOFTWARE</b>	<b>51 535</b>	<b>4 161</b>	<b>(55 696)</b>	<b>-</b>
Computer Software	51 535	4 161	(55 696)	-
<b>TOTAL</b>	<b>51 535</b>	<b>4 161</b>	<b>(55 696)</b>	<b>-</b>

## MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
<b>COMPUTER SOFTWARE</b>	<b>29 271</b>	<b>-</b>	<b>22 264</b>	<b>-</b>	<b>51 535</b>
Computer Software	29 271	-	22 264	-	51 535
<b>TOTAL</b>	<b>29 271</b>	<b>-</b>	<b>22 264</b>	<b>-</b>	<b>51 535</b>