

DEPARTMENT OF TREASURY
FREE STATE PROVINCE
VOTE NO. 4
ANNUAL REPORT
2012/2013

CONTENTS

PART A: GENERAL INFORMATION	5
1. DEPARTMENT GENERAL INFORMATION.....	5
2. LIST OF ABBREVIATIONS/ACRONYMS.....	6
3. STRATEGIC OVERVIEW.....	7
3.1. Vision.....	7
3.2. Mission.....	7
3.3. Values.....	7
3.4. Strategic outcome orientated goals.....	7
4. LEGISLATIVE AND OTHER MANDATES.....	8
5. ORGANISATIONAL STRUCTURE.....	12
6. ENTITIES REPORTING TO THE MEC.....	13
7. FOREWORD BY THE MEC.....	14
8. OVERVIEW OF THE ACCOUNTING OFFICER.....	15
PART B: PERFORMANCE INFORMATION	16
1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION.....	17
2. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES.....	18
3. OVERVIEW OF DEPARTMENTAL PERFORMANCE.....	18
3.1. Service Delivery Environment.....	18
3.2. Service Delivery Improvement Plan.....	18
3.3. Organisational environment.....	20
3.4. Key policy developments and legislative changes.....	20
4. STRATEGIC OUTCOME ORIENTED GOALS.....	21
5. PERFORMANCE INFORMATION BY PROGRAMME.....	25
5.1. Programme 1: Administration.....	25
5.2. Programme 2: Sustainable Resource Management.....	39
5.3. Programme 3: Asset and Liabilities Management.....	45
5.4. Programme4: Financial Governance & MFM.....	51
6. SUMMARY OF FINANCIAL INFORMATION.....	62
6.1. Departmental receipts.....	62
6.2. Programme Expenditure.....	63
6.3. Transfer payments, excluding public entities.....	63
6.4. Public Entities.....	63
6.5. Conditional grants and earmarked funds paid.....	63
6.6. Conditional grants and earmarked funds received.....	63

6.7.	Donor Funds.....	63
6.8.	Capital investment, maintenance and asset management plan.....	64
PART C: GOVERNANCE		66
1.	INTRODUCTION.....	67
2.	RISK MANAGEMENT	67
3.	FRAUD AND CORRUPTION	67
4.	MINIMISING CONFLICT OF INTEREST	68
5.	CODE OF CONDUCT	69
6.	HEALTH SAFETY AND ENVIRONMENTAL ISSUES	69
7.	INTERNAL CONTROL UNIT	70
8.	AUDIT COMMITTEE REPORT	71
PART D: HUMAN RESOURCE MANAGEMENT		74
1.	LEGISLATION THAT GOVERN HR MANAGEMENT	75
2.	INTRODUCTION.....	75
3.	HUMAN RESOURCE OVERSIGHT STATISTICS	77
3.1.	Personnel related expenditure.....	77
3.2.	Employment and Vacancies	79
3.3.	Job Evaluation	81
3.4.	Employment Changes	83
3.5.	Employment Equity.....	86
3.6.	Performance Rewards.....	92
3.7.	Foreign Workers	94
3.8.	Leave utilisation.....	95
3.9.	HIV/AIDS & Health Promotion Programmes	97
3.10.	Labour Relations.....	103
3.11.	Skills development	105
3.12.	Injury on duty.....	107
3.13.	Utilisation of Consultants.....	107
PART E: FINANCIAL INFORMATION		109
1.	REPORT OF THE ACCOUNTING OFFICER.....	110
2.	ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY	119
3.	REPORT OF THE AUDITOR GENERAL	120
4.	ANNUAL FINANCIAL STATEMENTS.....	123



PART A: GENERAL INFORMATION



PART A: GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CFO	Chief Financial Officer
EU	European Union
HOD	Head of Department
MEC	Member of Executive Council
MTEF	Medium Term Expenditure Framework
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PW	Public Works
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SMME	Small Medium and Micro Enterprises
TR	Treasury Regulations

3. STRATEGIC OVERVIEW

3.1. Vision

Your partner in financial resource management excellence, for a better life for all in the Free State Province

3.2. Mission

To promote sound financial resource management, for improved service delivery in the Free State Province

3.3. Values

Every employee is expected to be guided by the principles and core values that the Department espouses by:

- Integrity
- Accountable
- Assertiveness
- Collaborative
- Responsive
- Committed
- Proactive

3.4. Strategic outcome orientated goals

- Provision of high quality support services to internal departmental stakeholders
- To promote the effective management of the provincial fiscal framework
- To promote effective management of provincial assets and liabilities
- Promotion of financial governance within the provincial government
- To promote the effective implementation of municipal finance related legislation

4. LEGISLATIVE AND OTHER MANDATES

The existence of the department and its operations are guided by:

<p>The Constitution of the Republic of South Africa Act 108 of 1996</p>	<p>National, provincial and municipal budgets 215.</p> <p>(1) national, provincial and municipal budgets and budgetary processes must promote transparency, accountability and effective financial management of the economy, debt and the public sector</p> <p>(2) national legislation must prescribe -</p> <ul style="list-style-type: none"> (a) the form of national, provincial and municipal budgets ; (b) when national and provincial budgets must be tabled; and (c) Budgets in each sphere of government must show the sources of revenue and the way in which proposed expenditure will comply with national legislation. <p>(3) budgets in each sphere of government must contain –</p> <ul style="list-style-type: none"> (a) estimates of revenue and expenditure, differentiating between capital and current expenditure; (b) proposals for financing any anticipated deficit for the period for which they apply, and (c) an indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.
<p>Public Finance Management Act No. 1 of 1999 (as amended)</p>	<p>18. Functions and powers,</p> <p>(1) A <u>Provincial Treasury</u> must--</p> <ul style="list-style-type: none"> (a) prepare the provincial budget; (b) exercise control over the implementation of the provincial budget; (c) promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of <u>provincial departments</u> and provincial public entities; and (d) ensure that its fiscal policies do not materially and unreasonably prejudice national economic policies. <p>2) A provincial treasury--</p> <ul style="list-style-type: none"> a) must issue provincial treasury instructions not inconsistent with <u>this Act</u>; b) must enforce this Act and any <u>prescribed</u> national and provincial norms and standards, including any prescribed standards of <u>generally recognized accounting practice</u> and uniform classification systems, in provincial departments; c) must comply with the <u>annual Division of Revenue Act</u>, and monitor and assess the implementation of that Act in provincial public entities; d) must monitor and assess the implementation in provincial public entities of national and provincial norms and standards; e) may assist provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management; f) may investigate any system of financial management and internal control applied by a provincial department or a <u>provincial public entity</u>; g) must intervene by taking appropriate steps, which may include the withholding of funds, to address a serious or persistent material breach of this Act by a provincial department or a provincial public entity; h) must promptly provide any information required by the <u>National Treasury</u> in terms of this Act; and i) may do anything further that is necessary to fulfil its responsibilities effectively.

Treasury Regulations, May 2005 issued in terms of PFMA Act 1 of 1999 (as amended)

76. Treasury regulations and instructions, inter alia,
- 1) The National Treasury must make regulations or issue instructions applicable to departments, concerning -
 1. any matter that must be prescribed for departments in terms of this Act;
 2. the recovery of losses and damages;
 3. the handling of, and control over, trust money and property;
 4. the rendering of free services;
 5. the writing off of losses of state money or other state assets or amounts owed to the state;
 6. liability for losses and damages and procedures for recovery;
 7. the cancellation or variation of contracts to the detriment of the state;
 8. the settlement of claims by or against the state;
 9. the waiver of claims by the state;
 10. the remission of money due to the Revenue Fund, refunds of revenue and payments from the Revenue Fund, as an act of grace;
 11. the alienation, letting or other disposal of state assets; and
 12. gifts or donations by or to the state.
 - 2) The National Treasury may make regulations or issue instructions applicable to departments, concerning-
 - a) any matter that may be prescribed for departments in terms of this Act;
 - b) the charging of expenditure against particular votes;
 - c) the establishment of and control over trading entities;
 - d) the improvement and maintenance of immovable state assets;
 - e) fruitless and wasteful, unauthorised and irregular expenditure;
 - f) the determination of any scales of fees, other charges or rates relating to revenue accruing to, or expenditure from, a Revenue Fund;
 - g) the treatment of any specific expenditure;
 - h) vouchers or other proofs of receipts or payments, which are defective or have been lost or damaged;
 - i) assets which accrue to the state by operation of any law; or
 - j) any other matter that may facilitate the application of this Act.
 - 3) Regulations in terms of subsection (1) or (2) may prescribe matters for which the prior approval of a Treasury must be obtained.

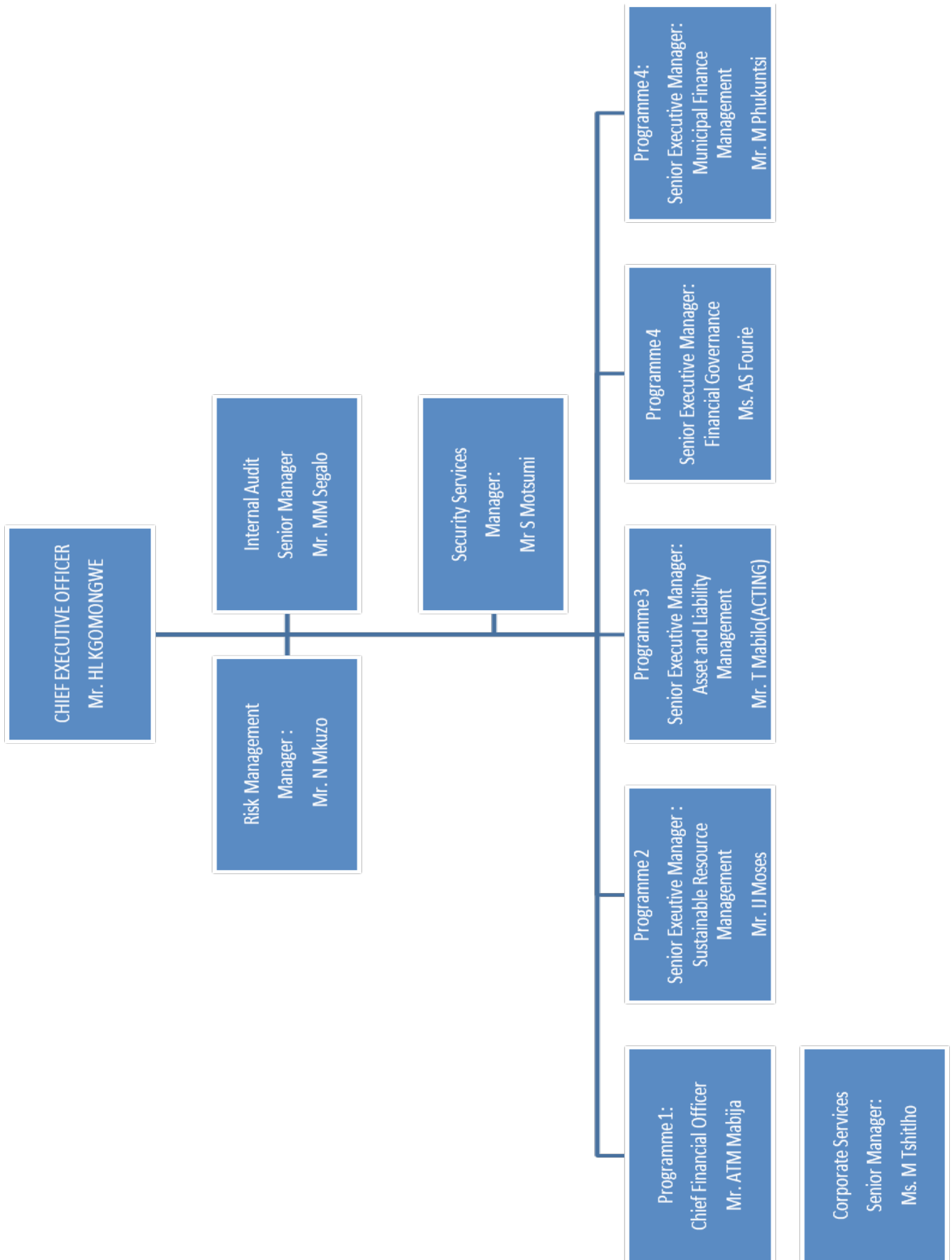
<p>Municipal Finance Management Act 56 of 2003</p>	<p>Chapter 2 General functions of National Treasury and Provincial Treasuries, inter alia,</p> <p>3) A provincial treasury must in accordance with a prescribed framework -</p> <ul style="list-style-type: none"> (a) fulfil its responsibilities in terms of this Act; (b) promote the object of this Act as stated in section 2 within the framework of co-operative government set out in Chapter 3 of the Constitution: and (c) assist the National Treasury in enforcing compliance with the measures established in terms of section 216(1) of the Constitution, including those established in terms of this Act. <p>4) To the extent necessary to comply with subsection (3), a provincial treasury-</p> <ul style="list-style-type: none"> (a) must monitor- <ul style="list-style-type: none"> (i) compliance with this Act by municipalities and municipal entities in the province; (ii) the preparation by municipalities in the province of their budgets; (iii) the monthly outcome of those budgets; and (iv) the submission of reports by municipalities in the province as required in terms of this Act; (b) may assist municipalities in the province in the preparation of their budgets; (c) may exercise any powers and must perform any duties delegated to it by the National Treasury in terms of this Act; and (d) may take appropriate steps if a municipality or municipal entity in the province commits a breach of this Act.
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Division of Revenue
Act (Act 2 of 2008)

Duties of Provincial Treasuries

- 31 (1) The provincial treasury must reflect Schedule 5 allocations separately in the province's appropriation Bill or a schedule to its appropriation Bill.
- (2) (a) The provincial treasury must on the same day that its budget is tabled in the provincial legislature or a later date approved by the National Treasury, publish the following in the Gazette:
- (i) the indicative allocation per municipality for every allocation to be made by the province to municipalities from the province's own funds;
 - (ii) the indicative allocation to be made per school in the province;
 - (iii) the indicative portion of the Integrated Housing and Human Settlement Development allocation to each municipality;
 - (iv) the indicative allocation to any national or provincial public entity for the implementation of a programme funded by a Schedule 5 allocation on behalf of a province or for assistance provided to the province in implementing such a programme;
 - (v) the envisaged division of the allocation contemplated in subparagraphs (i)-(iv), in respect of each municipality and school, for the next financial year
 - (vi) the conditions and other information in respect of the allocations referred to in subparagraphs (i), (ii) and (iii) to facilitate performance measurement and the use of required inputs and outputs; and
 - (vii) the budget of each hospital in a format determined by the National Treasury.
- (b) The allocations and budgets referred to in paragraph (a) must be deemed to be final if the legislature passes the appropriation Bill without any amendments.
- (c) In the event that the legislature amends the appropriation Bill the accounting officer of the provincial treasury must publish amended allocations and budgets in the Gazette within 14 days of legislature passing the appropriation Bill.
- (3) (a) Despite anything to the contrary contained in any law, a provincial treasury may, in accordance with a framework determined by the National Treasury, amend the allocations referred to in subsection (2) or make additional allocations to municipalities that were not published in terms of subsection (1) or (2).
- (b) The amended allocations and allocations referred to in paragraph (a) must be published in the province's budget documents that are submitted with an adjustment appropriation Bill to its legislature.
- (c) The provisions of subsection (2), with the necessary changes, apply in respect of allocations referred to in paragraph (b).
- (4) Where a function for which a province receives a Schedule 5 allocation is assigned to a municipality during a financial year and the province has not appropriated funds to that municipality for the performance of that function, the province must transfer the allocation to the municipality in terms of section 226(3) of the Constitution as a direct charge against that province's Revenue Fund and must inform the National Treasury of the transfer.
- (5) (a) A provincial treasury must, as part of its consolidated monthly report in terms of section 32 of the Public Finance Management Act, in the format determined by the National Treasury, report on —
- (i) actual transfers received by the province from national departments;
 - (ii) actual expenditure on such allocations, excluding Schedule 4 allocations, up to the end of that month; and
 - (iii) actual transfers made by the province to municipalities, and actual expenditure by municipalities on such allocations.

5. ORGANISATIONAL STRUCTURE



6. ENTITIES REPORTING TO THE MEC

There are no Entities reporting to the Department / MEC

7. FOREWORD BY THE MEC FOR FINANCE: MS. E C ROCKMAN

ELELZABE C ROCKMAN

MEC for Finance



It is indeed with a great sense of honour and privilege to table this 2012/2013 annual report of the Free State Provincial Treasury before the Free State Legislature. The report highlights key achievements of the department in relation to pronounced policy directives and strategic outcomes related to the 5 year Strategic plan and the 2012 Annual Performance Plan.

Accordingly, the 2012/2013 Annual Performance Plan of the Department evolved within the global context of steady recovery from the 2007 economic meltdown that has affected the domestic (private and public sector) performance and growth of the financial markets.

Unlike in other countries, the melt down did not limit our capacity and obligation to continue providing basic and essential services to our people in line with the strategic priorities articulated in the Medium Term Expenditure Framework. We owe this to the resilience and stability of our macro-economic environment.

The turbulent and ever shifting landscape within which our fiscal policy trajectory evolves is accompanied by a marked decline in our fiscal envelope which requires a decisive and bold leadership on the one hand; on the other hand, continuous learning and innovation anchored on a shared sense of strategic vision, purpose and urgency. To this end, we pursued internal re-organisation of spending through reprioritization and belt-tightening.

As our performance during the period under review demonstrates, we have witnessed marked improvement in our oversight, monitoring and capacity support to provincial departments, state owned entities and municipalities through consolidation of collaboration and partnerships. This has resulted in a marked improvement of internal institutional capacity of the very institutions we oversee to develop systems and structures for internal controls and accountability.

In tabling this 2012/2013 Annual Report, allow me to extend my sincere gratitude to the Chief Executive Officer of the Provincial Treasury and his team, Accounting Officers and Chief Financial officers of Departments and reporting entities for their support during the period under review.

A handwritten signature in black ink, appearing to read 'Elzabe', written over a light blue background.

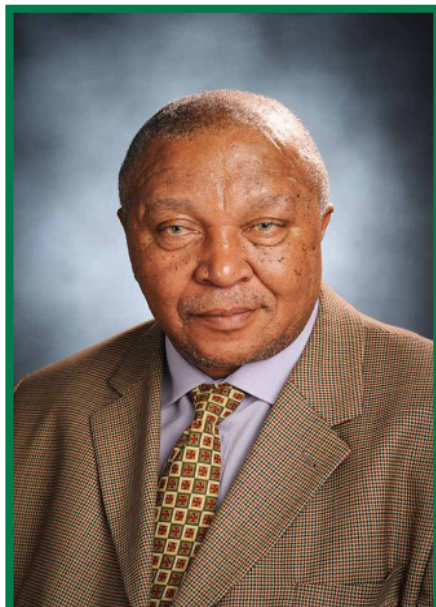
ELZABE C ROCKMAN

MEC for Finance

Date: 29th May 2013

8. OVERVIEW OF THE ACCOUNTING OFFICER

Mr. HL KGOMONGWE
ACCOUNTING OFFICER



This Annual Report represents the collective memories of dedication, hard work, sense of purpose and urgency of the officials of the Free State Provincial Treasury in their quest to achieve the strategic goal of 'an efficient, accountable and responsive governance' as articulated in the 2009-2014 government Medium Term Strategic Frame-work. The report accounts for the performance of the Department against the targets set out in the Annual Performance Plan during the period under review.

Of critical note during the period under review, are bilaterals the MEC and the CEO had with all the officials from all programmes as a platform to identify fault lines and chart a strategic map ahead to take the Department to another height. We emerged from this process stronger, with a greater sense of cohesion and strategic purpose in fulfilling the constitutional mandate of the Treasury.

The period under review was by its nature very eventful with the tabling of the Provincial Budget in March 2013, the first Adjustment Appropriation due to merger of Agriculture and Rural Development. The Free State Province also received an additional R60 m for Infrastructure Conditional Grant from the National Treasury in the fourth quarter

necessitating a late second adjustment on the 2012/13 financial year.

Fair reporting on financial and non-financial performance, quarterly progress of actual outputs was presented to PROPAC and Finance Committee. Provincial Treasury was rated at level 4 in terms of Management on the MPAT by the National Monitoring and Evaluation which is the best practice.

The Department was successful with the implementation of its Employment Equity plan, although difficulties were experienced with the appointment of black women in senior management positions and the appointment of employees with disabilities in all occupational categories.

The department achieved a clean audit from the AGSA in 3 consecutive years and received an award from SAIGA for achieving the joint highest score in the Annual Public Sector Reporting Award for the past 2 years in the Free State province. This is indeed a great achievement towards the vision 2014 clean audits as set by government. The implementation of the IDMS is well on track; FOHOD approved the IDMS for the Free State and we awaiting approval from the Executive Council.

At the end of March 2013 the Province had collected R823.4 million or 103% of the revenue target of R820.9 million for 2012/13 financial year; thus the collection is 0.3% above the target.

The department extended assistance to Xhariep municipalities in terms of the supply chain database. The objective of this initiative is to capacitate and support the municipalities and to improve financial governance in the areas of supply chain management with specific reference to supplier management best practices.

The Provincial Treasury, in collaboration with the Department of Cooperative Governance & Traditional Affairs (COGTA) and the Office of the Auditor-General (AG) has established an Audit Technical Steering Committee (ATSC) to deal with issues emanating from the audit process of Municipalities. We continue to place a high premium on municipalities in terms of supporting and monitoring.

A handwritten signature in black ink, appearing to read 'HL Kgomongwe', written over a horizontal line.

Mr. HL KGOMONGWE
ACCOUNTING OFFICER

Date: 29th May 2013



PART B: PERFORMANCE INFORMATION



1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of Responsibility for Performance Information for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation of the department's performance information and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the department for the financial year ended 31 March 2013.



MR. HL KGOMONGWE
ACCOUNTING OFFICER
Date: 29th May 2013

2. AUDITOR GENERAL’S REPORT: PREDETERMINED OBJECTIVES (AGSA)

The AGSA currently performs the necessary 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 120 of the Report of the Auditor General, published as Part E: Financial Information.

3. OVERVIEW OF DEPARTMENTAL PERFORMANCE

3.1. Service Delivery Environment

The finalization of the proposed departmental organizational structure by the DPSA is still pending; interactions between the department and the DPSA are continuing to finalize the structure. The department was successful in reducing the debt owed by provincial departments to municipalities through the inter-governmental work sessions

The management of the department was stable as no skills were lost in the senior executive, senior management and even the chief executive officer, which strengthened the department and maintained its capacity and institutional memory.

Monthly monitoring letters were issued to all departments to indicate the balance of remaining cash allocations until the end of the financial year, with clear indications of funds that have been reserved for compensation.

In addressing issues of SCM compliance an SCM toolkit is in the process of being developed to address issues of non-compliance, non-reporting and understanding SCM process by departments and public entities in the province.

The interest rate fluctuations also had a significant impact on interest collection, during the 2011/2012 financial year rates were fluctuating between 5% & 6.18%, while for the 2012/2013 financial year the highest rate offered by category 1 institution was only 5.79%.

3.2. 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 provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Reporting in Compliance to Section 71 of the MFMA	Free Municipalities and State National Treasury	Free Municipalities and State National Treasury	12 consolidated budget performance reports submitted to National Treasury and placed on the Provincial Treasury’s website 4 reports submitted to Provincial Legislature for tabling	12 consolidated budget performance reports submitted to National Treasury and placed on the Provincial Treasury’s website 4 reports submitted to Provincial Legislature for tabling

Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Municipalities consulted through forums, workshops, bi-laterals, telephones, email, personal visits	Municipalities Officials	Citizens	2 formal workshop sessions held to capacitate municipal officials information sessions held at municipality level

Service delivery access strategy

Access Strategy	Actual achievements
Provincial Treasury web page available for municipalities to have access to MFMA and municipalities to have access to information in the page and MFMA reports documents. In future reports will also be tabled to media via the MEC's office	Municipalities consulted through forums, workshops, bi-laterals, telephones, email, personal visits 2 formal workshop sessions held to capacitate municipal officials

Service information tool

Types of information tool	Actual achievements
The customer has a right to all Batho Pele principles, especially the following: <ul style="list-style-type: none"> • Courteous behaviour at all times. • Full information. • Prompt and efficient service. • Redress and an apology for lapses in our service. • To be treated equal. • Privacy respected at all times. 	Acknowledgment of municipal reports and assessment within 22 working days (monthly) reporting and 45 working days (quarterly) Through quarterly meetings with municipal CFOs, workshops, newspapers and municipalities and Department website Aftercare to be given to all municipalities

Complaints mechanism

Complaints Mechanism	Actual achievements
<p><u>DEALING WITH QUERIES AND COMPLAINTS</u></p> <p>When you write to us we shall:</p> <ul style="list-style-type: none"> • Acknowledge your letter or email within 7 days of receiving it. • Provide you with the name of the person handling your query. • Tell you when you can expect a full response. • You can call <u>Mr. Gunnett Kaaf</u> on (051) 405 4229 or send an email to <u>gunnett@treasury.fs.gov.za</u> between 07h30 and 16h00 from Monday to Friday. <p><u>If you have a complaint:</u></p> <ul style="list-style-type: none"> • Tell us. • We shall apologise and try to put things right immediately. • If you are not happy with our response you can contact <u>Ms. M Tshitlho</u> on (051) 405 4268 or at <u>tshitlho@treasury.fs.gov.za</u> <p>Please tell us what you think of our services and standards and whether you think we are meeting them. We would appreciate any comments and/or criticism you may have. Please contact:</p> <p><u>Mr. Gunnett Kaaf</u> on (051) 405 4229 or at <u>gunnett@treasury.fs.gov.za</u></p>	<p>No queries raised by customers thus far</p>

3.3. Organisational environment

23 SMS members submitted disclosure forms of their financial interests, and also submitted performance agreements and developments as required.

In order to finalize and speed up the resolution of cases, 2 cases were finalized within 20 and 15 days respectively.

As part of its contribution to the skilling of young people, the department appointed 25 interns to learn skills, and 5 for experiential training in order for them to get their qualifications. 12 part-time bursaries were also awarded to officials in the 2012/2013, over and above the 76 that were awarded in previous years, for the department to have the necessary skills and expertise to fulfil its mandate.

98.82% creditors were paid within 30 days, and the department will strive to meet its target of 100% payments to creditors within 30 days. 77.40% of 15 mostly procured items was spent on SMME's in the 2012/2013 financial year to develop SMME's.

3.4. Key policy developments and legislative changes

There were no key policy developments and legislative changes for the financial for 2012/13. The department has during the course of the year issued circulars to departments, public entities and municipalities. National Treasury issued a revised Treasury Regulations in December for comments and inputs and will be applicable in the new financial year.

4. STRATEGIC OUTCOME ORIENTED GOALS

Strategic Goal 1: High quality support services to Internal and External stakeholders.

The department managed to achieve and attain the “Vision, clean audit by 2014” for the past 3 financial years. This is the first department in the Free State to achieve and attain this.

Due to the controls in place the department managed to have no irregular and unauthorized expenditure for the 2012/13 financial year.

In order to assist the Departments, an instruction note was issued by National Treasury that all Departments must submit 4th quarterly Interim Financial Statements to the office of the provincial Accountant General and the Departmental Internal Audit Unit for evaluation. The Departments managed to submit the Interim Financial Statements within the timeframe with the necessary supporting documentation. The department submitted the Interim Financial Statements for all four quarters as required in terms of the prescripts issued in this regard.

The department also finalized and submitted the final EPRE in respect of the voted funds for the 2013/14 financial year and it was also presented at the Finance Committee.

Strategic Goal 2: To promote the effective management of the provincial fiscal framework

Credible revenue base for all departments were done as planned, bilaterals with departments with the view to review quarterly revenue performance were achieved successfully and revenue inspections were achieved as planned. Twelve reports on REA projects were successfully produced and all the projects were implemented as planned. The PRES Strategy was reviewed as planned and presented to EXCO for approval.

Above all the directorate not only achieved the set revenue target for 2012/13 but over achieved the target of R820 million by R13 million; thus the collected revenue for 2012/13 amounted to R833 million.

The 2013 MTEF budget was a result of vigorous processes which included, amongst others, the bilaterals between the departments and Provincial Treasury, the Provincial Medium Term Expenditure Committee which afforded all departments’ opportunities to present budget requests and bids as well as various Makgotlas (EXCO Lekgotla and Provincial Budget Lekgotla) which successfully aligned budgets to set priorities.

Adoption of revised provincial cost containment measures during October 2012.

Provincial Medium Term Expenditure Committee hearings were held on 23th – 24th October 2012, reprioritization within the baselines and motivation for departmental budget bids over the MTEF.

The Budget – Task Team played an important role in consolidating the various recommendations and options in clear threads resulting in this proposed resource allocations per department, furthermore the participation of the Executive Council in the budget process and specifically their attendance of the Provincial MTEC hearings, Budget Lekgotla and Extended EXCO Lekgotla continue to enhance the process and remain vital for ensuring that the budget reflects both national and provincial priorities.

In March 2013 the Provincial Treasury undertook an initiative to hold bilaterals on the mid-year assessment reviews of municipalities. Four municipalities have been identified for piloting this project namely, Xhariep District, Dihlabeng, Metsimaholo and Tswelopele Municipalities. The purpose of the mid-year reviews was:

- To monitor the progress in the budget implementation for the 2012/13 municipal financial year;
- Monitor the service delivery performance against the approved SDBIP for the 2012/13 municipal financial year;
- Provide valuable input to influence the 2012/13 municipal adjustments budget process;
- Opportunity for municipalities to raise other relevant issues with National and Provincial Treasury and other stakeholders; and
- Allows Provincial Treasury to highlight other significant circular and policy reforms that will be introduced by the National Treasury and clarify issues in budget circulars and budget regulations.

Invitations have been extended to CoGTA, SALGA and the Premiers Intervention Unit to participate in these engagements. In the 2014/15 financial year Provincial Treasury will be rolling out this support to other municipalities.

Strategic Goal 3: To promote effective management of provincial assets and liabilities

During the 2012/2013 financial year Physical Asset Management hosted 18 PAM forums and 24 Training sessions for departments, municipalities and public entities.

The PAM forums are discussion platforms on asset management and sharing of best practices and promoting of new Treasury initiatives. 191 monitoring reports were produced (*following performance of site visits*) during the 2012/2013 financial year. PAMKPI's (77 Items) were developed whereby departments and entities report on a monthly basis on performance, implementation and compliance to the KPI's. Monthly evaluations on Key Control Matrix (KCM's) document(s) submitted by Departments based on performance, implementation and compliance to KCM's.

A number of 8 Supply Chain Management forums and workshops were held during the 2012/2013 financial year. These forums are used as a platform to share information, sharing of best practices and new legislative requirements on SCM compliance. 60 Assessment reports were produced based on SCM KPI's.

Advertisement of the development of SCM Toolkit commenced during the 2012/13 financial year. SCM Toolkit will be used as a tool to assist departments in their day-to-day operation of SCM procedures.

Monthly meetings on the monitoring of the provincial banker in line with the SLA were held. A set of accurate Annual Financial Statements on the Provincial Revenue Fund was submitted on time. Monthly reports on Cash allocations and Monitoring reports on Investments were produced.

In ensuring better management of Infrastructure, 8 infrastructure / IDP delivery meetings and reviews were conducted by the department, and 60 projects were visited, this resulted in 8 monitoring reports being produced.

For the capacitation of departments 2 training sessions were conducted on the management of PPP projects during the 2012/2013 financial year.

Strategic Goal 4: Promotion of financial governance within the provincial government

Provincial Treasury introduced monthly Key Control reporting since November 2011 which were amended from March 2012 to Monthly, Quarterly and Bi-annual Key Control Matrix reporting consisting of disciplines, that covers all functional areas, with the aim to promote compliance with the PFMA.

These disciplines are reviewed on an annual basis to incorporate AGSA findings of the prior year. Since the implementation and assessment of this Key Control Matrix the following improvements were achieved:

- Submission of the Key Control reporting by departments within the prescribed due date.
 - The average rate of submission of supporting documentation as at the end of March 2013 is 87,6% which reduced the risk of scope limitations due to misplaced/lost supporting documents.
 - Development and implementation of Policies and Procedures as per the minimum requirements of National Treasury improved to 54,5%.
 - Signed of reconciliations between departments and the Provincial revenue fund.
 - The three best performing departments according to the Key Control assessments is also reflected in the same departments receiving clean audit opinions for 2012/13.
-
- Interim Financial Statements (IFS) which were introduced on bi-annual basis were increased to quarterly basis as from 2011/12 financial year. Treasury identified during the assessment of the fourth quarter as well as the Draft AFS assessments, 635 findings of which 498 (78,4%) were rectified before the submission of the unaudited 2012/13 AFS. Accounting transactions to the value of R 4,158 million were rectified based on Treasury Assessments.
 - The audit outcomes for 2010/11 compared to 2012/13 is as follows: Unqualified opinions with no findings (clean) improved from 2 to 6, and disclaimer and entities achieved an unqualified audit opinion.
 - The implementation of Shared Audit Committees has resulted in an improvement of Governance as reported in the 2011/12 General Report of the AGSA.
 - IA Activity has improved from 79% to 91% when comparing 2010/11 to 2012/13 financial years.
 - Risk Management, has improved from 58,25% to 85% since 2010/11 to 2012/2013 financial year.
 - FMCMM: Performance of the departments which obtained level 3 has improved from 1 to 4 departments when comparing 2010/2011 to 2012/2013 financial year.

Strategic Goal 5: To promote the effective implementation of Municipal Finance related legislation

Provincial Treasury is mandated in terms of Municipal Finance Management Act (MFMA) Section 5(4) to monitor, support and report on municipal finance. The MFMA requires that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statements, however Provincial Treasury noted that municipalities have substantial amounts on arrear accounts that are due to Eskom, Auditor General, Sedibeng and Bloem Water.

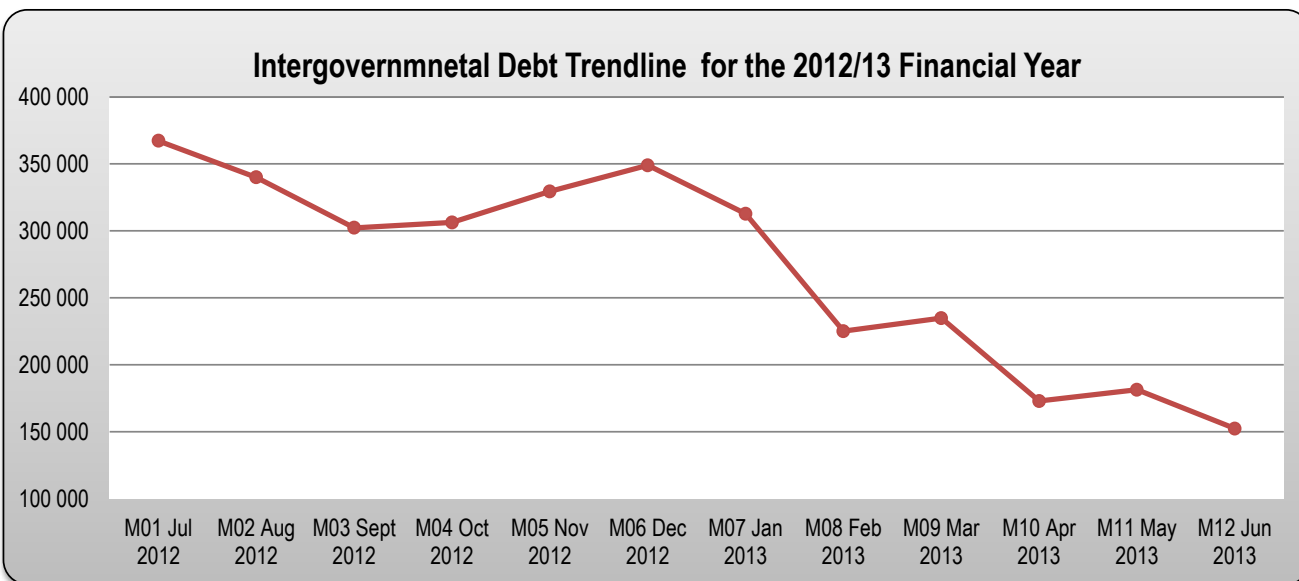
Non-payment of the bulk service account by the municipalities has resulted in excessive interest and penalties incurred (exceeding millions of rands).

The interest and penalties incurred is tantamount to fruitless and wasteful expenditure as such payments were made in vain and could have been avoided had reasonable care been exercised. In light of huge outstanding debt reported by municipalities, Provincial Treasury established a Committee which is mandated to ensure municipalities settle their accounts and enter into payment agreements with bulk service providers. The municipalities that were defaulting were requested to develop and implement a financial recovery plan where all possible financial mechanisms had failed and municipalities were faced with financial challenges/problems. Through the establishment of this Committee there has been a significant decline in outstanding creditor debts by municipalities as well as municipalities adhering to the payment agreements.

The exponential growth in government debt owed to municipalities by government departments has been given a specific attention through the establishment of the Intergovernmental Debt Steering Committee (IDSC). The membership of the IDSC is composed of delegates from Provincial Treasury, CoGTA, SALGA, National Public Works, Provincial Public Works and Department of Education.

The total outstanding government debt owed to municipalities as at June 2013, significantly declined to R152 million, representing a R286 million reduction from R438 million reported in August 2011.

Figure 1 below graphically shows the trend-line of total outstanding debt by government department since the beginning of 2012/13 financial year:



Source: Free State Provincial Treasury, 2013

Provincial Treasury realised that municipal revenue value chain administrative processes can be a vehicle stimuli and protect municipal revenue. In this regard, Provincial Treasury fast-track the establishment of municipal revenue committees at Free State Municipalities.

The objective of the committees is to promote effective and efficient revenue management at municipalities, including: Provincial Treasury has engaged 14 municipalities with regard to the establishment of revenue committees. These meetings were conducted with Revenue Managers, Chief Financial Officers and Municipal Managers. 9 Municipalities have operational revenue committees. 5 municipalities have dormant committees while other remaining 5 municipalities are in the process of establishment.

The dormant or inactive Municipal Revenue Committees is as a result of absence of CFO and changes in key personnel on top management who are vital in the functionality of the committee.

5. PERFORMANCE INFORMATION BY PROGRAMME

5.1. Programme 1: Administration

Purpose:

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

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

Strategic Objectives:

- To provide support to the MEC
- To provide support to the CEO
- To facilitate a skilled, competent and responsive workforce for the Department
- To ensure that allocated funds are planned for, managed and spent efficiently
- To procure and maintain quality goods and services in an economical and efficient manner
- To ensure compliance with best practices, norms and standards, independent assessment of the adequacy and effectiveness of internal controls

Programme / Sub-programme: Office of the MEC
Strategic Objective: To provide support to the MEC

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Accurate and efficient records management system is implemented	1 accurate record system	1 record management system	1 record management system	-	-
Turn-around time for documents received by the Office of the MEC	2 Working days	2 working days	2 working days	-	-
Turn around on responses to issues raised by external stakeholders	5 working days	5 working days	5 working days	-	-
Regular interaction with constituency and constituency office	5 8 interactions	50 interactions	51 interactions	1 interaction	Due to political changes that took place in the 4 th Quarter. A new MEC was appointed for Treasury
Regular interaction with internal and external stakeholders <ul style="list-style-type: none"> Quarterly Infrastructure and reviews Auditor General, suppliers etc 	4 reviews 1 5 interactions	4 reviews 12 interactions	3 reviews 8 interactions meetings 4 meetings 5 governance meetings 1 BMF forum 5 APRM 4 Budget Task Team & Insourcing Task Team	1 review	The review was rescheduled due to the busy schedule of the CEO and MEC.

Programme / Sub-programme: Office of the CEO
Strategic Objective: To provide support to the CEO

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Accurate and efficient records management system implemented and maintained	1 accurate and efficient record system	1 accurate record system	1 accurate record system	-	-
Turn-around time for documents received by the Office of the CEO	2 working days	2 working days	2 working days	-	-
Number of strategic leadership meetings held <ul style="list-style-type: none"> Meetings with Senior Management 	9 meetings	1 2 meetings	9 meetings	3 meetings	The December 2012 meeting was postponed due to the unavailability of members. 1 MANCO meeting was also cancelled due to the Extended Executive council implementation Lekgotla
Consolidated report on all finalized Departmental delegations	1 report	1 report	1 report	-	-
Risk management framework reviewed	1 risk framework	1 risk framework	1 risk framework	-	-
Updated risk register for the department	1 risk register updated	1 register	1 risk register	-	-
Number of risk mitigation reports presented to Management	2 reports	4 reports	4 reports	-	-
Annual finalisation of risk assessment report	1 report	1 report	1 report	-	-
Policy compliance reports on MISS produced on quarterly basis	4 reports	4 reports	4 reports	-	-
Designated officials and employees declaring financial interests	23 officials	25 SMS members	23 SMS members	2 SMS members	2 posts were vacant

Programme / Sub-programme: Office of the CEO
Strategic Objective: To provide support to the CEO

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of Vetting reports: <ul style="list-style-type: none"> • Individual shortlisted candidates before employment • Security clearance (z204) on all employees • Service Providers contracted to the department 	4 reports	4 reports	4 reports	-	-
Number of Monthly reports on inspections and findings related to security aspects	12 reports	12 reports	12 reports	-	-
Number of security awareness programmes conducted	8 sessions	1 0 sessions	10 sessions	-	-
Number of security committee meetings held	N/A	4 meetings	0 meetings	4 meetings	The meetings will be held once the Security charter and the TOR have been finalized

Programme / Sub-programme: Corporate Services**Strategic Objective: To facilitate a skilled, competent and responsive workforce for the Department**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Total number of funded posts filled on the approved staff establishment	372 posts filled	410 posts filled	377 posts filled	33 posts	Moratorium on the filling of vacancies since 30 August 2012 All vacant posts will be advertised from April 2013.
Total number of employees employed in line with EE plan <ul style="list-style-type: none"> • African: males • African females • Coloured males • Coloured females • Indian males • Indian females • White males • White females 	African males 135 African females 153 Coloured males 6 C o l o u r e d females 10 Indian males 1 Indian females 1 White males 20 White females 47	African males 162 African females 155 C o l o u r e d males 7 C o l o u r e d females 10 Indian males 1 Indian females 1 White males 21 White females 48	African males 129 African females 165 Coloured males 5 Coloured females 10 Indian males 1 Indian females 1 White males 20 White females 43	Moratorium on the filling of vacancies since 30 August 2012.	All vacant posts will be advertised from April 2013.
Number of reviewed, approved and implemented departmental HRM policies	8 policies	8 policies	8 policies	-	-
Number of approved Human Resources Plan	1 HR plan	1 HR plan	1 HR plan	-	-
Number of leave reconciliations conducted	4 reconciliations	4 reconciliations	2 reconciliations	2 reconciliations	Capacity constraints within HRM. Leave reconciliation for the period 1 st September 2012 to 31 st March 2013 will be conducted in the 1 st Quarter 2013/2014.

Programme / Sub-programme: Corporate Services**Strategic Objective: To facilitate a skilled, competent and responsive workforce for the Department**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of staff absenteeism reports	0	1 report	No report	1 report	The report will be produced in the 1st Quarter of 2013/2014
Number of months to fill vacant funded posts	3 months	3 months	5 months	2 months	Service provider to conduct competency assessments was only appointed in July 2012 after its contract expired. This delayed the finalization of appointments. The moratorium on the filling of vacancies also had an impact.
Number on Human Resource delegations developed, approved and implemented	1 set of HR delegations reviewed	1 set of HR delegations reviewed	1 set of HR delegations approved	-	-
Number of wellness workshops / empowerment or information sessions/ written articles and other empowerment activities	18 sessions/ written articles/ empowerment activities	12 sessions/ activities	21 activities/ sessions	8 sessions / activities	Due to responsiveness to prevailing wellness issues.

Programme / Sub-programme: Corporate Services**Strategic Objective: To facilitate a skilled, competent and responsive workforce for the Department**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Quarterly compliance reports on relevant aspects of OHS Act	7 reports	% of Adherence to developed (KPIs) for OHS Act compliance: 1. Set of KPIs 100% compliance annually 2. Develop KPIs Verify KPIs with Subject Expert 3. Train OHS Task Team on KPIs 4. Implement KPIs	1. 100% compliance to Implemented KPIs 2. KPI's developed 3. Implementation of a checklist tool	Training on KPI's was postponed to the 1 st Quarter 2013/2014	Unavailability of the Task team members
Reports on implemented EHWP Strategic framework	4 reports	4 reports	4 reports	-	-
Reports on achieved targets in respect to planned appointments in line with EE targets	N/A	4 reports	3 reports	1 report	All posts will be advertised as of April 2013. Stats received late to complete the report. Moratorium on the filling of vacancies.
Reports on identified Outreach Projects for Women, Youth, Children, Aged, Disabled and Moral regeneration produced	N/A	4 reports	6 reports	2 reports	Directives had to be executed, due to political leader's commitment for social responsibility
Total number of posts evaluated on the staff establishment	434 posts evaluated	410 posts	425 posts	15 posts	The deviation is as a result of re-evaluation of posts which were evaluated previously and the new posts which were evaluated

Programme / Sub-programme: Corporate Services**Strategic Objective: To facilitate a skilled, competent and responsive workforce for the Department**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Annual review of organizational structure by specified dead-line.	June 2011	June 2012	0	June-2012	The introduction of the new generic structure for provincial Treasuries
Performance bonuses to qualifying officials finalized within the prescribed timeframe	Paid in October 2011	July 2012	Performance bonuses to qualifying officials were paid in August 2012	0	Target was met as per PDMS policy
Submission of Performance Development plans and Agreements	14 (53.84%) SMS submitted Performance Agreements	31st May (1st bi-Annual and agreements 31st October) (2nd bi –annual)	31st May (1st bi-annual and agreements) 31 October 2012 (2nd bi-annual)	-	-
Finalisation of assessed Performance Agreements of SMS members	December 2011	December 2012	December 2012	-	-
Finalisation of Pay progression for qualifying level 1-12 officials	Paid in October 2011	July 2012	Finalisation of Pay progression for qualifying officials, 02 August 2012	0	Target was met as per PDMS policy -
Number of information awareness and/or articles letters / circulars issued on Legal and Labour Relations matters	9 awareness letters / circulars	8 awareness, articles / circulars	10 awareness articles / circulars	2 awareness articles / circulars	Creating awareness of rights and legal implications among officials
Number of days to finalize disciplinary cases in accordance with legislation	30 days	30 days	2 cases finalized in 20 & 15 days respectively	-	-
Develop guidelines on PAIA and PAJA for officials	2 guidelines and PAIA manual	Develop guideline on PAIA for officials	0	Guidelines for both PAJA and PAIA were already done in the previous financial year	After the roll out of the PAIA manual, it had to be implemented

Programme / Sub-programme: Corporate Services					
Strategic Objective: To facilitate a skilled, competent and responsive workforce for the Department					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of interns appointed	13 interns	20 interns	30 interns	10 interns	The number is inclusive of experiential learners
Number of employees trained as per Departmental Annual Training Plan	401 employees trained	380 employees	314 employees	66 employees	Service provider could not be appointed to train PA's and unavailability of officials due to work loads.
Number of induction sessions conducted	4 sessions	4 sessions	1 session	3 sessions	No new officials to induct due to the moratorium on the filling of vacancies
Number of workplace skills plan formulated and implemented (programme success rate)	1 plan	1 plan	1 plan	-	-
Number of part-time bursaries awarded	12 bursaries	15 bursaries	12 bursaries	3 bursaries	Budget constraints which couldn't accommodate more applicants
Number of Human Resource Development Implementation Plan Developed and Implemented	N/A	1 plan	1 plan	-	-
Number of service delivery improvement plan	1 plan	1 plan	1 plan	-	-
Number of online quarterly newsletters produced	4 newsletters	4 newsletters	4 newsletters	-	-
Develop and implement a comprehensive Communications strategy	1 communications strategy developed and implemented	1 strategy	1 strategy	-	-

Programme / Sub-programme: Corporate Services**Strategic Objective: To facilitate a skilled, competent and responsive workforce for the Department**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Develop, implement and maintain electronic information resource strategy	Plan developed and implemented	Develop strategy	IT Governance framework approved	-	-
Provide sustainable and accessible ICT infrastructure	IT governance framework and Security Policy approved	Test & enforce Backup & Disaster recovery plan.	Suppliers have been appointed Disaster Recovery and Business continuity assessment has taken place. Microsoft SharePoint pre-implementation has been conducted, the SCOM and SCCM to follow	-	-
Developed and implemented master system plan	1 IT plan developed and approved	Review and maintain	IT plan reviewed	-	-

Programme / Sub-programme: Financial Management**Strategic Objective: To ensure that allocated funds are planned for, managed and spent efficiently**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Adherence to predetermined financial and banking KPI's • Accounting • Banking	93% 100%	95% 93%	95% 100%	-	-
Adherence to key Budget Deadlines: • Produce Credible Adjustment Budget (one report submitted November)	1 report	1 report	1 report	-	-
Produce Credible Estimates of Provincial Expenditure Statement II (2 drafts and 1 final report Submitted January)	3 reports	3 reports	3 reports	-	-
A plan to improve the budget process, aligned to the provincial budget process developed	N/A	plan to be developed	1 draft plan developed	-	-
Adherence to PFMA Reporting requirements: Compile in year monitoring (IYM) reports	13 IYM reports	13 IYM Reports	13 IYM reports	-	-
Accurate Annual Financial Statements finalized before (May)	1 set of Annual Financial Statement (31st-May-2011)	1 set of AFS	1 set of AFS	-	-
Accurate interim financial statements	3 set of Interim Financial Statements	3 Interim Financial Statements	4 Interim Financial Statements	1 interim financial statement	The 4th quarter Interim Financial Statements as at 31st March 2012 were submitted on the 30th April 2012 as prescribed
Finalization of the Annual Report (August)	1 annual report produced	1 Annual report finalized (August)	1 Annual Report finalized (August)	-	-
Final Departmental Annual Performance Plan submitted to the Legislature	1 APP	Final APP submitted to the Legislature (March)	Final APP submitted to the legislature (March)	-	-
Assist in production of operational plans for all directorates	Operational plan format was communicated	March 2013-2014	March 2013 – 2014	-	-
Quarterly Performance Information Reports produced and submitted	4 quarterly reports produced	4 quarterly reports	4 quarterly reports	-	-
Number of quarterly performance reviews presentations done	4 quarterly performance review presentations done	4 quarterly performance review presentations done	4 quarterly performance review presentations done	-	-
Number of reports submitted on Departmental budget injunctions	4 quarterly reports	4 quarterly reports	4 quarterly reports	-	-

Sub-program : Supply Chain Management					
Strategic Objective: To procure and maintain quality goods and services in an economical and efficient manner					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Effective Management of all Departmental Assets to meet minimum LOGIS asset register requirements	1 updated asset management register	1 updated asset management register	1 updated asset management register	-	-
Annual Demand Management Plan aligned with the APP/Budget	1 completed demand plan	1 complete demand plan	Alignment of needs, inputs and final budget allocations	-	Not all directorates submitted inputs
All bids considered for procurement by bid committee and reports produced	No report	Bid committee reports produced (within 90 days of bid validity)	1 report was produced for the Bid that closed on the 21st December 2012	-	-
Payment of creditors within 30 days	99.01% payments within 30 days	100% payments within 30 days	98.82% creditors were paid within 30 days	1 invoice was paid outside the 30 day period due to incorrect capturing of order quantities versus invoices received. And incorrect supplier number utilised, and lastly delays in the authorisation due to systems failure	More emphasis will be put on chief-user clerks to ensure that the order quantity captured corresponds with the actual point-to-point transfers arranged to take place

Programme / Sub-programme: Internal Audit
Strategic Objective: To ensure compliance with best practices, norms and standards, independent assessment of the adequacy and effectiveness of internal controls

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of audits performed per year	10 audits performed	12 audits performed	17 audits performed	5 audits	Additional audits were requested by Management via Manco
Number of days after completion of audit within which a report is issued	2 days	N/A	N/A	-	-
Number of unresolved recommendations of Auditor General's management letter at the year end	0 unresolved AG recommendations	N/A	N/A	-	-
Number of workshops conducted at service points for Internal controls	4 workshops	2 Workshops conducted	2 workshops conducted	-	-
Audit plans developed and submitted to audit committee for approval.	N/A	2 audit plans	2 audit plans	-	-
Audit charters reviewed and submitted to audit committee for approval.	N/A	2 audit charters	2 audit charters	-	-

Provide reasons for all deviations (over achievements)

All reasons for deviations are provided on the comments column on the table above.

Strategy to overcome areas of under performance

Strategies are provided on the comments column on the table above.

Changes to planned targets

There were no in-year changes to planned targets, changes to targets and indicators were effected on the 2013/2014 Annual Performance plan, which was tabled on the 14-March-2013

Sub-programme expenditure: Programme 1: Administration

Sub-Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	6,035	5,906	129	6,988	6,120	868
Management Services	5,964	5,876	88	3 726	3,531	195
Corporate Services	34,084	33,256	828	36,851	33,223	3,628
Financial Management	33,669	33,366	303	35,922	34,815	1,107
Internal Audit	4,414	4,367	47	4,483	4,129	354
Total	84,166	82,771	1,395	87,970	81,818	6,152

5.2. Programme 2: Sustainable Resource Management

Purpose:

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

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

Strategic Objectives

- To influence policy development and implementation in line with Fiscal framework
- To provide Fiscal Policy implementation support
- To allocate financial resources in line with Government priorities
- To monitor financial and non-financial performance of the Provincial Government

Programme Name: Economic Analysis

Strategic objectives: To influence policy development and implementation in line with Fiscal framework

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Updated Regional Explorer database	3 updates	4 updates on database	4 updates on database	-	-
Update of Computable General Equilibrium and Social Accounting Matrix	1 update	1 update	N/A	1 Update	The DBSA is in process of updating the Social Accounting Matrix in 2013/2014, the unit needs the updated information for reporting
Social Accounting Matrix Multiplier report	N/A	1 report	N/A	1 report	The update of the SAM will result in the social accounting matrix
Computable General Equilibrium studies	1 study	2 studies	2 studies	-	-

Programme Name: Economic Analysis**Strategic objectives: To influence policy development and implementation in line with Fiscal framework**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of research based reports produced	4 reports	4 reports	5 research reports	1 report	Although 4 researches were initially planned, the unit received more topics for research and this resulted in having more topics than originally was planned for.
Workshops conducted with stakeholders: <ul style="list-style-type: none"> Provincial Economic Review and Outlook Familiarize the practice of Socio-economic review analysis 	6 workshops	6 workshops	6 workshops	-	-
Publish Quarterly Labour Market Reviews	4 reviews	4 reviews	4 PQMLR	-	-
Publish the provincial economic review and outlook (PERO) annually	1 document	1 document	1 document	-	-
Contribute Chapter 1 of Medium Term Budget Policy Statement	1 chapter	1 chapter	1 chapter	-	-
Quarterly reports on Provincial Equitable Shares	4 reports	4 reports	4 reports	-	-
1 Submission on PES on the FFC's Division of Revenue recommendations	1 Submission	1 Submission	1 Submission	-	-

Programme Name: Fiscal Policy**Strategic objectives: To provide Fiscal Policy implementation support**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Credible revenue base for 12 departments	12 Depts	12 Depts	12 Depts	-	-
Train Departments on revenue	11 Depts	12 Depts	12 Depts	-	-
Revenue target analysis reports	12 reports	12 reports	12 reports	-	-
Quarterly meetings on revenue	4 meetings	4 meetings	4 meetings	-	-
Develop & issue guidelines on revenue related matters	10 guidelines	6 guidelines	6 guidelines	-	-
Conduct revenue inspections	38 inspections	20 inspections	24 inspections	4 inspections	There were a number of site visits on REA Projects (before allocation and during the projects) - this process increased inspections
Review of the Provincial Revenue Enhancement Strategy	Revised Revenue Strategy	Revised Revenue Strategy	Revised Revenue Strategy	-	-
Monthly reports on Revenue Enhancement Allocation Projects	12 reports	12 reports	12 reports	-	-
Produce 1 chapter on provincial fiscal envelope for the MTBPS document	1 chapter	1 chapter	1 chapter	-	-
Produce reports on all measures taken to optimize Conditional Grants	4 reports	2 reports	2 reports	-	-
Monthly reports on Condition Grants	12 reports	12 reports	12 reports	-	-
Monthly report on donor funding	12 Depts 12 Depts	12 Depts 12 Depts	12 Depts 12 Depts	-	-
Reports on factors affecting provincial taxes/ or equitable share	N/A	2 reports	2 reports	-	-

Programme Name: Budget Management**Strategic objectives: To allocate financial resources in line with Government priorities**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Tabled appropriation and Provincial Budget in line with National prescripts	Credible Provincial budget tabled within 2 weeks after National budget	Credible Provincial budget tabled within 2 weeks after National budget	Credible Provincial budget tabled within 2 weeks after National budget	-	-
Tabled Adjustment Budget in line with National prescripts	Credible Adjustment budget tabled within 30 days after National Adjustment Budget	Credible Adjustment budget tabled within 30 days after National Adjustment Budget	Credible Adjustment budget tabled within 30 days after National Adjustment Budget	Special adjustment appropriation Bill on 27 March 2013 Special adjustment for 2013/2014	-
Report on alignment of budget, strategic and annual performance plans	3 evaluation report per department	3 evaluation report per department	3 evaluation report per department	-	-
Produce 2 chapters on provincial budget allocation for the Medium Term Budget Policy Statement	2 chapters	2 chapters	2 chapters	-	-
Produce quarterly reports on progress made against funded priorities	4 reports	4 reports	4 reports	-	-

Programme Name: Public Finance
Strategic objectives: To monitor financial and non-financial performance of the Provincial Government

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of assessment reports prepared in terms of In Year Monitoring Model	15 reports	19 reports	19 reports	-	-
Number of reports prepared in terms of infrastructure reporting model	5 reports	4 reports	4 reports	-	-
Number of reports prepared in terms of the quarterly performance model	7 reports	4 reports	4 reports	-	-

Strategy to overcome areas of under performance

The DBSA is in the process of updating the Social Accounting Matrix in 2013/2014, the process that the unit will also contribute to.

Changes to planned targets

The changes that occur within the programme where Quarterly reports on Provincial Equitable Shares and Submission on PES on the FFC's Division of Revenue recommendations were reported under Economic Analysis from Fiscal Policy. Assessment report for Entities prepared in terms of IYM reported under fiscal policy sub-directorate

Sub-programme expenditure

Sub-Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme support	2,423	2,414	9	1,601	1,404	197
Economic Analysis	5,796	5,665	131	6,032	5,429	603
Fiscal Policy	4,088	4,024	64	5,927	5,381	546
Budget Management	8,715	8,637	78	7,901	7,404	497
Public Finance	4,087	4,052	35	3,581	3,161	420
Total	25,109	24,792	317	25,042	22,779	2,263

5.3. Programme 3: Asset and Liabilities Management

Purpose:

The role of this programme is to promote effective management of provincial assets and liabilities. This programme consists of two operational sub-directorates:

- Asset Management
- Supporting and Interlinked Financial Systems

Strategic Objectives

- Monitoring of effective and efficient management of movable and immovable assets
- To manage transversal financial management systems

Programme / Sub-programme: Asset Management					
Strategic Objective: Monitoring of effective and efficient management of movable and immovable assets					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Movable and immovable assets management key performance indicators template implemented	1 template developed	1 template reviewed annually	0	1 template	The current KCM's now incorporates the PAM KPI's hence the delay in reviewing the PAM KPI's
Quarterly asset management steering committee meetings held	N/A	4 meetings	4 meetings	-	-
Quarterly infrastructure review meetings held	N/A	4 meetings	3 meetings	1 meeting	Due to political changes that took place in the 4 th Quarter. A new MEC was appointed for Treasury
IDIP Governance meetings held	N/A	4 meetings	3 meetings	1 meeting	Unavailability of the Senior Executive Manager as the SEM chairs these meetings. The SEM was seconded to the Municipality to go and assist
Monthly meetings with the Provincial Banker (monitoring of tender)	N/A	11 meetings	10 meetings	1 meeting	Unavailability of the representative from the Bank
Annual review and implementation of the settlement limit and bridging finance	N/A	Review of Bridging finance Implementation of 12 Settlement limits	Reviewed bridging finance 12 settlement limits	-	-

Programme / Sub-programme: Asset Management**Strategic Objective: Monitoring of effective and efficient management of movable and immovable assets**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Supply chain management key performance indicators implemented	N/A	1 set of KPI's developed and monitored	1 set of KPI's developed and monitored	-	-
Develop SCM norms and standards (benchmarking of prices, capacitate the unit)	N/A	Benchmarking and capacitating the unit	Benchmarking done. Vacancies not filled	(capacitating the unit) Vacancies not filled	Moratorium and the new proposed structure
Number of physical assets management forums and training sessions conducted	23 forums 24 training sessions	14 AM Forum & 8 Training Sessions	18 PAM forums 24 Training sessions	4 AM forums 16 training sessions	Better attendance by districts and implementation by departments and entities. Intensification of PAM activities and awareness
Number of physical asset management monitoring visits conducted • Monitoring reports	170 reports	120 reports	191 reports	71 reports	Compliance by departments and/entities to implement recommendations of Treasury. Intensification of PAM activities awareness
Number of monitoring and evaluation reports produced	47 reports	44 reports	55 reports	11 reports	Compliance by departments and/entities to implement recommendations of Treasury
Number of infrastructure delivery meetings, including IDIP held	18 meetings	12 meetings	13 meetings	1 meeting	An additional meeting with the departments to outline the Infrastructure Delivery Management System (IDMS) and its impact to the province
Number of training sessions conducted / facilitated	3 training sessions	1 training session	3 training sessions	2 training sessions	Training sessions held in districts for database and data capturing

Programme / Sub-programme: Asset Management					
Strategic Objective: Monitoring of effective and efficient management of movable and immovable assets					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of infrastructure site visits conducted	72 projects	60 projects	68 projects	8 projects	Additional visits due National Treasury
Number of infrastructure monitoring reports produced	9 reports	4 reports	4 reports	-	-
Number of infrastructure Review Reports Produced	3 reports	4 reports	3 reports	1 report	Meeting was rescheduled due to the unavailability of the CEO due to the busy EXCO schedule
Number of consolidated reports produced on effective management of PPP projects	N/A	4 consolidated reports	4 consolidated reports	-	-
Number of Training sessions on PPP projects conducted	N/A	2 training sessions	2 training sessions	-	-
Number of supply chain management forums and training sessions conducted	4 SCM forums 9 training sessions	4 SCM Forums 4 training sessions	16 SCM forums (12 monitoring meetings held in the form of forums) 6 training sessions	12 SCM forums 2 training sessions	Functional training introduced to departments but lack of capacity still a challenge (12 monitoring meetings held in the form of forums)
Supplier management system maintained	1 system maintained	1 supplier database	1 supplier database (4 reports on the maintenance)	-	-
Arrange and manage Transversal Procurement of goods and services in the FS Province	3 transversal contracts	1 transversal contract	0	1 transversal contract	Review of the current transversal contract in processes
Number of SCM monitoring reports produced	N/A	52 reports	70 reports	18 reports	Target was incorrectly set the correct target is 44 reports)
Number of SCM evaluation reports produced	N/A	22 reports	55 reports	33 reports	More compliance reports were produced

Programme / Sub-programme: Asset Management**Strategic Objective: Monitoring of effective and efficient management of movable and immovable assets**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Timely submission of reliable annual financial statements on Provincial revenue Fund	1 set of AFS	1 set of AFS submitted in March	1 set of AFS submitted on time	-	-
Monthly cash transfer reports produced	12 reports	12 reports	12 reports	-	-
Number of reports produced on interest (investment) generated	12 reports	12 reports	12 reports	-	-
Number of practice notes/circulars issued on sound cash management	N/A	1 practice note/circular	1 practice note / circular	-	-

Programme / Sub-programme: Supporting and Interlinked Financial Systems
Strategic Objective: To manage transversal financial management systems

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Availability and stability of the BAS Terminal Servers	95% of 8 working hours	95 % of 8 working hours	98,16 % of 8 working hours	-	-
Provide technical and functional support to Provincial Departments within working hours	Within 8 working hours	Respond within 8 working hours	Responded within 8 working hours	-	-
Process submissions from departments for online banking and/or hand written cheques	Within 24 working hours	Within 24 working hours	Within 24 working hours	-	-
Interfaces successfully integrated with external systems	75 % of 4 interfaces	100 % of 3 Interfaces	100 % of 3 interfaces	-	-
Number of clear and user-friendly Transversal System Circulars and Practice Notes	35 circulars and Practices notes issued	15 Circulars and Practice Notes	30 circulars and practices notes	15 circulars / and practices notes	Enhancements were made to LOGIS processes and LOGIS training policy, prompting more circulars
Process credible and accurate entities within 10 working days	Within 10 working days	Within 10 working days	Within 10 working days	-	-
Items codified and standardized (Process item- codification requests) Within 48 working hours	Within 48 working hours	Within 48 working hours	Within 48 working hours	-	-
Number of employees trained on Transversal Systems (BAS, PERSAL and LOGIS)	1372 employees were trained on BAS, LOGIS and PERSAL	700 users trained	1297 users trained	597 users training	Compliance enhancements were made to the BAS system, and also LOGIS process manual and LOGIS asset register clean-up guide prompting more trainings

Provide reasons for all deviations (over achievement)

All reasons for deviations are provided on the comments column on the tables above.

Strategy to overcome areas of under performance

Strategies are provided on the comments column on the table above.

Changes to planned targets

There were no in-year changes to planned targets, changes to targets and indicators have been affected on the 2013/2014 Annual Performance plan, which was tabled on the 14-March-2013

Sub-programme expenditure: Programme 3: Asset and Liabilities Management

Sub-Programme Name	2012/2013			2011/2012		
	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	3,270	3,238	32	1,335	1,194	141
Asset Management	15,103	15,082	21	13,519	12,083	1,436
Supporting and Interlinked Financial Systems	41,660	41,549	111	39,277	38,175	1,102
Total	60,033	59,869	164	54,131	51,452	2,679

5.4. **Programme 4: Financial Governance & MFM**

Purpose

The role of this programme is to promote financial governance within the provincial government. There have been changes to programme 4. The programme now consist of seven (7) sub-programmes:

The programme now consists of seven (7) sub-programmes:

As per budget structure, Financial Governance has:

- Accounting Services
- Provincial Risk Management and Internal Audit
- Under Norms and Standards –
- Municipal Accounting Services
- Municipal Debt and Revenue
- Municipal Budget and IYM and
- Municipal Risk Management and Internal Audit

Strategic Objectives

- To promote sound accounting practices and reporting
- To monitor and enhance Budget, Planning and Implementation
- To monitor and provide guidance on Municipal Debt Revenue and Management
- To promote implementation of Generally Recognised Accounting Practices (GRAP) as well as liability management and reporting
- To promote implementation of Supply Chain Management and Procedures
- To promote sound risk management and internal Audit practices
- Provincial Risk Management and Internal Audit

Programme Name: Accounting Services**Strategic objectives: To promote sound accounting practices and reporting**

Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of forums/work sessions/bilateral for provincial department and entities	11 sessions	8	11	3	Overachievement as a result of specific intervention aiming to improve audit opinions of Departments and Entities
Number of formal training sessions conducted/facilitated for Provincial Departments and Entities on: Asset and liability accounts Basic Accounting Handbook Annual Financial Statements		6	7	1	
Number of interim and annual financial statements assessment reports produced	63 financial statements	70	70	-	-
Timely submission of consolidated annual financial statements and Annual Report Draft CFI Final CFI Annual Report	30 June 28 August 31 October	30 June 31 August 31 October	30 June 31 August 31 October	-	-
Number of Departments and Entities' Key Control Matrix assessment reports produced		136	164	28	More reports were received from Dept and Entities

Programme Name: Municipal: Budget and IYM**Strategic objectives: To promote sound accounting practices and reporting**

Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of assessment reports with regard to MTREF on					
Draft budget	15 drafts	23 reports	23 reports	-	-
Final budget	21 final	23 reports	23 reports		
Adjustment budgets (received)	9 adjustment	Reports on budgets received	0 Adjustment		
Mid-year and budget performance assessment reports produced	21 reports	23 reports	18 reports	5 non-submission letters	Non-compliance letter issued
Assessment reports on the alignment of the SDBIP to budget produced	6 reports	23 reports	13 reports	10 non-submissions	Non-compliance letter issued
Preparation and implementation of budget processes monitored	-	23 reports	16 reports	7 non-submission letters	Non-compliance letter issued
Number of assessment reports on revenue, and expenditure trends, borrowings, and grant allocation	11 consolidated reports 4 publications	12 Consolidated reports 4 publications within 45 days	12 Consolidated reports 4 publications within 45 days	-	-
Training sessions and capacity building initiatives on: in-year reports, budget and annual budget returns conducted	2 sessions	2 sessions	2 sessions	-	-

Programme Name: Municipal: Revenue and Debt Management
Strategic objectives: To promote sound accounting practices and reporting

Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Monthly assessment on municipal revenue and debt management	6 reports	10 Local Municipalities	10 Local Municipalities	-	-
Credible municipal indigent registers	2 reports	3 Municipalities	3 Municipalities	-	
Annual assessment on policies and procedures as outlined in legislation	4 reports	19 Municipalities	19 Municipalities	-	-
Number of intergovernmental work sessions conducted to resolve government debt	2 reports	10 work sessions	10 work sessions	-	-
Capacity building on: Billing	N/A	1 Session on Billing	1 Session on Billing	-	-

Programme Name: Municipal: Accounting Services**Strategic objectives: To promote sound accounting practices and reporting**

Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Issue guidelines on the GRAP standards	2 reports	1 set of guidelines	1 set of guidelines	-	-
Reports on the preparation of working paper files and the annual financial statements	-	3 reports	3 reports	-	-
Reports compiled on progress made in the implementation of audit action plans	-	2 reports	2 reports	-	-
Audit steering committee meetings	-	1 reports	1 report	-	-
Reports compiled on support and monitoring of the following: GRAP compliant asset register Asset management Liability management	4 reports	2 reports 2 reports 2 reports	2 reports 2 reports 2 reports	-	-
Reports compiled on: Submission of Draft Annual Report to AG Tabling of Annual Reports	1 report for 23 municipalities	1 report 1 report	1 report 1 report	-	-
Report on implementation of PROPAC resolutions	2 reports	4 reports	4 reports	-	-
Capacity building:	-				
GRAP and Preparation of working paper files	-	1 GRAP training	1 GRAP training	-	-
Coordinate Provincial CFO forum	-	1 CFO forum	1 CFO forum	-	-
Coordinate District CFO forums	-	4 district forums	4 district forums	-	-

Programme Name: Municipal: Supply Chain Management and Compliance
Strategic objectives: To promote sound accounting practices and reporting

Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of municipalities assessed and assisted with implementation of SCM Policies and Procedures	15 reports	7 municipalities	9 municipalities	2 municipalities	7 Municipalities were completed within minimum time, therefor 2 additional municipalities were also assessed.
Number of assessment reports on MFMA compliance (MFMA 30 Indicators) produced	2 reports	4 consolidated reports	4 consolidated reports	-	-
A consolidated report on the reviewed and adopted MFMA Delegations produced		1 consolidated report	1 consolidated report	-	-
Capacity building:					
SCM forums	4 forums	10 forums	10 forums	-	-
interns forums	2 reports	2 interns forums	2 interns forums		
Minimum Competency Level requirements	2 reports	2 reports	1 report		
SCM Training	N/A	2 training sessions	4 training sessions		
	-				

Programme Name: Municipal: Risk Management and Internal Audit
Strategic objectives: To promote Risk Management and Internal Audit

Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Review and Development new KPI's <u>Reviewed KPI's</u> Internal Audit <ul style="list-style-type: none"> • Capacity • Functionality Audit Committee Risk Management: <ul style="list-style-type: none"> • Capacity • Functionality Risk management Committee <u>Newly Developed KPI's</u> <ul style="list-style-type: none"> • Fraud management Strategies • Liability management 	2	8 set of indicators	8 set of indicators	-	-
Number of bi-annual capacity assessment reports produced for delegated municipalities against predetermined KPI's <ul style="list-style-type: none"> • Internal Audit • Risk Management 	New PM/I	46 reports	46 reports	-	-

Programme Name: Municipal: Risk Management and Internal Audit
Strategic objectives: To promote Risk Management and Internal Audit

Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
<p>Number of bi-annual assessment reports produced for delegated municipalities against pre-determined KPI's.</p> <ul style="list-style-type: none"> Internal Audit, Audit Committee and Liability Management Risk Management, Risk committee and Fraud Management Strategies 	<p>28 reports(IA)</p> <p>23 reports(RM) 23 Reports(AC)</p>	<p>46 reports</p> <p>46 reports</p>	<p>52 reports</p> <p>52 reports</p>	<p>6 reports</p> <p>6 reports</p>	<p>Consultative process of the KPI's for Liability Management and Fraud Management was concluded very late. As a result consolidated report does not include the following.</p> <p>Liability and Fraud Management.</p> <p>It was for the following municipalities</p> <p>Risk</p> <p>Mohokare Kopanong</p> <p>Internal Audit</p> <p>Mohokare</p>
<p>Capacity building:</p> <ul style="list-style-type: none"> Formal training (IA & RM practices) Internal Audit and Risk Man forums Biannual Audit Committee chairperson's forums Host forum – fraud awareness week 	<p>4 training</p> <p>4 joint forums</p> <p>2 forums</p> <p>1 forum</p>	<p>4 training</p> <p>4 joint forums</p> <p>2 forums</p> <p>1 forum</p>	<p>4 trainings</p> <p>4joint forums</p> <p>2 Bi- Annual A u d i t C o m m i t t e e C h a i r p e r s o n</p> <p>1 forum</p>		

Programme Name: Provincial Risk Management and Internal Audit**Strategic objectives: To promote sound Risk Management and Internal Audit practices**

Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Bi-annual assessment reports produced for Departments and Public Entities against predetermined Risk Management Activity KPIs.	19 reports	30 reports	29 reports	-	Non- compliance letter issued to Tourism Authority because there is no Risk Management established
Bi-annual assessment reports produced for Departments and Entities against predetermined Risk Management Committee KPIs	21 reports	30 reports	29 reports	-	Non- compliance letter issued to Tourism Authority because there is no Risk Management established
Bi-annual consolidated FMCMM assessment report for Departments and Public Entities.	2 reports	2 consolidated reports	2 consolidated reports	-	-
Number of forums conducted for Departments and Public Entities on Risk Management	3 forums	2 forums	2 forums	-	-
Number of formal training sessions conducted/facilitated on Risk Management	1 report	2 sessions	2 sessions	-	-
Number of fraud awareness sessions		2 sessions	2 sessions	-	-
Bi-annual assessment reports produced for Departments and Public Entities against predetermined Internal Audit Activity KPI's.	3 sessions	30 reports	30 reports	-	-
Bi-annual assessment reports produced for Departments and Entities against predetermined Internal Audit Committee KPI's.	26 reports	20 reports	20 reports	-	-
Number of forums conducted for Departments and Public Entities Internal Audit Capacity Building	21 reports	3 forums	3 forums	-	-
Number of formal training sessions conducted/facilitated on Internal Audit.	1 report	2 sessions	2 sessions	-	-
Number of Audit Committee Forums	3 fora	1 forum	1 forum	-	-

Programme Name: Provincial Risk Management and Internal Audit**Strategic objectives: To promote sound Risk Management and Internal Audit practices**

Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of quarterly assessment reports produced on predetermined implementation rate of legislature resolutions for Departments and Public Entities	3 fora	4 reports	4 reports	-	-
Number of quarterly assessment report produce on system of delegations for Departments and Public Entities	3 reports	2 reports	2 reports	-	-
Annual assessment reports produced on Public Entity boards based on the compliance with PFMA and relevant legislature.	0	1 report	1 report	-	-
Confirmation (Listing) of contingent liability for housing guarantees in respect of financial institutions.	16 listings	16 listings	16 listings	-	-
Reviewed PFMA as well as transversal departmental delegations template	-	7 templates	7 templates	-	-

Strategy to overcome areas of under performance

The continuous non-compliance matter has been elevated to the Accounting Authority to ensure that Internal Audit and Risk Management functions are performed by Tourism Authority realise compliance with PFMA and Treasury Regulations.

Changes to planned targets

None

Linking performance with budgets

Sub-Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	1,746	1,731	15	1,793	1,576	217
Accounting Services	7,841	7,769	72	8,544	8,129	415
Norms and Standards	22,542	22,350	192	16,667	13,749	2,918
Risk Management and Internal Audit	7,296	7,263	33	6,559	5,469	1,090
Total	39,425	39,113	312	33,563	28,923	4,640

6. SUMMARY OF FINANCIAL INFORMATION

6.1. Departmental receipts

Departmental Receipts	2012/13			2011/12		
	Estimate	Actual collected	Under Collection	Estimate	Actual Amount Collected	Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	122	132	-10	102	104	-2
Interest, dividends and rent on land	71,664	51,555	20 109	101 221	90 178	11 043
Sales of capital assets	-	-	-	13	-	13
Financial transactions in assets and liabilities	-	838	(224)	346	796	(450)
Total	71,786	51,911	19,875	101,682	91,078	10,604

The reasons for under collection of interest remain the same:

High spending trends by provincial departments, therefore not much surplus funds available for investment. Interest rates were also not favorable.

The interest rate fluctuations also had a significant impact on interest collection – during the 2011/12 financial year rates were fluctuating between 5% and 6.18%, while for the 2012/13 financial year the highest rate offered by category 1 institution was only 5.79%.

This then led to the difference in the collections.

6.2. Programme Expenditure

Programme Name	2012/2013			2011/2012		
	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	84,166	82,771	1,395	87,970	81,818	6,152
Sustainable Resource Management	25,109	24,792	317	25,042	22,779	2,263
Assets and Liabilities Management	60,033	59,869	164	54,131	51,452	2,679
Financial Governance	39,425	39,113	312	33,563	28,923	4,640
Total	208,733	206,545	2,188	200,706	184,972	15,734

6.3. Transfer payments, excluding public entities

Not applicable to the Department

6.4. Public Entities

Not applicable to the Department

6.5. Conditional grants and earmarked funds paid

Not applicable to the Department

6.6. Conditional grants and earmarked funds received

Not applicable to the Department

6.7. Donor Funds

Not applicable to the Department

6.8. Capital investment, maintenance and asset management plan

Progress made on implementing the capital, investment and asset management plan.

Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Provide reasons for material variances (2% variance)

No infrastructure projects were planned for the current year.

Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed,

No infrastructure projects currently underway.

Plans to close down or down-grade any current facilities,

No plans to close down or down grade any facilities.

Progress made on the maintenance of infrastructure

Except for very minor maintenance on the building by the Dept. of Public Works (Custodian), there is on-going mechanical maintenance on the lifts.

Developments relating to the above that are expected to impact on the department's current expenditure.

There are no budgetary implications for our department, since Dept. of Public Works budgets and carries out maintenance on all provincial departments.

Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft.

Public Works (Property Management) reluctant to perform monitoring and evaluation on Free State Government property. Conditions have in fact changed due to no maintenance. Revenue for the province sacrificed due to non-on site verification.

Measures taken to ensure that the department's asset register remained up-to-date during the period under review.

Continuous engagement at top level and with the property unit. Integrity of Asset Register information remains a challenge due to limited/ non-monitoring and evaluation by Public Works.

The current state of the department's capital assets, for example what percentage is in good, fair or bad condition?

Major maintenance projects that have been undertaken during the period under review.

No major maintenance projects undertaken during the period under review.

Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not why not, and what measures were taken to keep on track

Very little maintenance was done, therefore the backlog has grown.

Infrastructure projects	2012/2013			2011/2012		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Existing infrastructure assets	-	-	-	-	-	-
- Upgrades and additions	310	303	7	-	-	-
Total	303	303	-	-	-	-



PART C: GOVERNANCE



PART C: GOVERNANCE

1. INTRODUCTION

The department is committed to maintain the highest standards of governance which is fundamental to the management of public finances and resources.

2. RISK MANAGEMENT

- The department has and maintains an effective, efficient and transparent system of risk management process as required by the PFMA section 38(1) (a) (i).
- The Accounting Officer has also established a fully functional Risk Management Committee who sits once per quarter. The risk management committee assists the Accounting Officer in carrying out his risk responsibilities as captured in King III report on Corporate Governance. The board should appoint a committee.
- For the 2012-13 financial year the department did conduct an annual robust risk assessment as required by Treasury Regulations paragraph 3.2.1.
- The implementation of departmental risk management processes is guided by an approved Risk Management Policy and Risk Management Strategy respectively.
- The Risk Management Strategy outlines in detail the approach and methodology of identifying threats and opportunities facing the department.
- The department has made significant strides in managing unacceptable risks in a form of conducting IT Infrastructure Health Assessment through service provider called DIMENSION DATA.

3. FRAUD AND CORRUPTION

- The department operates under an approved Fraud Management Policy and Fraud Management Strategy respectively.
- Just like the Risk Management Strategy, the Fraud Management Strategy outlines in details how fraud management will handle within the department and specify the role of different stakeholders.
- The department has put two types of reporting mechanisms in place for all the official, namely:

➤ Non-Anonymously

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

➤ **Anonymously**

- ❖ The confidential Fraud Hotline: **0800 701 701**
- ❖ Anonymous Letter to the Manager: Security Services
- The departmental approved Fraud Management Policy clearly hold every employee responsible and obliged to report any reasonably suspected fraud and the department also discourages employees from making allegations frivolously, in bad faith, maliciously or for personal gain/revenge.
- The departmental Fraud Management Policy holds the Accounting Officer responsible in ensuring that through the advice of the Legal Advisor whether a reported case can be dealt with internally or whether it requires the involvement of third parties.

The department has and maintains an effective, efficient and transparent system of risk management process as required by the PFMA section 38(1) (a) (i).

For the 2012-13 financial year the department did conduct an annual robust risk assessment as required by Treasury Regulations paragraph 3.2.1.

The implementation of departmental risk management processes is guided by an approved Risk Management Policy and Risk Management Strategy respectively.

The Risk Management Strategy outlines in detail the approach and methodology of identifying threats and opportunities facing the department.

The department has made significant strides in managing unacceptable risks in a form of conducting IT Infrastructure Health Assessment.

4. MINIMISING CONFLICT OF INTEREST

Members of the bids committees are required to declare interest through the completion of the declaration of interest and confidentiality document, whenever a bid committee convenes.

In addition, to the above, SCM practitioners are subjected to the requirements of paragraph 3 of the Directorate’s Code of Conduct, which requires practitioners to declare any business interest, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest.

In the event conflict of interest is declared, the following unfolds:

- Quotations: Situation is countered by segregation of duties, to ensure that the relevant official is not in anyway exposed to the activity of interest.
- Bids: The committee member will be required to withdraw from the bidding process.

It should also be noted that the SBD4 bidding document, also requires bidders to declare relations with both people employed by the state and involved in the procurement process.

5. CODE OF CONDUCT

The Human resource sub-directorate has developed Free State Provincial Treasury Code of Conduct Procedure manual as to address any behaviour that is in contrary to the Explanatory Manual on Code of Conduct for the Public Service.

The purpose of this procedure manual is to identify the attitudes, conduct and actions required to carry out the role and responsibilities of the Free State Provincial Treasury Department in an ethical manner.

It deals with acceptable and respectful behaviours and contributes to confidence in public education and respect for the integrity of Free State Provincial Treasury Department

The Explanatory manual on the Code of Conduct for the Public Service serve as a practical guide to ethical dilemmas in the work place.

The procedure manual provides the operational processes required to implement the code of conduct effectively in the Department.

It is also action-orientated and support the code of conduct implementation as it outline set of actions for the employees or acceptable way of doing business activities.

All instances of non-compliance with the Code of Conduct must be reported:

- In the first instance, to the manager or supervisor of the immediate employee in the respective directorate/sub-directorates.

Instances of non-compliance which constitute a serious breach of the Code of Conduct include any conduct or event involving impropriety which:

- constitutes fraud;
- written warning
- dismissal

All instances of non-compliance with the code of conduct are treated seriously by the Department and may results in the Department taking disciplinary action, including dismissal or removal of the employee(s) concerned.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Work Health Safety is the promotion and maintenance of a work environment that is safe and minimizes risks to the wellbeing of workers, clients, contractors, suppliers and visitors. Safety therefore is a state in which the risk of harm or damage is limited to an acceptable level.

The department has an existing Occupational Health and Safety (OHS) committee that is charged with the responsibility of conducting safety audits and environmental assessments. The departmental OHS committee also meets quarterly with the bigger committee led by Public Works Department to discuss OHS issues.

The environmental assessments afford the committee an opportunity to tour and observe the workplace and understand more about the setting of employees work and the physical factors. The following are some of the environmental issues picked up while conducting inspections and safety audits:

- Offices with no lights, wiring lying over the floors and network cables lying on the aisles against the windows.
- In adequate lighting due to partitioning of offices
- Dirty carpets with dust
- First Aid Kits which are not fully replenished
- Broken furniture in the offices and on the corridors
- Stairways which have potholes
- Broken toilet seats ,toilets and sinks that are not properly working

If the department does not comply with the OHS Act the Department of Labour can issue a certificate of non-compliance.

7. INTERNAL CONTROL UNIT

The Financial Control division is responsible for the checking of all transactions with financial implications before it can be authorised/ approved or captured on LOGIS, BAS or Persal. Financial Control is responsible for ensuring that the supporting documentation is attached and is correct and that the payment is according to the prescripts and approved according to the delegations. All original documentations are on a monthly basis submitted to financial control for safekeeping by the different components within the Office of the CFO. The documentation is made available to the Office of the Auditor - General during the annual audit process or to Internal Audit if needed.

Effectiveness of Internal Audit

The department's internal audit has achieved most its objectives set at the beginning of the financial year. They have completed most of the internal audit projects in the 2012/2013 internal audit plan. Management has agreed with the recommendations made by internal audit where deficiencies were identified, and corrective actions plans were implemented where possible. Internal audit is fully resourced and reports functionally to the Audit Committee.

Effectiveness of the Audit Committee

The department's Audit Committee has operated in accordance with the approved written terms of reference and has fulfilled its obligations for the year. The Audit Committee held 9 meetings during the 2012/13 financial year, and made recommendations that internal audit and management should implement. The Audit Committee is fully functional and acts upon any identified control deficiencies and takes action where necessary.

8. AUDIT COMMITTEE REPORT

Report of the Audit Committee

We are pleased to present our report on the review of the financial statements for the year ended 31 March 2013.

Audit Committee Members and Attendance

The audit committee consists of the members (all independent from the department) listed hereunder and meets no less than 2 times per annum. For the year ended 31 March 2013 the audit committee held 9 meetings.

The Audit Committee membership and meetings related to 2012/13 financial year matters are listed below:

Name	Date of Meeting	Date of Meeting	Date of Meeting	Date of Meeting	Date of Meeting	Date of Meeting	Date of Meeting	Date of Meeting	Date of Meeting
	25 Apr 12	25 May 12	29 Jun 12	27 Jul 12	12 Oct 12	19 Nov 12	03 Dec 12	07 mar 13	22 Mar 13
Prof. S Perumal (Chairperson)	a	a	a	a	a	a	a	a	a
Mr. D Lekoto	a	a	a	a	a	a	a	a	a
Mr. D Nadison	a	a	a	X	a	a	a	a	a
Adv. N van Heerden	X	a	a	a	a	a	X	X	X
Mr. R Morar	X	X	X	X	a	X	X	X	X

a : Member attended the Audit Committee meeting

X : Member tendered an apology for the meeting

Audit Committee Responsibility

The Audit Committee hereby reports that it has complied with its responsibilities arising from Section 38(1)(a) of the **Public Finance Management act and Treasury Regulations 3.1.**

Furthermore, the Audit Committee reports that it has adopted a formal terms of reference as its audit committee charter and has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Risk Management

Following the comprehensive risk assessment exercise undertaken during January and February 2013 for 2013/14, the department has developed risk mitigation strategies to monitor unacceptable risks. The risk enterprise processes including the Fraud Prevention and Response Plan, The process was facilitated by the Departmental Risk Management unit. The Risk management Committee provided oversight on risk management activities which resulted in strengthening risk management mitigation strategies.



Effectiveness of Internal Control

Based on the reports presented to the Audit Committee during 2012/2013 financial year, the Audit Committee noted that significant progress was being made to improve the internal controls system in the department. It is noted that management has implemented adequate and effective controls in most areas within the department to provide reasonable assurance that all major inherent risks are appropriately identified and the applicable legislation is adhered to. The committee is of the opinion that there were no material breakdowns in internal control, including financial controls, business risk management and maintenance of effective material control systems during the 2012/2013 financial year.

Internal Audit

The Audit Committee is responsible for ensuring that the Internal Audit function is independent and has the necessary resources, standing and authority within the department to enable it to discharge its duties. The Audit Committee also oversees the interaction between Internal Audit, External Auditor and Management, and ensures that the relationships are productive and add value to the department.

The Audit Committee reviewed and approved the Internal Audit Charter. The Audit Committee also approved the audit plan and the work carried out by Internal Audit to ensure that the action plans in place mitigate the risks on matters reported to the Committee.

Internal Audit reports on and provides assurance to the Audit Committee on the effectiveness of internal financial controls, internal controls and the management of risk across in the department, and has provided such assurance that they have no reason to believe that any material breakdowns within the internal controls system and risk management, as identified, have not been addressed or are in the process of being addressed.

Furthermore it was confirmed that the Internal Audit scope was risk based and included management recommendations.

A bi-annual assessment of internal audit and the audit committee is conducted by the provincial internal audit unit to ensure that the internal audit unit and the audit committee perform their functions in terms of the applicable prescripts.

Monthly And Quarterly Reporting (PFMA AND DORA)

The Audit Committee is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the Accounting officer of Treasury for the year under review and further confirmed that all reporting requirements were met.

Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed the Annual Financial Statements to be included in the Annual Report, with the AGSA and Accounting officer,
- Reviewed the AGSA management letter and management responses thereon,
- Reviewed the adjustments resulting from the external audit.

The Audit Committee further concurred and accepted the conclusion of the Auditor-General of South Africa on the Annual Financial Statements and is further of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General of South Africa.

AGSA

The audit committee has met with the AGSA to ensure that there are no unresolved issues.



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Prof: S Perumal

Chairperson of the Audit Committee

Free State Treasury

Date: 29 May 2013



PART D: HUMAN RESOURCE MANAGEMENT



PART D: HUMAN RESOURCE MANAGEMENT

1. LEGISLATION THAT GOVERN HR MANAGEMENT

Human Resources Management is governed by the following legislation:

- Public Service Act, 1994
- Public Service Regulations, 2001
- PSCBC Resolutions regarding human resources management
- Determinations issued by the Minister for Public Service and Administration regarding human resources matters
- Basic Conditions of Employment Act
- Occupational Injuries and Diseases Act

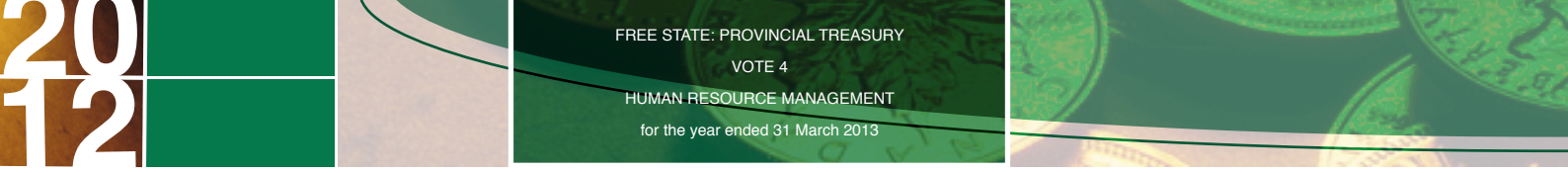
2. INTRODUCTION

The Free State Provincial Treasury has an organizational structure of 447 approved posts, of which 378 post were filled at the end of the 2012/2013 financial year. This constitutes a vacancy rate of 15%. It was and is the intention of the Department to have at least 95% of its post filled at any given time as a filled organizational structure with competent employees would significantly contribute towards improved service delivery to the clients of the Department. The progress towards the reduction of the vacancy rate was hampered by the fact that a moratorium on the filling of vacancies was introduced on 30 August 2012, which prevented the Department from recruiting employees into the Department.

During the 2012/2013 financial year the Department focussed on the following human resources priorities:

- Training and development of employees
- Improving the competencies of employees through training and development and the allocation of bursaries
- Reducing staff turnover through the implementation of the Departmental Retention strategy
- Reducing the vacancy rate of the Department, which was unfortunately hampered by a moratorium on the filling of vacancies
- The grading of posts through job evaluation
- The creation of a stable and healthy workforce by means of the implementation of the Employee Health and Wellness programme
- Establishing a representative workforce in terms of race and gender throughout all occupational levels.

All of the above-mentioned priorities were contained in the Departmental Human Resources Plan in order to recruit and attract and maintain a capable workforce.



Apart from National Human Resources Directives and policies that govern human resources management in the Public Service, the Department also implemented eight human resources policies and strategies to improve the efficiency and effectiveness of human resources Management in the Department. The following eight human resources policies and strategies were implemented by the Department during the financial year under review:

- Special leave
- Retention strategy
- Resettlement
- Working hours
- Recruitment and selection
- Remunerative work outside the Public Service
- Overtime
- Probation

The Department will continue to focus on the above-mentioned strategies in the following financial year, with specific attention that will be given to the filling of its remaining funded vacancies.

A challenge that the Department will still face in the 2013/2014 financial year is the funding of all of its approved posts. Currently about 25 posts are unfunded, which means that the Department will not be able to fill the posts in the coming financial year.

3. HUMAN RESOURCE 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

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	82,771	54,196	0	0	65.5	133
Sustainable Resources Management	24,792	20,862	0	0	84.10	51
Asset and Liability Management	59,869	32,061	0	0	53.6	78
Financial Governance	39,113	33,394	0	0	85.4	82
Total	206,545	140,513	0	0	68.03	344

Table 3.1.2 Personnel costs by salary band

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	4,801	3	31	154
Highly skilled production (Levels 6-8)	45,008	32	169	266
Highly skilled supervision (Levels 9-12)	65,245	46	155	420
Senior management (Levels 13-16)	21,127	15	23	919
Periodic remuneration	301	0.2	5	60.2
Contract	4,031	3	20	201
Total	140,513	68.1	402	349

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme

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	41,745	75.7	4	0	1,333	204	2,329	4.2
Sustainable Resources Management	16,185	75.2	3	0	367	1.7	703	3.3
Asset and Liability Management	23,794	71.7	0	0	786	2.4	1,613	4.9
Financial Governance	25,319	73.4	6	0	764	202	1,022	3
TOTAL	107,043	74.1	13	0	3,250	203	5,667	3.9

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	3,406	39.8	0	0	292	6	371	7.6
Highly skilled production (levels 6-8)	32,606	71.6	3	0	1,633	3.6	2,831	6.2
Highly skilled supervision (levels 9-12)	49,583	73.7	10	0	1,050	1.6	2,259	3.4
Senior management (level 13-16)	17,460	78.4	0	0	275	1.2	206	0.9
Others	3,988	97.07	0	0	0	0	0	0
Periodic Remuneration	0	0	0	0	0	0	0	0
Total	107,043	74.1	13	0	3,250	2.3	5,667	3.9

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

The following tables summarize 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

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	168	153	10%	19
Sustainable Resources Management	55	49	11%	1
Asset and Liability Management	103	93	10%	0
Financial Governance	44	37	16%	0
Municipal Finance Management	77	46	42%	0
Total	*447	378	15%	20

* The posts include all posts in the Department, inclusive of 23 unfunded vacancies. The real vacancy rate for funded vacancies is therefore 10.8%

Table 3.2.2 Employment and vacancies by salary band

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	0	0	0	0
Skilled(3-5)	34	31	9%	18
Highly skilled production (6-8)	192	169	12%	2
Highly skilled supervision (9-12)	195	155	21%	0
Senior management (13-16)	26	23	12%	0
Total	447	378	15%	20

Table 3.2.3 Employment and vacancies by critical occupations

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Senior Managers	19	17	10.52	0
Senior Executive Managers	5	4	20	0
CEO and MEC	2	2	0	0
TOTAL	26	23	11.53	0

3.2. 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 3.3.1 Job Evaluation by Salary band

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	34	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	192	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	195	0	0	0	0	0	0
Senior Management Service Band A	19	0	0	0	0	0	0
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Contract (Levels 1-2)	0	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0	0
Contract (Band A)	0	0	0	0	0	0	0
Contract (Band B)	0	0	0	0	0	0	0
Contract (Band C)	0	0	0	0	0	0	0
Contract (Band D)	0	0	0	0	0	0	0
Total	447	0	0	0	0	0	0

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

Table 3.3.2 Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiary	African	Asian	Coloured	White	Total
Female	1	0	0	2	3
Male	1	0	0	1	2
Total	2	0	0	3	5
Employees with a disability					0

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

Table 3.3.3 Employees with salary levels higher than those determined by job evaluation by occupation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
Percentage of total employed				0

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

Table 3.3.4 Profile of employees who have salary levels higher than those determined by job evaluation

Beneficiary	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0
Total Number of Employees whose remuneration exceeded the grade determined by job evaluation in 2012/13					0

3.3. 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 3.4.1 Annual turnover rates by salary band

Salary Band	Number of employees at beginning of period- April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	27	5	1	3.7
Highly skilled production (Levels 6-8)	176	7	8	5.5
Highly skilled supervision (Levels 9-12)	145	12	8	5.5
Senior Management Service Bands A	18	0	0	0
Senior Management Service Bands B	4	0	1	25
Senior Management Service Bands C	0	0	0	0
Senior Management Service Bands D	2	1	1	50
Contracts	0	0	0	0
Total	372	25	19	5.1

Table 3.4.2 Annual turnover rates by critical occupation

Critical Occupation	Number of employees at beginning of period-April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Senior Management Service Bands A	18	0	0	0
Senior Management Service Bands B	4	0	1	25
Senior Management Service Bands C	0	0	0	0
Senior Management Service Bands D	2	1	1	50
TOTAL	24	1	2	8.3

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

Table 3.4.3 Reasons why staff left the department

Termination Type	Number	% of Total Resignations
Death	3	15.8
Resignation	5	26.3
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	5.3
Transfer to other Public Service Departments	10	52.6
Other	0	0
Total	19	100
Total number of employees who left as a % of total employment	19	5.05

Table 3.4.4 Promotions by critical occupation

Occupation	Employees 1 April 2012	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
Senior Managers	18	0	0	10	55.6
Senior Executive Managers	4	0	0	0	0
CEO and MEC	2	0	0	0	0
TOTAL	24	0	0	10	41.7

Table 3.4.5 Promotions by salary band

Salary Band	Employees 1 April 2012	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels3-5)	27	0	0	20	74.1
Highly skilled production (Levels 6-8)	176	1	0.56	106	60.2
Highly skilled supervision (Levels 9-12)	145	11	7.5	104	71.7
Senior Management Service Band A	18	0	0	10	55.6
Senior Management Service Band B	0	0	0	0	0
Senior Management Service Band C	4	0	0	0	0
Senior Management Service Band D	2	0	0	0	0
Total	372	12	3.2	240	64.5

3.4. Employment Equity

Table 3.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	80	0	1	11	32	3	1	20	178
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	1	1	0	1	4	0	0	0	7
Clerks	43	4	0	8	97	8	0	24	184
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	5	0	0	0	4	0	0	0	9
Total	129	5	1	20	167	11	1	44	378
Employees with disabilities	1	0	0	1	0	0	0	0	2

Table 3.5.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2013

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management(L15-L16)	1	0	0	0	0	0	0	1	2
Senior Management(L13-L14)	13	0	1	3	2	0	0	2	21
Professionally qualified and experienced specialists and mid-management	29	0	0	3	20	2	0	8	62
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	57	3	0	12	81	7	1	19	180
Semi-skilled and discretionary decision making	24	2	0	2	60	2	0	14	104
Unskilled and defined decision making	5	0	0	0	4	0	0	0	9
Total	129	5	1	20	167	11	1	44	378

Table 3.5.3 Recruitment

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	1	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	4	0	0	0	0	1	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	11	0	0	0	11
Semi-skilled and discretionary decision making	0	0	0	0	8	0	0	0	8
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	4	0	0	0	19	1	0	1	25
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.4 Promotions

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<i>Top Management</i>	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	4	0	0	1	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	0	0	0	1	0	0	0	6
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	5	0	0	0	6	0	0	1	12
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.5 Terminations

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	3	1	0	0	1	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	2	0	0	2	6
Semi-skilled and discretionary decision making	2	0	0	0	3	0	0	1	6
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	8	1	0	0	7	0	0	3	19
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.6 Disciplinary action

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

Table 3.5.7 Skills development

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	40	1	0	4	37	2	1	11	96
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	1	1	0	1	4	0	0	0	7
Clerks	41	1	0	3	60	1	0	15	121
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	16	0	0	0	15	0	0	0	31
Total	96	3	2	8	116	3	1	26	255
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.5. 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, and disability), salary bands and critical occupations.

Table 3.6.1 Performance Rewards by race, gender and disability

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, Male	60	129	46	863	14 389
Asian, Male	0	1	100	0	0
Coloured Male	3	5	60	48	16 137
White Male	15	20	70	239	17 084
African Female	84	167	20	1 010	12 025
Asian Female	1	1	100	11	11 053
Coloured Female	6	11	55	70	11 709
White Female	39	44	87	547	14 029
TOTAL	208	378	67.25	2 788	13 775

Table 3.6.2 Performance Rewards by salary band for personnel below Senior Management Service.

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	17	31	54.8	100	5 882	3.9
Highly skilled production (level 6-8)	98	169	57.98	896	9.14	34.9
Highly skilled supervision (level 9-12)	87	155	56.12	1 571	18.05	61.2
Total	202	355	56.90	5 567	12.70	100

Table 3.6.3 Performance Rewards by critical occupation

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Band A	4	17	23.5	145	36,250
Band B	2	5	40	87	43,500
Band C	0	0	0	0	0
Band D	0	2	0	0	0
Total	6	24	25	232	38,666

Table 3.6.4 Performance related rewards (cash bonus), by salary band for Senior Management Service

Salary Band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	4	17	23.5	145	36 250	Personnel costs not available per salary bands
Band B	2	5	40	87	43 500	Personnel costs not available per salary bands
Band C	0	0	0	0	0	Personnel costs not available per salary bands
Band D	0	2	0	0	0	Personnel costs not available per salary bands
Total	6	24	25	232	38 666	Personnel costs not available per salary bands

3.6. Foreign Workers

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

Table 3.7.1 Foreign workers by salary band

Salary Band	01 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	1	100	1	100	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	1	100	1	100	0	0

Table 3.7.2 Foreign workers by major occupation

Major Occupation	01 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
Econometrician	1	100	1	100	0	0

3.7. 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 3.8.1 Sick leave

Salary Band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	253	79.4	27	7.5	9	96
Highly skilled production (levels 6-8)	1,084	79.3	150	41.4	7	761
Highly skilled supervision (levels 9 -12)	892	75.6	137	37.8	7	1,126
Top and Senior management (levels 13-16)	86	2.5	18	5	5	256
Total	2,417	76.4	362	100	7	2,269

Table 3.8.2 Disability leave (temporary and permanent)

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)	19	100	1	9.1	19	6
Highly skilled production (Levels 6-8)	175	100	7	63.6	25	134
Highly skilled supervision (Levels 9-12)	54	100	3	27.3	18	95
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	248	100	11	100	23	235

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 3.8.3 Annual Leave

Salary Band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	660	31	21
Highly skilled production (Levels 6-8)	3,913	169	23
Highly skilled supervision(Levels 9-12)	3,359	155	21
Senior management (Levels 13-16)	465	22	21
Total	8,397	377	22

Table 3.8.4 Capped leave

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 at 31 March
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	4	2	2	21
Highly skilled supervision(Levels 9-12)	8	3	3	30
Senior management (Levels 13-16)	17	2	9	74
Total	29	7	4	29

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

Table 3.8.5 Leave payouts

Reason	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave payout for 2012/13 due to non-utilisation of leave for the previous cycle	185	7	26
Capped leave payouts on termination of service for 2012/13	270	17	15
Current leave payout on termination of service for 2012/13	0	6	0
Total	452	30	15

3.8. HIV/AIDS & Health Promotion Programmes

Table 3.9.1 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
Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
<ol style="list-style-type: none"> 1. Those in Physical Asset Management- Asset and Liability -they go outside to check assets management in the province - The role of Asset and Liability Management is to provide policy direction, facilitate the effective and efficient management of assets, liabilities and financial management financial systems. Some officials in this directorate go out to work on sites. 2. Sustainable Resource Management- The role of Sustainable Resource Management is to provide support on provincial economic analysis, fiscal policy, and the management of the annual budget process and the implementation of Provincial Budgets hence site visits by some official within this chief directorate. 3. MFMA- officials go outside to check and monitor municipalities performance in the whole FS province 4. Financial Governance- The role of Financial Governance is to promote accountability through substantive reflection of financial activities of the province as well as compliance with finance norms and standards – site visits are done for compliance and accountability. 5. Fiscal policy- officials go outside to check and monitor Revenues in the whole FS province 6. Infrastructure & PPP officials go outside to monitor Infrastructure Co-ordination and PPP issues_ 7. LOGIS-go outside to train departments on LOGIS in the whole FS province 8. Those in reproductive age (more than 60% of Treasury officials are at a reproductive age) 9. Interns- most of whom are exposed for the first time to work environment and are therefore at a vulnerable stage. 	<ol style="list-style-type: none"> 1 Education on Sexually Transmitted Infections (STI) Information Sessions on and their treatment as well as treatment of opportunistic infections -One STI article and ICAS Desk drop circulated to all officials on the 09th February 2012 during STI & Condom Week. 2. Regular Distribution of Barrie Methods, particularly condoms and femidoms (female condoms) at accessible distribution points like ablution places and bathrooms. 3 On-going referral as per need of HIV affected and infected officials for regular health assessments, VCT, on-going counselling, infection control, social support and treatment services for appropriate management of STI's and HIV/TB. 4 Support for both infected and affected employees as well as their immediate families (according to scope of applicability of FSPT HIV,AIDS & TB Policy) 5 Preventive and Universal Measures (as in the First Aid and HIV,AIDS & TB Policy) during medical emergencies (first aid) - wearing of Gloves encouraged- first aiders know their role in preventing post exposure infections. 6 Established External Partnerships with other stakeholders like Department of Health, Old Mutual, Newstart, Prime Cure, ATTIC and GEMS for referral and support. 7 HCT- Voluntary Confidential Counselling Testing (VCCT) encouraged – GEMS contracted staff did tests for staff in the department. 7 out of the 20 participants were tested. 0 (0%) of participants tested positive. 7(100%) of participants tested negative. This equates to a 35% uptake.

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
	<p>8 Policies on EAP, Gender, Sexual and Workplace Harassment, Fits Aid and HIV&AIDS/TB-accessible to all officials on departmental intranet.</p> <p>9 Education of staff on Prevention of Mother To Child Transmission (PMTCT), STI and condom use.</p> <p>10 Creation of non-discriminatory environment by empowering other officials and maintenance of confidentiality-policy implementation.</p> <p>11 Training of EHW staff in mainstreaming of HIV Gender base Rights by DPSA- 2 trained</p> <p>12 Monitoring and Evaluation strategies such as the following Workplace HIV and AIDS programme measures:</p> <p>13 Number of female and male condoms distributed in the toilets and bathrooms condoms distribution – 2 400.</p> <ul style="list-style-type: none"> • Number of peer educators trained to empower other officials-at present and training done= 8 peer educators in basic HIV. • Training of 5 peer educators in doing VCTs. <p>14 Number of employees educated on HIV and AIDS/TB issues in order to create awareness- TB Article circulated in March 2012 and 2 Articles on STIs circulated during STI and Condom Week in February 2013.</p> <ul style="list-style-type: none"> • Number of first aiders trained in Post Exposure Prophylaxis (PEP) nil trained in 2012/13 but will be trained in future. <ul style="list-style-type: none"> • Number of HIV&AIDS/TB brochures/leaflets developed and distributed- several left at condom distribution points. • Number/percentage of men/women receiving HIV Testing and counselling. • Number of officials/People Living With HIV and AIDS (PLWHA) with or without TB and the number of officials with TB only- undisclosed number affected. • Number of officials on ARV therapy/TB treatment- encouraged to take treatment. • Number of officials who disclosed that they are

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
	<ul style="list-style-type: none"> • HIV positive- all were supported. • Ongoing counselling is offered on site to those affected as part of dedicated Employee Assistance Programme (EAP) • Number of HIV positive officials who died- undisclosed number died.

Table 3.9.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mrs. MG Tshitlho: Senior Manager: Corporate Services.
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The department has a dedicated unit Based in Special Programmes Unit with two officials; Assistant Manager who is responsible for responsible Employee Health & Wellness Programme (EHWP with all 4 pillars) and Special Programmes i.e. Gender, Youth, Child, Aged, Disabled and Moral Regeneration as well as the EAP Officer who coordinates all 4 pillars. Annual Budget ranges between R232, 000.00 and R 250,000.00 per annum but an amount of R338, 488.00 has been allocated for 2013/14 financial year to EHWP.

Question	Yes	No	Details, if yes
<p>3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements.</p>	<p>X</p>		<p>Key elements of EAP and HIV</p> <ol style="list-style-type: none"> 1. Planning- Operational Plan informed by: Strategic Plan; APP, National Health Calendar; Departmental Events Calendar; National and Provincial Health Projects, e.g. HCT 2. EHW needs survey and analysis – for customised programme. 3. Budgeting- projections done by planning within budgetary constraints and all activities are costed. 4. Prevention of health and psycho-social problems through Health Promotion and HIV/ AIDS Programs. 5. Health Promotion: Health empowerment sessions, workshops, testing(recently had Cancer tests, health assessments and screenings for diabetes, blood pressure cholesterol and HIV and educative campaigns, circulated articles via intranet; Created Careways Wellness website, posters and other activities like sport; male and female soccer, netball, volley ball and choir. 6. Marketing- through posters and intranet 7. Reactive Care: Departmental on the spot EAP and 24/7 initially done by ICAS Counseling Services but now done by Careways contracted to offer similar services; Referrals- one referral done; Debriefing sessions during crisis- 4 sessions; Home and Hospital visits where necessary and bereavement support services for affected staff. 8. Monitoring and Evaluation M&E)- for effectiveness of the Programme; Survey and Behavioural Risk Management(BRM) Audit to assess the risks the department poses on employees; Effectiveness of EAP; as well as the risks posed by employees on the department. 9. Analysis of output and making recommendations where necessary based on M&E results and implementing recommendations. 10. Re-planning incorporating inputs from officials and recommendations.

Question	Yes	No	Details, if yes
<p>4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, provide the names of the members of the committees and the stakeholder(s) they represent.</p>	X	X	<p>Yes - At present the EAP unit has a formally established HIV/AIDS committee which is incorporated within OHS Task Team to lessen problems of regular attendance of meetings by members of both committees- attendance was found to have improved with one committee that serves both interests; but with peer educators only ten members of the committee will be trained and these members will constitute the HIV Committee within OHS Task Team after being appointed as such by the CEO) the focus of arrangement is on adequate representation and support from all relevant stakeholders, including trade unions representatives, to facilitate the effectiveness of the provisions of regulation VI E. There were two union representatives from both NEHAWU and PSA. HIV Committee members were trained as peer educators in basic HIV.</p> <p><u>HIV PEER EDUCATORS TRAINED</u></p> <ol style="list-style-type: none"> 1. L. Joubert 2. L. Mohlabakoe 3. P Thamae 4. C. Ntlokwana 5. P. Mahabuke 6. N. Mokotso 7. J. Gaanakgomo-NEHAWU 8. L. Joubert 9. T. Medupe(joined later)-PSA <p><u>PEER EDUCATORS TRAINED IN VCT</u></p> <ol style="list-style-type: none"> 1. S. Basson 2. N. Mokotso 3. L. Joubert
<p>5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? if so, list the employment policies/practices reviewed.</p>	X		<p>The following are EHWP policies to be reviewed and developed besides other HRM policies.</p> <ol style="list-style-type: none"> 1. HIV,AIDS& TB Policy to be reviewed 2. EAP Policy to be reviewed 3. Gender Policy recently developed and approved 4. Draft SHERQ Policy to be approved. 5. Draft Sport and Choir Policy reviewed and still to be to be approved. 6. First Aid Policy to be reviewed.

Question	Yes	No	Details, if yes
<p>6. Has the department introduced measures to protect HIV- positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.</p>	<p>X</p>		<ol style="list-style-type: none"> 1. Confidentiality- maintained by safe keeping of EAP documents. No disclosing of the affected official's information to any other person without the employee's written consent. 2. Encouraging voluntary disclosure –openness by the affected for support and acceptance. 3. Privacy during test campaigns- no forcing of individuals even new and prospective employees. 4. Private and confidential 24/7 counseling services by external service provider, ICAS. 5. Education of staff on HIV, AIDS & TB and how it is spread- awareness and prevention programmes on HIV/AIDS and other sexually transmitted infections for the employees in the department and, where possible, their families, and as far as possible, and these programmes are integrated with programmes that promote the health and well being of employees. 6. Encouraging staff to voluntarily test during HCT campaigns to encourage openness, acceptance, care and support for HIV-positive employees.
<p>7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results you have achieved.</p>	<p>X</p>		<p>Tests are done quarterly by GEMS at every departmental activity like sport tournaments, Wetness Day celebration, Fun Walk and also during World AIDS Day.</p>

Question	Yes	No	Details, if yes
8. Has the department developed measures / indicators to monitor & evaluate the impact of its health promotion programmes? If so, list these measures.	X		<ol style="list-style-type: none"> 1. EAP Survey, however, there is poor responses to EHWP surveys. 2. Encourage officials to remark via mail about their satisfaction after an event or activity-challenge is still poor responses. 3. BRM Audit was done by ICAS but still to be done gain by Careways. 4. Feedback encouraged. 5. Staff morale barometer - as defined by grapevine stories and departmental corridors atmosphere. 6. Verbal feedback - remarks and signs of excitement and the increased attendance of our wellness activities. 7. Monitoring statistics of absenteeism if increasing or declining; and from which components and suggesting intervention strategies that can boost morale in affected components. 8. Reports from contracted service provider of 24/7 counselling services.

3.9. Labour Relations

Table 3.10.1 Collective agreements

Subject Matter	Date
-	-

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

Table 3.10.2 Misconduct and disciplinary hearings finalized

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	3	100
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	3	100

Table 3.10.3 Types of misconduct addressed at disciplinary hearings

Type of misconduct (based on annexure A)	Number	% of total
Improper conduct	4	100
Total	4	100

Table 3.10.4 Grievances logged

	Number	% of Total
Number of grievances resolved	4	100
0	0	0
Total number of grievances lodged	4	100

Table 3.10.5 Disputes logged

	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	0	0

Table 3.10.6 Strike actions

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

Table 3.10.7 Precautionary suspensions

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

3.10. Skills development

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

Table 3.11.1 Training needs identified

Occupational Category	Gender	Number of employees as at 1 April 2012	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	78	0	51	0	51
	Male	91	0	45	0	45
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	5	0	3	0	3
	Male	5	0	4	0	4
Clerks	Female	123	0	77	0	77
	Male	61	0	44	0	44
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	4	0	0	0	0
	Male	5	0	0	0	0
Sub Total	Female	210	0	131	0	131
	Male	162	0	93	0	93
Total		372	0	224	0	224

Table 3.11.2 Training provided for the period

Occupational Category	Gender	Number of employees as at 1 April 2012	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	78	0	52	0	52
	Male	91	0	49	0	49
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	5	0	4	0	4
	Male	5	0	3	0	3
Clerks	Female	123	0	69	0	69
	Male	61	0	47	0	47
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	4	0	15	0	15
	Male	5	0	16	0	16
Sub Total	Female	210	0	140	0	140
	Male	162	0	115	0	115
Total		372	0	255	0	255

3.11. Injury on duty

The following tables provide basic information on injury on duty.

Table 3.12.1 Injury on duty

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

3.12. Utilisation of Consultants

Table 3.13.1 Report on consultant appointments using appropriated funds

Project Title	Total Number of consultants that worked on project	Duration Work days	Contract value in Rand
None	0	0	0

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	0	0	0

Table 3.13.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None	0	0	0

Table 3.13.3 Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on project	Duration Work days	Donor and Contract value in Rand
None	0	0	0

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	0	0	0

Table 3.13.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None	0	0	0



PART E: FINANCIAL INFORMATION



PART E: FINANCIAL INFORMATION

1. REPORT OF THE ACCOUNTING OFFICER

Report by the Accounting Officer to the Executive Authority and Parliament/Provincial Legislature of the Republic of South Africa.

1. General review of the state of financial affairs

Nine Strategic management (MANCO) meetings were held during the year. The matters discussed were related to the functioning and performance of the Department in terms of targets set on the Annual Performance Plan (APP), departmental structure, vacancy rate, departmental and provincial spending and revenue collection, Risk Management, Provincial Budget, audit Outcomes, Internal Audit, and other provincial related matters.

The Department had an organizational structure of 447 posts at the end of the fourth quarter. 377 posts were filled at the end of the quarter this left the department with a vacancy rate of 16%. The Department could not meet its target of 5% due to a moratorium that was placed on the filling of vacant posts

Phasing in of monthly asset count on finalized room lists was implemented randomly in certain directorates. 75% monthly asset count certificates have been implemented and signed by officials in February and March 2013 respectively. Full implementation of these monthly asset counts will be implemented in 2013/14 financial year

Treasury tabled the main budget 2013/14 MTEF after EXCO approval in March 2013 and later on had to Table an adjustment Budget, result of the merger of Agriculture and Rural Development Departments. Free State Province also received an additional R60m for Infrastructure Conditional Grant from National Treasury in the fourth Quarter necessitating a late second adjustment on the 2012/13 financial years' budget.

The Department also managed to release a research based paper on the analysis of Trade partnership; The effects of Retention and dropout on matric enrolments in the education system; Monitoring and Evaluation: The missing link to service delivery and alternative funding services, published the 4th quarterly labour market review and published the provincial economic review and outlook for 2013/14 financial year

On the Governance side seven training sessions focusing on Asset and Liability Accounts, Basic Accounting Handbook Annual Financial Statements, Risk Management, Internal audit aimed at improving audit opinions of Departments were conducted. And the Department also assessed four Interim Financial Statements, and the monthly, quarterly and bi-annual Key Control Matrices of Department, and feedback on how to improve was provided. In following up on these improvements and to prepare Departments for preparation of Annual Financial Statements, the PAG is coordinating CFO forums every 3rd week since the middle March 2013. The Department also held two sessions on fraud awareness with all Departments.

No investments were made with category 1 institutions during March 2013, and surplus funds were deposited into the Province's main account at the South African Reserve Bank. Funds deposited into this account are conveniently accessible to meet the Departments' cash requirements.

At the end of the 3rd Quarter 2013/2014, the province's cash flow had deteriorated significantly during the financial year, resulting in the Revenue Fund Account closing the 3rd quarter in an overdrawn position of R314million at the SARB.

In order to restore the cash flow and to minimize the interest charges, Revenue Fund had to take a decision to temporarily suspend BAS disbursements for processing of payments by the Provincial Departments in December 2012 and January 2013.

Following the audits of 2011/12 financial year, the Auditor General highlighted sharply the upward surge of Irregular expenditure experienced by Departments. This Irregular expenditure was primarily due to Supply Chain Management Transgressions. In response to this challenge Treasury embarked on a project of putting together a Supply Chain Management Tool Kit, because when the analysis was done it became clear that officials dealing with the Supply Chain Management are not properly equipped to handle SCM, they are not trained and turn-over in these sections is higher than any other component on the Departments. The training modules will be completed in September 2013 and Treasury will start with the training in October 2013, but the tool will be

available to practitioners in September 2013.

The implementation of the new BAS data base for the Free State Province Departments for Version 4 Standard Chart of Accounts commenced in January 2013. Free State Province went live on 1 April 2013.

The implementation of the IDMS is well on track, FOHOD approved the establishment of the IDMS Steering committee, and the process of designing an IDMS system for the Free State is well underway, with the EXCO approval of the FSIDMS expected happen in May 2013.

With regards to the work we doing with Municipalities, since the establishment of the inter-governmental debt committee, intergovernmental debt has been reduced by 50 percent. During this quarter two municipalities were supported, namely Mafube and Nala Municipalities. The issues raised and are currently being resolved include, unallocated payments, invoicing and grouping of accounts in terms of Provincial Treasury Circular no 22.

Treasury also assessed the credibility of the indigent register though the testing of the existence of internal controls in taking on people who qualify to be included in the indigent registers of Municipalities. Some of the challenges included registers not being updated and registering people who do not meet the set criteria to be classified as indigent. These pitfalls were then communicated to the municipality. Four municipalities were assessed and assisted with implementation of SCM processes and procedures, these include Metsimaholo, Mafube, Ngwathe and Naledi.

Treasury facilitated the training of Municipalities officials on Internal Audit; Risk Assessment; in-year reporting, and budget compilations. For knowledge sharing and dealing with common

problems for the fourth quarter one forum on SCM was held; one forum for interns was held; and a fraud awareness workshop was held

The 2012/13 financial year was stable without any major changes to the mandate of Treasury. The Budget of R208m allocated to Treasury was enough to meet all the predetermined objectives captured in our Annual Performance Plan

Spending trends

Programme 1: Administration

This programme utilised the funding allocated through its performance of coordination and management of activities within the entire organization. The administration programme managed to spend 98.34 per cent or R82, 771 million of the R84, 166 million allocated. This programme assisted municipalities with the payment of outstanding Auditor-General accounts.

Programme 2: Sustainable Resource Management

This programme played a key role in the allocation of the limited financial resources to the competing policy priorities of the province and also in the year under review added an additional task by monitoring and implementing strict cost containment measures in order to avail additional funding for investments. The programme managed to spend 98.74 per cent or R24, 792 million of the allocated R25,109 million. This programme assisted also municipalities with the payment of outstanding Auditor-General accounts.

Programme 3: Assets and Liability Management

The Assets and Liability Management programme spent 99.7 per cent or R59, 869 million of the R60, 033 million allocated. The programme provided policy directions and facilitated effective and efficient management of physical and financial assets and supply chain management. It also provided assistance relating to the transversal systems used by all departments within the province. This programme also assisted municipalities with the payment of outstanding Auditor-General accounts.

Programme 4: Financial Governance

The Financial Governance programme ensured that there was a continuous promotion of accountability through substantive reflection of financial management activities throughout the financial year for all provincial departments and municipalities as well as compliance with financial norms and standards. The programme managed to spend 99.21 per cent or R39, 113 million of the allocated R39,425 million. This programme assisted also municipalities with the payment of outstanding Auditor-General accounts.

Spending trends

Month	Compensation of employees	Goods and services	Interest and rent on land	Transfers and subsidies	Payment for capital assets	Payment for financial assets	Total
April 2012	11,095	2,830	-	189	-	-	14,114
May 2012	10,583	2,011	-	18	292	-	12,904
June 2012	10,590	2,341	-	29	290	-	13,250
July 2012	13,141	7,535	5	60	310	-	21,051
August 2012	13,239	5,540	-1	2	286	-	19,066
September 2012	11,933	3,820	192	-	1,239	-	17,184
October 2012	11,485	3,973	-	52	432	-	15,942
November 2012	11,435	4,246	-	7	478	-	16,166
December 2012	11,883	1,823	-11	285	384	-	14,364
January 2013	11,645	4,370	-183	-242	383	-	15,973
February 2013	11,456	3,652	-	12	257	-	15,377
March 2013	12,028	15,685	526	-6	2,005	916	31,154
TOTAL	140,513	57,826	528	406	6,356	916	206,545

REASONS FOR UNDERSPENDING

- During November 2012 a moratorium was placed on the filling of vacancies within all departments within the province. Approval could be obtained from the office of the Premier for the filling of critical vacancies, however this was a slow process which had the impact that the department was not in a position to fill vacancies during the period November 2012 to March 2013. This also had an impact on the goods and services as the department is mostly assisting other governmental spheres and therefore the administration cost was lesser than expected.
- The department implemented the cost containment process in November 2012 which also had an impact on the spending of the department. In March 2013 the department was approached for assistance to the Municipalities in respect of outstanding auditor general accounts. In this process the department reprioritized under-spending amounts to make available R5, 800 million towards this action.
- During the 2012/13 financial year the department spend 99 per cent of the allocated adjusted budget. Within compensation of employees the department spent 99.5 per cent of the final adjusted budget and within goods and services the department spent 98.12 per cent of the allocated adjusted budget. In transfers and subsidies, which mainly within this department consist of the payment of leave gratuity, injury on duty and donations in gifts the department only managed to spend 61.5 per cent. This item will however in the future be investigated and funding will be appropriated more sufficient. The difficulty however is the budgeting for leave gratuity as this is paid out in the event where officials pass away or leave on early retirement. Within the capital budget the department spent 89.1 per cent. It needs to be mentioned in this regard that the department did make provision for the procurement of furniture for the vacant posts which were not filled.

Impact on programmes and service delivery

- The non-filling of vacancies did not have a huge negative impact on the department as the units where the most vacancies are have been functioning with officials in acting capacities. Service delivery was not hampered in this regard.

Actions taken or planned to avoid recurrence

- With effect from April 2013 the department did start with the advertising of vacancies and the filling of posts.
- The department will also investigate the funding allocated to the transfers and subsidies allocation in order to avoid a large under-spending in this area.

VIREMENT

Funding was reprioritized as follows:

		Virement
		R'000
1.	ADMINISTRATION	
	Current payment	312
2.	SUSTAINABLE RESOURCE MANAGEMENT	
	Current payment	(518)
3.	ASSET AND LIABILITY MANAGEMENT	
	Current payment	909
	Transfers and subsidies	247
4.	FINANCIAL GOVERNANCE	
	Current payment	(950)

Reason for the virement

Two virements were implemented after adjusted budget for the following reasons:

- Payment of leave gratuity to an official who left on early retirement during November 2012 within programme 3;
- Payment in respect of Interest paid: CPD within programme 3;
- Payment for the implementation phase of the SCM toolkit and the clean-up of the supplier database which was recommended by the Auditor General within programme 3;
- Payment for the installation of Wi-Fi by departmental IT within the Provincial Government building within programme 1.
- Funding was mostly reprioritized from programme 2 and 4 from compensation of employees funding and goods and services funding available due to the non-filling of vacancies.
- Approval was granted for these two virements by the Senior Executive Manager within Sustainable Resource Management as delegated by the Accounting Officer within Provincial Treasury.

Other material matters (including a description of the reasons for unauthorised, fruitless and wasteful expenditure and the amounts involved as well as steps taken to address and prevent a recurrence.)

Analysis of Current Year's Fruitless and wasteful expenditure	
Incident	Disciplinary steps taken/criminal proceedings
Misuse of fax machine	No official could be held liable due to the fax machine being utilized by several officials and liability could not be lined to a specific individual
Reprint of EPRE books	After printing started amendments was done as a result of a Lekgotla meeting which resulted in the reprint of the books

- The department only had three fruitless and wasteful expenditure cases of which one was deducted from an official and the other two were written off as stated above. Please refer to disclosure note 36 for additional information.
- The department did not have any unauthorized or irregular expenditure cases during the 2012/13 financial year.

1. Service rendered by the department

1.1 The Department of Provincial Treasury was able to render its services in the following form:

- Playing role in allocation of Provincial Budget
- Assisting departments, Public Entities and Municipalities in compilation of Financial Statements and Annual Reports;
- Training departments on BAS, LOGIS and PERSAL;
- Monitoring of the budget expenditure in terms of correct SCOA classification, including conditional grants, spending and infrastructure delivery
- Monitoring provincial revenue
- Monitoring Provincial Revenue Fund
- Monitoring SCM compliance.
- Monitoring KCM compliance

1.2 Tariff policy

The department only renders services to other departments and therefore no tariffs are charged.

1.3 Free Services

The department renders Treasury support functions to all provincial departments, public entities as well as municipalities. The total costs relates to SITA, in respect of the transversal systems, BAS, PERSAL and LOGIS.

1.4 Inventories

The department did not operate a warehouse, due to the fact that goods are procured on a need basis.

2. Capacity constraints

During the 2012/2013 financial year the Department had an approved staff establishment of 424 funded posts of which 46 posts were vacant at the end of the financial year. The Department was unable to fill these vacancies during the 2012/2013 financial year due to a moratorium that was placed on the filling of vacancies on 30 August 2012. The moratorium was in place until 31 March 2013. The result of the human resources capacity constraints was that numerous employees had to act in higher vacant posts, which placed an additional burden on these employees.

Since the moratorium has been lifted, the Department already embarked on advertising most of its critical vacancies, and the Department will be filling most of its funded vacancies within the first six months of the 2013/2014 financial year. This progress with the filling of funded vacancies will capacitate the Department to be equipped in terms of sufficient human resources to deliver on its strategic and operational objectives.

3. Utilisation of donor funds

The department did not receive any sponsorships or donations during the year of reporting.

4. Trading entities and public entities

There are no trading and public entities reporting to the department.

5. Organisations to whom transfer payments have been made

Transfer payments were made in respect of the following two cases:

- Injury on duty: T Ngubeni
- SA Broadcasting Corporation: TV Licences and DSTV Subscription

6. Public private partnerships (PPP)

None

7. Discontinued activities/activities to be discontinued

There have been no discontinued Activities during the year under review.

8. New/proposed activities

There have been some few changes effected on the yet to be approved, departmental structure.

9. Asset management

The department is using the Logis system for procuring and receiving assets. This means that on delivery the assets must be captured on the asset register to confirm receipt before they are sent for payment. The asset register then stores information on each asset which includes amongst others the cost price, date procured, location, asset condition and expected.

The Asset Management Reform (AMR) entails compliance to the structure, appointment of role-players, stocktaking, disposal and approved policies to guide the utilization and management of assets in the Department. These are addressed according to the approved Broad Asset Management Policy that is reviewed annually as well on the KPI's that are submitted monthly in the Key Control Matrix.

To ensure general challenges are addressed, the Department has implemented in 2013/14 financial year monthly asset count that is completed by Asset Holders in respect of monitoring assets in their workstations or offices.

The following additional control measures have been implemented in the 2013/14 financial year to monitor and safe-guard government assets:

- Conditional reports for assessing furniture,
- Disposal database and register to record all outgoing disposals or donations,
- Register for recording redundant/obsolete items before they are actually disposed of.

10. Inventories

The department did not operate with a warehouse, due to the fact that goods are procured on a need basis.

11. Events after the reporting date

On the 29th of June 2013 a fire started in the office occupied by the Senior Manager: Economic Analysis on the 4th floor, Provincial Government Building. The fire brigade was able to contain the fire and the department suffered a loss of approximately R102 000.00 due to a photocopy machine which burnt out and other damages to the office, furniture and equipment and walls. This was over a weekend and no official was within the office. No arson is suspected.

12. Information on predetermined objectives

The Strategic planning unit on a quarterly basis coordinate the quarterly reporting process where programmes report on progress made against planned annual targets per objective as contained in the Annual Performance Plans.

The Portfolio of Evidence is also submitted on a quarterly basis to the Strategic Planning unit which is used in validating all reported outputs.

A circular has been issued to all programmes indicating processes of collecting data/information at the elapse of each quarter.

As part of accountability of information received, each programme manager is required to sign-off each report before it is consolidated in the unit.

Information received is assed and analysed;

The analysis is reported in high decision making meetings such as MANCO, PROPAC and the Audit Committees.

- Reports on non-financial performance of the department are presented to Management Meetings on quarterly basis to monitor the performance of the department and address deficiencies if any
- For 2013/14 Strategic Plan/ Office of the CFO has recently evaluated Senior Managers and Senior Executive Mangers Performance Agreements against the Annual Performance Plans and Operational Plans which were all found to be aligned.

13. SCOPA resolutions

All resolutions in respect of 2011/12 financial year referring to resolution 1 of 2013 has been resolved and satisfactorily implemented by the department and accepted by the Portfolio Committee.

The following resolutions were received on the 16th of May 2013 from the office of the Premier and on the 21st of May 2013 from the Accounting Officer for implementation in the 2013/14 financial year:

- Resolution 5 of 2013;
- Resolution 16 of 2013;
- Resolution 17A of 2013;
- Resolution 17D of 2013.

14. Prior modifications to audit reports

The mechanisms put in place by the Accounting Officer to resolve the matters reported by the Auditor General in the previous year are as follows:

- Internal Audit annually reviews implementation of measures to resolve issues raised in the Audit Reports.
- Review is executed as part of the Audit Plan.
- Issues not satisfactorily resolved are presented to management for intervention.

- Unresolved issues after management intervention are presented by the Audit Committee.
- The Audit Committee advises the MEC on issues relating to Governance and Risk Management – including unresolved audit report issues.
- A component of Financial Governance monitors the implementation of PROPAC resolutions.

In the past financial year the Department obtained a clean report.

15. Exemptions and deviations received from the National Treasury

None.

16. Interim Financial Statements

Four interim financial statements were submitted within the prescribed timeframes. Internal Audit has reviewed the Interim financial Statements for the 1st, 2nd, 3rd and 4th quarter of 2012/2013 financial year to determine whether the Interim Financial Statements were prepared in line with National Treasury's preparation guide and reporting framework. During the review of the Interim Financial Statements Internal Audit did not identify any material weaknesses in the reported information.

The statements were accurate and fairly presented the financial situation of the department.

17. Other

None.

18. Approval

The Annual Financial Statements set out on pages 123 to 186 have been approved by the Accounting Officer.



.....
HL KGOMONGWE
ACCOUNTING OFFICER
29 MAY 2013

2. ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of Responsibility for the Annual Financial Statements for the year ended 31 March 2013

The Accounting Office is responsible for the preparation of the department's 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 designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the department for the financial year ended 31 March 2013.

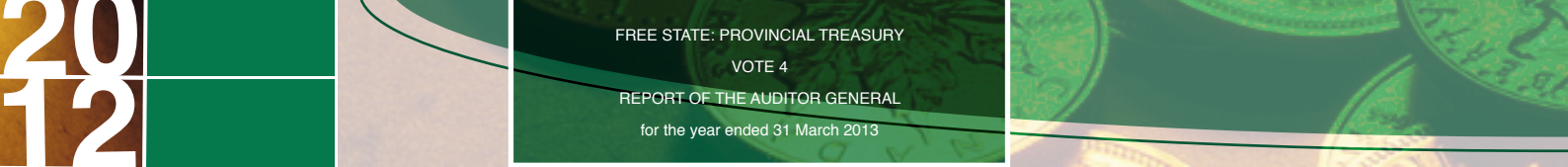
The external auditors are engaged to express an independent opinion on the Annual Financial Statements of the department.

The Department of Provincial Treasury Annual Financial Statements for the year ended 31 March 2013 have been examined by the external auditors and their report is presented on page **120**.

The Annual Financial Statements of the Department set out on page **123** to page **186** have been approved.



MR. HUMPHREY LETHEBE KGOMONGWE
ACCOUNTING OFFICER
PROVINCIAL TREASURY
Date: 29th May 2013



REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON VOTE NO. 4: FREE STATE PROVINCIAL TREASURY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Free State Provincial Treasury set out on pages 123 to 186, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of the financial statements in accordance with the *Departmental financial reporting framework* prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Free State Provincial Treasury as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the *Departmental financial reporting framework* prescribed by the National Treasury and the requirements of the PFMA and DoRA.

Additional matter

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

Financial reporting framework

8. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they "present fairly". Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 16 to 64 of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant, as required by the *National Treasury Framework for managing programme performance information*.
12. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
13. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

14. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters.
15. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA.

Internal control

16. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations.
17. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

OTHER REPORTS

Investigations

18. During the 2009-10 financial year the executive committee requested an independent consulting firm to conduct an investigation at 10 departments in the Free State. The investigation aimed to establish whether they had complied with legislative prescripts relating to payroll and supply chain management and whether any transgressions occurred in this respect. The report has been finalised, but has not yet been submitted to the department.

19. In the *Regulation Gazette No. 8736*, dated 31 August 2007, and *Regulation Gazette No. 8738*, dated 27 November 2007, the Special Investigation Unit (SIU) was requested to investigate the affairs insofar as they relate to the administration of the Free State Development Fund and the Moral Regeneration Movement. The final reports had been received by management but at the reporting date management was in process of assessing these reports.

Performance audit

20. A performance audit was conducted on the readiness of government to report on its performance. The focus of the audit was on how government institutions are guided and assisted to report on their performance, as well as the systems and processes that they have put in place. The management report was issued during this year and responded to by the department. The process of evaluating the responses is on-going.

Auditor-General

Bloemfontein

25 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013



Table of Contents

Appropriation Statement	125
Notes to the Appropriation Statement	140
Statement of Financial Performance	142
Statement of Financial Position	143
Statement of Changes in Net Assets	144
Cash Flow Statement	145
Notes to the Annual Financial Statements (including Accounting policies)	146
Disclosures Notes to the Annual Financial Statements	165
Annexures (Unaudited Supplementary Information)	177

Appropriation per programme										
APPROPRIATION STATEMENT	2012/13						2011/12			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1. ADMINISTRATION										
Current payment	79,024	(692)	312	78,644	77,677	967	98.8%	80,634	77,864	
Transfers and subsidies	723	(4)	-	719	103	616	14.3%	1,571	942	
Payment for capital assets	4,107	696	-	4,803	4,312	491	89.7%	5,765	2,887	
Payment for financial assets	-	-	-	-	679	(679)		-	125	
	83,854	-	312	84,166	82,771	1,395		87,970	81,818	
2. SUSTAINABLE RESOURCE MANAGEMENT										
Current payment	25,412	(70)	(518)	24,824	24,476	348	98.6%	24,268	22,104	
Payment for capital assets	215	70	-	285	150	135	52.6%	774	672	
Payment for financial assets	-	-	-	-	166	(166)		-	3	
	25,627	-	(518)	25,109	24,792	317		25,042	22,779	

Appropriation per programme									
APPROPRIATION STATEMENT	2012/13					2011/12			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3. ASSET AND LIABILITY MANAGEMENT									
Current payment	57,803	(242)	909	58,470	58,282	188	99.7%	51,975	49,565
Transfers and subsidies	63	-	247	310	303	7	97.7%	35	35
Payment for capital assets	1,011	242	-	1,253	1,213	40	96.8%	2,121	1,841
Payment for financial assets	-	-	-	-	71	(71)		-	11
	58,877	-	1,156	60,033	59,869	164		54,131	51,452
4. FINANCIAL GOVERNANCE									
Current payment	39,723	(165)	(950)	38,608	38,433	175	99.5%	32,833	28,403
Transfers and subsidies	26	-	-	26	-	26		-	-
Payment for capital assets	626	165	-	791	680	111	86.0%	730	520
Payment for financial assets	-	-	-	-	-	-		-	-
	40,375	-	(950)	39,425	39,113	312		33,563	28,923
Subtotal	208,733	-	-	208,733	206,545	2,188	99.0%	200,706	184,972
TOTAL	208,733	-	-	208,733	206,545	2,188	99.0%	200,706	184,972

	2012/13		2011/12	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	37,449		84,322	
Actual amounts per statement of financial performance (total revenue)	246,182		285,028	
Actual amounts per statement of financial performance expenditure		206,545		184,972

Appropriation per economic classification									
	2012/13					2011/12			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	144,720	(1,819)	(1,814)	141,087	140,513	574	99.6%	131,517	123,834
Goods and services	57,235	404	1,292	58,931	57,826	1,105	98.1%	57,955	53,952
Interest and rent on land	7	246	275	528	528	-	100.0%	238	151
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	16	11
Public corporations and private enterprises	21	13	-	34	9	25	26.5%	2	1
Households	104	-	247	351	316	35	90.0%	826	826
Gifts and donations	687	(17)	-	670	81	589	12.1%	762	139
Payments for capital assets									
Buildings and other fixed structures	-	303	-	303	303	-	100.0%	-	-

Detail per programme 1 –ADMINISTRATION
For the year ended 31 March 2013

Details per Sub-Programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
1.1. OFFICE OF THE MEC									
Current payment	6,222	(208)	-	6,014	5,903	111	98.2%	6,281	5,857
Transfers and subsidies	21	-	-	21	3	18	14.3%	-	-
Payment of capital assets	-	-	-	-	-	-	-	707	263
1.2. MANAGEMENT SERVICES									
Current payment	5,985	(159)	-	5,826	5,732	94	98.4%	3,605	3,427
Payment of capital assets	85	53	-	138	129	9	93.5%	121	104
Payment for financial Assets	-	-	-	-	15	(15)	-	-	-
1.3. CORPORATE SERVICES									
Current payment	31,448	60	312	31,820	31,352	468	98.5%	32,805	31,387
Transfers and subsidies	702	(12)	-	690	91	599	13.2%	780	151
Payment of capital assets	1,367	208	-	1,575	1,366	209	86.7%	3,266	1,638
Payment for financial Assets	-	-	-	-	447	(447)	-	-	47
1.4. FINANCIAL MANAGEMENT									
Current payment	30,778	(186)	-	30,592	30,341	251	99.2%	33,545	33,133
Transfers and subsidies	-	8	-	8	9	(1)	112.5%	791	791

Details per Sub-Programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Payment of capital assets	2,633	435	-	3,068	2,799	269	91.2%	1,586	813
Payment for financial Assets	-	-	-	-	217	(217)		-	78
1.5. INTERNAL AUDIT DEPARTMENTAL									
Current payment	4,591	(199)	-	4,392	4,349	43	99.0%	4,398	4,060
Transfers and subsidies	-	-	-	-	-	-		-	-
Payment of capital assets	22	-	-	22	18	4	81.8%	85	69
Total	83,854	-	312	84,166	82,771	1,395	98.3%	87,970	81,818

Programme 1 Per Economic classification	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	54,396	73	-	54,469	54,196	273	99.5%	51,359	49,051
Goods and services	24,627	(764)	312	24,175	23,481	694	97.1%	29,139	28,760
Interest and rent on land	-	-	-	-	-	-	-	135	54
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	16	11
Public corporations and private enterprises	21	13	-	34	9	25	26.5%	2	1
Households	15	-	-	15	13	2	86.7%	791	791
Gifts and donations	687	(17)	-	670	81	589	12.1%	762	139
Payment for capital assets									
Buildings and other fixed structures	-	5	-	5	6	(1)	120.0%	-	-
Machinery and equipment	4,108	624	-	4,732	4,244	488	89.7%	5,721	2,887
Software and other intangible assets	-	66	-	66	62	4	93.9%	45	-
Payments for financial assets									
	-	-	-	-	679	(679)	-	-	124
Total	83,854	-	312	84,166	82,771	1,395	98.3%	87,970	81,818

Detail per programme	2012/13							2011/12		
	sub-	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
2.1 PROGRAMME SUPPORT										
Current payment		1,551	965	(99)	2,417	2,409	8	99.7%	1,541	1,341
Payment for capital assets		6	-	-	6	5	1	83.3%	60	60
Payment for financial assets		-	-	-	-	-	-	-	-	3
2.2 ECONOMIC ANALYSIS										
Current payment		6,428	(758)	-	5,670	5,592	78	98.6%	5,708	5,148
Payment for capital assets		61	65	-	126	66	60	52.4%	324	281
Payment for financial assets		-	-	-	-	7	(7)	-	-	-
2.3 FISCAL POLICY										
Current payment		4,773	(292)	(419)	4,062	3,963	99	97.6%	5,745	5,228
Payment for capital assets		24	2	-	26	26	-	100.0%	182	153
Payment for financial assets		-	-	-	-	35	(35)	-	-	-
2.4 BUDGET MANAGEMENT										
Current payment		8,599	18	-	8,617	8,483	134	98.4%	7,784	7,299
Payment for capital assets		98	-	-	98	30	68	30.6%	117	105

Detail per programme	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Payment for financial assets	-	-	-	-	124	(124)		-	-
2.5 PUBLIC FINANCE									
Current payment	4,061	(3)	-	4,058	4,029	29	99.3%	3,490	3,088
Payment for capital assets	26	3	-	29	23	6	79.3%	91	73
Total	25,627	-	(518)	25,109	24,792	317	98.7%	25,042	22,779

Statutory Appropriation per economic classification									
Programme 2 Per Economic classification	2012/13					2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	21,507	(17)	(518)	20,972	20,862	110	99.5%	20,759	19,366
Goods and services	3,899	(47)	-	3,852	3,613	239	93.8%	3,482	2,713
Interest and rent on land	7	(7)	-	-	-	-	-	27	25
Payments for capital assets									
Machinery and equipment	214	71	-	285	151	134	53.0%	774	672
Payments for financial assets									
	-	-	-	-	166	(166)	-	-	3
Total	25,627	-	(518)	25,109	24,792	317	98.7%	25,042	22,779

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
3.1. PROGRAMME SUPPORT									
Current payment	1,704	1,715	(200)	3,219	3,188	31	99.0%	1,239	1,104
Payment for capital assets	48	3	-	51	50	1	98.0%	96	82
Payment for financial assets	-	-	-	-	-	-	-	-	8
3.2 ASSET MANAGEMENT									
Current payment	14,235	(536)	1,109	14,808	14,789	19	99.9%	13,139	11,814
Transfers and subsidies			247	247	240	7	97.2%	-	-
Payment for capital assets	49	(1)		48	29	19	60.4%	380	266
Payment for financial assets	-	-	-	-	24	(24)		-	3
3.3 SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS									
Current payment	41,864	(1,421)	-	40,443	40,305	138	99.7%	37,597	36,647
Transfers and subsidies	63	-	-	63	63	-	100.0%	35	35
Payment for capital assets	914	240	-	1,154	1,134	20	98.3%	1,645	1,493
Payment for financial assets	-	-	-	-	47	(47)	-	-	-
Total	58,877	-	1,156	60,033	59,869	164	99.7%	54,131	51,452

Programme 3 Per Economic classification	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	33,835	(1,310)	(346)	32,179	32,061	118	99.6%	31,244	29,752
Goods and services	23,968	815	980	25,763	25,693	70	99.7%	20,692	19,776
Interest and rent on land	-	253	275	528	528	-	100.0%	39	37
Transfers and subsidies									
Households	63	-	247	310	303	7	97.7%	35	35
Payment for capital assets									
Buildings and other fixed structures	-	298	-	298	297	1	99.7%	-	-
Machinery and equipment	1,011	(56)	-	955	916	39	95.9%	2,121	1,841
Payments for financial assets									
	-	-	-	-	71	(71)		-	11
Total	58,877	-	1,156	60,033	59,869	164	99.7%	54,131	51,452

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
4.1 PROGRAMME SUPPORT									
Current payment	1,775	(49)	-	1,726	1,713	13	99.2%	1,690	1,484
Payment for capital assets	11	9	-	20	18	2	90.0%	103	92
4.2 ACCOUNTING SERVICES									
Current payment	8,151	(117)	(291)	7,743	7,673	70	99.1%	8,419	8,020
Payment for capital assets	64	34	-	98	96	2	98.0%	125	109
4.3 MUNICIPAL FINANCE									
Current payment	22,498	45	(659)	21,884	21,805	79	99.6%	16,344	13,566
Transfers and subsidies	26	-	-	26	-	26	-		
Payment for capital assets	551	81	-	632	545	87	86.2%	323	183
4.4 RISK MANAGEMENT INTERNAL AUDIT PROVINCIAL									
Current payment	7,299	(44)	-	7,255	7,242	13	99.8%	6,380	5,333
Payment for capital assets		41	-	41	21	20	51.2%	179	136
Total	40,375	-	(950)	39,425	39,113	312	99.2%	33,563	28,923

Programme 4 Per Economic classification	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	34,982	(565)	(950)	33,467	33,394	73	99.8%	28,155	25,665
Goods and services	4,741	400	-	5,141	5,039	102	98.0%	4,642	2,703
Interest and rent on land	-	-	-	-	-	-	-	37	35
Transfers and subsidies									
Households	26	-	-	26	-	26	-	-	-
Payment for capital assets									
Machinery and equipment	626	165	-	791	680	111	86.0%	729	520
Total	40,375	-	(950)	39,425	39,113	312	99.2%	33,563	28,923

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-C) to the Annual Financial Statements.

1. 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.

2. 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.

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

3.1 Per programme

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	84,166	82,771	1,395	1.66%
Filling of vacancies not according to plan. Special programmes not implemented as planned. IT relating priorities not finalized as planned.				
Sustainable Resource Management	25,109	24,792	317	1.26%
Filling of vacancies not according to plan which had an impact on the goods and services spending across the programme.				
Assets and Liability Management	60,033	59,869	164	0.27%
Filling of vacancies not according to plan. Clean-up on supplier database not finalized as planned due to delays with the supplier.				
Financial Governance	39,425	39,113	312	0.79%
Filling of vacancies not according to plan which had an impact on the goods and services spending across the programme.				

3.2 Per economic classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	141,087	140,513	574	0.41%
Goods and services	58,931	57,826	1,105	1.88%
Interest and rent on land	528	528	-	0.00%
Transfers and subsidies				
Public corporations and private enterprises	34	9	25	73.53%
Households	351	316	35	9.97%
Gifts and donations	670	81	589	87.91%
Payments for capital assets				
Buildings and other fixed structures	303	303	-	0.00%
Machinery and equipment	6,763	5,991	772	11,43%
Software and other intangible assets	66	62	4	6.06%
Payments for financial assets	-	916	(916)	100.00%

Filling of vacancies not as planned. Special programmes projects not finalized as planned.

PERFORMANCE

REVENUE

Annual appropriation		
Departmental revenue		

TOTAL REVENUE

EXPENDITURE

Current expenditure

Compensation of employees		
Goods and services		
Interest and rent on land		

Total current expenditure

Transfers and subsidies

Transfers and subsidies		
-------------------------	--	--

Total transfers and subsidies

Expenditure for capital assets

Tangible capital assets		
Software and other intangible assets		

Total expenditure for capital assets

Payments for financial assets

TOTAL EXPENDITURE

SURPLUS/(DEFICIT) FOR THE YEAR

Reconciliation of Net Surplus/(Deficit) for the year

Voted funds		
Annual appropriation		
Departmental revenue and NRF Receipts		

SURPLUS/(DEFICIT) FOR THE YEAR

Note

	2012/13	2011/12
	R'000	R'000
1	208,733	200,706
2	37,449	84,322
	246,182	285,028
3	140,513	123,834
4	57,826	53,952
5	528	151
	198,867	177,937
7	406	977
	406	977
8	6,294	5,920
8	62	-
	6,356	5,920
6	916	138
	206,545	184,972
	39,637	100,056
	2,188	15,734
	2,188	15,734
13	37,449	84,322
	39,637	100,056

POSITION	Note	2012/13	2011/12
		R'000	R'000
ASSETS			
Current assets		2,326	16,432
Cash and cash equivalents	9	1,142	15,476
Prepayments and advances	10	35	46
Receivables	11	1,149	910
TOTAL ASSETS		2,326	16,432
LIABILITIES			
Current liabilities		2,197	15,769
Voted funds to be surrendered to the Revenue Fund	12	2,188	15,734
Departmental revenue and PRF Receipts to be surrendered to the Revenue Fund	13	9	35
TOTAL LIABILITIES		2,197	15,769
NET ASSETS		129	663
Represented by:			
Recoverable revenue		129	663
TOTAL		129	663

NET ASSETS

Note

2012/13

2011/12

R'000

R'000

Recoverable revenue

Opening balance		663	801
Transfers:		(534)	(138)
Irrecoverable amounts written off	6.2	(599)	(38)
Debts revised			(3)
Debts recovered (included in departmental receipts)		(14)	(694)
Debts raised		79	597
Closing balance		129	663
TOTAL		129	663

CASH FLOW	Note	2012/13	2011/12
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		261,258	291,784
Annual appropriated funds received	1.1	208,733	200,706
Departmental revenue received	2	52,525	91,078
Net (increase)/decrease in working capital		(228)	212
Surrendered to Revenue Fund		(68,285)	(101,163)
Current payments		(198,867)	(177,937)
Payments for financial assets		(916)	(138)
Transfers and subsidies paid		(406)	(977)
Net cash flow available from operating activities	14	(7,444)	11,781
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(6,356)	(5,920)
Net cash flows from investing activities		(6,356)	(5,920)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(534)	(138)
Net cash flows from financing activities		(534)	(138)
Net increase/(decrease) in cash and cash equivalents		(14,334)	5,723
Cash and cash equivalents at beginning of period		15,476	9,753
Cash and cash equivalents at end of period	15	1,142	15,476



The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The “modification” results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

1.1 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.2 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.3 Comparative figures

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.

1.4 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund.

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

Any amount owing to the Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date stipulated in the Act.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

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.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.5 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.3 Intangible assets

Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.*

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.



5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.4 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.6 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease payment is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.7 Impairment

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

6. Net Assets

6.1 Recoverable revenue

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.

7. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

8. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

1. Annual Appropriation

1.1 Annual Appropriation

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

	2012/13			2011/12
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
ADMINISTRATION	84,166	84,166	-	87,970
SUSTAINABLE RESOURCE MANAGEMENT	25,109	25,109	-	25,042
ASSET AND LIABILITY MANAGEMENT	60,033	60,033	-	54,131
FINANCIAL GOVERNANCE	39,425	39,425	-	33,563
Total	208,733	208,733	-	200,706

2. Departmental revenue

	Note	2012/13	2011/12
		R'000	R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	132	104
Interest, dividends and rent on land	2.2	51,555	90,178
Transactions in financial assets and liabilities	2.3	838	796
Total revenue collected		52,525	91,078
Less: Own revenue included in appropriation	13	15,076	6,756
Departmental revenue collected		37,449	84,322

2.1 Sales of goods and services other than capital assets

<i>Note</i>	2012/13	2011/12
	R'000	R'000
Sales of goods and services produced by the department		
Other sales	132	103
Sales of scrap, waste and other used current goods	-	1
Total	132	104

2.2. Interest, dividends and rent on land

Interest	51,555	90,178
Total	51,555	90,178

2.3. Transactions in financial assets and liabilities

Receivables	614	732
Other Receipts including Recoverable Revenue	224	64
Total	838	796

3. Compensation of employees

3.1. Salaries and Wages

<i>Note</i>	2012/13	2011/12
	R'000	R'000
Basic salary	99,528	87,982
Performance award	2,739	1,646
Service Based	434	182
Compensative/circumstantial	1,386	845
Other non-pensionable allowances	18,111	16,495
Total	122,198	107,150

3.2. Social contributions

Employer contributions

Pension	12,626	11,200
Medical	5,667	5,463
Bargaining council	22	21
Total	18,315	16,684

Total compensation of employees

140,513	123,834
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Average number of employees

380	372
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4. Goods and services

	Note	2012/13 R'000	2011/12 R'000
Administrative fees		40	70
Advertising		557	1,661
Assets less than R5,000	4.1	994	1,106
Bursaries (employees)		346	972
Catering		1,034	1,010
Communication		1,080	782
Computer services	4.2	24,713	19,558
Consultants, contractors and agency/outsourced services	4.3	3,871	6,626
Entertainment		48	69
Audit cost – external	4.4	9,907	7,605
Inventory	4.5	3,864	4,188
Housing		-	-
Operating leases		1,180	988
Property payments	4.6	-	1
Travel and subsistence	4.7	6,008	5,771
Venues and facilities		615	1,117
Training and staff development		3,408	2,176
Other operating expenditure	4.8	161	252
Total		57,826	53,952
4.1. Assets less than R5,000			
Tangible assets			
		993	1,106
Machinery and equipment		993	1,106
Intangible assets			
		1	-
Total		994	1,106
4.2. Computer services			
SITA computer services		20,356	16,877
External computer service providers		4,357	2,681
Total		24,713	19,558

4.3. Consultants, contractors and agency/outsourced services

<i>Note</i>	2012/13	2011/12
4	R'000	R'000
Business and advisory services	1,570	1,128
Legal costs	35	8
Contractors	574	1,961
Agency and support/outsourced services	1,692	3,529
Total	3,871	6,626

4.4. Audit cost – External

Regularity audits	9 907	4,885
Performance audits	-	2,720
Total	9,907	7,605

Outstanding audit fees in respect of Free State municipalities - R5.8 million
Regularity audit, Consolidated audit and Provincial Revenue Fund audit cost - R4.107million

4.5. Inventory

Food and food supplies	212	222
Other consumables	57	73
Materials and supplies	37	221
Stationery and printing	3,557	3,670
Medical supplies	1	2
Total	3,864	4,188

4.6. Property payments

Property maintenance and repairs	-	1
Total	-	1

4.7. Travel and subsistence

Local	5,662	5,618
Foreign	346	153
Total	6,008	5,771

4.8. Other operating expenditure

Note	2012/13	2011/12
4	R'000	R'000
Professional bodies, membership and subscription fees	11	29
Resettlement costs	125	223
Other	25	-
Total	161	252

5. Interest and rent on land

Interest paid	528	151
Total	528	151

6. Payments for financial assets

Material losses through criminal conduct	32	10
Theft	6.3 32	10
Other material losses written off	6.1 258	87
Debts written off	6.2 626	41
Total	916	138

6.1 Other material losses written off

Nature of losses

Damaged laptop (DA26/4/5 (21/12))	7	-
Misuse of fax line (DA63/4 (01/12))	50	-
Dairies wrongly received	-	10
Penalties paid to South African Revenue Service	-	77
Vehicle accidents (DA26/4/2 (10/12) and (DA24/4/2 (17-20/12))	77	-
Reprint of EPRE books (DA63/4 (03/12))	124	-
Total	258	87

6.2. Debts written off

<i>Note</i>	2012/13	2011/12
10	R'000	R'000
Nature of debts written off		
Recoverable revenue written off		
Breach of contract	388	37
Ex-employee debt	128	1
Employee debt	83	-
Total	599	38
Ex-employee Debt	27	3
Total	27	3
Total debt written off	626	41

6.3. Details of theft

Nature of theft

Theft of laptop and USB device (DA26/4/5 (10/10))	-	7
Theft of tea trolley (DA26/4/5 (01/11))	-	3
Theft of laptop (DA26/4/5 (04/12))	6	-
Loss of I-pad (DA26/4/8 (08/12))	10	-
Los of laptop (DA26/4/5 (12/12))	3	-
Loss of laptop (DA26/4/5 (13/12))	13	-
Total	32	10

7. Transfers and subsidies

	<i>Note</i>	2012/13	2011/12
Provinces and municipalities		-	11
Public corporations and private enterprises	<i>Annex 1A</i>	9	1
Households	<i>Annex 1B</i>	316	826
Gifts, donations and sponsorships made	<i>Annex 1C</i>	81	139
Total		406	977

8. Expenditure for capital assets

	Note	2012/13 R'000	2011/12 R'000
Tangible assets		6,294	5,920
Buildings and other fixed structures	28	303	-
Machinery and equipment	26	5,991	5,920
Software and other intangible assets			
Computer software	27	62	-
Total		6,356	5,920

8.1. Analysis of funds utilised to acquire capital assets – 2012/13

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	6,294	-	6,294
Buildings and other fixed structures	303	-	303
Machinery and equipment	5,991	-	5,991
Software and other intangible assets	62	-	62
Computer software	62	-	62
Total	6,356	-	6,356

8.2. Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds R'000	Total R'000
Tangible assets		
Machinery and equipment	5,920	5,920
Total	5,920	5,920

9. Cash and cash equivalents

Consolidated Paymaster General Account	1,142	15,476
Total	1,142	15,476

10. Prepayments and advances

	Note	2012/13	2011/12
		R'000	R'000
Travel and subsistence		35	46
Total		35	46

11. Receivables

	Note	2012/13				2011/12
		R'000 Less than one year	R'000 One to three years	R'000 Older than three years	R'000 Total	R'000 Total
Claims recoverable	11.1 Annex 3	706	-	-	706	23
Staff debt	11.2	345	4	60	409	455
Other debtors	11.3	34	-	-	34	432
Total		1,085	4	60	1,149	910

11.1. Claims recoverable

	Note	2012/13	2011/12
		R'000	R'000
National departments	11	-	23
Provincial departments		706	-
Total		706	23

11.2. Staff debt

Breach of contract	-	2
Telephone	39	37
Employee	370	416
Total	409	455

11.3. Other debtors

Note	2012/13	2011/12
	R'000	R'000
11		
Ex-employee	34	158
Breach of contract	-	274
Total	34	432

12. Voted funds to be surrendered to the Revenue Fund

Opening balance	15,734	10,120
Transfer from statement of financial performance	2,188	15,734
Paid during the year	(15,734)	(10,120)
Closing balance	2,188	15,734

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

Opening balance	35	-
Transfer from Statement of Financial Performance	37,449	84,322
Own revenue included in appropriation	15,076	6,756
Paid during the year	(52,551)	(91,043)
Closing balance	9	35

14. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	39,637	100,056
Add back non cash/cash movements not deemed operating activities	(47,081)	(88,275)
(Increase)/decrease in receivables – current	(239)	152
(Increase)/decrease in prepayments and advances	11	60
Expenditure on capital assets	6,356	5,920
Surrenders to Revenue Fund	(68,285)	101,163
Own revenue included in appropriation	15,076	6,756
Net cash flow generated by operating activities	(7,444)	11,781

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

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
Consolidated Paymaster General account		1,142	15,476
Total		1,142	15,476

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

16. Contingent liabilities and contingent assets

16.1. Contingent liabilities

		Note	2012/13 R'000	2011/12 R'000
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annex 2A</i>	-	56
Claims against the department		<i>Annex 2B</i>	41	41
Other departments (interdepartmental unconfirmed balances)		<i>Annex 4</i>	90	212
Total			131	309

17. Commitments

Current expenditure

Approved and contracted	378	340
Approved and but not yet contracted	19	-
Total	397	340

Capital expenditure

Approved and contracted	33	1,031
Total Commitments	430	1,371

No commitment is older than one year

18. Accruals

Listed by economic classification	30 Days	30+ Days	2012/13	2011/12
			R'000	R'000
			Total	Total
Goods and services	1,338		1,338	2,477
Total	1,338	-	1,338	2,477

Listed by programme level	Note	2012/13	2011/12
		R'000	R'000
Administration		1,159	605
Sustainable Resource Management		52	64
Assets and Liability Management		44	1,704
Financial Governance		83	104
Total		1,338	2,477

Confirmed balances with other departments	Note	2012/13	2011/12
		R'000	R'000
Confirmed balances with other departments	Annex 4	226	293
Total		226	293

The invoices received in April 2013 from the Office of the Auditor General were in respect of audit services that were rendered during March 2013.

19. Employee benefits

Leave entitlement	4,508	3,846
Service bonus (Thirteenth cheque)	4,303	3,943
Performance awards	2,799	1,644
Capped leave commitments	4,644	4,861
Total	16,254	14,294

Comparative figure was changed to accommodate vacation leave captured on Persal in 2012-13.

20. Lease commitments

20.1. Operating leases expenditure

2012/13	Machinery and equipment	Total
		2012/13
		R'000
Not later than 1 year	536	536
Later than 1 year and not later than 5 years	344	344
Total lease commitments	880	880

2011/12	Machinery and equipment	Total
Not later than 1 year	588	588
Later than 1 year and not later than 5 years	579	579
Total lease commitments	1,167	1,167

20.2. Finance leases expenditure

2012/13	Machinery and equipment	Total
Not later than 1 year	1,859	1,859
Later than 1 year and not later than 5 years	1,384	1,384
Total lease commitments	3,243	3,243

2011/12	Machinery and equipment	Total
Not later than 1 year	2,050	2,050
Later than 1 year and not later than 5 years	3,252	3,252
Total lease commitments	5,302	5,302
LESS: finance costs	607	607
Total present value of lease liabilities	4,695	4,695

21. Irregular expenditure

21.1. Reconciliation of irregular expenditure

<i>Note</i>	2012/13	2011/12
	R'000	R'000
Opening balance		
Add: Irregular expenditure – relating to prior year		
Add: Irregular expenditure – relating to current year	-	71
Less: Amounts condoned	-	(71)
Irregular expenditure awaiting condonation	-	-

22. Fruitless and wasteful expenditure

22.1. Reconciliation of fruitless and wasteful expenditure

Opening balance		
Fruitless and wasteful expenditure – relating to prior year		
Fruitless and wasteful expenditure – relating to current year	174	-
Less: Amounts resolved	(174)	-
Fruitless and wasteful expenditure awaiting resolution	-	-

22.2. Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Misuse of fax machine	No official could be held liable due to the fax machine being utilized by several officials and liability could not be lined to a specific	50
Reprint of EPRE books	After printing started amendments was done as a result of a Lekgotla meeting which resulted in the reprint of the books	124
Total		174

23. Related party transactions

In kind goods and services provided/received

	Note	2012/13	2011/12
		R'000	R'000
Provincial Treasury is responsible for the payment of the usage of computer systems (BAS, Persal and Logis) on behalf of all FS Provincial Departments and 2 Trading Entities.		19,924	16,552
Provincial Treasury donated old redundant furniture and equipment to the Department of Education		20	53
Provincial Treasury donated old redundant furniture and equipment to the Department of Police, Roads and Transport		11	-
Informal rental arrangement with the Department of Education in respect of accommodation (1 st floor) at the Trustfontein building at no cost in return for the usage of the data line of the Provincial Treasury to establish network connection.		-	-
The Provincial Treasury is also occupying the accommodation in the Provincial Government Building and the Trustfontein Building at no cost from the Department of Public Works.		-	-
Total		19,955	16,605

24. Key management personnel

	No. of Individuals	2012/13	2011/12
		R'000	R'000
Political office bearers (provide detail below)	2	1,707	1,566
Officials:			
Level 15 to 16	1	1,548	1,375
Level 14 (incl. CFO if at a lower level)	10	5,510	5,383
Family members of key management personnel	4	1,072	891
Total		9,837	9,215

25. Impairment

Impairment

Debtors	30	570
Total	30	570

26. Non-adjusting events after reporting date

On the 2nd July 2013 a fire destroyed a photocopier machine that was leased from Gerox Trading CC for Economic Analysis Directorate on the 4th floor in the Provincial Government Building. No official can be held responsible. The department is however liable for the replacement of the photocopier machine.

Total	102
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27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	22,915	-	3,962	615	26,262
Transport assets					
Computer equipment	15,288	1,347	2,461	385	18,711
Furniture and office equipment	6,077	(1,347)	1,304	75	5,959
Other machinery and equipment	1,550	-	197	155	1,592
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	22,915	-	3,962	615	26,262

27.1. Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	5,991	-	(2,029)	-	3,962
Transport assets					
Computer equipment	2,461	-	-	-	2,461
Furniture and office equipment	1,304	-	-	-	1,304
Other machinery and equipment	2,226	-	(2,029)	-	197
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	5,991	-	(2,029)	-	3,962

27.2. Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	124	491	615	4
Computer equipment	115	270	385	4
Furniture and office equipment	-	75	75	-
Other machinery and equipment	9	146	155	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	124	491	615	4

27.3. Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	19,739	4,209	1,033	22,915
Computer equipment	13,268	2,728	708	15,288
Furniture and office equipment	5,205	1,182	310	6,077
Other machinery and equipment	1,266	299	15	1,550
TOTAL MOVABLE TANGIBLE ASSETS	19,739	4,209	1,033	22,915

27.4. Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013

	Intangible assets	Heritage assets	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Opening balance	1	28	13,031	13,060
Curr Year Adjustments to Prior Year balances	-	-	(14)	(14)
Additions	1	3	995	999
Disposals	-	-	454	454
TOTAL MINOR ASSETS	2	31	13,558	13,591
	Intangible assets	Heritage assets	Machinery and equipment	Total
Number of minor assets at cost	2	23	8,824	8,849
TOTAL NUMBER OF MINOR ASSETS	2	23	8,824	8,849

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012

	Intangible assets	Heritage assets	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Opening balance	(1)	28	12,539	12,566
Additions	2	-	1,125	1,127
Disposals	-	-	633	633
TOTAL MINOR ASSETS	1	28	13,031	14,326

	Intangible assets	Heritage assets	Machinery and equipment	Total
Number of minor assets at cost	1	20	8,461	8,482
TOTAL NUMBER OF MINOR ASSETS	1	20	8,461	8,482

28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	498	-	62	-	560
TOTAL INTANGIBLE CAPITAL ASSETS	498	-	62	-	560

28.1. Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2013

	Cash	Non- Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	62	-	-	-	62
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	62	-	-	-	62

28.2. Movement for 2011/12

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	498	-	-	498
TOTAL INTANGIBLE CAPITAL ASSETS	498	-	-	498

29. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Curr Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	303	-	303
Other fixed structures	-	-	303	-	303
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	303	-	303

29.1. Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	303	-	-	-	303
Other fixed structures	303	-	-	-	303
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	303	-	-	-	303

30. STATEMENT OF UNCONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION			TRANSFER		SPENT			2011/12	
	Amount R'000	Roll Overs R'000	Other Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by department R'000	Amount spent by department R'000	% of available funds spent by department %	Division of Revenue Act R'000
Universitas Hospital:TA Mokoena	-	-	-	-	-	-	-	-	-	16
Total	-	-	-	-	-	-	-	-	-	16

ANNEXURE 1A
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2011/12 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000		Current R'000
Public Corporations									
Transfers									
SA Broadcasting corporation	24	-	-	24	4	17%	-	-	-
T Ngubeni – Injury on duty	10	-	-	10	5	50%	-	-	-
Other injury on duty	-	-	-	-	-	-	-	-	2
TOTAL	34	-	-	34	9		-	-	2

ANNEXURE 1B
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2011/12 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Available funds Transferred %	
Transfers							
Leave gratuity	104	-	247	351	316	90%	35
TJ Mokoena : Claim against the department	-	-	-	-	-	-	791
Total	104	-	247	351	316		826

ANNEXURE 1C
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2012/13	2011/12
	R'000	R'000
Paid in cash		
Kloppers – donation of camera and stand	7	-
ME Tau – donation to cover health insurance, camcorder and flight ticket for internship to China	25	-
Matshediso Gospel Choir – donation to make CD	5	-
ABASA – donation towards school visit programme and QE function	30	-
ABASA – donation of 1 table	-	28
Donation of flowers and cash towards funeral of ME Hok	1	-
Donation to family of late V Mafilika	10	-
Donation of payment towards registration fees for two volley ball teams to CUT	2	-
Donation of frame with certificate to SJ Roberts for long service	1	-
16 Days of activism and MRM Launch	-	88
Gift packets and parcels to Brandfor Hospice	-	15
Donations of pajamas, toiletries and soup packets to Naledi Hospice	-	7
Donations to Lekoko Piggery project	-	1
Subtotal	81	139

Made in Kind

Donation of used laptop to a registered student (Mr MT Tukela) from CUT who will study in Germany	-	11
Donation of old redundant furniture and equipment to NGO: Khauheho	-	1
Donation of old redundant furniture and equipment to NGO: Tokiolofo	-	2
Donation of old redundant furniture and equipment to NGO: Kopano Ke Matla	-	15
Donation of old redundant furniture and equipment to NGO: Acts of Apostle	-	108
Donation of old redundant furniture and equipment to NGO: Fadimehang	-	7
Donation of old redundant furniture and equipment to NGO: Lesedi	-	7
Donation of old redundant furniture and equipment to NGO: AME	-	14
Donation of old redundant furniture and equipment to NGO: All Saints	-	62
Donation of old redundant furniture and equipment to NGO: Cansa	-	3
Donation of old redundant furniture and equipment to NGO: Biohuco	-	12
Donation of old redundant furniture and equipment to NGO Bokamosa	-	8
Donation of old redundant furniture and equipment to Department of Education	20	53
Donation of old redundant furniture and equipment to Department of Police Roads and Transport	11	-
Donation of old redundant furniture and equipment to Tokolo Comm	10	-
Donation of old redundant furniture and equipment to Kanana Disable Centre	9	-
Donation of old redundant furniture and equipment to Leratong Day Care	3	-
Donation of old redundant furniture and equipment to Wisdom Pre-school	9	-
Donation of old redundant furniture and equipment to Joe Solomon	12	-
Donation of old redundant furniture and equipment to Petrusburg Mun	23	-
Donation of old redundant furniture and equipment to Woman Manyano	4	-
Donation of old redundant furniture and equipment to District Youth Conf	3	-
Donation of old redundant furniture and equipment to Motheo	37	-
Donation of old redundant furniture and equipment to Minor Day Care	10	-
Donation of old redundant furniture and equipment to House of Hope	3	-
Donation of old redundant furniture and equipment to Petrusburg Mun	78	-
Donation of old redundant furniture and equipment to MI Bosman	9	-

Made in Kind

Donation of old redundant furniture and equipment to Woman Manyano	31	-
Donation of old redundant furniture and equipment to District Your Conf	23	-
Donation of old redundant furniture and equipment to Wisdom Pre-school	11	-
Donation of old redundant furniture and equipment to Mohloki Media Prod	8	-
Donation of old redundant furniture and equipment to All Saints Catholic Church (NGO)	11	-
Donation of old redundant furniture and equipment to Uniting Reformed Church (NGO)	23	-
Donation of old redundant furniture and equipment to Christian Apostolic Church (NGO)	13	-
Donation of old redundant furniture and equipment to Stars of Tomorrow (NGO)	2	-
Donation of old redundant furniture and equipment to Leratong Day Care (NGO)	4	-
Donation of old redundant furniture and equipment to Sivile (NGO)	4	-
Donation of old redundant furniture and equipment to Tsepanang (NGO)	14	-
Donation of old redundant furniture and equipment to All Saints Catholic Church (NGO)	22	-
Donation of old redundant furniture and equipment to Uniting Reformed Church (NGO)	98	-
Donation of old redundant furniture and equipment to Christian Apostolic Church (NGO)	49	-
Donation of old redundant furniture and equipment to Stars of Tomorrow (NGO)	9	-
Donation of old redundant furniture and equipment to Pariware	27	-
Subtotal	590	303
TOTAL	671	442

ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing	56	56	-	56	-	-	-	-
TOTAL		56	56	-	56	-	-	-	-

ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of Liability	Opening Balance 1 April 2012		Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2013	
	R'000	R'000				R'000	R'000
Claims against the department							
Standard Bank	41	-	-	-	-	-	41
TOTAL	41	-	-	-	-	-	41

**ANNEXURE 3
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
South African Police Service	-	2	-	-	-	2
National Treasury: Pension Fund	-	-	-	21	-	21
Department of Education	61	-	-	-	61	-
Provincial Treasury (Provincial Revenue fund)	526	-	-	-	526	-
Department of Police, Roads and Transport	1	-	-	-	1	-
Department of Cooperate Governance and Traditional Affairs	25	-	-	-	25	-
	613	2	-	21	613	23
Other Government Entities						
Free State Legislature	-	-	93	-	93	-
	-	-	93	-	93	-
TOTAL	613	2	93	21	706	23

ANNEXURE 4
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Justice & Constitutional Development	-	-	90	57	90	57
FSPG: Fleet Management	130	160	-	-	130	160
Department of the Premier	96	133	-	-	96	133
Subtotal	226	293	90	57	316	350
Non-current						
Public Administration, Leadership and Management Academy	-	-	-	155	-	155
Subtotal	-	-	-	155	-	155
Total	226	293	90	212	316	505

ANNEXURE 5
MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2013				
	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000

MACHINERY AND EQUIPMENT

Other machinery and equipment

	-	303	303	-
	-	303	303	-
TOTAL	-	303	303	-



NOTES



