



ANNUAL
REPORT
—
2021 22



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FREE STATE PROVINCE

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FREE STATE PROVINCIAL TREASURY

VOTE 4

ANNUAL REPORT FOR
2021 **22** FINANCIAL YEAR

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PART A GENERAL INFORMATION



DEPARTMENT GENERAL INFORMATION

Department:	Free State Provincial Treasury
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LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AO	Accounting Officer
BAS	Basic Accounting System
B-BBEE	Broad-Based Black Economic Empowerment
BYOD	Bring Your Own Device
CFO	Chief Financial Officer
COE	Compensation of Employees
COVID-19	Corona Virus Disease 2019
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
EA	Executive Authority
EHW	Employee Health and Wellness
FMCMM	Financial Management Capability Maturity Model
FSSMS	Free State Supplier Management System
GEMS	Government Employee Medical Scheme
HOD	Head of Department
IFS	Interim Financial Statements
IRM	Infrastructure Reporting Model
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
MFM	Municipal Finance Management
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework

PCM	Preventative Control Measures
PERSAL	Personnel and Salary Administration System
PFMA	Public Finance Management Act
PMG	Pay Master General
PPE	Personal Protective Equipment
PPPFA	Preferential Procurement Policy Framework Act
PRF	Provincial Revenue Fund
PROPAC	Provincial Public Accounts Committee
PSCBC	Public Service Coordinating Bargaining Council
PWC	Pricewaterhouse Coopers
SCM	Supply Chain Management
SITA	State Information Technology Agency
SIU	Special Investigation Unit
SMS	Senior Management Service
TR	Treasury Regulations
UAMP	User Asset Management Plan
UIF&W	Unauthorised, Irregular, Fruitless and Wasteful Expenditure



Ms G. BROWN



FOREWORD BY THE MEC

This Annual Report provides an overview of the performance of the Provincial Treasury for the financial year 2021/22. The report reflects the milestones and difficulties the department has overcome in pursuit of its mandate and outcomes 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.

The strategic focus of the Department for the 2021/22 financial year was to continue to ensure **sustainable and accountable fiscal governance in provincial departments, public entities and municipalities** after the devastation of the COVID-19 pandemic. We were determined to rebuild our country and economy guided by the six departmental outcomes of which much progress was made towards achieving them.

We remained resolute in our pursuit of prudent fiscal management, socio-economic growth and service delivery in the face of a bleak economic outlook and the impact of the fiscal reforms and budget cuts on the provincial fiscus, which made it even more difficult to address the challenges of unemployment, poverty and inequality.

Tough decisions had to be taken and implemented to ensure tangible service delivery outcomes are achieved with the limited resources at our disposal. Through our robust budgeting and monitoring processes we were able to restructure and steer the provincial budget in such a manner that funds could be unlocked and reprioritised towards key provincial priorities.

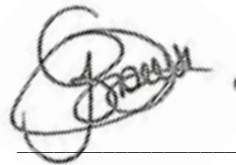
Our efforts to strengthen and institutionalise the principles of transparency, accountability, responsibility, efficiency and effectiveness in the utilisation of public resources in provincial departments, entities and municipalities will not bear fruit without the cooperation and commitment of our client organisations to the same principles and ideals. We were therefore heartened that all executive authorities, accounting officers, chief executive officers and chief financial officers of departments and entities signed pledges on 11 November 2021 to quality service delivery, good governance and fiscal and financial management to further promote the improvement of the audit outcomes of the province. This is reflected in the improvement in the provincial audit outcomes for the 2021/22 financial year. I am particularly delighted that the Provincial Treasury received an unqualified with no findings (clean) audit opinion for the 2021/22 financial year.

While we celebrate our successes, we are mindful of the challenges that remain but I am confident

that we have the resilience, determination and persistence to persevere.

There has been a lot of loss over the past year, the Department lost four colleagues - people who inspired and motivated us, people who were giants in their own unselfish ways in service to our mission. We are thankful for their passion, hard work, and contributions, large and small.

I wish to thank the Acting Head of the Department of the Provincial Treasury and her 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.



Ms G. Brown

MEC for Finance

Provincial Treasury

31 July 2022



Mrs M.A. SESING



REPORT OF THE **ACCOUNTING OFFICER**

Overview of the operations of the department

The Free State Provincial Treasury started the 2021/22 financial year with a deep sense of responsibility to ensure sustainable and accountable fiscal governance in the province as we sought to rebuild the country and economy after the devastation of the COVID-19 pandemic.

Provincial Treasury plays a pivotal role in enforcing public finance management legislation and building capacity in departments, entities and municipalities to achieve the objectives of public finance management legislation. It is an institution that seeks to promote fiscal coordination across the spheres of government.

The Department's vision is to strive to be "an innovative and resilient partner in prudent fiscal management, socio-economic growth and service delivery" with the mission "to promote socio-economic inclusiveness for shared growth through innovative fiscal management, sustainable resource management and good governance".

Our strategy for 2020-2025 is based on two key pillars, which are oversight and capacity building. During the year under review, the Department, though under challenging circumstances presented by the ongoing pandemic, continued with all rigour and assertiveness to exercise oversight through deepened monitoring activities and comprehensive feedback to the administrative and political leadership of departments, public entities and municipalities. The Department's operations were guided by the following outcomes that we are working towards:

- Sound and responsive management practices.
- Improved fiscal sustainability in provincial departments and public entities.
- Improvement in financial accountability in provincial departments and public entities.
- Improved fiscal sustainability in municipalities.
- Improvement in financial accountability in municipalities.
- FIDPM and IDMS institutionalised in the province for effective and efficient infrastructure delivery and management.

While notable progress has been made against most of the above outcomes we are not oblivious to the fact that there are also areas in which we will have to intensify our efforts to achieve the desired impact. The Department will continue to monitor progress towards the achievement of the targets, which we have set for these outcomes, on a regular basis and we will revise our strategies and implement corrective measures where necessary. I am delighted to announce that despite challenges of COVID-19, the Free State Provincial Treasury achieved 87 per cent of its output targets for the 2021/22 financial year. A detailed performance report is included in Part B of this report. The following are some of the achievements and challenges of the Provincial Treasury for the 2021/22 financial year.

The Department followed a very robust budget process for the 2021/22 financial year amid the challenges of COVID-19 and the attendant restrictions and constrained economic and fiscal environment. The 2021/22 Appropriation Bill as well as the Adjustment Appropriation Bill were successfully tabled within legislated timeframe in line with the requirements of Section 28 of the PFMA. A second Adjustment Appropriation Bill was also tabled on 10 March 2022, predominantly owing to additional allocations to the province as well as halted allocations by national departments.

The Department plays a key role in ensuring that the resources that we have are optimally used to improve service delivery in the province. Provincial Treasury strengthened its oversight in terms of monitoring spending in line with the limited financial resources allocated. Provincial departments were assisted and supported with the implementation of the 2021/22 provincial budget and according to the preliminary in-year reports, the Province spent R39.611 billion or 98.7 per cent of its adjusted budget of R40.118 billion.

While from the equitable share point of view it is evident from previous financial years that allocations from national government towards provinces are not sufficient to meet all the provincial service delivery demands and the provincial priorities are not sufficiently funded, it is also worth mentioning that the culture of spending all the allocated conditional grant funding must be enforced on some of the departments and municipalities. Provincial own generated revenue plays a vital role in supplementing national transfers. Provincial Treasury provided support to provincial departments to ensure that own revenue collection and management are prioritised and optimised. Despite the setback caused by COVID-19, the province managed to collect R1.135 billion or 101.4 per cent of the adjusted own revenue target of R1.120 million.

Provincial Treasury is also responsible for providing policy direction, facilitating the effective and efficient management of assets, liabilities and financial management systems. The management and facilitation of provincial supply chain is indispensable as it forms an integral part of the operations of any department or entity and is essential to effective service delivery. The Department monitored compliance with supply chain management prescripts, practices and systems and regularly provided feedback and recommendations to departments and entities.

This is one area where our province is faced with a formidable task to enforce compliance with the constitution and other related prescripts across local and provincial spheres of government. Where there has been non-compliance, our process must strengthen consequence management on all responsible for non-compliance with the prescripts governing the procurement environment. Whilst the payment of suppliers within 30-days remains a challenge, we are encouraged by the marked improvement that was registered in this regard.

In support of local procurement, Provincial Treasury worked with the Department of Economic and Small Business Development, Tourism and Environmental Affairs (DESTEA) to develop a draft strategy to ensure that the Provincial Government leverages on government procurement to support various sectors of the provincial economy and local production. The Department continued to encourage departments and entities to ensure that their procurement, where practical and in accordance with legislative prescripts, is spent inside the province.

We as the Provincial Treasury continue to be the vanguard of good governance and our oversight and support to departments and entities to improve governance and the compliance machinery have yielded some notable benefits for the provincial sphere of government. Enormous efforts to improve same on the local sphere of government still requires much improvement on our side. Interim and draft annual financial statements of departments and entities were assessed and detailed assessment reports and clear guidance on rectifications that needed to be done were provided to the accounting officers in an effort to enhance the quality of financial statements. Work files were also assessed to determine completeness in terms of the minimum requirements checklist.

Although the audit outcomes for departments and entities for the 2020/21 financial year remained stagnant, the number of audit qualification/disclaimer paragraphs improved by 29 per cent from 31 paragraphs for the 2019/20 financial year to 22 paragraphs for the 2020/21 financial year. Furthermore, non-compliance with laws and regulations by departments and entities also improved from 169 findings in 2019/20 to 161 in the 2020/21 financial year.

The Department provided oversight, technical support and guidance to municipalities in managing their financial resources though these have not yielded significant results. Municipal budgets were assessed for compliance with the MBRR and budget performance was monitored on a quarterly basis through the Section 71(7) reports.

It remains a challenge to have municipalities submit their annual financial statements on time for auditing. Only eleven municipalities submitted their 2020/21 financial statements on time. While some audit outcomes are still outstanding, it is clear that there is still a challenge with the audit outcomes at local government level. It is however encouraging that there is a steady decrease in the number of disclaimers and adverse opinions.

Municipalities were also assessed and supported on Internal Audit and Risk Management to improve the functionality and efficiency of internal audit, risk management, audit and risk management committees in municipalities. The Department also provided municipalities with training on risk management and internal audit related matters with the intention to improve capacity of governance structures in municipalities.

Overview of the financial results of the department

Departmental receipts

Departmental receipts	2021/2022			2020/2021		
	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
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	149	140	9	149	142	7
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	15 000	27 315	(12 315)	20 000	36 438	(16 438)
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	41	127	(86)	100	58	42
Total	15 190	27 582	(12 392)	20 249	36 638	(16 389)

It is a known fact that, given the mandate of Provincial Treasury, we do not render services directly to the public and consequently do not generate any revenue from exchange transactions. Revenue is mostly generated through interest that is received on investments done on a monthly and bi-weekly basis by the Provincial Revenue Fund. Investments can only be done if funding is available.

Bi-weekly disbursement runs have been implemented in order to invest funds for longer periods, which generates more interest.

Other minor revenue generating items include the selling of tenders. However, in the 2021/22 financial year the COVID-19 pandemic had a negative impact on this activity which led to less income generated.

Programme Expenditure

Programme Name	2021/2022			2020/2021		
	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	109 530	100 768	8 762	102 933	98 556	4 377
Sustainable Resource Management	50 237	46 414	3 823	46 771	45 334	1 437
Asset and Liabilities Management	74 094	68 024	6 070	319 228	317 682	1 546
Financial Governance	26 798	25 683	1 115	28 943	28 026	917
Municipal Finance Management	44 449	39 246	5 203	41 440	38 516	2 924
Total	305 108	280 135	24 973	539 315	528 114	11 201

Administration

The programme underspent with R8.762 million mainly due to non-filling of posts in line with the projected recruitment plan. Other contributing factors include lower spending on travel and subsistence mainly due to more meetings being held virtually and invoices relating to the budget speech that was held in March 2022 that were not received by year-end.

Sustainable Resource Management

The programme underspent with R3.823 million mainly due to the Estimates of Revenue and Expenditure books that were only partially delivered in March 2022. Postponements with the approval caused delays with the supplier and the invoice could not be paid within the current financial year.

Asset and Liabilities Management

The programme underspent with R6.070 million mainly due to the SITA account for which provision was made but not all invoices were received as well as COVID-19 related PPE payments that could not be done due to processes that are still underway to deal with findings of the SIU and an order from the Special Tribunal with regard to the procurement of some of the COVID-19 PPE in the previous financial year.

Financial Governance

The programme underspent with R1.115 million mainly due to the non-filling of a vacancy and the lower spending on travel and subsistence due to COVID-19 restrictions and engagements that were held through digital platforms.

Municipal Finance Management

The programme underspent with R5.203 million mainly due to the non-filling of vacancies and the lower spending on travel and subsistence due to COVID-19 restrictions and engagements that were held through digital platforms. The programme also did not implement the MSCOA training at municipality level as planned within the earmarked allocation.

Virements/roll overs

No rollovers were approved for the 2021/22 financial year. No virements were implemented after the adjustment budget process was completed.

Unauthorised, fruitless and wasteful expenditure

Fruitless and wasteful expenditure to the amount of R288 000 was regrettably incurred due to a supplier charging the department for services not rendered. However, the expenditure has been registered as a receivable as money is being recovered from the supplier. An amount of R81 000 has already been recovered.

This is one of the examples that demonstrates a clear commitment to hold to account those who unduly, either intentionally or unintentionally, benefited from the Department. The Department together with SIU and the Department of Health in the Free State are in the process of actioning the court order sighted in our PPE Special Tribunal court judgement. We are committed to carry these out as they relate to our department to the latter. We want to express our gratitude to the SIU for the investigations they carried out on our behalf and once more re-iterate our commitment to carry out their recommendations.

Strategic focus over the short to medium term period

The Department's priority over the 2020-2025 horizon is to continue to ensure sustainable and accountable fiscal governance in provincial departments, public entities and municipalities. The Department continued to focus on the following:

- Ensuring sound and responsive management practices in the Department.
- Improving fiscal sustainability in provincial departments and public entities, focussing on improving the provincial cash coverage, reducing accruals and payables, reducing unauthorised expenditure and limiting the provincial wage bill. The Department will also be working towards increasing contingency reserves.
- Improving financial accountability in provincial departments and public entities. The Department will concentrate on reducing fruitless and wasteful expenditure as well as irregular expenditure. The Department will also work with departments and entities to reduce the number of audit findings.
- Improving fiscal sustainability in municipalities, focussing on ensuring that municipalities table funded budgets and that the number of municipalities in financial distress is reduced.
- Improving financial accountability in

municipalities. Key priorities are supporting municipalities to reduce unauthorised, fruitless, wasteful and irregular expenditure; increasing the number of municipalities that conclude the FMCMM self-assessment; supporting municipalities to submit annual financial statements on time and reducing the number of audit findings.

- Institutionalisation of the FIDPM and IDMS in the province to support effective and efficient infrastructure delivery and management.

Public Private Partnerships

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

Discontinued key activities / activities to be discontinued

No activities were discontinued during the period under review. The Department does not intend to discontinue any activities in the near future.

New or proposed key activities

There were no new activities added during the reporting period.

Supply chain management

No unsolicited bid proposals were received and/or concluded during the year under review.

To prevent irregular expenditure, the Department's SCM processes and systems are in place and for the year under review, no irregular expenditure was identified.

Compliance checklists are in place to guide procurement processes, completed by junior officials and reviewed by supervisors.

To raise awareness and facilitate discussions amongst SCM officials, ethics and irregular expenditure are standing items in all SCM meetings.

The latest regulations, instruction notes etc. are timeously communicated to officials and regular training is provided to all SCM officials.

The Department experienced the challenge of a global shortage of electronic semi-conductors and

this severely impacted on delivery of IT equipment resulting in significant delays. Regular supplier meetings were held to determine changes in lead time, pricing, etc. to resolve challenges. Most of the ordered IT equipment was ultimately delivered in the last quarter of the financial year.

Gifts and Donations received in kind from non-related parties

There were no gifts and donations received in kind from non-related parties for 2021/22 financial year.

Received from	Nature of gift, donation or sponsorship	Value (R'000)
None	-	-

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 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 Tsebo buildings at no cost to the Department.

Acknowledgement and Appreciation

In fulfilling its legal mandate and achieving its strategic outcomes, Provincial Treasury relies heavily on the support of its stakeholders.

These include the National Treasury, political leadership, accounting officers/authorities and chief financial officers of provincial departments, entities and municipalities, the provincial Department of Cooperative Governance and Traditional Affairs, the South African Local Government Association (SALGA), the Auditor General of South Africa (AGSA), the Portfolio Committee on Public Accounts and Finance of the Free State Legislature and the Provincial Budget Committee. My gratitude to all these stakeholders for their continuous support.

I wish to acknowledge the MEC for Finance for her vision, leadership and support and the management and staff of Provincial Treasury for their commitment and dedication throughout the 2021/22 financial year. I thank you all.

Approval and sign off

The Annual Financial Statements set out on pages 109 to 167 have been approved.



Mrs MA Sesing

Accounting Officer (Acting)

Free State Provincial Treasury

Date: 31 July 2022

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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.

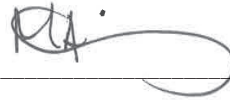
The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance

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 2022.

Yours faithfully



Mrs MA Sesing

Accounting Officer (Acting)
Free State Provincial Treasury
Date: 31 July 2022

6

STRATEGIC OVERVIEW

6.1. Vision

An innovative and resilient partner in prudent fiscal management, socio-economic growth and service delivery.

6.2. Mission

To promote socio-economic inclusiveness for shared growth through:

- Innovative fiscal management;
- Sustainable resource management; and
- Good governance.

6.3. Values

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

Accountability	<i>We will honour our commitments; we will take responsibility and we will act in a transparent manner</i>
Assertiveness	<i>We will be honest, firm and decisive in our interaction with stakeholders</i>
Collaboration	<i>We will be considerate in working with our stakeholders to realize shared goals. We will be devoted, dedicated and involved</i>
Professionalism	<i>We will continuously develop our knowledge, skills and competency. We will deliver high quality work and behave politely</i>
Integrity	<i>We will conduct ourselves with uncompromising standards and principles as individuals, as teams and as a department</i>

7

LEGISLATIVE AND OTHER MANDATES

Constitutional Mandate

The Provincial Treasury's mandate is based on Chapter 13 of the Constitution of the Republic of South Africa Act, 1996 (Act No.108 of 1996).

Legislative Mandates

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.

Policy Mandates

Over and above the functions and responsibilities emanating from the above-mentioned legislation, the Department takes direction from the following policy frameworks:

National Development Plan

The National Development Plan (NDP), which was adopted in September 2012, aims to eliminate poverty and reduce inequality by 2030. In order to achieve this South Africa has to, amongst other, spend more on investment and also improve the quality of such spending through better planning, sound procurement systems and greater competition in the economy. There is a need for greater efficiency in all areas of government expenditure, because the overall envelope is likely to grow relatively slow over the medium term. Particular attention needs to be given to managing the government wage bill, making resources available for other priorities.

Provincial Treasury has to ensure that the provincial fiscal policy framework supports the priorities of the National Development Plan and systems and processes are put in place to reduce inefficiencies in expenditure, improve accountability and support the achievement of a capable and developmental state.

Medium Term Strategic Framework

The Medium Term Strategic Framework (MTSF) 2019-2024 outlines the implementation priorities across South Africa's national development priorities for sixth administration. It aims to address the challenges of unemployment, inequality and poverty through the following three pillars:

- Achieving a more capable state
- Driving a strong and inclusive economy
- Building and strengthening the capabilities of South Africans

The MTSF 2019-2024 is both a five-year implementation plan and an integrated monitoring framework. It translates the ruling party's electoral mandate into government's priorities over a five-year period. The three pillars underpin seven priorities, which will be achieved through the joint efforts of government, the private sector and civil society. The priorities are:

- Priority 1: A capable, ethical and developmental state.
- Priority 2: Economic transformation and job creation.
- Priority 3: Education, skills and health.
- Priority 4: Consolidating the social wage through reliable and quality basic services.
- Priority 5: Spatial integration, human settlements and local government.
- Priority 6: Social cohesion and safe communities.
- Priority 7: A better Africa and world.

The MTSF 2019-2024 serves as a five-year building block towards achieving Vision 2030. All national sector plans, provincial growth and development strategies, municipal integrated development plans, departmental strategic plans and annual performance plans must be aligned to the MTSF 2019-2024.

It provides a clear, transformative framework within which national, provincial and local government can plan for and drive service delivery.

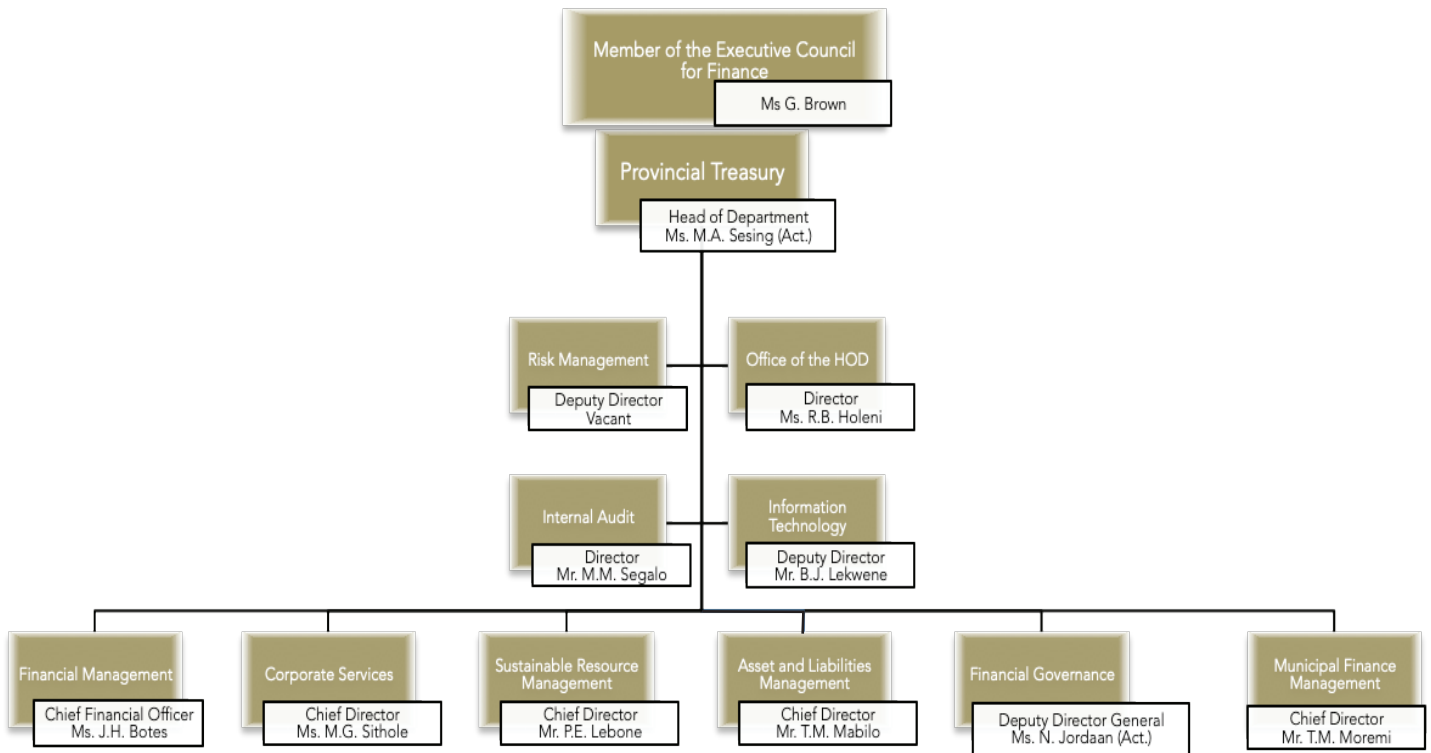
Free State Growth and Development Strategy

The Free State Growth and Development Strategy (FSGDS) is steeped within the National Development Plan and serves as the development framework for the entire province. It is an important instrument to shape and coordinate the allocation of resources across government and societal spectrum based on the provincial development needs and priorities.

Provincial Treasury is responsible to ensure that the provincial budget is aligned to the provincial priorities as set out in the FSGDS. In addition, Provincial Treasury has to assist and support provincial departments, public entities and municipalities towards the implementation of Pillar 6: Good governance, Driver 15: Foster good governance to create a conducive climate for growth and development, Long-term Programme: Improve the overall financial management in governance structures in the province to ensure clean audits and appropriate financing towards the growth and development of the province.

8

ORGANISATIONAL STRUCTURE



9

ENTITIES REPORTING TO THE MEC

The table below indicates the entities that report to the MEC.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
None	-	-	-



PART B

PERFORMANCE INFORMATION

1 AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 104 of the Report of the Auditor General, published as Part E: Financial Information.

2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. Service Delivery Environment

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 is responsible for enforcing the PFMA and any prescribed national and provincial norms and standards, preparing the provincial budget, exercising control over the implementation thereof and enforcing transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and entities, overseeing the preparation of municipal budgets and the outcome thereof as well as the submission of reports by municipalities as required by the MFMA.

The advent of the COVID-19 pandemic and the resultant lockdown measures, has put immense strain on the provincial economy, which has already been recording three consecutive declines in 2018, 2019 and 2020, as well as the fiscal framework. The provincial fiscal landscape has changed drastically. Over the 2021 MTEF the provincial equitable share was reduced by R11.137 billion. The provincial own revenue, although it represents a small share of the provincial envelope, therefore plays a vital role in supplementing national transfers. The provincial own revenue is generally dominated by two items, motor vehicle license fees, which is the largest contributor, and patient fees. The extension granted for renewals of licenses posed a risk for under-collection of revenue. This required that strategies and plans outlined by departments on own revenue had to be tested and that existing sources of own revenue, as well as controls, had to be improved to ensure that they were utilised effectively.

Underspending on conditional grants remained a challenge despite the Department's efforts to monitor progress and advise on corrective measures. The Department's limited capacity for oversight on infrastructure development also posed a challenge. However, this was addressed during the financial year with amendments to the organisational structure and the department is in the process of filling positions that will enhance capacity.

The province is challenged by high levels of irregular expenditure at both provincial and local government level. As most unwanted expenditure emanates from the supply chain environment it was critical for the Department to ensure effective oversight in this regard. Supply chain management was further challenged by the decision of the Constitutional Court that declared the Preferential Procurement Regulations, 2017 unlawful on 16 February 2022.

The Department had to revise some of its operations to ensure that it fulfils its mandate within the constraints brought about by the measures that were implemented to mitigate the spread of COVID-19. Visits to departments, entities and municipalities had to be limited and some of the training that was planned had to be suspended. Digital platforms were deployed to interact with stakeholders to conduct monitoring and oversight.

The dire state of municipalities remained a major challenge for the Department and the restrictions brought about by COVID-19 made monitoring and oversight at municipal level particularly challenging as visits had to be limited and the availability of municipal officials was affected. Whilst digital platforms were used as far as possible it also has limitations.

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
Monitor and support municipalities to enhance capacity on SCM prescripts to reduce unauthorised, irregular, fruitless and wasteful expenditure	Free State municipalities	SCM capacity building on: Competitive Bidding or Quotation Process Contract Management	SCM Practitioners Number of municipalities to be trained on treatment of UIF&W	Bid committees for Maluti a Phofung were trained in their roles in June 2021. Held a training session with Mafube MPAC in May 2021. Masilonyana MPAC training was held in June 2021. Mantsopa MPAC training was held in August 2021. Contract Management training for Dihlabeng in August 2021. Bid committee training was conducted for Lejweleputswa, Tswelopele, Phumelela and Maluti a Phofung Water, during February and March 2022. Contract Management training was conducted for Lejweleputswa and Maluti a Phofung Water, in March 2022.
Monitor and support provincial departments and entities to enhance capacity on SCM prescripts to reduce unauthorised, irregular, fruitless and wasteful expenditure	Provincial departments and entities	HODs, CFOs, SMS members, supervisors and newly appointed SCM practitioners	HODs, CFOs, SMS members, supervisors and newly appointed SCM practitioners	First quarter SCM forum conducted on 17 June 2021. Instruction Notes 1 and 2 were presented at the SCM forum held on 17 June 2021. The SCM learnership programme started on 14 June 2021. This is a year programme and 105 officials have registered on the programme. Two work sessions conducted on 25 May 2021 for the Department of Education on Bid Committees. Sixteen officials attended. Free State Provincial Treasury was part of the Women in Business programme held on 7 June 2021 of which a presentation was made to 98 attendees on "How to do Business with the State". Fourth quarter SCM Forum conducted on 17 March 2022 and CIDB presented Framework on Infrastructure. FSSMS Training was conducted on the 07-08 and 10 February 2022. Annual Procurement Plan sessions were conducted on 09 and 11 February 2022. In-House sessions conducted for Department of Social Development 24-25 February 2022.

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

Current/actual arrangements	Desired arrangements	Actual achievements
Public Service Week, Mainstreaming and Institutionalizing Batho-Pele	Deployment of SMS Members	SMS and Deputy Directors deployed to Bongani Hospital at Welkom

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Reports, circulars, emails and website	Reports, circulars, emails and website	Reports, circulars, emails and website

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Complaints and Compliments Policy developed and approved	Complaints and Compliments Box placed at the Ground Floor	Complaints and Compliments Box placed at the Ground Floor

2.3 Organisational Environment

National Treasury observed that departments have not managed to appoint key personnel in their infrastructure units to implement the Infrastructure Delivery Improvement Programme (IDIP). There was under spending on conditional grants as well as unrealistic cost norms that were applied in budgets. Furthermore, framework agreements for maintenance and capacity to manage infrastructure development were not in place. In order to assist provinces with the rollout of the Infrastructure Delivery Management System (IDMS), National Treasury provided earmarked funding of around R5 million to each of the nine provincial treasuries with a view to strengthen human resource capacity of the provincial treasuries to enhance monitoring of infrastructure delivery.

Following the above-mentioned process, the MPSA approved that with effect from 1 April 2021, the directive on the benchmark job descriptions, grading levels and implementation guidelines be implemented by departments/provinces in terms of Regulation 41(2)(d) of the Public Service Regulation, 2016 in infrastructure units of the

provincial treasuries. In response to the above, the Department managed to consult the Infrastructure Management functional structure with the Minister for Public Service and Administration. A Directorate, which consist of a total of 8 posts, which will perform the functions for provincial and municipal level was created.

The Department had envisaged to consult the entire organisational functional structure with the Minister for Public Service and Administration. However, the process was kept on hold due to budget cuts, which also required the Department to abolish 22 unfunded posts. The abolishment of these posts improved the vacancy rate of the Department from 18% to 14% by 31 March 2022.

During the period under review the Head of Department was transferred to the Department of Health. His transfer did not have a negative impact as the services of the Department continued running smoothly with the appointment of an acting Head of Department. The Department also filled the post of Director: Supply Chain Management, which improved the supply chain management services rendered to the Department.

2.4 Key policy developments and legislative changes

The Constitutional Court, in a judgment handed down on 16 February 2022, declared the Preferential Procurement Regulation 2017 unlawful. The Department is currently awaiting the outcome of guidance sought by the Minister of Finance on whether the Regulations remain valid unless repealed sooner. In the meantime the Department, working through the National Treasury, is assisting departments with exemption requests and procurement matters.

3 ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Provincial Treasury's impact statement for the 2020-2025 horizon is **Sustainable and accountable fiscal governance in provincial departments, public entities and municipalities**. To achieve this impact, the Department continued to pursue the following outcomes:

- Sound and responsive management practices
- Improved fiscal sustainability in provincial departments and public entities.
- Improvement in financial accountability in provincial departments and public entities.
- Improved fiscal sustainability in municipalities
- Improvement in financial accountability in municipalities.
- FIDPM and IDMS institutionalised in the province for effective and efficient infrastructure delivery and management.

Sound and responsive management practices are key components of achieving a capable, ethical and developmental state as envisioned in the Medium Term Strategic Framework.

The audit opinion expressed by the Auditor General is used as an indicator to measure the extent to which the Department achieved this outcome. The Department received an unqualified with findings audit opinion for the 2020/21 financial year and is committed to revert to clean audit status in the 2021/22 financial year.

Progress has been made towards achieving **“Improved fiscal sustainability in provincial departments and public entities”**. There has been improvement in areas such as provincial cash coverage; accruals and payables; and unauthorised expenditure. The provincial cash coverage, which measures the bank balance as a percentage of the budget of the following year, improved from a baseline of -0,65% in 2019/20 to -0.1% in the 2021/22 financial year. Accruals and payables, measured as a percentage of the following financial year's budget improved from the baseline of 5.9% in 2019/20 to 5.4% in 2021/22. Unauthorised expenditure as a percentage of the budget of the following financial year decreased from the baseline of 1.7% in 2019/20 to 1.2% in 2021/22. Areas that need further attention include reducing the compensation of employees as a percentage of the total budget as well as building contingency reserves for the province.

With regard to **“improvement in financial accountability in provincial departments and entities”**, the Department focused on reducing irregular expenditure, fruitless and wasteful expenditure; resolving Provincial Treasury's findings on draft annual financial statements; improving compliance to the minimum requirements of the AFS work file; the total number of audit qualification paragraphs as well as the number of departments and entities to achieve a score of 90% or higher on Risk Management and Internal Audit KPIs.

The province is making progress towards reducing irregular expenditure in the departments and entities. Irregular expenditure as a percentage of the total expenditure decreased from 7% in 2020/21 to 5% in the 2021/22 financial year. The percentage of Provincial Treasury findings on the draft annual financial statements that departments and entities resolved prior to submitting it for auditing remained at 95%. There was an improvement in compliance with the minimum requirements of the AFS work files. Eleven departments achieved more than 90% compliance and four entities achieved more than 80% compliance for the 2020/21 financial year compared to nine departments that achieved more than 90% compliance and two entities that achieved more than 80% compliance for the 2019/20 financial year.

Fruitless and wasteful expenditure increased from the baseline of R40.6 million in 2018/19 (0.12% of the provincial expenditure) to R60.9 million in 2020/21 (0.20% of the provincial expenditure).

The total number of audit qualification paragraphs reduced from 31 paragraphs in the 2019/20 financial year to 22 paragraphs in the 2020/21 financial year. Furthermore, non-compliance with laws and regulations by departments and entities also improved from 169 findings in 2019/20 to 161 in the 2020/21 financial year.

The number of departments and entities that achieved a score of 90% or higher on Provincial Treasury's assessment of Risk Management and Internal Audit KPIs regressed to six departments achieving above 90% on Risk Management KPIs and no entity that achieved above 90% on Risk Management KPIs. With regards to the assessment of Internal Audit KPIs the number of departments that achieved a score of 90% or higher was maintained at ten departments.

Towards **“Improved fiscal sustainability in municipalities”**, the number of municipalities with fully funded budgets as at 30 June remained stagnant at 5 from the 2020/21 financial year. The Department will continue to work with municipalities to ensure that the number of municipalities with fully funded budgets is improved.

The **“Improvement in financial accountability in municipalities”** remained a priority for the Department and the key priorities were to support municipalities to reduce unauthorised, fruitless, wasteful and irregular expenditure; increase the number of municipalities that conclude the FMCM self-assessment; support municipalities to submit annual financial statements on time and reduce the number of audit findings.

For the 2020/21 financial year, the audits for 15 of the 22 delegated municipalities and the metropolitan municipality were finalized at the time of reporting. The audits that have been finalised resulted in six unqualified with findings and ten qualified audit opinions with one district municipality as well as the metropolitan municipality improving from a qualified to unqualified with findings opinion.

It remains a challenge to ensure that all municipalities submit financial statements on time. The Department will continue with its efforts to support municipalities in this regards. The number of municipalities that submitted annual financial statements on time regressed slightly from 14 municipalities in 2020 to 11 municipalities in 2021.

Although audited information is not available for all municipalities, indications are that unauthorised, irregular, fruitless and wasteful (UIF&W) expenditure for the 2020/21 financial year is likely to increase from the estimated R22.75 billion to more than R23 billion with the finalization of outstanding audits. Unauthorised expenditure increased from R11.55 billion in 2019/20 to R12.53 billion in 2020/21,

irregular expenditure increased from R5.81 billion to R6.76 billion whilst, fruitless and wasteful expenditure stabilized at R3.46 billion for the same period this is due to municipalities not having written procedures in place for dealing with UIF&W expenditure, not addressing root-causes that contribute to the incurrence and also not addressing prior period UIF&W.

With regard to **‘FIDPM and IDMS institutionalised in the province for effective and efficient infrastructure delivery and management’**, infrastructure development is a critical component of the plans to rebuild our economy. Provincial Treasury continued to pay particular attention to the institutionalisation of the Framework for Infrastructure Delivery and Procurement Management (FIDPM) and the Infrastructure Delivery Management System (IDMS) as this would form the foundation for creating opportunities for social and economic growth through infrastructure investment. There has been slight improvement in the Infrastructure Progression Model (IPM) assessment score with the highest scoring department at 73% compared to 67% in the 2020/21 financial year. The average score improved from 58% in 2020/21 to 59% in the 2021/22 financial year.

The outcomes furthermore contribute to the achievement of Pillar 6: Good Governance, Driver 15: Foster good governance to create a conducive climate for growth and development of the Free State Growth and Development Strategy.

4

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1. Programme 1: ADMINISTRATION

Purpose

The purpose 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.

The programme consists of five operational sub-programmes.

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

Outcomes

- Sound and responsive management practices

The Administration programme is responsible for providing support services to enable all other programmes in the Department to pursue their mandates. The support 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 Administration programme contributes towards the achievement of the outcome “Sound and responsive management practices”.

The Department had a staff establishment of 412 funded posts, of which 354 were filled at the end of the 2021/22 financial year with a vacancy rate of 14%. The Department lost the services of 18 officials during the year under review. The Department has three vacant senior management posts as well as that of Head of Department. The programme is expected to ensure that the Department has an approved organisational structure that supports its mandate and priorities and that the Department is adequately staffed and has the necessary skills and competencies available.

The Department's staff complement is well educated with more than 85% of employees having a tertiary qualification. To ensure that the Department retain a skilled, competent and responsive workforce, 24 officials were awarded bursaries to pursue qualifications that range from first degrees/diplomas to Masters and PhDs.

To promote the wellbeing and health of officials, the Department developed, implemented and monitored four annual employee health and wellness operational strategic frameworks. The Department also appointed an employee assistance service provider to render professional psycho-social support to employees.

The Programme succeeded in ensuring that 100% of designated employees submitted financial disclosures on time in compliance with the Public Service Regulations.

The programme further aimed to improve on the Department's compliance with the PFMA and other related requirements by improving the percentage of

Key Control Indicators at level four score on Provincial Treasury's KCM assessment for both monthly and quarterly assessments. For the 2021/22 financial year, shortcomings with regard to Internal Audit and Risk Management have been addressed which resulted in improved results with regard to quarterly KCM assessment.

To prevent irregular expenditure, the Department has SCM processes and systems in place and for the year under review, no irregular expenditure was identified. Furthermore, with regard to compliance with 30 days' payment to suppliers, the Department was able to pay 100% of uncontested invoices within 30 days for the past six financial years.

Towards prioritising women, youth and persons with disabilities, the Department has 58% of posts filled by women. The Department also worked towards improving the representation of women in Senior Management Services (SMS) posts as well as the representation of persons with disabilities. The representation of women in SMS positions remained constant at 36%, and the representation of persons with disabilities remained constant at 1.9% at the end of the 2021/22 financial year.

The Department appointed thirteen interns and seven experiential learners to provide young graduates with the opportunity to obtain practical workplace exposure.

The tables that follow provide information on the outcomes, outputs, output indicators, targets and actual achievements for the programme for the year under review.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme / Sub-programme: Corporate Services										
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations		
Sound and responsive management practices	Employment of designated groups: people with disabilities	Percentage of employees with disabilities	New indicator	1.9%	1.9%	1.9%	-			
	Employment of designated groups: women	Percentage of women in Senior Management Service	New indicator	36%	36%	39%	-3%	The process of appointing SMS members took longer than anticipated and had not been finalised at the time of reporting.		
	Improvement in employment rate	Percentage of funded posts filled	New indicator	85%	85%	87%	-1%	Appointments will be finalised in the new financial year. The process of filling posts took longer than anticipated. The filling of 9 posts had not yet been finalised at the time of reporting. In addition, some vacancies were filled through internal promotions which did not improve the employment rate.		
	Updated organisational structure in line with Departmental strategy and mandate	Approved structure	New indicator	0	0	1	-1	Appointments will be finalised in the new financial year. The creation of an infrastructure unit was approved and concurred with by the MP&SA. However, the remainder of the proposed structure had to be revised as additional funds could not be secured through the budgeting processes. A revised structure that is aligned with the budget was since approved and will be submitted for concurrence in the new financial year.		
	Access to email and internet	Percentage of network uptime	New indicator	90%	90%	95%	-			
	Cyber security	Cyber security measures implemented	New indicator	Data encryption	Device protection BYOD	Device protection BYOD	-			
	Disciplinary cases finalized timely	Percentage of disciplinary cases finalized within 90 days	New indicator	100%	100%	85%	+7%	The Department sought the presiding officers in advance. Opening negotiations with the trade unions yielded positive results.		
	Finalization of grievances timely	Percentage of grievances finalized within 30 days	New indicator	0%	0%	85%	-60%	Non availability of presiding officers impacted negatively on the targets. SMS members were trained in order to preside.		

Programme / Sub-programme: Corporate Services									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	
	Financial disclosures submitted	Percentage of designated employees that submit financial disclosures on time	New indicator	100%	100%	100%	-	-	
	Trained personnel	Percentage of employees included in the WSP trained	New indicator	New indicator	80%	0%	-80%	Challenges with the procurement of training providers resulted in training not taking place as planned. Procurement processes will be reviewed to address the challenges.	
	EHW Programmes	Number of EHW Programmes	New indicator	<ul style="list-style-type: none"> HIV & TB Health and productivity Management SHERC Wellness 	4	4	-	-	
	Online newsletters	Number of online newsletters	New indicator	2	2	2	-	-	

Programme / Sub-programme: Financial Management									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	
Sound and responsive management practices	Quality Interim Financial Statements	Average number of Provincial Treasury findings on Interim Financial Statements	9.3	6	9	5	-4	Although the deviation from planned target appears to be an under achievement, it is actually over achievement because the desired performance is a lower number of Provincial Treasury findings on Interim Financial Statements.	
	Quality IFS work-file	Provincial Treasury assessment score on accuracy and completeness of IFS work-file	96%	98%	95%	97%	+2%	The Department improved on the attachment of the supporting documentation recommended by the Provincial Treasury unit responsible for the assessments.	
	Improved Key Control Indicators Assessment	Percentage of Key Control Indicators at level 4 score on Provincial Treasury KCM assessment: Monthly assessment Quarterly assessment	88.4%	89%	89%	89%	-	The Department improved on the checking of the IFS and rectified according to the recommendations made by the Provincial Treasury unit responsible for the assessment.	
	Paid invoices	Percentage of invoices paid within 30 days	100%	100%	100%	100%	-	Short comings with regard to Internal Audit and Risk Management have been addressed which resulted in better than expected results.	

Strategy to overcome areas of under performance

The strategies to address the areas of under performance are provided in the reasons for deviations column of the tables above, where applicable.

Linking performance with budgets

The expenditure recorded under this programme amounted to R100.768 million (92.0%) against the allocated budget of R109.530 million. The main cost drivers in this programme are compensation of employees, Auditor General fees, centralised support services such as photocopy machines, IT support etc.

4.2 PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Purpose

The purpose 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 has the following six sub-programmes:

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

Outcomes

- Improved fiscal sustainability in provincial departments and public entities.
- FIDPM and IDMS institutionalised in the province for effective and efficient infrastructure delivery and management.
- Improvement in financial accountability in provincial departments and public entities.

Sustainable Resource Management plays a key role in achieving fiscal sustainability in the province both in terms of the budget of the province and monitoring of expenditure. Outputs expected from the programme include providing advice from an economic analysis perspective on policy decisions that will impact on the economic growth and fiscal position of the province, timeously preparing a budget that will support the provincial priorities and monitoring the implementation of the budget.

The outputs emanate from the Department's mandate to prepare and exercise control over the implementation of the provincial budget and promote and enforce transparency and effective management in respect of revenue and expenditure.

With regard to the management of the budget, through in-year monitoring processes and effective cash management the province was able to close the financial year with R39.611 billion or 98.7% of the adjusted budget of R40.118 billion (pre-audited) spent. The province underspent by R506.529 million or 1.3% of the adjusted budget.

In ensuring that budget and policy decisions remain firmly supported by evidence-based socio-economic research, the programme produced the following two research papers in the 2021/22 financial year. **The status of Free State Women participation in labour market**, analysing the status of women participation in the labour market in the Free State for the period of 2013 to 2021. The paper suggests ways of how to improve the stance of the economically active women and also recommends ways to encourage women who are outside the labour force to be economically active. **Addressing the triple challenge of poverty, inequality and unemployment** is an analysis of the Free State Province of South Africa's progress in combating poverty, inequality and unemployment over the past ten years with the objective of providing a comprehensive understanding of the dynamics of the triple challenge in the province. Furthermore, the programme produced key documents, namely; the Provincial Economic Review and Outlook (PERO), the Municipal Socio-Economic Review and Outlook (MERO) and the Medium Term Budget Policy Statement and four Quarterly Labour Market Reviews.

Own revenue processes were monitored and proper controls were implemented to promote optimisation of own revenue as well as to deal with deficiencies in the system.

Site visits were also conducted at collecting institutions. Regular engagements were conducted with departments aimed at enhancing and improving collection. According to preliminary figures, as at the end of the financial year, the province managed to collect R1.135 billion, i.e. 101.4% against the adjusted own revenue target of R1.120 billion. This was mainly generated from commission on insurance items, payments received from the Lesotho Government for referral patients at hospitals and lastly more demand on sales of tender documents, publications as well as more recoveries on departmental debts, more interest generated from investments, recoveries from outstanding bursary debt, write-off from the National Training Centre and demand for rental of capital assets.

For the 2021/22 financial year, compensation of employees (COE) amounted to 62.7% of the provincial budget. Payables and accruals as a percentage of the budget of the following year improved from the

baseline of 5.9% in 2019/20 to 5.6% in 2020/21 and further to 5.4% in the 2021/22 financial year.

With regard to programme's response to prioritising women, youth and persons with disabilities in its service delivery environment, Sustainable Resource Management does not provide services directly to the public. The programme provides professional advice and support on provincial economic analysis, fiscal policy, and the management of the annual budget process and the implementation of provincial budgets. Sustainable Resource Management conducted research on "The status of Free State Women participation in labour market", analysing the status of women participation in labour market in the Free State for the period of 2013 to 2021.

The tables that follow provide information on the outcomes, outputs, output indicators, targets and actual achievements for the programme for the year under review.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme / Sub-programme: Economic Analysis										
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations		
Improved fiscal sustainability in provincial departments and public entities	Research papers	Number of research papers	3	3	2	2	-	-		
	Publications	Number of publications produced	3	3	3	3	-	-		
	Quarterly Labour Market Reviews	Number of quarterly labour market reviews	4	4	4	4	-	-		

Programme / Sub-programme: Fiscal Policy										
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations		
Improved fiscal sustainability in provincial departments and public entities	Performance reports on Provincial Own Revenue (POR)	Number of reports on Provincial Own Revenue	12	12	12	12	-	-		
	Performance reports on Conditional Grants	Number of reports on Conditional Grants	12	12	12	12	-	-		
	Reports on non-financial performance of public entities	Number of reports on non-financial performance of public entities	4	4	4	4	-	-		

Programme / Sub-programme: Budget Management										
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations		
Improved fiscal sustainability in provincial departments and public entities	Reports on funded priorities	Number of reports on funded priorities	4	4	4	4	-	-		
	Timeous tabling of Appropriation Bill	Tabling of Appropriation Bill within legislated timeframe	1	2	1	1	-	-		
	Timeous tabling of Adjustment Appropriation Bill	Tabling of Adjustment Appropriation Bill within legislated timeframe	2	3	1	2	+1	The budget had to be adjusted due to additional allocations to the province as well as halted allocations by national departments.		

Programme / Sub-programme: Compensation										
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations		
Improved fiscal sustainability in provincial departments and public entities	Compensation of employees analysis reports	Number of analysis reports on spending on Personnel by provincial departments	4	4	4	4	-	-		
	Analysis reports on recruitment plans	Number of reports on the analysis of recruitment plans	New indicator	New indicator	1	1	-	-		
Programme / Sub-programme: Public Finance										
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations		
Improved fiscal sustainability in provincial departments and public entities	In-Year monitoring of expenditure	Number of IYM assessment reports	15	15	15	15	-	-		
	Monitoring of spending on infrastructure	Number of IRM assessment reports	12	12	12	12	-	-		
FIDPM and IDMS institutionalised in the province for effective and efficient infrastructure delivery and management	Monitoring of infrastructure projects	Number of infrastructure monitoring reports	4	4	4	4	-	-		
	Infrastructure progress review	Number of reports on quarterly infrastructure review	4	4	4	4	-	-		
	Infrastructure assessments reports	Number of departments assessed for infrastructure performance based incentive grant	New indicator	2	2	2	-	-		
	UAMP assessment	Number of UAMP assessment reports	New indicator	10	8	8	-	-		
	Custodian Asset Management Plan assessment	Number of Custodian Asset Management Plan assessment reports	New indicator	1	1	1	-	-		
	Infrastructure Progression Model assessment	Number of Infrastructure Progression Model assessment reports	New indicator	8	8	8	-	-		
Improvement in financial accountability in provincial departments and public entities	PRF Annual Financial Statements	Submission of Annual Financial Statements on PRF in accordance with the PFMA	14 June 2019	25 August 2020	1	1	-	-		

Strategy to overcome areas of under performance

The strategies to address the areas of under performance are provided in the reasons for deviations column of the tables above, where applicable.

Linking performance with budgets

The Sustainable Resource Management spent 92.4% of its allocated budget of R50,237 million. The functions of the programme are human resource intensive and compensation of employees is therefore the main cost driver.

The programme underspent with R3,823 million mainly due to the Estimates of Revenue and Expenditure books that were only partially delivered in March 2022. Postponements with the approval caused delays with the supplier and the invoice could not be paid within the current financial year.

Sub-programme expenditure

Sub-Programme Name	2021/2022		2020/2021		(Over)/Under Expenditure	R'000
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure		
Programme Support	2 107	1 908	1 971	1 753		218
Economic Analysis	6 973	6 316	6 391	5 957		434
Fiscal Policy	9 154	8 687	8 390	8 294		96
Budget Management	14 932	13 411	13 756	13 371		385
Public Finance	15 858	14 950	15 133	14 892		241
Compensation	1 213	1 142	1 130	1 067		63
Total	50 237	46 414	46 771	45 334		1 437

Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

Provincial Treasury does not have concurrent functions and therefore does not have approved standardised outputs and output indicators.

Reporting on the Institutional Response to the COVID-19 Pandemic

Sustainable Resource Management was not responsible for directly responding to the COVID-19 pandemic.

Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ District/ local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the APP Outputs in the APP (where applicable)	Immediate outcomes
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4.3. PROGRAMME 3: ASSET AND LIABILITIES MANAGEMENT

Purpose

The purpose of this programme is to provide policy direction, facilitate the effective and efficient management of assets, liabilities and financial management systems and procure transversal and cross-cutting goods and services.

The Programme has the following sub-programmes:

- Programme Support
- Asset Management
- Supporting and Interlinked Financial Systems

Outcomes

- Improvement in financial accountability in provincial departments and public entities

Towards improving financial accountability in provincial departments and public entities, the Asset and Liabilities Management Programme facilitated SCM capacity building programmes in departments and entities and provided in-house training to suppliers and SCM practitioners within the SCM environment.

The programme also focused on strengthening oversight on the implementation of SCM and asset management within departments and entities. During the period under review the Asset and Liabilities Management programme assessed departments and public entities on their level of compliance on the implementation of SCM systems, practices and reporting requirements. The departments and public entities were assessed based on areas such as:

- Submission and reporting of quarterly procurement plans.
- Reporting of 70% procurement spent on Small, Medium and Micro Enterprise.
- Deviations from procurement processes.
- Reporting on payment of invoices within 30 days.
- Advertisement and publication of bids.

Fifty-two SCM monitoring reports, with recommendations, were issued to accounting officers of departments and public entities.

To strengthen asset management in the province, the Programme monitored the internal control systems of departments, trading and public entities with regard to physical asset management as well as to determine whether they have adequate and effective measures in place to ensure that assets are adequately maintained and safeguarded against theft and damages, whether asset registers exist and comply with the minimum requirements and whether it is properly maintained and regularly updated.

To ensure that users of transversal systems had access to BAS, the BAS terminal servers were monitored on a continuous basis to be proactive when errors occur. On average for the 2020/21 financial year, BAS terminal servers were available for 99.93% of working hours. With regard to functional and technical support requested by the users of transversal systems, on average, 99.16% of calls were responded to within 16 working hours. Continuous monitoring of the system for logged calls enabled officials to timeously respond to calls.

With regard to the training of users on transversal systems (BAS, PERSAL and LOGIS), because of the nature of the training and the risk posed by Covid-19, the Department realised that training could not take place and the output target had to be revised to zero during the financial year.

The Annual Performance Plan for 2021/22 was amended accordingly and submitted to the Legislature.

Payment of suppliers within the stipulated 30 days has always been a concern for the Province given the role that government procurement plays in the empowerment of SMMEs. There has been a significant improvement with regard to the payment of suppliers within 30 days. Asset and Liabilities Management continued to play an oversight role in monitoring the payment of the invoices on a monthly basis and also established and implemented a grievance procedure to assist service providers. By the end of April 2021 the province had 5 831 invoices to the value of R357, 528, 937.46 that were older than 30 days. This however improved to 4 748 invoices to the value of R202 981 127.94 at the end of March 2022.

With regard to the programme's response to prioritising women, youth and persons with disabilities in its service delivery environment, the programme does not provide services directly to the public. It provides policy direction, facilitate the effective and efficient management of assets, liabilities and financial management systems and procure transversal and cross-cutting goods and services. The programme monitors the extent to which public procurement in the Province goes to women-owned business and entities.

The tables that follow provide information on the outcomes, outputs, output indicators, targets and actual achievements for the programme for the year under review.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme / Sub-programme: Asset Management										
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations		
Improvement in financial accountability in provincial departments and public entities	SCM Compliance assessment reports to departments and entity	Number of SCM assessment reports	52	52	52	52	-	-		
	Annual procurement plan assessment reports	Number of annual procurement plan assessment reports	1	13	13	13	-	-		
	Assessment of implementation of transversal contracts	Number of reports on assessment of transversal contracts	4	4	4	4	-	-		
	30 days payment of suppliers	Number of reports on invoices not paid within 30 days	12	12	12	12	-	-		
	Asset monitoring reports	Number of assets monitoring reports	45	36	56	56	-	-		
	Asset management KPI reports	Number of reports on asset management KPI	New indicator	36	48	48	48	-	-	

The Supporting and Interlinked Financial Systems Sub-programme revised the annual target for one output indicator during the financial year. Details are set out in the table below.

Programme / Sub-programme: Supporting and Interlinked Financial Systems									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022 until date of re-tabling	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improvement in financial accountability in provincial departments and public entities	Trained users of transversal systems (BAS, PERSAL and LOGIS)	Number of users trained on transversal systems (BAS, PERSAL and LOGIS)	1120	0	300	0	N/A	N/A	The annual target had to be adjusted downward due to training that could not take place during the 1 st and 2 nd quarters as a result of the lockdown and also because budget constraints did not allow for the changing of the training facilities to be COVID-19 regulation safe and accessible. Furthermore, experience had shown that it is difficult to present training courses during December and January because officials take leave during these months and in March departments are usually more focused on the financial year closure and do not avail officials for training. This, together with the uncertainty of a possible fourth wave made the planning and preparations for courses challenging. The target was therefore amended from 300 to zero in the revised APP that was submitted to the Legislature.

Programme / Sub-programme: Supporting and Interlinked Financial Systems									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improvement in financial accountability in provincial departments and public entities	Access to BAS	Percentage of 8 working hours that the BAS terminal servers are available	99.72% of 8 working hours	99.99% of 8 working hours	95%	99.93%	+4.93%	BAS Terminal servers are pro-actively monitored to prevent downtime.	
	Functional and technical support to users of transversal systems	Percentage of requests for technical and functional support responded to within 16 working hours	98.48% of calls responded to within 8 working hours	98.98%	97%	99.16%	+2.16%	Officials do not to rely only on e-mail notifications of calls but they log into the system three times per day to respond to logged calls.	
	Trained users of transversal systems (BAS, PERSAL and LOGIS)	Number of users trained on transversal systems (BAS, PERSAL and LOGIS)	1120	0	0	0	-	-	

Strategy to overcome areas of under performance

The strategies to address the areas of under performance are provided in the reasons for deviations column of the tables above, where applicable.

Linking performance with budgets

The expenditure recorded under Asset and Liabilities Management amounted to R68.024 million (91.8%) against the allocated budget of R74.094 million. The major cost drivers are compensation of employees and SITA fees for transversal systems.

The programme underspent with R6.070 million mainly due to the SITA account for which provision was made but not all invoices were received as well as COVID-19 related PPE payments that could not be done due to processes that are still underway to deal with findings of the SIU and an order from the Special Tribunal with regard to the procurement of some of the COVID-19 PPE in the previous financial year.

Sub-programme expenditure

Sub- Programme Name	2021/2022		2020/2021		Actual Expenditure	(Over)/Under Expenditure	R'000
	Final Appropriation	R'000	Final Appropriation	R'000			
Programme Support	5 469	3 285	2 184	241 419	240 600	819	
Asset Management	9 714	8 906	808	21 610	21 552	58	
Support and Interlinked Financial Systems	58 911	55 833	3 078	56 199	55 530	669	
Total	74 094	68 024	6 070	319 228	317 682	1 546	

Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

Provincial Treasury does not have concurrent functions and therefore does not have approved standardised outputs and output indicators.

Reporting on the Institutional Response to the COVID-19 Pandemic

Asset and Liabilities Management was not responsible for directly responding to the COVID-19 pandemic.

Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ District/ local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4.4. PROGRAMME 4: FINANCIAL GOVERNANCE

Purpose

The purpose of this programme is to promote accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standards.

The Programme has the following sub-programmes:

- Accounting Services
- Provincial Risk Management and Internal Audit

Outcomes

- Improvement in financial accountability in provincial departments and public entities.

To improve financial accountability, Financial Governance worked towards improving the quality of financial statements and reducing the number of audit findings. The audit process for the 2020/21 financial year was still negatively impacted by the challenges from the COVID-19 pandemic. However, despite these challenges, all provincial departments, public/trading entities and other funds submitted the required documents related to the annual financial statements and draft annual reports in terms of sections 40 and 55 of the PFMA by the end of May 2021 to AGSA.

Financial Governance assessed quarterly interim financial statements, draft AFS and work files of all departments and entities and detailed assessment reports were provided to accounting officers and CEOs for consideration of the findings and rectifications before submission of the unaudited AFS to AGSA. A total of 973 findings were raised by Financial Governance with the assessment of interim and draft annual financial statements for the 2020/21 financial year of which 904 (93%) were

resolved by departments and entities by the end of the 2020/21 financial year, which contributed to the quality of the financial statements submitted to AGSA. Assessment reports were also forwarded to chief audit executives and chairpersons of audit committees for their information and enhancement of their oversight role.

To improve the completeness and accuracy of the financial statements submitted to AGSA, the programme also processed journals for ten departments and two trading entities.

The programme assessed key controls through the Key Control Matrix to promote compliance with the PFMA. The monthly and quarterly Key Control reporting was introduced more than ten years ago and over the years it has been amended to ensure that it is a comprehensive reporting mechanism consisting of disciplines that covers all functional areas. The disciplines are reviewed on an annual basis to incorporate the latest findings by the AGSA.

The programme also had bilaterals with departments and entities during the 4th quarter of the 2021/22 financial year to engage on the status of the implementation of the remedial actions related to the prior year audit findings, uncorrected misstatements and areas of poor performance with the KCM reporting related to PFMA compliance. It was important to have these bilaterals prior to the preparation of the 2021/22 AFS and commencement of the audit process.

Financial Governance implemented direct recoveries from PMG accounts of relevant departments on Interdepartmental claims not paid within 30 days and furthermore issued monthly intervention letters to National Treasury (related to national departments) and other provinces on outstanding interdepartmental claims.

Financial Governance is also responsible for promoting and improving risk management and internal audit practices in the province. The assessment of risk management and internal audit activities in departments aims to provide information on the capacity and effectiveness of governance structures which play a key role in ensuring a healthy control environment in departments.

The programme assessed the adequacy, compliance and effectiveness of Risk Management strategies and Internal Audit activities in the province and reported to the accounting officers, chief executive officers, accounting authorities and executive authorities. These assessments enabled one of the departments to undergo External Quality Assurance and obtain General Compliance as required by the Institute of Internal Audit Standards.

Risk Management Committees and Audit Committees are instrumental in the improvement of sound financial management in our institutions and the departments and public entities have appointed these governance structures to assist in enhancing sound governance. As part of ensuring that Audit Committee services are enhanced and professionalised, the programme facilitated the appointment of the following Shared Audit Committees:

- Office of the Premier together with Provincial Treasury;
- Public Works and Infrastructure together with Police, Roads and Transport; and
- Social Development together with Sport, Arts, Culture and Recreation.

Provincial Treasury facilitated the rollout of the National Anti-Corruption Strategy (NACS) and Lifestyle Audits. The programme had awareness sessions with departments and public entities to ensure that they align their relevant strategic documents with the National Anti-Corruption

Strategy and Lifestyle Audit strategy. Bilaterals on Anti-Fraud Awareness follow-up sessions were held from 23 to 25 March 2022 to determine the status of aligning the strategic documents to these strategies.

With regard to programme's response to prioritising women, youth and persons with disabilities in its service delivery environment, the Financial Governance Programme does not provide services directly to the public. It promotes accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standards.

The tables that follow provide information on the outcomes, outputs, output indicators, targets and actual achievements for the programme for the year under review.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme / Sub-programme: Accounting Services									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	
Improvement in financial accountability in provincial departments and public entities	Assessment of interim and annual financial statements and work files to promote the quality of financial statements	Number of reports on assessment of IFS, draft AFS and work files	4	3	4	4	-	-	
	Annual Report of consolidated financial statements	Annual Report of consolidated financial statements submitted to legislature as prescribed by the PFMA	Annual Report 31 October 2019	Annual Report Not submitted	1	2	+1	In addition to the Annual Report of consolidated financial statements for the 2020/21 financial year, the Annual Report of consolidated financial statements for the 2019/20 financial year was also submitted to the Legislature during the 2021/22 financial year due to delays with the finalisation of the regularity audits of departments, entities and the PRF.	
Monthly and Quarterly Key Control Matrix assessments for departments and entities to promote compliance with legislative requirements	Monthly and Quarterly Key Control Matrix assessments for departments and entities to promote compliance with legislative requirements	Number of Consolidated Monthly and Quarterly Key Control Matrix assessment reports	19	17	19	19	-	-	

Programme / Sub-programme: Provincial Risk Management and Internal Audit									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	
Improvement in financial accountability in provincial departments and public entities	Bi-annual assessment of departments and entities to promote compliance with Risk Management legislation and Fraud Risk Assessments	Number of consolidated assessment reports on Risk Management	2	2	2	2	-	-	
	Bi-annual assessment of departments and public entities to promote compliance with Internal Audit legislation	Number of consolidated assessment reports on Internal Audit	2	1	2	2	-	-	
	Training sessions to build capacity and promote Risk Management and Internal Audit for provincial departments and entities	Number of training sessions relating to Risk Management and Internal Audit matters	2	2	2	3	+1	The target was exceeded because of training that was planned for the previous financial year that could only be presented in May 2021 due to COVID-19.	
	International and District Fraud Awareness Sessions	Number of Fraud Awareness Sessions	5	3	5	5	-	-	

Strategy to overcome areas of under performance

The strategies to address the areas of under performance are provided in the reasons for deviations column of the tables above, where applicable.

Linking performance with budgets

Financial Governance spent R25.683 million or (95.8%) against the allocated budget of R26.798 million. The functions of this programme are human resource driven hence the main cost driver is compensation of employees.

The programme underspent with R1.115 million mainly due to the non-filling of a vacancy and the lower spending on travel and subsistence due to COVID-19 restrictions and engagements that were held through digital platforms.

Sub-programme expenditure

Sub- Programme Name	2021/2022				2020/2021		
	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	3 193	3 030	163	2 731	2 600	131	
Accounting Services	16 175	15 860	315	18 866	18 397	469	
Risk Management and Internal Audit Provincial	7 430	6 793	637	7 346	7 029	317	
Total	26 798	25 683	1 115	28 943	28 026	917	

Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

Provincial Treasury does not have concurrent functions and therefore does not have approved standardised outputs and output indicators.

Reporting on the Institutional Response to the COVID-19 Pandemic

Financial Governance was not responsible for directly responding to the COVID-19 pandemic.

Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ District/ local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4.5. PROGRAMME 5: MUNICIPAL FINANCE MANAGEMENT

Purpose

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

The Programme has the following sub-programmes:

- Thabo Mofutsanyana District
- Fezile Dabi District
- Lejweleputswa District
- Xhariep District
- Municipal Risk Management and Internal Audit
- Municipal Supply Chain Management and Compliance

Outcomes

- Improved fiscal sustainability in municipalities
- Improvement in financial accountability in municipalities

The programme supports National Treasury in the enforcement of MFMA. It monitors compliance with the Act as well as the preparation by municipalities of their budgets and the outcome thereof. The programme also assists municipalities and build capacity in all aspects relating to financial management.

Technical support was provided to municipalities with a view to ensuring, amongst other, that the correct budget schedules were used, data strings reconciled to original sources of budget documents, adherence to municipal budget and reporting regulations and the submission of gazettes, divisions of revenue bill and documents.

Funding analysis was conducted and municipalities were supported with funding plans and compliance to the Municipal Budget and Reporting Regulations. Budgets were tested for compliance, relevance and funding during the draft budget stage and inputs were communicated to municipalities to factor into their final budgets.

Provincial Treasury and COGTA played a key role as part of the intergovernmental steering committees to resolve challenges with regard to debt owed to bulk service providers such as Eskom and water boards.

Together with COGTA, hands-on support was provided to municipalities during the audit process to assist them to improve their audit outcomes. Furthermore, an Audit Task Team has been established comprising of the senior managers in the Municipal Finance Management (MFM) programme, Deputy Directors responsible for accounting and the office of the HOD. The Acting Head of Department and management of the MFM programme engaged the AGSA on common findings and agreement was reached on issues such as availability charges, Eskom disclosure and organs of state disclosure.

Whilst the audits of only 15 of the 22 delegated municipalities and the metropolitan municipality for the 2020/21 financial year were finalized at the time of reporting, there appears to be some improvement in terms of the number of qualification paragraphs. The audits that have been finalised resulted in six unqualified with findings and ten qualified audit opinions with one district municipality as well as the metropolitan municipality improving from a qualified to unqualified with findings opinion. There has also been a steady decrease in the number of disclaimers and adverse opinions. For the 2019/20 financial year, there were three disclaimers and for 2020/21, no disclaimers were recorded at the time of reporting.

Note should be taken that some audits are still to be finalized.

It remains a challenge to ensure that all municipalities submit financial statements on time. The Department will continue with its efforts to support municipalities in this regards. The number of municipalities that submitted annual financial statements on time regressed slightly from 14 municipalities in 2020 to 11 municipalities in 2021.

The programme provided support for functioning Risk Management and Internal Audit Committees by attending the committee meetings as well as the audit steering committee meetings leading to the finalisation of audits by the Auditor General. All 22 Risk Management and Internal Audit Functionality Assessment reports were finalised and sent to municipalities.

The programme further provided specialised support to municipalities in terms of assets, accounting services, budgets and revenue management. Compliance in terms of reporting has improved from 84% in July 2021 to 94.2% in October 2021.

Municipal Finance Management also provided training to some municipalities on bid committees and contract management.

Cost containment policies; unauthorised, irregular, fruitless and wasteful policies; SCM policies; quarterly SCM implementation reports and procurement plans were evaluated and feedback provided to the municipalities.

Provincial Treasury, in partnership with COGTA and SALGA commenced with Integrated Councillor Portfolio training for newly elected councillors in order to support them in areas of oversight leadership in respect of key portfolio committees, legislation that is applicable to local government, municipal budget processes and mSCOA and service delivery.

With regard to the programme's response to prioritising women, youth and persons with disabilities in its service delivery environment, Municipal Finance Management does not provide services directly to the public. The purpose of this programme is to improve the state of financial governance and management at local government level. It renders services to municipalities in terms of the functions and powers assigned to it in terms of Section 5 of the Municipal Finance Management Act, 2003 (Act 56 of 2003).

The tables that follow provide information on the outcomes, outputs, output indicators, targets and actual achievements for the programme for the year under review.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

The Municipal Finance Management programme revised the annual target for one output indicator during the financial year. Details are set out in the table below.

Programme / Sub-programme: Municipal Finance Management									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022 until date of re-tabling	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved fiscal sustainability in municipalities	Preventative Control Measures (PCM) programme	Number of municipalities supported on PCM programme	New Indicator	2	2	0	N/A	N/A	The allocation for the Municipal Support Programme, from which the PCM programme is funded, was cut with R1million in the Adjustment Budget. The funds were reprioritised towards the Department of Public Works and Infrastructure for payment of municipal services. The annual target was therefore reduced from two municipalities to one in the revised APP that was submitted to the Legislature.

Programme / Sub-programme: Municipal Finance Management									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	
Improved fiscal sustainability in municipalities	Assessment of final budgets received for compliance with MBRR	Number of consolidated budget assessment reports	1 Consolidated report	1	1	1	-	-	
	Monitoring and reporting on the state of municipalities' budget	Number of Section 71 (7) reports published	4 Publications	4	4	4	-	-	
	Preventative Control Measures (PCM) programme	Number of municipalities supported on PCM programme	New Indicator	2	1	0	-1	The support to the municipality depended on an audit to be conducted by an expert from an independent panel. The panel could however not be appointed on time and the audit was not concluded. The appointment of the panel of experts will be concluded in the new financial year where after the programme will continue.	
Improvement in financial accountability in municipalities	Municipalities monitored on audit action plans	Number of consolidated reports on monitoring of audit action plans	2 Consolidated progress reports	1	2	2	-	-	
	Monitoring reports on submission of AFS to AG	Number of consolidated reports on submission of AFS to AGSA	1 Consolidated report	1	1	1	-	-	
	Support provided to municipalities to improve SCM compliance	Number of municipalities supported on SCM compliance	22	20	22	19	-3	Not all municipalities submitted information that was requested for evaluation. Communication with municipalities to be improved and non-compliance matters escalated.	
	Assessment of and support provided to municipalities on Internal Audit and Risk Management	Number of municipalities assessed and supported on Internal Audit and Risk Management	22	22	22	22	-	-	
	Internal Audit and Risk Management training	Number of training sessions on Internal Audit and Risk Management	1	2	2	2	-	-	
	Reports on municipal financial recovery plans	Number of reports on municipal financial recovery plans	New Indicator	New Indicator	2	1	-1	One report was replaced by a report to the Deputy Minister of Finance on the MFRS in Mangaung.	

Strategy to overcome areas of under performance

The strategies to address the areas of under performance are provided in the reasons for deviations column of the tables above, where applicable.

Linking performance with budgets

The expenditure recorded under Municipal Finance Management amounted to R39.246 million (88.3%) against the allocated budget of R44.449 million. The functions in this programme are human resource intensive and a main cost driver is compensation of employees.

The programme underspent with R5.203 million mainly due to the non-filling of vacancies and the lower spending on travel and subsistence due to COVID-19 restrictions and engagements that were held through digital platforms. The programme also did not implement the MSCOA training at municipality level as planned within the earmarked allocation.

Sub-programme expenditure

Sub- Programme Name	2021/2022			2020/2021		
	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	10 095	7 300	2 795	8 037	5 899	2 138
Thabo Mofutsanyana District	7 365	7 054	311	6 936	6 907	29
Fezile Dabi District	5 341	4 753	588	5 146	4 884	282
Lejweleputswa District	5 897	5 624	273	5 865	5 759	106
Xhariep District	4 853	4 687	166	4 761	4 712	49
Municipal Risk Management and Internal Audit	4 768	4 272	496	4 233	3 979	254
Municipal SCM and Compliance	6 130	5 556	574	6 462	6 396	66
Total	44 449	39 246	5 203	41 440	38 516	2 924

Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

Provincial Treasury does not have concurrent functions and therefore does not have approved standardised outputs and output indicators.

Reporting on the Institutional Response to the COVID-19 Pandemic

Municipal Finance Management was not responsible for directly responding to the COVID-19 pandemic.

Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ District/ local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

5

TRANSFER PAYMENTS

5.1 Transfer payments to public entities

The table below reflects the transfer payments made for the period 1 April 2021 to 31 March 2022

Name of Public Entity	Key Outputs of 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 2021 to 31 March 2022

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Ngwathe Local Municipality	Municipality	Revenue enhancement projects, procurement of split meters for water and electricity.	Yes	R1 750	None	Finalising meter audit report with technical services to quantify outstanding meters. Installation will be completed by end June 2022.
Phumelela Local Municipality	Municipality	Revenue enhancement projects, procurement of split meters for water and electricity.	Yes	R1 750	R1 750	N/A

The table below reflects the transfer payments which were budgeted for in the period 1 April 2021 to 31 March 2022, 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 detail/s the conditional grants and earmarked funds paid by the department.

Conditional Grant 1

Department/ Municipality to whom the grant has been transferred	Ngwathe Local Municipality
Purpose of the grant	Revenue enhancement projects, procurement of split meters for water and electricity.
Expected outputs of the grant	Enhancement in revenue collection.
Actual outputs achieved	No meters installed yet.
Amount per amended DORA	R1 750
Amount transferred (R'000)	R1 750
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	None
Reasons for the funds unspent by the entity	Finalising meter audit report with technical services to quantify outstanding meters. Installation will be completed by end June 2022.
Monitoring mechanism by the transferring department	Monthly reporting to Provincial Treasury.

Conditional Grant 2

Department/ Municipality to whom the grant has been transferred	Phumelela Local Municipality
Purpose of the grant	Revenue enhancement projects, procurement of split meters for water and electricity.
Expected outputs of the grant	Enhancement in revenue collection.
Actual outputs achieved	Multi-year agreement with Eskom. 3492 electricity meters installed to date. Paying outstanding balance owed to Eskom.
Amount per amended DORA	R1 750
Amount transferred (R'000)	R1 750
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R1 750
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	Monthly reports to Provincial Treasury.

6.2 Conditional grants and earmarked funds received

The table/s below details the conditional grants and ear marked funds received during for the period 1 April 2021 to 31 March 2022.

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 (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	2021/2022			2020/2021		
	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
N/A	-	-	-	-	-	-



PART C

GOVERNANCE

1 INTRODUCTION

The Department is committed to maintain the highest standards of governance in 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 2021/22 financial year.

A detailed risk assessment for the Department for the 2021/22 financial year was performed during February and March 2021. The Risk Assessment Report for the 2021/22 financial year 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 10% of risks resolved at the end of the financial year.

3 FRAUD AND CORRUPTION

The Department has an approved Fraud Management Strategy, 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 awareness campaigns such as fraud and corruption workshops, whistle blowing awareness, posters, fraud articles and fraud risk assessments. For the 2021/22 financial year the Department did not have any reported 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.

The Department distributed awareness posters, which outlines the fraud and corruption reporting process should anyone suspect fraudulent or corrupt activities, to all Provincial Treasury officials by an e-mail and it is also placed on the intranet. The Department has an approved Whistle-Blowing Policy that clearly outlines protection of the whistle blowers.

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

All procurement transactions are subjected to DPSA employee verification to confirm that Provincial Treasury is not conducting business with officials working for organs of state.

All SCM officials sign the Code of Conduct and declare interests at the beginning each of the financial year. As part of the Code of Conduct, SCM Officials undertake to declare conflict of interests on any matter that may arise.

Where a conflict of interest arises, the affected party is barred from participating in the processes of decision-making/influence.

Ethics is a standing agenda item in all SCM meetings to create awareness on the importance of ethical conduct by all SCM officials.

All SCM role players (bid committees, etc.) sign and declare conflict of interest that may arise in the conduct of their business within the Department. Where a conflict of interest arises, the affected party is barred from participating in the processes of decision-making/influence.

Designated officials are disclosing their financial interests to the Public Service Commission and DPSA in terms of the 2016 Public Service regulations.

Employees must obtain prior written consent from EA/AO to perform remunerative work outside the public service.

Currently no conflict of interest has been identified in the Department.

5 CODE OF CONDUCT

Capacity building sessions on the Public Service Code of Conduct are conducted for the employees. For the 2021/22 financial year, due to the COVID-19 restrictions, the session was held virtually. Employees got capacitated on the different legislations governing their employment. These sessions assist in the lowering and management of conflict and grievances.

In an event of the breach of the Code of Conduct, the Department follows PSCBC Resolution 1 of 2003 (Disciplinary Code and Procedure for the Public Service).

6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Section 9 of the Occupational Health and Safety Act 85 of 1993 indicates the general duties employer, amongst other to safeguard the health and safety of employees, visitors, contractors, and any other people entering the workplace.

- There is an evacuation plan developed by Department of Public Works and Infrastructure.
- The emergency escape routes are clear, identifiable and accessible.
- Clear guidance and training provided to departmental marshalls.
- First aiders provided.

A challenge, amongst other, is that the Free State Provincial Treasury is not responsible for maintenance in the two buildings, as it relies on the Department of Public Works and Infrastructure for ensuring safety in both the Fidel Castro and Tsebo buildings. This poses a serious legal onus to the Head of Department in terms of section 16.1 or 16.2. of the Act.

7 ACCESS TO INFORMATION

For the 2021/22 financial year the Department received one request as per the Promotion of Access to Information Act (PAIA). The request was answered fully within the 30 days that is prescribed in the applicable legislation.

8 PORTFOLIO COMMITTEES

The Department attended the following Portfolio Committee meetings:

Date	Matters discussed
17 August 2021	Annual Performance Plan for the 2021/22 financial year Annual Report for the 2019/20 financial year
16 November 2021	1 st and 2 nd Quarter Expenditure Reports for the 2021/22 financial year
26 November 2021	Adjustment Appropriation Bill
11 March 2022	Appropriation Bill 2022

9 PROPAC RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
Resolution 6 of 2018 (b)	Supply Chain Management	Fill the critical posts in the Supply Chain Management Unit	The post of Director: SCM was filled by means of a transfer with effect from 1 May 2021. The post of Deputy Director was also filled through a transfer with effect from 1 October 2021.	Yes
Resolution 20 of 2018 (a) (transversal)	Supply Chain Management	Ensure that SCM units are fully capacitated	The post of Director: SCM was filled with effect from 1 May 2021.	Yes
Resolution 9 of 2020	Irregular expenditure	The Portfolio Committee resolved that the Accounting Officer should ensure that effective investigation of the prior year irregular expenditure should be completed to ensure that the root causes of non-compliance are identified and effective steps are taken to ensure that it does not re-occur.	The matter was investigated by PWC in terms of the Irregular Expenditure Framework and a report received. In accordance with the recommendation, the Department is currently engaging SITA to assess the cost of the FSSMS to determine whether a loss has been incurred. Root causes were identified by PWC in the investigation report. Provincial Treasury addressed these are follows: <ul style="list-style-type: none"> • Training of SCM officials takes place on an ongoing basis • The SITA Act was distributed to officials for awareness and a reminder that IT-related procurement should be done through SITA • The procurement of the system took place in the 2014/15 financial year and since then there has not been any instance where IT-related procurement was not done through SITA. • The Department addresses anti-competitive behaviour by limiting briefing sessions and thus restricting opportunities for potential bidders to have contact. 	No

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
N/A	-	-

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.
- Maintained 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

The role of internal audit is to provide independent assurance that the department's risk management, governance and internal control processes are operating effectively. In order to attain this role, the below key activities and objectives should be realised, that is to evaluate and review:

- Adequacy and effective use and safe guarding of resources;
- Adequacy and effectiveness of system of internal control employed;
- Completeness, reliability and usefulness of performance information;
- Reliability and integrity of financial information;
- Advisory and consulting services to the department;
- Effectiveness of risk management, fraud and ethics management;

Summary of audit work done

Departmental Internal Audit Activity reported administratively to the Acting Head of the Department and functionally to the Shared Audit Committee. Work performed during the financial year was reported to the Shared Audit Committee on quarterly basis. A total of 27 audit projects were completed and four are at reporting stage as at 31 March 2022. These audit projects are listed below:

Period Planned	No.	Project Code	Auditable Area	Status
First quarter	1.	2122-001	Information Technology	Completed
	2.	2122-002	Annual Financial Statements	Completed
	3.	2122-003	Economic Analysis	Completed
	4.	2122-004	Performance Information fourth quarter	Completed
	5.	2122-005	Corporate Services (OD)	Completed
	6.	2122-006	Security Services	Completed
	7.	2122-032(1)	AGSA Direct Assistance	Completed
Second quarter	8.	2122-007	Provincial Supply Chain Management	Completed
	9.	2122-032(2)	Provincial Banking Contract	Completed
	10.	2122-008	Municipal District: Fezile Dabi	Completed
	11.	2122-009	Municipal District: Xhariep	Completed
	12.	2122-010	Municipal District: Lejweleputswa	Completed
	13.	2122-011	Municipal District: Thabo Mofutsanyane	Completed
	14.	2122-012	Performance Information: first quarter	Completed
	15.	2122-013	Interim Financial Statements: first quarter	Completed
Third quarter	16.	2122-014	Governance	Completed
	17.	2122-015	Strategic Planning	Completed
	18.	2122-016	Departmental Asset Management	Completed
	19.	2122-017	Departmental Supply Chain Management	Completed
	20.	2122-018	Asset Management: Provincial	Completed
	21.	2122-019	Departmental Risk Management	Completed
	22.	2122-020	Performance Information: second quarter	Completed
	23.	2122-021	Interim Financial Statements: second quarter	Completed
	24.	2122-022	Public Finance and Financial Asset Management	Reporting
	25.	2122-023	Municipal Risk Management and Internal Audit	Completed
Fourth quarter	26.	2122-024	Internal Audit Issues	Completed
	27.	2122-025	Performance Information: third quarter	Completed
	28.	2122-026	Transfers	Reporting
	29.	2122-027	Financial Accounting	Reporting
	30.	2122-028	Supporting and Interlinked Financial Systems	Reporting
	31.	2122-030	AGSA Management/Audit letter	Completed

Key activities and objectives of the audit committee

Shared Audit Committee has been appointed in line with section 76 of PFMA, read in conjunction with section 3.1.3 and it is established to provide oversight on overall functions of the Department.

The Committee performs its oversight function in line with Treasury Regulations section 3.1.0 and 3.1.3 and approved Shared Audit Committee Charter. Key activities, amongst others is to review:

- Evaluation of the annual financial statements;
- Effectiveness of the internal control systems;
- Effectiveness of the internal audit function;
- Risk areas of the institution's operations to be covered in the scope of internal and external audits;
- Adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- Accounting and auditing concerns identified as a result of internal and external audits;
- Department's compliance with legal and regulatory provisions; and
- Activities of the internal audit function, including its annual work programme, coordination with the external auditors;
- Reports of significant investigations and the responses of management to specific recommendations; and
- Quality of in-year management and monthly/quarterly reports submitted in terms of the Act and the Division of Revenue Act.

Attendance of audit committee meetings by audit committee members

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	No. of Meetings attended
Ms T Mngeta: Chairperson	B. Com Accounting	External	N/A	01/03/2018	30/09/2021	4
Mr J Emslie	B. Com; Post Graduate Diploma in Accountancy; CA(SA)	External	N/A	01/03/2018	30/09/2021	2
Ms T Segoe-Backward	B. Luris and LLB; Post Graduate Diploma in Drafting and interpreting contracts.	External	N/A	01/03/2018	30/09/2021	4
Ms D Semppe	B. Com General; B. Compt Honours; and M. Com Forensic Accounting.	External	N/A	01/03/2018	30/09/2021	4
				01/10/2021	Current Term	2
Mr G Higgings: (Interim Chairperson)	B. Com (Hon) CA(SA)	External	N/A	01/10/2021	Current Term	2
Advocate J C Weapond	Bachelors of Laws (LLB)	External	N/A	01/10/2021	Current Term	2

13. AUDIT COMMITTEE REPORT

Legislative requirements

The Audit Committee herewith presents its report for the financial year ended 31 March 2022, as required by section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999) read with Treasury Regulation 3.1.13.

Audit committee members and attendance

The Audit Committee was established in accordance with section 38(1)(a)(ii) and 77 of the PFMA and section 3.1.3 of Treasury Regulations. The audit committee charter requires that the audit committee comprises of a minimum of at least four members who are outside the public service.

Previous Audit Committee members:

Name	Qualifications	Term	Number of meetings attended
Ms T Mngqeta: Chairperson	B.Com Accounting	1 March 2018 – 30 September 2021	4
Mr J Emslie	B. Com; Post Graduate Diploma in Accountancy; CA(SA)	1 March 2018 – 30 September 2021	2
Ms T Segoe-Backward	B. Luris and LLB; Post Graduate Diploma in Drafting and interpreting contracts.	1 March 2018 – 30 September 2021	4
Ms D Semppe	B. Com General; B. Compt Honours; and M.Com forensic Accounting.	1 March 2018 – 30 September 2021	4

Current Audit Committee:

Name	Qualifications	Date appointed	Number of meetings attended
Mr G Higgins: (Interim Chairperson)	B. Com (Hon) CA(SA)	18 October 2021	2
Advocate J C Weapond	Bachelors of Laws (LLB)	18 October 2021	2
Ms D Semppe	B. Com General; B. Compt Honours; and M.Com Forensic Accounting.	18 October 2021	2

Dr P Tondi was appointed on the 25 May 2022.

The term of the previous members of the Audit Committee came to end on 30 September 2021 and the new Audit Committee was appointed with effect from 18 October 2021. The previous Audit Committee was constituted of four members, including the chairperson, Ms T Mngqeta and the current Audit Committee is composed of four members, including interim chairperson, Mr G Higgins.

In terms of section 77(b) of the PFMA, the Audit Committee must meet at least twice a year and the approved Audit Committee as may be required. During the financial year ended 31 March 2022, the Audit Committee met in six occasions. The table below shows the attendance of these meetings for the previous and current Audit Committees:

The members of the Audit Committee held meetings with the accounting officer, senior management of the Provincial Treasury internal audit function and AGSA, collectively and individually, on matters related to governance, internal control and risk, throughout the reporting period. The Committee also held a meeting with the honourable Member of Executive Council to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the department.

Audit Committee's responsibility

The Audit Committee has complied with its responsibilities arising from PFMA section 38(1)(a)(ii) read with Treasury Regulation 3.1.10, and reports that it operated in terms of the approved audit committee charter read in conjunction with the internal audit charter.

Effectiveness of internal control

The Audit Committee acknowledges management's efforts to strengthen internal controls in the department. Management has provided assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the Audit Committee will monitor these going forward.

Vacancies undermine the effective functioning of the system of internal control and it is imperative that management reviews its recruitment procedures and processes to ensure that vacancies are filled expeditiously with properly qualified, skilled and experienced personnel.

The Provincial Treasury has adopted adequate anti-corruption measures to curb the fraud and corruption.

Due to the strategic importance of, and investment in the modernisation of information and communication technology (ICT) in the department,

the audit committee has monitored the risk register and progress reports on the respective action plans during the year under review.

The quality of monthly and quarterly reports submitted in terms of the PFMA and DORA

The Audit Committee is satisfied with the content and quality of management and quarterly reports prepared and issued during the year under review in compliance with the statutory framework. The audit committee has engaged with management to remedy shortcomings, especially relating to reports on performance against predetermined objectives.

The Audit Committee has reviewed and commented on the department's annual financial statements and report on performance information and their timely submission to the external auditors by 31 May 2022.

The Audit Committee has reviewed the reports issued to National Treasury and is comfortable that the department is meeting its obligation in terms of DORA and have recognised revenue to the extent that conditions have been met.

The Audit Committee has reviewed reports that the department has received and is comfortable that the department is exercising its oversight responsibilities in terms of DORA and ensuring that the funds are utilised for the purpose as described.

Internal audit function

The accounting officer is obliged, in terms of the PFMA section 38(1)(a)(ii), to ensure that the department has a system of internal audit under the control and direction of the Audit Committee. The Audit Committee is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review.

The Audit Committee supports the direction that the internal audit function is adopting in providing the necessary skills and agility required for the function to respond quickly and effectively to the demands for internal audit across the department.

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

Risk management function

The Audit Committee is responsible for the oversight of the risk management function. The risk management committee reports to the audit committee on the department's management of risk.

The Audit Committee is concerned with chief risk officer's post has being vacant during the 2021/22 financial year, which may result in non-delivery by the function if the situation is not addressed. The committee has reviewed the risk register and the reports from the risk committee and is generally satisfied with the maturity of the risk management process.

Evaluation of the finance function

The Audit Committee notes the vacancy rate within the financial management and there is a need to address this vacancy rate to enable this section to enhance its performance.

On the whole, the Audit Committee is satisfied with the department's finance function during the year under review.

Performance management

Part of the responsibilities of the Audit Committee includes the review of performance management. The audit committee has in terms of the performance

of the department performed the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards;
- Review and comment on the alignment of the annual performance plan, budget, strategic plan, corporate plan and performance agreements;
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the department;
- Review of reported noncompliance with legislation;
- Review of compliance with in year reporting requirements;
- Review of the quarterly performance reports submitted by the internal audit function;
- Review and comment on the department's performance management system and making recommendations for its improvement.

The Audit Committee is satisfied that the performance report has been prepared in terms of the PFMA, the Treasury Regulations and any other related regulatory requirements for reporting performance.

Evaluation of the annual financial statements

The Audit Committee has reviewed the annual financial statements, which focused on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements;
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context;
- Quality and acceptability of, and any changes in, accounting policies and practices;
- Compliance with accounting standards and legal requirements;
- Significant adjustments and/or unadjusted

differences resulting from the audit;

- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Reasons for major year-on-year fluctuations;
- Asset valuations;
- Calculation and levels of general and specific provisions; and
- The basis for the going concern assumption, including any financial sustainability risks and issues.

The Audit Committee is comfortable that the annual financial statements have been prepared in terms of MCS and the PFMA.

External auditor's report

The Audit Committee concurs with and accepts the conclusion and audit opinion of the external auditors on the annual financial statements. The committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors. The Audit Committee confirms that it has provided adequate oversight throughout the audit process.

The Audit Committee further concurs with the audit opinion issued by AGSA on Annual Financial Statements of the Free State Provincial Treasury and Performance Information and congratulates the department on the achievement of the clean audit.

The Audit Committee has met with the external auditors to ensure that there are no unresolved issues, and acknowledges the diligence and cooperation of the external audit team.

On behalf of the Audit Committee:



Mr G Higgins

Audit Committee Interim Chairperson
Free State Provincial Treasury
31 July 2022

14

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	-
Developing and implementing a preferential procurement policy?	Yes	The Department's policy was aligned to the 2017 PPPFA Regulations. The process of awarding all bids was based on B-BBEE credentials of potential bidders.
Determining qualification criteria for the sale of state-owned enterprises?	No	-
Developing criteria for entering into partnerships with the private sector?	No	-
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	-



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 commenced the 2021/22 financial year with an employment rate of 85.3%. Three hundred and sixty-six (366) permanent posts of the 429 permanent posts of the Department were filled as on 1 April 2021. The employment rate of the Department increased to 86% during the 2021/22 financial year, which was mainly due to the abolishment of 22 unfunded vacancies within the Department, as the Department only managed to fill three vacancies by means of external appointments during the 2021/22 financial year, whilst the Department lost the services of 18 permanent employees. Therefore, only 354 of 412 posts of the

Department were filled by 31 March 2022. As a result of the high vacancy rate of 14%, numerous employees had to act in higher vacant posts in order to maintain acceptable service delivery standards.

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

As a result of the low employment rate of 85.3% at the beginning of the 2021/22 financial year, a target was set by the Department to re-prioritise the filling of vacancies, and to increase the employment rate to 87% or more by the end of the 2021/22 financial year. The Department lost the services of 18 permanent employees during the 2021/22 financial year, which contributed to the fact that the Department did not manage to increase the employment rate to 87%, despite the fact that 22 unfunded posts were abolished during the 2021/22 financial year.

It was also important for the Department to improve the representation of women in Senior Management Services (SMS) posts as well as the representation of persons with disabilities. The representation of women in SMS positions remained at 36%, and the representation of persons with disabilities remained constant at 1.9% at the end of the 2021/22 financial year.

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

The Department approved the new Human Resources Plan for the 2020/21 to the 2022/23 financial year. The four priorities of the Human Resources Plan are as follows:

HR Planning Priorities	Outcomes	Approach to mitigate risk and achieve outcome
Appointment of employee health and wellness service provider.	Competent workforce and attainment of departmental strategic outcomes.	Align all implementation processes to SCM prescripts and approved EHW operational plans.
Non alignment of departmental structure with National Treasury generic structure.	Attainment of departmental strategic outcomes.	Align the structure with the MTEF period.
Reduce the vacancy rate to 9%.	Attainment of 9% vacancy rate.	Develop an approved recruitment plan with milestones.
Inadequate core and critical competencies: technical analysis, research, IT security, server administration, IT audit, business analysis, scientific writing, economic modelling, strategic capability and leadership.	Competent workforce and attainment of departmental strategic outcomes.	Align all implementation processes to SCM prescripts and approved WSP.

Employee performance management.

The Department complied with signing and capturing of performance agreement for level 1 to 12. The finalisation of 2020/21 annual assessment is still pending, the Department requested an opinion on interpretation and application of circular 32 of 2020 from the Department of Public Service and Administration. The Department is awaiting the response.

The Department complied with the capturing of SMS agreement for the period under review. However, one SMS member signed the agreement after 31 May 2020 which resulted in non-compliance in terms of signing and filing of performance agreements. The 2020/21 annual assessment for SMS members were finalised.

Employee wellness programmes.

The Department developed, implemented, monitored and evaluated four annual employee health and wellness operational strategic frameworks. The Department appointed an employee assistance service provider to render professional psycho-social support to all departmental employees.

Achievements and challenges faced by the Department, as well as future human resource plans/goals.

The representation of women in SMS positions remained constant at 36%, and the representation of persons with disabilities remained constant at 1.9% at the end of the 2021/22 financial year. The Department plans to have an employment rate of 90%, 42% representation of women and 2% employees with disabilities by the end of the 2022/23 financial year.

3 HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2021 and 31 March 2022

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	100 768	79 697	223	0	79.1	542
Sustainable Resources Management	46 414	45 066	0	0	97.1	739
Asset and Liability Management	68 024	41 606	0	0	61.2	594
Financial Governance	25 683	24 913	0	0	97.0	755
Municipal Finance Management	39 246	34 526	0	0	88.0	803
Total	280 135	225 808	223	0	80.6	638

Table 3.1.2 Personnel costs by salary band for the period 1 April 2021 and 31 March 2022

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)	956	0.42	5	191
Skilled (level 3-5)	13 567	6.01	63	215
Highly skilled production (levels 6-8)	65 434	28.98	113	579
Highly skilled supervision (levels 9-12)	109 641	48.55	147	746
Senior and Top management (levels 13-16)	36 210	16.04	26	1 393
Total	225 808	100	354	638

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2021 and 31 March 2022

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	69 232	86.9	0	0	2 391	3.0	594 4	5.8
Sustainable Resources Management	39 299	87.2	0	0	796	1.8	1 696	3.8
Asset and Liability Management	34 983	84.1	0	0	1 184	2.8	2 361	5.7
Financial Governance	24 348	97.7	74	0.3	833	3.3	909	3.6
Municipal Finance Management	27 414	79.4	0	0	614	1.8	972	2.8
Total	195 276	86.5	74	0.03	5 818	2.6	10 532	4.7

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (levels 1-2)	635	66.4	0	0	89	9.3	164	17.2
Skilled (levels 3-5)	11 013	81.2	0	0	774	5.7	1 565	11.5
Highly skilled production (levels 6-8)	52 860	80.8	44	0.07	2 216	3.4	4 954	7.6
Highly skilled supervision (levels 9-12)	96 708	88.2	30	0.03	1 891	1.7	3 678	3.4
Senior management (levels 13-16)	34 060	94.1	0	0	848	2.3	171	0.5
Total	195 276	86.5	74	0.03	5 818	2.6	10 532	4.7

3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2022

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	174	147	15.5%	4
Sustainable Resources Management	72	61	15.3%	2
Asset and Liability Management	77	70	9.1%	0
Financial Governance	37	33	10.8%	0
Municipal Finance Management	52	43	17.3%	2
Total	412	354	14.1	8

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2022

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)	5	5	0	0
Skilled (levels 3-5)	73	63	13.7	3
Highly skilled production (levels 6-8)	132	113	14.4	2
Highly skilled supervision (levels 9-12)	172	147	14.5	2
Senior management (levels 13-16)	30	26	13.3	1
Total	412	354	14.1	8

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2022

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
SMS posts	30	26	13.3	1
Total	30	26	13.3	1

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 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	0	0	1	100
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	22	19	86.4	3	13.6
Total	30	26	86.7	4	13.3

Table 3.3.2 SMS post information as on 30 September 2021

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	0	0	1	100
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	22	19	86.4	3	13.6
Total	30	26	86.7	4	13.3

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2021 to 31 March 2022

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	1	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	2	0	0
Total	3	0	0

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2021 and 31 March 2022

Reasons for vacancies not advertised within six months
Head of Department post was advertised by the Department of the Premier, and therefore the Department does not have control over the filling of the post. Two Director posts were advertised, but one of the posts had to be re-advertised due to insufficient number of candidates who applied. One Director post is a newly created post and will be filled in the 2022/23 financial year. Lastly, the selection processes to fill one of the Director posts were finalised, and the successful candidate will be appointed on 1 May 2022.

Reasons for vacancies not filled within twelve months
Head of Department post was advertised by the Department of the Premier, and therefore the Department does not have control over the filling of the post. Two Director posts were advertised, but one of the posts had to be re-advertised due to insufficient number of candidates who applied. One Director post is a newly created post and will be filled in the 2022/23 financial year. Lastly, the selection processes to fill one of the Director posts were finalised, and the successful candidate will be appointed on 1 May 2022.

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 2021 and 31 March 2022

Reasons for vacancies not advertised within six months
Recruitment and selection processes were finalised as soon as possible.

Reasons for vacancies not filled within six months
Head of Department post was advertised by the Department of the Premier, and therefore the Department does not have control over the filling of the post. Two Director posts were advertised, but one of the posts had to be re-advertised due to insufficient number of candidates who applied. One Director post is a newly created post and will be filled in the 2022/23 financial year. Lastly, the selection processes to fill one of the Director posts were finalised, and the successful candidate will be appointed on 1 May 2022.

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 2021 and 31 March 2022

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)	5	0	0	0	0	0	0
Skilled (levels 3-5)	73	0	0	0	0	0	0
Highly skilled production (levels 6-8)	132	1	0.75	0	0	0	0
Highly skilled supervision (levels 9-12)	172	1	0.58	0	0	0	0
Senior Management Service Band A	22	4	18	0	0	0	0
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	1	1	100	0	0	0	0
Senior Management Service Band D	2	1	50	0	0	0	0
Total	412	8	1.94	0	0	0	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2021 and 31 March 2022

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					N/A

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2021 and 31 March 2022

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	0	0	N/A	N/A
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2021 and 31 March 2022

Total number of Employees whose salaries exceeded the grades determine by job evaluation	0
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3.5 Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Number of employees at beginning of period 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (levels 1-2)	5	0	0	0
Skilled (levels 3-5)	61	2	2	3.3
Highly skilled production (levels 6-8)	127	0	11	8.7
Highly skilled supervision (levels 9-12)	148	2	4	2.7
Senior Management Service Bands A	18	1	0	0
Senior Management Service Bands B	5	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	2	0	1	50
Contracts	8	8	8	100
Total	375	13	26	6.9

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2021 and 31 March 2022

Critical occupation	Number of employees at beginning of period 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
SMS	26	1	1	3.8
Total	26	1	1	3.8

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

Table 3.5.3 Reasons why staff left the department for the period 1 April 2021 and 31 March 2022

Termination Type	Number	% of Total Resignations
Death	4	15.4
Resignation	4	15.4
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	1	3.8
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	2	7.7
Transfer to other Public Service Departments	7	26.9
Other	8	30.8
Total	26	100
Total number of employees who left as a % of total employment	26	7.2

Table 3.5.4 Promotions by critical occupation for the period 1 April 2021 and 31 March 2022

Occupation	Employees 1 April 2021	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	0	0	0	0	0
Total	0	0	0	0	0

Table 3.5.5 Promotions by salary band for the period 1 April 2021 and 31 March 2022

Salary Band	Employees 1 April 2021	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)	5	0	0	0	0
Skilled (levels 3-5)	61	0	0	0	0
Highly skilled production (levels 6-8)	127	2	1.6	0	0
Highly skilled supervision (levels 9-12)	148	2	1.4	0	0
Senior Management (level 13-16)	26	0	0	0	0
Total	367	4	1.1	0	0

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 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	70	1	1	7	68	5	3	18	173
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	3	0	0	1	4	0	0	0	8
Clerks	42	4	0	7	72	6	0	14	145
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	14	0	0	0	14	0	0	0	28
Total	129	5	1	15	158	11	3	32	354
Employees with disabilities	3	0	0	1	1	0	0	2	7

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	0	0	2	0	1	1	7
Senior Management	9	0	1	3	3	2	0	1	19
Professionally qualified and experienced specialists and mid-management	25	1	0	2	20	0	2	8	58
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	65	3	0	9	95	6	0	18	196
Semi-skilled and discretionary decision making	13	1	0	1	24	3	0	4	46
Unskilled and defined decision making	14	0	0	0	14	0	0	0	28
Total	129	5	1	15	158	11	3	32	354

Table 3.6.3 Recruitment for the period 1 April 2021 and 31 March 2022

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	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	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	2	0	0	0	0	0	0	0	2
Total	4	0	0	0	1	0	0	0	5
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2021 and 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	2	0	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	2	0	0	0	2
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
Total	2	0	0	0	2	0	0	0	4
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2021 and 31 March 2022

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	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	0	0	0	4	0	0	3	15
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	10	0	0	0	5	0	0	3	18
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2021 and 31 March 2022

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Counselling	0	0	0	0	2	0	0	0	2
Service Termination agreement	1	0	0	0	0	0	0	0	1

Table 3.6.7 Skills development for the period 1 April 2021 and 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3	0	0	1	5	0	0	0	9
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	6	0	0	1	6	0	0	0	13
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	6	0	0	0	13	1	0	0	20
Total	15	0	0	2	24	1	0	0	42
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7 Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2021

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	0	1	3.8
Salary Level 16	1	1	0	0
Salary Level 15	1	1	1	3.8
Salary Level 14	5	5	5	19.2
Salary Level 13	22	19	19	73.1
Total	30	26	26	100

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2022

Reasons
N/A

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2022

Reasons
N/A

3.8 Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2021 and 31 March 2022

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	4	287	1.4	270	67 500
Male	1	128	0.8	62	62 000
Female	3	159	1.9	208	69 333
Asian	0	4	0	0	0
Male	0	1	0	0	0
Female	0	3	0	0	0
Coloured	0	16	0	0	0
Male	0	5	0	0	0
Female	0	11	0	0	0
White	2	47	0	80	40 000
Male	1	15	6.7	62	62 000
Female	1	32	3.1	18	18 000
Total	6	354	1.7	350	58 333

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2021 and 31 March 2022

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	5	0	0	0	0
Skilled (levels 3-5)	0	63	0	0	0	0
Highly skilled production (levels 6-8)	0	113	0	0	0	0
Highly skilled supervision (levels 9-12)	1	147	0.7	18	18 000	0.02
Total	1	328	0.3	18	18 000	0.008

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2021 and 31 March 2022

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
SMS Level 13	3	19	15.79	186	62 000
SMS Level 14	1	5	20	70	70 000
SMS Level 15	1	1	100	76	76 000
SMS Level 16	0	1	0	0	0
Total	5	26	19.23	332	66 400

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2021 and 31 March 2022

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	3	19	15.79	186	62 000	3
Band B	1	5	20	70	70 000	1
Band C	1	1	100	76	76 000	1
Band D	0	1	0	0	0	0
Total	5	26	19.23	332	66 400	5

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 2021 and 31 March 2022

Salary band	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled (levels 1-5)	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	0.7	1	0.7	0	0
Contract (levels 9-12)	0	0	0	0	0	0
Contract (levels 13-16)	0	0	0	0	0	0
Total	1	0.7	1	0.7	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2021 and 31 March 2022

Major occupation	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Econometrician	1	0.7	1	0.7	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 2021 to 31 December 2021

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (levels 1-2)	49	100	5	100	10	26
Skilled (levels 3-5)	320	85	40	63.5	8	276
Highly skilled production (levels 6-8)	725	80.3	109	96.5	7	1 279
Highly skilled supervision (levels 9 -12)	719	78	109	74.1	7	1 933
Top and Senior management (levels 13-16)	84	95.2	13	50	6	399
Total	1 897	81.1	276	77.9	7	3 913

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2021 to 31 December 2021

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)	68	100	6	9.5	11	48
Highly skilled production (levels 6-8)	421	100	7	6.2	60	771
Highly skilled supervision (levels 9-12)	0	0	0	0	0	0
Senior management (levels 13-16)	73	100	3	11.5	24	343
Total	562	100	16	4.5	35	1 162

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 2021 to 31 December 2021

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (levels 1-2)	88	5	18
Skilled (levels 3-5)	1 216.9	48	25
Highly skilled production (levels 6-8)	3 025	113	26.77
Highly skilled supervision (levels 9-12)	4 102.8	147	27.91
Senior management (levels 13-16)	603	26	23
Total	9 035.7	339	26.65

Table 3.10.4 Capped leave for the period 1 January 2021 to 31 December 2021

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2021
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	9
Highly skilled production (levels 6-8)	0	0	0	18
Highly skilled supervision (levels 9-12)	0	0	0	29
Senior management (levels 13-16)	2	1	2	56
Total	2	1	2	26

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

Table 3.10.5 Leave payouts for the period 1 April 2021 and 31 March 2022

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2021/22 due to non-utilisation of leave for the previous cycle	637	13	49
Capped leave payouts on termination of service for 2021/22	0	0	0
Current leave payout on termination of service for 2021/22	627	21	30
Total	1 264	34	37

3.11 HIV/AIDS and 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	N/A

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, 2016? 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		2 Employees R 444 507.36 as per Expenditure Report
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		Developed 4 Operational Plans according to DPSA EHW Framework
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Ms. Mpho. Sithole (16.2 Appointee) Mr. Neo Mamome Ms. Betty Khaile Mr. Sabadimo Moalusi Mr. Thabang Kulanyane Ms. Lieketseng Ntsala Mr. Deon Rheeder (PSA representative) Ms. Nombuso Majodina (NEHAWU representative) Mr. Kabelo Kukuni Mr. Thabiso Petersen Ms. Caroline Motsemme Mr. Desmond Moeti Mr. Ghadile Mashibini Ms. Xoliswa Monare Ms. Retshepile Sepenyane Mr. Kgang Nkoe Mr. Mmako Raleting (Tsebo Building) Mr. Neuwa Mofokeng (Tsebo Building)
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 Policy, HIV, AIDS and TB Policy, Bereavement Policy, OHS Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Quarterly HCT are conducted GEMS Capacity Building Sessions are conducted
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Quarterly HCT are conducted GEMS Capacity Building Sessions are conducted
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	X		Monthly, Quarterly and Annual reports are utilised for this purpose

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2021 and 31 March 2022

Subject matter	Date
PSCBC Resolution 1 of 2021: Agreement on the payment of a salary adjustment in the Public Service for the 2021/22 financial year.	26 July 2021
GPSSBC Resolution 1 of 2021: Improvement in Conditions of Service: Compensation for official duties performed during meal intervals.	21 June 2021
GPSSBC Resolution 2 of 2021: Sea-going allowance for employees employed by the Department of Forestry, Fisheries and Environment.	21 June 2021

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 2021 and 31 March 2022

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	2	66.7
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	1	33.3
Not guilty	0	0
Case withdrawn	0	0
Total	3	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2021 and 31 March 2022

Type of misconduct	Number	% of total
Transgression of the Public Service Code of Conduct	1	25
Transgression of the National Treasury Practice Note 8 of 2007/2008	3	75
Total	4	100

Table 3.12.4 Grievances logged for the period 1 April 2021 and 31 March 2022

Grievances	Number	% of Total
Number of grievances resolved	1	50
Number of grievances not resolved	1	50
Total number of grievances lodged	2	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2021 and 31 March 2022

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	2*	N/A

*Not yet finalised by 31 March 2022

Table 3.12.6 Strike actions for the period 1 April 2021 and 31 March 2022

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2021 and 31 March 2022

Number of people suspended	1
Number of people who's suspension exceeded 30 days	1
Average number of days suspended	60
Cost of suspension (R'000)	R48

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 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	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	90	0	9	0	9
	Male	83	0	6	0	6
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	3	0	0	0	0
	Male	4	0	0	0	0
Clerks	Female	101	0	10	0	10
	Male	58	0	4	0	4
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	15	0	1	0	1
	Male	13	0	0	0	0
Sub Total	Female	209	0	20	0	20
	Male	158	0	10	0	10
Total		367	0	30	0	30

Table 3.13.2 Training provided for the period 1 April 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	90	0	5	0	5
	Male	83	0	4	0	4
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	3	0	0	0	0
	Male	4	0	0	0	0
Clerks	Female	101	0	6	0	6
	Male	58	0	7	0	7
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	15	0	14	0	14
	Male	13	0	6	0	6
Sub Total	Female	209	0	25	0	25
	Male	158	0	17	0	17
Total		367	0	42	0	42

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2021 and 31 March 2022

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
Total	0	0

3.15 Utilisation of Consultants

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

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- 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 2021 and 31 March 2022

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Irregular expenditure - PWC	Once off agreement - quotation	Once off	R92 000.00

Total number of projects	Total number of consultants that worked on project	Total duration work days	Total contract value in Rand
Employee Wellness Programme - ICAS	Service level agreement (per case)	36 months	R444 507.36

Total number of projects	Total number of consultants that worked on project Total individual consultants	Total duration work days	Total contract value in Rand
Quality assurance test on the banking tender- Morar Incorporated	Once off agreement - quotation	Once off	R70 324.80

Total number of projects	Total number of consultants that worked on project	Total duration work days	Total contract value in Rand
BBBEE verification – Renaissance SA Rating (Pty)Ltd	Once off agreement - quotation	Once off	R46 000.00

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022

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

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2021 and 31 March 2022

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

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022

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

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2021 and 31 March 2022

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



PART E

FINANCIAL INFORMATION



REPORT OF THE AUDITOR-GENERAL

Report of the auditor-general to the Free State Provincial 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 109 to 167, which comprise the appropriation statement, statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as 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 2022, 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 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 financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other 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.

Restatement of corresponding figures

7. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2022.

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 129 to 167 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 them.

Responsibilities of the 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 department'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 appropriate governance structure 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.

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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 programme presented in the department's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 5 – Municipal Finance Management	55 - 60

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 identify material findings on the usefulness and reliability of the reported performance information for the following programme:
- 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 31 to 60 for information on the achievement of planned targets for the year and management's explanations provided for the under achievement 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 department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

23. 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 the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
24. 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 on it.
25. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, 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

27. 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. I did not identify any significant deficiencies in internal control.

Auditor-General

Bloemfontein

31 July 2022



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 relating to events or conditions that may cast significant doubt on the ability of the Free State Provincial Treasury 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 my 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 operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



ANNUAL FINANCIAL STATEMENTS

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VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Appropriation per programme									
	2021/22					2020/21			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	109 530	-	-	109 530	100 768	8 762	92.0%	102 933	98 556
2. Sustainable Resource Management	50 237	-	-	50 237	46 414	3 823	92.4%	46 771	45 334
3. Asset and Liabilities Management	74 094	-	-	74 094	68 024	6 070	91.8%	319 228	317 682
4. Financial Governance	26 798	-	-	26 798	25 683	1 115	95.8%	28 943	28 026
5. Municipal Finance Management	44 449	-	-	44 449	39 246	5 203	88.3%	41 440	38 516
TOTAL	305 108	-	-	305 108	280 135	24 973	91.8%	539 315	528 114
TOTAL (brought forward)									
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				5 290					
Actual amounts per statement of financial performance (total revenue)				310 398				539 315	
Actual amounts per statement of financial performance (total expenditure)					280 135				528 114

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Appropriation per economic classification	2021/22						2020/21		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	294 510	(244)	-	294 266	271 469	22 797	92.3%	531 744	521 871
Compensation of employees	230 816	-	-	230 816	225 808	5 008	97.8%	224 985	222 111
Salaries and wages	199 635	(45)	-	199 590	195 276	4 314	97.8%	194 301	191 660
Social contributions	31 181	45	-	31 226	30 532	694	97.8%	30 684	30 451
Goods and services	63 694	(244)	-	63 450	45 661	17 789	72.0%	306 759	299 760
Administrative fees	347	2	-	349	129	220	37.0%	234	141
Advertising	700	(204)	-	496	415	81	83.7%	13 422	13 259
Minor assets	689	(31)	-	658	201	457	30.5%	204	111
Audit costs: External	4 987	510	-	5 497	5 492	5	99.9%	4 961	4 823
Bursaries: Employees	820	23	-	843	835	8	99.1%	768	650
Catering: Departmental activities	811	(120)	-	691	199	492	28.8%	110	102
Communication	988	(54)	-	934	525	409	56.2%	411	361
Computer services	28 867	1 045	-	29 912	27 520	2 392	92.0%	29 479	28 832
Consultants: Business and advisory services	555	-	-	555	307	248	55.3%	5 275	3 251
Legal services	1 465	219	-	1 684	1 465	219	87.0%	206	206
Contractors	1 398	188	-	1 586	1 031	555	65.0%	4 563	3 827
Agency and support / outsourced services	187	(32)	-	155	63	92	40.6%	105	83
Entertainment	40	(2)	-	38	3	35	7.9%	2	2
Fleet services (including government motor transport)	1 685	236	-	1 921	1 920	1	99.9%	1 148	1 104
Consumable supplies	4 478	(110)	-	4 368	2 042	2 326	46.7%	238 787	238 168

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Consumable: Stationery, printing and office supplies	5 322	(972)	-	4 350	1 540	2 810	35.4%	3 119	2 230
Operating leases	682	194	-	876	684	192	78.1%	914	733
Property payments	50	-	-	50	42	8	84.0%	450	61
Travel and subsistence	5 969	(1 132)	-	4 837	775	4 062	16.0%	2 142	1 447
Training and development	3 141	24	-	3 165	223	2 942	7.0%	214	213
Operating payments	213	12	-	225	157	68	69.8%	213	145
Venues and facilities	300	(40)	-	260	93	167	35.8%	32	11
Transfers and subsidies	4 703	-	-	4 703	4 289	414	91.2%	3 189	3 139
Provinces and municipalities	3 500	-	-	3 500	3 500	-	100.0%	2 540	2 540
Municipalities	3 500	-	-	3 500	3 500	-	100.0%	2 540	2 540
Municipal bank accounts	3 500	-	-	3 500	3 500	-	100.0%	2 540	2 540
Households	1 203	-	-	1 203	789	414	65.6%	649	599
Social benefits	743	16	-	759	688	71	90.6%	356	346
Other transfers to households	460	(16)	-	444	101	343	22.7%	293	253
Payments for capital assets	5 895	244	-	6 139	4 323	1 816	70.4%	4 382	3 087
Machinery and equipment	5 895	244	-	6 139	4 323	1 816	70.4%	4 382	3 087
Other machinery and equipment	5 895	244	-	6 139	4 323	1 816	70.4%	4 382	3 087
Payments for financial assets	-	-	-	-	54	(54)	-	-	17
Total	305 108	-	-	305 108	280 135	24 973	91.8%	539 315	528 114

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

	2021/22					2020/21			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 1: Administration									
Sub programme									
1. Office of the MEC	8 389	(247)	-	8 142	6 972	1 170	85.6%	7 617	7 411
2. Management Services	5 870	(286)	-	5 584	4 228	1 356	75.7%	14 073	13 601
3. Corporate Services	45 734	7	-	45 741	42 140	3 601	92.1%	35 175	33 391
4. Financial Management (Including Office of the CFO)	43 225	582	-	43 807	41 988	1 819	95.8%	40 542	38 815
5. Internal Audit departmental	6 312	(56)	-	6 256	5 440	816	87.0%	5 526	5 338
Total for sub programmes	109 530	-	-	109 530	100 768	8 762	92.0%	102 933	98 556
Economic classification									
Current payments	105 260	(167)	-	105 093	97 415	7 678	92.7%	99 318	95 301
Compensation of employees	82 105	-	-	82 105	79 697	2 408	97.1%	79 383	78 001
Salaries and wages	70 490	(11)	-	70 479	68 309	2 170	96.9%	67 908	66 701
Social contributions	11 615	11	-	11 626	11 388	238	98.0%	11 475	11 300
Goods and services	23 155	(167)	-	22 988	17 718	5 270	77.1%	19 935	17 300
Administrative fees	185	17	-	202	116	86	57.4%	136	118
Advertising	427	(244)	-	183	182	1	99.5%	324	201
Minor assets	444	(5)	-	439	102	337	23.2%	99	66
Audit costs: External	4 987	510	-	5 497	5 492	5	99.9%	3 801	3 789
Bursaries: Employees	820	23	-	843	835	8	99.1%	768	650
Catering: Departmental activities	251	-	-	251	86	165	34.3%	87	86

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Communication	780	(34)	-	746	422	324	56.6%	289	273
Computer services	3 791	(321)	-	3 470	3 300	170	95.1%	4 065	3 984
Consultants: Business and advisory services	480	-	-	480	237	243	49.4%	212	113
Legal services	1 465	219	-	1 684	1 465	219	87.0%	206	206
Contractors	1 236	332	-	1 568	1 018	550	64.9%	4 560	3 823
Agency and support / outsourced services	187	(32)	-	155	63	92	40.6%	105	83
Entertainment	19	-	-	19	1	18	5.3%	1	1
Fleet services (including government motor transport)	1 685	236	-	1 921	1 920	1	99.9%	1 148	1 104
Consumable supplies	522	(27)	-	495	330	165	66.7%	226	133
Consumable: Stationery, printing and office supplies	1 852	(521)	-	1 331	901	430	67.7%	1 351	940
Operating leases	682	194	-	876	684	192	78.1%	914	733
Property payments	50	-	-	50	42	8	84.0%	450	61
Travel and subsistence	2 764	(556)	-	2 208	210	1 998	9.5%	1 005	816
Training and development	326	33	-	359	223	136	62.1%	27	26
Operating payments	124	9	-	133	86	47	64.7%	150	83
Venues and facilities	78	-	-	78	3	75	3.8%	11	11
Transfers and subsidies	720	-	-	720	329	391	45.7%	481	431
Households	720	-	-	720	329	391	45.7%	481	431
Social benefits	260	16	-	276	228	48	82.6%	188	178
Other transfers to households	460	(16)	-	444	101	343	22.7%	293	253
Payments for capital assets	3 550	167	-	3 717	3 024	693	81.4%	3 134	2 807
Machinery and equipment	3 550	167	-	3 717	3 024	693	81.4%	3 134	2 807
Other machinery and equipment	3 550	167	-	3 717	3 024	693	81.4%	3 134	2 807
Payments for financial assets	-	-	-	-	-	-	-	-	17
Total	109 530	-	-	109 530	100 768	8 762	92.0%	102 933	98 556

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Programme 2: Sustainable Resource Management		2021/22					2020/21		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
		R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support	2 100	7	-	2 107	1 908	199	90.6%	1 971	1 753
2. Economic Analysis	7 062	(89)	-	6 973	6 316	657	90.6%	6 391	5 957
3. Fiscal Policy	9 171	(17)	-	9 154	8 687	467	94.9%	8 390	8 294
4. Budget Management	14 890	42	-	14 932	13 411	1 521	89.8%	13 756	13 371
5. Public Finance	15 838	20	-	15 858	14 950	908	94.3%	15 133	14 892
6. Compensation Directorate	1 176	37	-	1 213	1 142	71	94.1%	1 130	1 067
Total for sub programmes	50 237	-	-	50 237	46 414	3 823	92.4%	46 771	45 334
Economic classification									
Current payments	49 237	(41)	-	49 196	45 873	3 323	93.2%	46 212	45 264
Compensation of employees	45 675	-	-	45 675	45 066	609	98.7%	44 031	43 683
Salaries and wages	39 775	(9)	-	39 766	39 242	524	98.7%	38 386	38 045
Social contributions	5 900	9	-	5 909	5 824	85	98.6%	5 645	5 638
Goods and services	3 562	(41)	-	3 521	807	2 714	22.9%	2 181	1 581
Administrative fees	40	-	-	40	5	35	12.5%	28	6
Advertising	153	40	-	193	193	-	100.0%	449	421
Minor assets	38	11	-	49	20	29	40.8%	34	17
Catering: Departmental activities	239	(40)	-	199	20	179	10.1%	21	16
Communication	22	-	-	22	14	8	63.6%	24	15

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Computer services	320	(94)	-	226	-	226	-	-	-
Consultants: Business and advisory services	75	-	-	75	-	5	93.3%	-	-
Entertainment	5	-	-	5	1	4	20.0%	-	-
Consumable supplies	106	-	-	106	49	57	46.2%	57	32
Consumable: Stationery, printing and office supplies	1 659	122	-	1 781	263	1 518	14.8%	1 245	948
Travel and subsistence	800	(80)	-	720	82	638	11.4%	322	126
Training and development	3	-	-	3	-	3	-	-	-
Venues and facilities	102	-	-	102	90	12	88.2%	1	-
Transfers and subsidies	25	-	-	25	23	2	92.0%	-	-
Households	25	-	-	25	23	2	92.0%	-	-
Social benefits	25	-	-	25	23	2	92.0%	-	-
Payments for capital assets	975	41	-	1 016	506	510	49.8%	559	70
Machinery and equipment	975	41	-	1 016	506	510	49.8%	559	70
Other machinery and equipment	975	41	-	1 016	506	510	49.8%	559	70
Payments for financial assets	-	-	-	-	12	(12)	-	-	-
Total	50 237	-	-	50 237	46 414	3 823	92.4%	46 771	45 334

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Programme 3: Asset and Liabilities Management										
	2021/22					2020/21				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Sub programme										
1. Programme Support	5 429	40	-	5 469	3 285	2 184	60.1%	241 419	240 600	
2. Asset Management	9 753	(39)	-	9 714	8 906	808	91.7%	21 610	21 552	
3. Supporting and Interlinked Financial Systems	58 912	(1)	-	58 911	55 833	3 078	94.8%	56 199	55 530	
Total for sub programmes	74 094	-	-	74 094	68 024	6 070	91.8%	319 228	317 682	
Economic classification										
Current payments	73 607	-	-	73 607	67 759	5 848	92.1%	319 008	317 565	
Compensation of employees	42 159	-	-	42 159	41 606	553	98.7%	41 062	40 871	
Salaries and wages	35 902	(8)	-	35 894	35 422	472	98.7%	34 811	34 639	
Social contributions	6 257	8	-	6 265	6 184	81	98.7%	6 251	6 232	
Goods and services	31 448	-	-	31 448	26 153	5 295	83.2%	277 946	276 694	
Administrative fees	40	(15)	-	25	2	23	8.0%	8	5	
Advertising	120	-	-	120	40	80	33.3%	12 649	12 637	
Minor assets	119	(22)	-	97	36	61	37.1%	6	4	
Audit costs: External	-	-	-	-	-	-	-	1 160	1 034	
Catering: Departmental activities	124	(80)	-	44	9	35	20.5%	-	-	
Communication	73	(20)	-	53	29	24	54.7%	33	21	
Computer services	24 756	1 460	-	26 216	24 220	1 996	92.4%	25 414	24 848	
Contractors	148	(144)	-	4	4	-	100%	-	1	

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Entertainment	6	(2)	4	-	4	-	42.7%	-	-
Consumable supplies	3 667	(83)	3 584	1 531	2 053	238 378		237 913	
Consumable: Stationery, printing and office supplies	1 346	(573)	773	211	562	111	27.3%	90	
Travel and subsistence	973	(481)	492	71	421	183	14.4%	141	
Training and development	32	-	32	-	32	-	-	-	
Operating payments	-	-	-	-	-	1	-	-	
Venues and facilities	44	(40)	4	-	4	3	-	-	
Transfers and subsidies	84	-	84	84	-	104	100.0%	104	
Households	84	-	84	84	-	104	100%	104	
Social benefits	84	-	84	84	-	104	100%	104	
Payments for capital assets	403	-	403	181	222	116	44.9%	13	
Machinery and equipment	403	-	403	181	222	116	44.9%	13	
Other machinery and equipment	403	-	403	181	222	116	44.9%	13	
Total	74 094	-	74 094	68 024	6 070	319 228	91.8%	317 682	

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Programme 4: Financial Governance		2021/22					2020/21		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
		R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support	3 193	-	-	3 193	3 030	163	94.9%	2 731	2 600
2. Accounting Services	16 175	-	-	16 175	15 860	315	98.1%	18 866	18 397
3. Risk Management and Internal Audit Provincial	7 430	-	-	7 430	6 793	637	91.4%	7 346	7 029
Total for sub programmes	26 798	-	-	26 798	25 683	1 115	95.8%	28 943	28 026
Economic classification									
Current payments	26 342	(15)	-	26 327	25 248	1 079	95.9%	28 693	27 966
Compensation of employees	25 309	-	-	25 309	24 913	396	98.4%	24 649	24 452
Salaries and wages	22 080	(2)	-	22 078	21 768	310	98.6%	21 485	21 292
Social contributions	3 229	2	-	3 231	3 145	86	97.3%	3 164	3 160
Goods and services	1 033	(15)	-	1 018	335	683	32.9%	4 044	3 514
Administrative fees	28	-	-	28	-	28	-	13	4
Minor assets	67	(15)	-	52	35	17	67.3%	33	3
Catering: Departmental activities	74	-	-	74	56	18	75.7%	2	-
Communication	17	-	-	17	4	13	23.5%	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	3 500	3 138
Contractors	4	-	-	4	2	2	50.0%	3	3
Entertainment	6	-	-	6	1	5	16.7%	1	1

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Consumable supplies	67	-	-	67	54	13	80.6%	51	43
Consumable: Stationery, printing and office supplies	226	-	-	226	102	124	45.1%	266	181
Travel and subsistence	239	-	-	239	13	226	5.4%	96	79
Training and development	140	-	-	140	-	140	-	-	-
Operating payments	89	-	-	89	68	21	76.4%	62	62
Venues and facilities	76	-	-	76	-	76	-	17	-
Transfers and subsidies	115	-	-	115	111	4	96.5%	-	-
Households	115	-	-	115	111	4	96.5%	-	-
Social benefits	115	-	-	115	111	4	96.5%	-	-
Payments for capital assets	341	-	15	356	282	74	79.2%	250	60
Machinery and equipment	341	-	15	356	282	74	79.2%	250	60
Other machinery and equipment	341	-	15	356	282	74	79.2%	250	60
Payments for financial assets	-	-	-	-	42	(42)	-	-	-
Total	26 798	-	-	26 798	25 683	1 115	95.8%	28 943	28 026

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Programme 5: Municipal Finance Management										
	2021/22					2020/21				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Sub programme										
1. Programme Support	10 005	90	-	10 095	7 315	2 780	72.5%	8 037	5 899	
2. Thabo Mafutsanyana District	7 378	(13)	-	7 365	7 054	311	95.8%	6 936	6 907	
3. Fezile Dabi District	5 355	(14)	-	5 341	4 753	588	89.0%	5 146	4 864	
4. Lejwelephutswa District	5 897	-	-	5 897	5 624	273	95.4%	5 865	5 759	
5. Xhariep District	4 858	(5)	-	4 853	4 687	166	96.6%	4 761	4 712	
6. Municipal Risk Management and Internal Audit	4 734	34	-	4 768	4 272	496	89.6%	4 233	3 979	
7. Municipal SCM and Compliance	6 222	(92)	-	6 130	5 541	589	90.4%	6 462	6 396	
Total for sub programmes	44 449	-	-	44 449	39 246	5 203	88.3%	41 440	38 516	
Economic classification										
Current payments	40 064	(21)	-	40 043	35 174	4 869	87.8%	38 513	35 775	
Compensation of employees	35 568	-	-	35 568	34 526	1 042	97.1%	35 860	35 104	
Salaries and wages	31 388	(15)	-	31 373	30 535	838	97.3%	31 711	30 983	
Social contributions	4 180	15	-	4 195	3 991	204	95.1%	4 149	4 121	
Goods and services	4 496	(21)	-	4 475	648	3 827	14.5%	2 653	671	
Administrative fees	54	-	-	54	6	48	11.1%	49	8	
Minor assets	21	-	-	21	8	13	38.1%	32	21	
Catering: Departmental activities	123	-	-	123	28	95	22.8%	-	-	

VOTE 4 FREE STATE PROVINCIAL TREASURY APPROPRIATION STATEMENT

for the year ended 31 March 2022

Communication	96	-	-	96	56	40	58.3%	65	52
Consultants: Business and advisory services	-	-	-	-	-	-	-	1 563	-
Contractors	10	-	-	10	7	3	70.0%	-	-
Entertainment	4	-	-	4	-	4	-	-	-
Consumable supplies	116	-	-	116	78	38	67.2%	75	47
Consumable: Stationery, printing and office supplies	239	-	-	239	63	176	26.4%	146	71
Travel and subsistence	1 193	(15)	-	1 178	399	779	33.9%	536	285
Training and development	2 640	(9)	-	2 631	-	2 631	-	187	187
Operating payments	-	3	-	3	3	-	100.0%	-	-
Transfers and subsidies	3 759	-	-	3 759	3 742	17	99.5%	2 604	2 604
Provinces and municipalities	3 500	-	-	3 500	3 500	-	100.0%	2 540	2 540
Municipalities	3 500	-	-	3 500	3 500	-	100.0%	2 540	2 540
Municipal bank accounts	3 500	-	-	3 500	3 500	-	100.0%	2 540	2 540
Households	259	-	-	259	242	17	93.4%	64	64
Social benefits	259	-	-	259	242	17	93.4%	64	64
Payments for capital assets	626	21	-	647	330	317	51.0%	323	137
Machinery and equipment	626	21	-	647	330	317	51.0%	323	137
Other machinery and equipment	626	21	-	647	330	317	51.0%	323	137
Total	44 449	-	-	44 449	39 246	5 203	88.3%	41 440	38 516

VOTE 4 FREE STATE PROVINCIAL TREASURY NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2022

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-D) to the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	109 530	100 768	8 762	8.0%

Underspending was contributed by ordering of computer equipment in the fourth quarter of the financial year, which contributed to no delivery before the financial year closed. Also a large underspending within travel and subsistence due to limited travelling as a result of precautions not to spread the COVID-19 virus. Minimal outreach projects were done during the financial year which resulted in an underspending in the transfers and subsidies items.

Sustainable Resource Management	50 237	46 414	3 823	7.6%
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Underspending was contributed by ordering of computer equipment in the fourth quarter of the financial year, which contributed to no delivery before the financial year closed. Also a large underspending within travel and subsistence due to limited travelling as a result of COVID-19 regulations contributed. Non-delivery of printed books for the 2022/23 financial year (Estimates of Revenue and Expenditure books) contributed to large underspending in consumables printing.

Asset and Liabilities Management	74 094	68 024	6 070	8.2%
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Underspending was contributed by ordering of computer equipment in the fourth quarter of the financial year, which contributed to no delivery before the financial year closed. Also a large underspending within travel and subsistence due to limited travelling as a result of precautions not to spread the COVID-19 virus. Furthermore, the underspending was contributed by the non-receival/non-payable of SIU invoices for the investigations done relating to the COVID-19-19 PPE procurement. These funds were made available as part of earmarked allocations.

VOTE 4 FREE STATE PROVINCIAL TREASURY NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2022

Financial Governance	26 798	25 683	1 115	4.2%
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Underspending was mainly due to the non-procurement of stationery and printing as planned due to National Treasury instruction note limiting three quotations to thirty thousand rand per quote and the underspending in travelling and subsistence due to limited travelling with COVID-19 regulations. Furthermore, limited training (AFS and SCOA) was conducted during the financial year due to COVID-19 regulations/restrictions.

Municipal Finance Management	44 449	39 246	5 203	11.7%
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Underspending was contributed by ordering of computer equipment in the fourth quarter of the financial year, which contributed to no delivery before the financial year closed. Also a large underspending within travel and subsistence due to limited travelling as a result of COVID-19 regulations contributed. The largest portion of the underspending was contributed due to the lack of sourcing quotations for the MSCOA training at municipalities which were planned as part of the MFRS project within earmarked allocations.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Current payments				
Compensation of employees	230 816	225 808	5 008	2.2%
Goods and services	63 450	45 661	17 789	28.0%
Transfers and subsidies				
Provinces and municipalities	3 500	3 500	-	0.0%
Non-profit institutions				
Households	1 203	789	414	34.4%
Payments for capital assets				
Machinery and equipment	6 139	4 323	1 816	29.6%
Payments for financial assets	-	54	(54)	-

The underspending within COE was contributed due to the non-filling of vacancies which were earmarked as urgent posts to be filled. Challenges were experienced by the sourcing of a service provider for the qualification validation. Within goods and services the main underspending items were relating to the non-delivery of minor assets ordered only in the fourth quarter of the financial year for which no delivery could be done, the limitations on travel and subsistence due to the COVID-19 restrictions, the non-receipt of SIU invoices for the investigation done on PPE procurement for COVID-19 projects, the non-delivery of the printed estimates of revenue and expenditure books relating to the 2022/23 financial year budgets and also the non-delivery of training on MSCOA due to the challenges with sourcing of a service provider. The underspending in transfers and subsidies were mainly contributed due to the limited outreach projects due to COVID-19 restrictions. The underspending in capital items is mainly due to the ordering of capital items only in the fourth quarter and the suppliers not able to deliver prior to financial year closure.

VOTE 4 FREE STATE PROVINCIAL TREASURY

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2022

	Note	2021/22 R'000	2020/21 R'000
REVENUE			
Annual appropriation	1	305 108	539 315
Departmental revenue	2	5 290	-
TOTAL REVENUE		310 398	539 315
EXPENDITURE			
Current expenditure			
Compensation of employees	4	225 808	222 111
Goods and services	5	45 661	299 760
Total current expenditure		271 469	521 871
Transfers and subsidies			
Transfers and subsidies	7	4 289	3 139
Total transfers and subsidies		4 289	3 139
Expenditure for capital assets			
Tangible assets	8	4 323	3 087
Total expenditure for capital assets		4 323	3 087
Payments for financial assets	6	54	17
TOTAL EXPENDITURE		280 135	528 114
SURPLUS/(DEFICIT) FOR THE YEAR		30 263	11 201
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		24 973	11 201
Annual appropriation		24 973	11 201
Departmental revenue and PRF Receipts	12	5 290	
SURPLUS/(DEFICIT) FOR THE YEAR		30 263	11 201

VOTE 4 FREE STATE PROVINCIAL TREASURY

STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Note	2021/22 R'000	2020/21 R'000
ASSETS			
Current assets		25 098	11 029
Cash and cash equivalents	9	24 363	10 334
Receivables	10	670	630
Aid assistance receivable	3	65	65
Non-current assets		545	375
Receivables	10	545	375
TOTAL ASSETS		25 643	11 404
LIABILITIES			
Current liabilities		25 098	11 312
Voted funds to be surrendered to the Provincial Revenue Fund	11	24 973	11 201
Departmental revenue to be surrendered to the Provincial Revenue Fund	12	101	18
Payables	13	24	93
TOTAL LIABILITIES		25 098	11 312
NET ASSETS		545	92
Represented by:			
Recoverable revenue		545	92
TOTAL		545	92

VOTE 4 FREE STATE PROVINCIAL TREASURY STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2022

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Recoverable revenue			
Opening balance		92	121
Transfers:		453	(29)
Irrecoverable amounts written off	6.1	(12)	-
Debts revised		(16)	-
Debts recovered (included in departmental receipts)		(92)	(41)
Debts raised		573	12
Closing balance		545	92
TOTAL		545	92

VOTE 4 FREE STATE PROVINCIAL TREASURY

CASH FLOW STATEMENT

for the year ended 31 March 2022

	Note	2021/22 R'000	2020/21 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		332 690	575 953
Annual appropriated funds received	1.1	305 108	539 315
Departmental revenue received	2.1&2.3	267	200
Interest received	2.2	27 315	36 438
Net (increase)/decrease in working capital		(109)	(236)
Surrendered to Revenue Fund		(38 700)	(51 930)
Current payments		(271 469)	(521 871)
Payments for financial assets		(54)	(17)
Transfers and subsidies paid		(4 289)	(3 139)
Net cash flow available from operating activities	14	18 069	(1 240)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(4 323)	(3 087)
(Increase)/decrease in non-current receivables	10	(170)	(211)
Net cash flows from investing activities		(4 493)	(3 298)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		453	(29)
Net cash flows from financing activities		453	(29)
Net increase/(decrease) in cash and cash equivalents		14 029	(4 567)
Cash and cash equivalents at beginning of period		10 334	14 901
Cash and cash equivalents at end of period	9	24 363	10 334

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

PART A: ACCOUNTING POLICIES

<p>Summary of significant accounting policies</p> <p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
1	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern</p> <p>The financial statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Foreign currency translation</p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.</p>
6	<p>Comparative information</p>
6.1	<p>Prior period comparative information</p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
6.2	<p>Current year comparison with budget</p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	<p>Revenue</p>
7.1	<p>Appropriated funds</p> <p>Appropriated funds comprise 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>

VOTE 4 FREE STATE PROVINCIAL TREASURY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy.</p>
8	<p>Expenditure</p>
8.1	<p>Compensation of employees</p>
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
8.4	<p>Leases</p>
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not</p>

VOTE 4 FREE STATE PROVINCIAL TREASURY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

	<p>apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</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>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments and advances included in the financial statements include travel and subsistence normal and standing advances issued for official trips.</p>
12	<p>Receivables</p> <p>Receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>

VOTE 4 FREE STATE PROVINCIAL TREASURY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

13	Financial assets
13.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial 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>
13.2	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
14	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
15	Capital Assets
15.1	<p>Immovable capital assets</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 assets register is provided in the notes to financial statements.</p>
15.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined 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 2005 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>
15.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are</p>

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

	<p>measured at R1.</p> <p>All assets acquired prior to 1 April 2005 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>
15.4	<p>Project Costs: Work-in-progress</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 in 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>
16	<p>Provisions and Contingents</p>
16.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
16.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
16.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
16.4	<p>Capital commitments</p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
17	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by the Provincial Legislature with funding and the related funds are received; or • approved by the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

18	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.</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>
19	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. 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 reduced from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.</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>
20	<p>Changes in accounting estimates and errors</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements. 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>
21	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
22	<p>Departures from the MCS requirements</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>
23	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
24	<p>Related party transactions</p> <p>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>The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.</p>
25	<p>Employee benefits</p> <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>

VOTE 4 FREE STATE PROVINCIAL TREASURY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

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):

	2021/22			2020/21		
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received	Funds not requested/ not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration Sustainable Resource Management Asset and Liabilities Management Financial Governance Municipal Finance Management	109 530	109 530	-	102 933	102 933	-
	50 237	50 237	-	46 771	46 771	-
	74 094	74 094	-	319 228	319 228	-
	26 798	26 798	-	28 943	28 943	-
	44 449	44 449	-	41 440	41 440	-
Total	305 108	305 108	-	539 315	539 315	-

2. Departmental revenue

	Note	2021/22 R'000	2020/21 R'000
Sales of goods and services other than capital assets	2.1	140	142
Interest, dividends and rent on land	2.2	27 315	36 438
Transactions in financial assets and liabilities	2.3	127	58
Total revenue collected		27 582	36 638
Less: Own revenue included in appropriation	12	22 292	36 638
Departmental revenue collected		5 290	-

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

2.1	Sales of goods and services other than capital assets	Note	2021/22	2020/21
		2	R'000	R'000
	Sales of goods and services produced by the department		140	142
	Other sales		140	142
	Total		140	142
2.2	Interest, dividends and rent on land			
	Interest	2	27 315	36 438
	Total		27 315	36 438
2.3	Transactions in financial assets and liabilities			
	Other Receipts including Recoverable Revenue	2	127	58
	Total		127	58
3.	Aid assistance			
	Opening Balance		(65)	(65)
	As restated		(65)	(65)
	Closing Balance		(65)	(65)
3.1	Analysis of balance by source			
	Aid assistance from RDP		(65)	(65)
	Closing balance	3	(65)	(65)
3.2	Analysis of balance			
	Aid assistance receivable		(65)	(65)
	Closing balance	3	(65)	(65)

<i>Funding must be repaid by National Treasury – letters issued in this regard.</i>

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

3.2.1 Aid assistance prepayments (expensed)

<i>Note</i>	Amount as at 1 April 2021	Less: Received in the current year	Add or Less: Other	Add: Current Year prepayments	Amount as at 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Goods and services	65	-	-	-	65
Total	65	-	-	-	65

<i>Note</i>	Amount as at 1 April 2020	Less: Received in the current year	Add or Less: Other	Add: Current Year prepayments	Amount as at 31 March 2021
	R'000	R'000	R'000	R'000	R'000
Goods and services	65	-	-	-	65
Total	65	-	-	-	65

4. Compensation of employees

4.1 Salaries and Wages

	2021/22 R'000	2020/21 R'000
Basic salary	155 142	158 482
Performance award	426	456
Service Based	873	149
Compensative/circumstantial	3 002	2 900
Other non-pensionable allowances	35 833	29 673
Total	196 276	191 660

4.2 Social contributions

Employer contributions

Pension	19 960	20 335
Medical	10 532	10 076
Bargaining council	40	40
Total	30 532	30 451

Total compensation of employees

	225 808	222 111
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Average number of employees

	360	374
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VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

5. Goods and services	<i>Note</i>	2021/22	2020/21
		R'000	R'000
Administrative fees		129	140
Advertising		415	13 259
Minor assets	5.1	201	112
Bursaries (employees)		835	650
Catering		199	102
Communication		525	361
Computer services	5.2	27 520	28 831
Consultants: Business and advisory services	5.8	307	3 251
Legal services		1 465	206
Contractors		1 031	3 827
Agency and support / outsourced services		63	83
Entertainment		3	2
Audit cost – external	5.3	5 492	4 823
Fleet services		1 920	1 104
Consumables	5.4	3 582	240 398
Operating leases		684	733
Property payments	5.5	42	61
Travel and subsistence	5.6	775	1 448
Venues and facilities		93	11
Training and development		223	213
Other operating expenditure	5.7	157	145
Total		45 661	299 760
5.1 Minor assets			
	5		
Tangible assets		201	112
Machinery and equipment		201	112
Total		201	112
5.2 Computer services			
	5		
SITA computer services		23 908	23 078
External computer service providers		3 612	5 753
Total		27 520	28 831
5.3 Audit cost – External			
	5		
Regularity audits		5 492	4 260
Investigations		-	563
Total		5 492	4 823

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

5.4 Consumables		<i>Note</i>	2021/22	2020/21
		5	R'000	R'000
Consumable supplies			2 043	238 168
Uniform and clothing			95	21 673
Household supplies			1 868	125 217
Building material and supplies			13	8
IT consumables			58	17
Other consumables			9	91 253
Stationery, printing and office supplies			1 539	2 230
Total			3 582	240 398
5.5 Property payments				
		5		
Other			42	61
Total			42	61
5.6 Travel and subsistence				
		5		
Local			775	1 217
Foreign			-	231
Total			775	1 448
5.7 Other operating expenditure				
		5		
Professional bodies, membership and subscription fees			91	82
Other			66	63
Total			157	145
5.8 Remuneration of members of a commission or committee (Included in Consultants: Business and advisory services)				
		5		
Name of Commission / Committee	No. of members			
Audit Committee	3		99	113
Total			99	113

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

6. Payments for financial assets

	<i>Note</i>	2021/22	2020/21
		R'000	R'000
Other material losses written off	6.1	-	17
Debts written off	6.2	54	-
Total		54	17

6.1 Other material losses written off

	<i>Note</i>		
Nature of losses	6		
9/3/8/2/FW/19/20/04 - Accommodation not used		-	1
9/2/4/PT/2020/21/01 - Computer equipment stolen		-	16
Total		-	17
Recoverable revenue written off			
Theft and losses – non-employee debt		12	-
Total		12	-
Other debt written off			
Ex-employee debt		42	-
Total		54	-

7. Transfers and subsidies

Provinces and municipalities	28	3 500	2 540
Households	<i>Annexure 1B</i>	789	599
Total		4 289	3 139

8. Expenditure for capital assets

Tangible assets		4 323	3 087
Machinery and equipment	25	4 323	3 087
Total		4 323	3 087

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

8.1	Analysis of funds utilised to acquire capital assets – 2021/22		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
	Tangible assets		
	Machinery and equipment	4 323	- 4 323
	Total	4 323	- 4 323
8.2	Analysis of funds utilised to acquire capital assets – 2020/21		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
	Tangible assets		
	Machinery and equipment	3 087	- 3 087
	Total	3 087	- 3 087
8.3	Finance lease expenditure included in Expenditure for capital assets		
		2021/22	2020/21
		R'000	R'000
	Tangible assets		
	Machinery and equipment	2 561	2 631
	Total	2 561	2 631
9.	Cash and cash equivalents		
	Consolidated Paymaster General Account	24 363	10 334
	Total	24 363	10 334

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

10. Receivables

	Note	2021/22			2020/21		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	10.1	460	-	460	567	153	720
Staff debt	10.2	2	540	542	54	210	264
Fruitless and wasteful expenditure	10.4	208	5	213	6	-	6
Other receivables	10.3	-	-	-	3	12	15
Total		670	545	1 215	630	375	1 005

10.1 Claims recoverable

	10	2021/22 R'000	2020/21 R'000
National departments		19	
Provincial departments		441	720
Total		460	720

10.2 Staff debt

	10	2021/22 R'000	2020/21 R'000
Breach of contract debt		207	3
Ex-employee debt		273	180
Salary overpayment debt		11	14
Losses/Damages – Employee debt		50	52
Tax debt		1	1
Travel and subsistence debt		-	14
Total		542	264

10.3 Other receivables

	2021/22 R'000	2020/21 R'000
Losses/damages – Non-employee	-	12
Breach of contract – Non-employee	-	2
Sal: Income Tax: CL	-	1
Total	-	15

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

10.4	Fruitless and wasteful expenditure	<i>Note</i>	2021/22	2020/21
			R'000	R'000
	Opening balance		6	5
	Less amounts recovered		(81)	-
	Transfers from note 22 Fruitless and Wasteful Expenditure		288	1
			<u>213</u>	<u>6</u>
			213	6
10.5	Impairment of receivables			
	Estimate of impairment of receivables		103	220
			<u>103</u>	<u>220</u>
			103	220
11.	Voted funds to be surrendered to the Revenue Fund			
	Opening balance		11 201	15 298
	Prior period error		-	-
	As restated		<u>11 201</u>	<u>15 298</u>
	Transfer from statement of financial performance (as restated)		24 973	11 201
	Paid during the year		(11 201)	(15 298)
	Closing balance		<u>24 973</u>	<u>11 201</u>
			24 973	11 201
12.	Departmental revenue to be surrendered to the Provincial Revenue Fund			
	Opening balance		18	12
	As restated		18	12
	Transfer from Statement of Financial Performance (as restated)		5 290	-
	Own revenue included in appropriation		22 292	36 638
	Paid during the year		(27 499)	(36 632)
	Closing balance		<u>101</u>	<u>18</u>
			101	18
13.	Payables – current			
	Clearing accounts	13.1	24	93
			<u>24</u>	<u>93</u>
			24	93

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

13.1	Clearing accounts	<i>Note</i> 13	2021/22 R'000	2020/21 R'000
	Sal: GEHS Refund Control Acc: CL		24	74
	Sal: Garnishee order: CL		-	2
	Sal: ACB Recall: CL		-	17
	Total		24	93
14.	Net cash flow available from operating activities			
	Net surplus/(deficit) as per Statement of Financial Performance		30 263	11 201
	Add back non cash/cash movements not deemed operating activities		(12 194)	(12 441)
	(Increase)/decrease in receivables		(40)	(304)
	Increase/(decrease) in payables – current		(69)	68
	Expenditure on capital assets		4 323	3 087
	Surrenders to Provincial Revenue Fund		(38 700)	(51 930)
	Own revenue included in appropriation		22 292	36 638
	Net cash flow generated by operating activities		18 069	(1 240)
15.	Reconciliation of cash and cash equivalents for cash flow purposes			
	Consolidated Paymaster General account		24 363	10 334
	Total		24 363	10 334
16.	Contingent liabilities and contingent assets			
16.1	Contingent liabilities			
	Liable to			
	Nature			
	Claims against the department	<i>Annex 3</i>	490	365
	Intergovernmental payables (unconfirmed balances)	<i>Annex 5</i>	176	-
	Total		666	365

Cases are in arbitration process – process time consuming.

Included above is an incorrect claim from Department of Cooperative Governance and Traditional Affairs relating a claim for Provincial Revenue Fund instead of Treasury, however incorrectly accounted for in their records as Provincial Treasury

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

17. Capital commitments

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Machinery and equipment		946	878
Total		946	878

According to the national standard of reporting current commitments no longer form part of reporting template

18. Accruals and payables not recognised

18.1 Accruals

	2021/22 R'000			2020/21 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	469	2 003	2 472	28 646
Capital assets	-	-	-	45
Total	469	2 003	2 472	28 691

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Listed by programme level			
Administration		328	576
Sustainable Resource Management		2	3
Asset and Liabilities Management		2 086	28 066
Financial Governance		-	33
Municipal Finance Management		56	13
Total		2 472	28 691

18.2 Payables not recognised

	2021/22 R'000			2020/21 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	268	-	268	3 345
Total	268	-	268	3 345

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Listed by programme level			
Administration		223	340
Sustainable Resource Management		11	8
Asset and Liabilities Management		16	2 990
Financial Governance		4	-
Municipal Finance Management		14	7
Total		268	3 345

Included in the above totals are the following:

Confirmed balances with other departments	<i>Annex 5</i>	238	171
Confirmed balances with other government entities	<i>Annex 5</i>	203	401
Total		441	572

19. Employee benefits

Leave entitlement	10 408	13 128
Service bonus	6 506	6 650
Performance awards	-	1 248
Capped leave	5 249	5 299
Other	453	218
Total	22 616	26 543

The current year figure for leave entitlement includes a negative amount of R189 233.21 (2020/21: R147 770.36) that relates to negative leave balances that existed as at 31 March 2022.

At this stage the department is not able to reliably measure the long term portion of the long service awards. Included in the other is recognition of improved qualification projected payments to officials within the department

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

20. Lease commitments

20.1 Operating leases

2021/22	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	1 329	1 329
Later than 1 year and not later than 5 years	-	-	-	1 968	1 968
Total lease commitments	-	-	-	3 297	3 297

2020/21	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	1 163	1 163
Later than 1 year and not later than 5 years	-	-	-	1 920	1 920
Total lease commitments	-	-	-	3 083	3 083

Government vehicles are leased by the department.

Assets are not sub-leased

20.2 Finance leases

2021/22	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	1 324	1 324
Later than 1 year and not later than 5 years	-	-	-	382	382
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	1 706	1 706

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

2020/21	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	2 517	2 517
Later than 1 year and not later than 5 years	-	-	-	738	738
Later than five years					
Total lease commitments	-	-	-	3 255	3 255

44 Photocopy machines, 85 cellular phones and 124 USB's are included in the finance leases

No finance leases are sub-leased.

21. Irregular expenditure

21.1 Reconciliation of irregular expenditure

	Note	2021/22 R'000	2020/21 R'000
Opening balance		72 880	85 679
Prior period error		-	-
As restated		72 880	85 679
Add: Irregular expenditure – relating to prior year		143	585
Add: Irregular expenditure – relating to current year		684	30 989
Less: Prior year amounts not condoned and removed		(1 431)	(26 901)
Less: Current year amounts not condoned and removed		-	(17 472)
Closing balance		72 276	72 880
Analysis of closing balance			
Current year		684	13 517
Prior years		71 592	59 363
Total		72 276	72 880

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

21.2 Details of current and prior year irregular expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
9/3/8/1/IE/20/21/08 - Three quotations not sourced contradicting SCM prescripts	Disciplinary steps to be determined by Unwanted Expenditure Committee	143
3/8/1/IE/21/22/01 - Supplier overcharged department with PPE Procurement.	The department is in the process of appointing the Investigator and Presiding Officer to handle the disciplinary cases.	684
Total		827

Provincial Treasury was responsible for the central procurement of the COVID-19. The Tribunal Court identified that there were surgical gowns that we delivered to the Department of Health and certain standards as set out and required by the RFQ were not met

21.3 Details of irregular expenditure removed - (not condoned)

Incident	Not condoned by (relevant authority)	2021/22 R'000
SCM prescripts not adhered to - one quote	Not recommended by MEC – Removal approved by Acting HOD FSPT	10
SCM prescripts not adhered to - one quote	Not recommended by MEC – Removal approved by Acting HOD FSPT	251
SANAS prescripts not adhered to	Not recommended by MEC – Removal approved by Acting HOD FSPT	1 170
Total		1 431

21.4 Prior period error

Nature of prior period error	Note	2020/21 R'000
Relating to 2020/21		
9/3/8/1/IE/20/21 - Supplier overcharged department with PPE procurement		242
9/3/8/1/IE/21/22 – Procurement of PPE in non-compliance with SANS 53795 certificate		9 926
Total		10 168

The case was registered in the 2020/21 financial year with R1 thousand but the amount changed after the determination test to R242 thousand

The department is in process of appointing and Investigator and Presiding Officer to handle the disciplinary cases. The value of the gowns is still to be determined according to the court judgement. Investigations are still in process.

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

22. Fruitless and wasteful expenditure

22.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Opening balance		-	2
Prior period error		-	-
As restated		-	2
Fruitless and wasteful expenditure – relating to current year		288	
Less: Amounts recoverable	10.4	(288)	(1)
Less: Amounts written off		-	(1)
Closing balance		-	-

22.2 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
Supplier overcharged department for services not rendered – not in line with SCM prescripts	Recovery from Service Provider	288
Total		288

22.3 Details of fruitless and wasteful expenditure recoverable

Incident	2021/22 R'000
Supplier overcharged department for services not rendered – not in line with SCM prescripts	288
Total	288

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

23. Key management personnel

	No. of Individuals	2021/22 R'000	2020/21 R'000
Political office bearers (provide detail below)			
Officials:	1	2 000	1 978
Level 15-16	2	3 426	3 973
Level 14 (Including CFO)	5	7 239	6 786
Family members of key management personnel	3	2 748	2 649
Total		15 413	15 386

The salary of the acting PAG is currently paid by the Department of Public Works and Infrastructure.

24. Provisions

	Note	2021/22 R'000	2020/21 R'000
PPE procurement of surgical gowns (Covid-19)	24.1	29 073	-
Total		29 073	-

24.1 Reconciliation of movement in provisions – 2021/22

	COVID-19 PPE R'000	Total provisions R'000
Opening balance	-	-
Increase in provision	29 073	29 073
Settlement of provision	-	-
Unused amount reversed	-	-
Reimbursement expected from third party	-	-
Change in provision due to change in estimation of inputs	-	-
Closing balance	29 073	29 073

The Special Tribunal delivered judgement on 31 January 2022 regarding COVID -19 PPE procured by the department.

Based on the order:

- The respondent entities are divested of the profit they have derived or stand to derive from the RFQ.
- The Special Investigating Unit (SIU) shall enlist the services of an appropriate independent expert to assess the surgical gowns delivered to the Free State Departments of Provincial Treasury and Health (the Departments) in respect of the RFQ by the respondent entities which are still in the possession of the Departments to:
 - a) assess the quality of the surgical gowns and their appropriate use;
 - b) determine the fair value of the surgical gowns in light of their quality and appropriate use.

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

The courts further ordered that the profit portion should be divested and therefore the final outflow may differ due to the uncertainty on the profit mark-up of suppliers who supplied the compliant surgical gowns and fair value of the suppliers who supplied non-compliant surgical gowns.

The SIU however could not finalise the exercise within the timelines stipulated in the Special Tribunal judgement. The gowns not yet used are still in the possession of the Department of Health. An independent expert will assess the quality of the surgical gowns delivered and determine the fair value of the surgical gowns based on their quality and appropriate use. The service providers will not be entitled to the profit that they derived or stand to derive, but the Department will have to pay the cost of the surgical gowns.

Although the court judgement mentioned and appreciate the fact, these commodities are both compliant and non-compliant surgical gowns. What is determined was that those non-compliant gowns were also referred by the court as surgical gowns. Our provision is based on the average of R116.98 per gown (R29 072 942.50 committed amount / 248 524 quantity of the surgical gowns).

25. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	33 271	-	1 762	118	34 915
Computer equipment	23 804	-	1 708	25	25 487
Furniture and office equipment	7 750	-	26	93	7 683
Other machinery and equipment	1 717	-	28	-	1 745
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	33 271	-	1 762	118	34 915

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

25.1 Movement for 2020/21

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	33 280	-	456	465	33 271
Computer equipment	23 633	-	403	232	23 804
Furniture and office equipment	7 908	-	39	197	7 750
Other machinery and equipment	1 739	-	14	36	1 717
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	33 280	-	456	465	33 271

25.2 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2022

	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	-	1	-	13 120	-	13 121
Additions	-	-	-	201	-	201
Disposals	-	-	-	276	-	276
TOTAL MINOR ASSETS	-	1	-	13 045	-	13 046

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	1	7 154	-	7 155
TOTAL NUMBER OF MINOR ASSETS	-	-	1	7 154	-	7 155

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2021

	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	-	13 975	-	13 977
Additions	-	-	-	109	-	109
Disposals	-	1	-	964	-	965
TOTAL MINOR ASSETS	-	1	-	13 120	-	13 121

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	1	-	7 195	-	7 196
TOTAL NUMBER OF MINOR ASSETS	-	1	-	7 195	-	7 196

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

25.3 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2022

	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
Assets written off	-	-	-	24	-	24
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	24	-	24

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2021

	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
Assets written off	-	-	-	453	-	453
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	453	-	453

26. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	56 256	-	-	56 256
TOTAL INTANGIBLE CAPITAL ASSETS	56 256	-	-	56 256

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

26.1 Movement for 2020/21

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	56 256	-	-	-	56 256
TOTAL INTANGIBLE CAPITAL ASSETS	56 256	-	-	-	56 256

27. Prior period errors

	Note	Amount before error correction 2020/21 R'000	Prior period error 2020/21 R'000	Restated Amount 2020/21 R'000
Other:				
Accruals: Goods and Services	27	27 399	1 247	28 646
Payables not recognised: Goods and Services	27	4 235	(890)	3 345
Irregular expenditure – current year	31	20 821	10 168	30 989
Net effect		52 455	10 525	62 980

Incorrect classification rectified

Prior year case increased after determination testing was done on irregular expenditure.

PPE procurement in 2020/21 financial year confirmed as irregular expenditure with SIU investigation outcome

VOTE 4 FREE STATE PROVINCIAL TREASURY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

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

NAME OF MUNICIPALITY	2021/22						2020/21		
	GRANT ALLOCATION			TRANSFER			Division of Revenue Act	Actual 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	R'000	R'000	R'000	
Phumelela Local Municipality	-	-	1 750	1 750	1 750	-	-	1 540	1 540
Ngwathe Local Municipality	-	-	1 750	1 750	1 750	-	-	1 000	1 000
TOTAL	-	-	3 500	3 500	3 500	-	-	2 540	2 540

VOTE 4 FREE STATE PROVINCIAL TREASURY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

29. BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

30. COVID-19 Response Expenditure

	<i>Note</i>	2021/22	2020/21
	<i>Annexure 6</i>	R'000	R'000
Goods and services		1 483	238 985
Total		1 483	238 985

VOTE 4 FREE STATE PROVINCIAL TREASURY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT				2020/21		
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Reallocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000	% of available funds spent by municipality %	Division of Revenue Act R'000	Actual transfer R'000
Phumelela Local Municipality	-	-	1 750	1 750	1 750	-	-	1 750	-	1 750	100%	1 540	1 540
Ngwathe Local Municipality	-	-	1 750	1 750	1 750	-	-	1 750	-	1 750	100%	1 000	1 000
TOTAL	-	-	3 500	3 500	3 500	-	-	3 500	-	3 500	100%	2 540	2 540

VOTE 4 FREE STATE PROVINCIAL TREASURY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 1B STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2020/21	
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Available Transferred	Final Appropriation	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
Transfers								
Departmental Leave Gratuity	723	-	16	739	685	93%	356	
Donation in line with the bereavement policy relating to the death of a departmental official, family member of departmental officials and the departmental gifts and donations policy for the birth of a child for a department official or hospitalisation of an official.	10	-	-	10	10	100%	7	
Injury on duty claims paid	20	-	-	20	3	15%	-	
Outreach project of MEC for Finance – Donation of school uniforms, basic toiletries and sanitary towels for 4 schools in Welkom and 7 schools in Bloemfontein	-	-	-	-	-	-	159	
Outreach project of MEC for Finance – Donation of accommodation including dinner, bed and breakfast for non-employees at Xhariep District Municipality in commemoration of disability awareness month	-	-	-	-	-	-	87	
Donation of 100 blankets and 100 food parcels for females headed households as part of National Women's celebrations in Welkom at Matjhabeng Local Municipality	91	-	-	91	91	100%	-	
Outreach projects of MEC for Finance (Donations by MEC during outreach projects)	359	-	(16)	343	-	-	40	
TOTAL	1 203	-	-	1 203	789	66%	649	

VOTE 4 FREE STATE PROVINCIAL TREASURY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

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						
Belgium Donor funding	Research on gender based issues	(65)	-	-	-	(65)
TOTAL		(65)	-	-	-	(65)

VOTE 4 FREE STATE PROVINCIAL TREASURY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 1D STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2021/22		2020/21	
	R'000		R'000	
Made in kind				
Donation of old and redundant major machinery and equipment assets to Hodisa Technical School	-		56	
Donation of old and redundant major machinery and equipment assets to Comm Tech School	-		31	
Donation of old and redundant major machinery and equipment assets to Acts of Apostle Bible Church	-		14	
Donation of old and redundant major machinery and equipment assets to St John's Church	-		17	
Donation of old and redundant major machinery and equipment assets to Department of Education	-		33	
Donation of old and redundant minor machinery and equipment assets to Hodisa Technical School	-		181	
Donation of old and redundant minor machinery and equipment assets to Comm Tech School	-		153	
Donation of old and redundant minor machinery and equipment assets to Moemedi S School	-		74	
Donation of old and redundant minor machinery and equipment assets to Acts of Apostle Bible Church	-		94	
Donation of old and redundant minor machinery and equipment assets to St John's Church	-		22	
Donation of old and redundant minor machinery and equipment assets to Department of Education	-		185	
Donation of old and redundant major machinery and equipment assets to Department of Police, Roads and Transport	-		15	
Donation of old and redundant minor machinery and equipment assets to Department of Police, Roads and Transport	-		101	
Donation of PPE consumables to the Department of Education in the COVID-19 pandemic fight	-		126 484	
Donation of PPE consumables to the Department of Health in the COVID-19 pandemic fight	-		116 057	
Donation of PPE consumables to the Department of Agriculture and Rural Development in the COVID-19 pandemic fight	-		1 090	
Donation of PPE consumables to the Department of Sport, Arts, Culture and Recreation in the COVID-19 pandemic fight	-		132	
Donation of PPE consumables to the Department of Police, Roads and Transport in the COVID-19 pandemic fight	-		9 662	
Donation of PPE consumables to the Department of Human Settlements in the COVID-19 pandemic fight	-		2 485	
Donation of PPE consumables to the Department of Cooperative Governance and Traditional Affairs in the COVID-19 pandemic fight	-		252	
Donation of PPE consumables to the Office of the Premier in the COVID-19 pandemic fight	-		3 027	
Donation of PPE consumables to the Department of Economic, Small Business Development, Tourism and Environmental Affairs in the COVID-19 pandemic fight	-		945	
Donation of PPE consumables to the Department of Public Works and Infrastructure in the COVID-19 pandemic fight	-		6 655	

VOTE 4 FREE STATE PROVINCIAL TREASURY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

	2021/22	2020/21
	R'000	R'000
NATURE OF GIFT, DONATION OR SPONSORSHIP		
Donation of PPE consumables to the Department of Social Development in the COVID-19 pandemic fight	-	1 196
Donation of old and redundant major machinery and equipment to Department of Human Settlements	81	-
Donation of old and redundant minor machinery and equipment to Department of Human Settlements	233	-
Donation of old and redundant major machinery and equipment to Ikaelelo Secondary School	12	-
Donation of old and redundant minor machinery and equipment to Ikaelelo Secondary School	41	-
TOTAL	367	268 961

VOTE 4 FREE STATE PROVINCIAL TREASURY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 2 STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2022

Nature of Liability	Opening Balance 1 April 2022	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable	Closing Balance 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Arbitration: PMDS Bonuses	142	-	47	-	95
Arbitration: ULP/Promotions	223	-	223	-	-
Arbitration: Compensation	-	395	-	-	395
Subtotal	365	395	270	-	490
TOTAL	365	395	270	-	490

VOTE 4 FREE STATE PROVINCIAL TREASURY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

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ANNEXURE 3 CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2021/22	
	31/03/2022 R'000	31/03/2021 R'000	31/03/2022 R'000	31/03/2021 R'000	31/03/2022 R'000	31/03/2021 R'000	Receipt date up to six (6) working days after year end	Amount R'000
Department								
FSPG: Department of Social Development	-	-	-	153	-	153	-	-
FSPG: Department of Health	54	-	15	220	69	220	-	-
FSPG: Legislature	-	-	347	347	347	347	-	-
FSPG: Department of Public Works and Infrastructure	25	-	-	-	25	-	-	-
ND: Department of Correctional Services	-	-	19	-	19	-	-	-
TOTAL	79	-	381	720	460	720	-	-

VOTE 4 FREE STATE PROVINCIAL TREASURY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 4 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2021/22 Payment date up to six (6) working days before year end	Amount R'000
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021		
	R'000	R'000	R'000	R'000	R'000	R'000		
DEPARTMENTS								
Current								
Nat: Department of Justice and Constitutional Development	-	29	-	-	-	29	-	-
FSPG: Department of Police, Roads and Transport	-	83	-	-	-	83	-	-
Nat: Department of Justice and Constitutional Development	14	30	-	-	14	30	-	-
Nat: Department of Justice and Constitutional Development	40	29	-	-	40	29	-	-
FSPG: Department of Cooperative Governance and Traditional Affairs	-	-	176	-	176	-	-	-
FSPG: Office of the Premier	23	-	-	-	23	-	-	-
FSPG: Office of the Premier	161	-	-	-	161	-	-	-
TOTAL	238	171	176	-	414	171	-	-
OTHER GOVERNMENT ENTITY								
Current								
FSPG: Fleet Management	203	401	-	-	203	401	-	-
Subtotal	203	401	-	-	203	401	-	-
TOTAL INTERGOVERNMENT PAYABLES	441	572	176	-	617	572	-	-

VOTE 4 FREE STATE PROVINCIAL TREASURY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 5
COVID-19 RESPONSE EXPENDITURE
Per quarter and in total

Expenditure per economic classification	2021/22				Total R'000	2020/21 Total R'000
	Q1	Q2	Q3	Q4		
	R'000	R'000	R'000	R'000		
Goods and services						
<i>Consumable Supplies</i>	-	1 483	-	-	1 483	237 890
<i>Property payments</i>	-	-	-	-	-	61
<i>Audit fees: Ext Current year</i>	-	-	-	-	-	471
<i>Audit fees: Ext Forensic Investigations</i>	-	-	-	-	-	563
TOTAL COVID-19 RESPONSE EXPENDITURE	-	1 483	-	-	1 483	238 985

DEPARTMENT GENERAL INFORMATION

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