

Vote 4

Department of Free State Provincial Treasury

Adjusted budget summary

R thousand	2019/20				
	Main appropriation	Special appropriation	Adjusted appropriation	Decrease	Increase
Total amount to be appropriated	367 624		359 663	(10 613)	2 652
<i>of which economic classification:</i>					
Current payments	330 459		319 846	(10 613)	
Transfers and subsidies	34 389		35 281		892
Payments for capital assets	2 776		4 536		1 760
Payments for financial assets					
<i>of which source of funding:</i>					
Equitable Share	283 982		290 163	(500)	6 681
Conditional Grants					
Earmarked funds	71 244		57 102	(14 142)	
Provincial Receipts	12 398		12 398		
Direct charge against the Provincial Revenue Fund	367 624		359 663	(14 642)	6 681
Amount not to be appropriated - Aid Assistance			1 229		
Executive Authority	MEC for Provincial Treasury				
Accounting Officer	Head of Department: Provincial Treasury				
Website address	www.treasury.fs.gov.za				

Vote Purpose

The purpose of the Provincial Treasury is to promote prudent financial management of provincial resources. Provincial Treasury derives its mandate, core functions and responsibilities from the Public Finance Management Act, (Act 1 of 1999), as amended and Municipal Finance Management Act, (Act 56 of 2003)

Changes to programme purposes, objectives and measures

There are no changes to programme purposes and measurable objectives.

Adjusted Estimates of Provincial Revenue & Expenditure 2019

Table 4.1(a): Adjusted Estimates per programme

2019/20									
Programme	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Unforeseeable / Roll-overs	Virements / unavoidable	Declared unspent funds	Other adjustments			
R'thousand									
1. Administration	116 205		1 499	549	(500)		1 548	117 753	
2. Sustainable Resource Management	49 826		16	4 889	(2 500)		2 405	52 231	
3. Asset and Liability Management	87 520			(6 620)	(1 000)		(7 620)	79 900	
4. Financial Governance	30 682		3 094	564		500	4 158	34 840	
5. Municipal Finance Management	83 391		72	618	(10 642)	1 500	(8 452)	74 939	
Total	367 624		4 681		(14 642)	2 000	(7 961)	359 663	

Economic classification

Table 4.1(b): Adjusted Estimates by economic classification

2019/20									
Economic classification	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Unforeseeable / Roll-overs	Virements / unavoidable	Declared unspent funds	Other adjustments			
R'thousand									
Current payments	330 459		4 456	(2 427)	(14 642)	2 000	(10 613)	319 846	
Compensation of employees	236 936			1 636	(2 544)	500	(408)	236 528	
Goods and Services	93 523		4 456	(4 063)	(12 098)	1 500	(10 205)	83 318	
Interest and rent on land									
Transfers and subsidies	34 389			892			892	35 281	
Provinces and municipalities	34 000			(169)			(169)	33 831	
Departmental agencies and accounts									
Higher education institutions									
Public corporations and private enterprises									
Non-profit institutions									
Households	389			1 061			1 061	1 450	
Payments for capital assets	2 776		225	1 535			1 760	4 536	
Buildings and other fixed structures									
Machinery and equipment	2 776		225	1 535			1 760	4 536	
Heritage assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets									
Total	367 624		4 681		(14 642)	2 000	(7 961)	359 663	

Programme 1: Administration

Table 4.1.1: Adjusted Estimates

2019/20								
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds		
R'thousand								
1. Office of the MEC	8 054				3 069		3 069	11 123
2. Management Services	17 113		176		(824)		(648)	16 465
3. Corporate Services	37 482		13		710	(500)	223	37 705
4. Financial Management (Office of the Cfo)	47 441		1 310		(2 391)		(1 081)	46 360
5. Internal Audit (Departmental)	6 115				(15)		(15)	6 100
Total	116 205		1 499		549	(500)	1 548	117 753
Economic classification								
Current payments	113 204		1 362		(1 356)	(500)	(494)	112 710
Compensation of employees	83 958				593		593	84 551
Goods and Services	29 246		1 362		(1 949)	(500)	(1 087)	28 159
Interest and rent on land								
Transfers and subsidies	389				900		900	1 289
Provinces and municipalities								
Departmental agencies and accounts								
Higher education institutions								
Public corporations and private enterprises								
Non-profit institutions								
Households	389				900		900	1 289
Payments for capital assets	2 612		137		1 005		1 142	3 754
Buildings and other fixed structures								
Machinery and equipment	2 612		137		1 005		1 142	3 754
Heritage assets								
Biological assets								
Land and sub-soil assets								
Software and other intangible assets								
Payments for financial assets								
Total	116 205		1 499		549	(500)	1 548	117 753

Programme 2: Sustainable Resource Management

Table 4.1.2: Adjusted Estimates

2019/20									
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Roll-overs		
R'thousand									
1. Programme Support	1 975				11			11	1 986
2. Economic Analysis	7 754				(394)			(394)	7 360
3. Fiscal Policy	8 103				753			753	8 856
4. Budget Management	12 589				1 326			1 326	13 915
5. Public Finance	18 489		16		2 809	(2 500)		325	18 814
6. Compensation Directorate	916				384			384	1 300
Total	49 826		16		4 889	(2 500)		2 405	52 231
Economic classification									
Current payments	49 786				4 457	(2 500)		1 957	51 743
Compensation of employees	43 257				4 812	(480)		4 332	47 589
Goods and Services	6 529				(355)	(2 020)		(2 375)	4 154
Interest and rent on land									
Transfers and subsidies					83			83	83
Provinces and municipalities									
Departmental agencies and accounts									
Higher education institutions									
Public corporations and private enterprises									
Non-profit institutions									
Households					83			83	83
Payments for capital assets	40		16		349			365	405
Buildings and other fixed structures									
Machinery and equipment	40		16		349			365	405
Heritage assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets									
Total	49 826		16		4 889	(2 500)		2 405	52 231

Programme 3: Assets & Liability Management

Table 4.1.3: Adjusted Estimates

2019/20								
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
			Unforeseeable / Roll-overs	Virements / unavoidable	Declared unspent funds	Other adjustments		
R'thousand								
1. Programme Support	2 030				(99)		(99)	1 931
2. Asset Management	29 518				(5 292)	(1 000)	(6 292)	23 226
3. Support and Interlinked Financial Systems	55 972				(1 229)		(1 229)	54 743
Total	87 520				(6 620)	(1 000)	(7 620)	79 900
Economic classification								
Current payments	87 520				(6 725)	(1 000)	(7 725)	79 795
Compensation of employees	49 215				(6 831)	(1 000)	(7 831)	41 384
Goods and Services	38 305				106		106	38 411
Interest and rent on land								
Transfers and subsidies								
Provinces and municipalities								
Departmental agencies and accounts								
Higher education institutions								
Public corporations and private enterprises								
Non-profit institutions								
Households								
Payments for capital assets					105		105	105
Buildings and other fixed structures								
Machinery and equipment					105		105	105
Heritage assets								
Biological assets								
Land and sub-soil assets								
Software and other intangible assets								
Payments for financial assets								
Total	87 520				(6 620)	(1 000)	(7 620)	79 900

Programme 4: Financial Governance

Table 4.1.4: Adjusted Estimates

2019/20									
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Roll-overs		
R'thousand									
1. Programme Support	2 547				322			322	2 869
2. Accounting Services	20 484		2 966		234		500	3 700	24 184
3. Risk Management and Internal Audit	7 651		128		8			136	7 787
Total	30 682		3 094		564		500	4 158	34 840
Economic classification									
Current payments	30 583		3 094		536		500	4 130	34 713
Compensation of employees	24 356				414			414	24 770
Goods and Services	6 227		3 094		122		500	3 716	9 943
Interest and rent on land									
Transfers and subsidies									
Provinces and municipalities									
Departmental agencies and accounts									
Higher education institutions									
Public corporations and private enterprises									
Non-profit institutions									
Households									
Payments for capital assets	99				28			28	127
Buildings and other fixed structures									
Machinery and equipment	99				28			28	127
Heritage assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets									
Total	30 682		3 094		564		500	4 158	34 840

Programme 5: Municipal Finance Management

Table 4.1.5: Adjusted Estimates

2019/20									
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Unforeseeable / Roll-overs	Virements / unavoidable	Declared unspent funds	Other adjustments			
R'thousand									
1. Programme Support	45 864			2 008	(10 578)	500		(8 070)	37 794
2. Thabo Mafutsanyana District	7 745			(185)	(64)	200		(49)	7 696
3. Fezile Dabi District	5 785		54	(192)		200		62	5 847
4. Lejweleputswa District	6 923			(760)		100		(660)	6 263
5. Xhariep District	5 021		18	313		100		431	5 452
6. Municipal Risk and Internal Audit	5 322			(575)		200		(375)	4 947
7. Municipal SCM & Compliance	6 731			9		200		209	6 940
Total	83 391		72	618	(10 642)	1 500		(8 452)	74 939
Economic classification									
Current payments	49 366			661	(10 642)	1 500		(8 481)	40 885
Compensation of employees	36 150			2 648	(1 064)	500		2 084	38 234
Goods and Services	13 216			(1 987)	(9 578)	1 000		(10 565)	2 651
Interest and rent on land									
Transfers and subsidies	34 000			(91)				(91)	33 909
Provinces and municipalities	34 000			(169)				(169)	33 831
Departmental agencies and accounts									
Higher education institutions									
Public corporations and private enterprises									
Non-profit institutions									
Households				78				78	78
Payments for capital assets	25		72	48				120	145
Buildings and other fixed structures									
Machinery and equipment	25		72	48				120	145
Heritage assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets									
Total	83 391		72	618	(10 642)	1 500		(8 452)	74 939

Details of adjustments to Estimates of Provincial Revenue & Expenditure 2019

Special appropriation

None

Roll-overs – Four million six hundred and eighty one thousand: R4.681 million

Programme 1: Administration:

R1.499 million has been rolled over for the telephone system instalment and implementation and payment to Suppliers in respect computer equipment that was replaced during the 2018/19 financial year but not delivered in time.

Programme 2: Sustainable Resource Management:

R0.016 million has been rolled over for payment to supplier in respect computer equipment that was replaced during the 2018/19 financial year but not delivered in time.

Programme 4: Financial Governance

R3.094 million has been rolled over for training within Risk and Internal Audit for the provincial risk management training (earmarked) and payment to supplier that was appointed for the Financial Intervention Programme (earmarked funds).

Programme 5: Municipal Finance Management

R0.072 million has been rolled over for payment to supplier in respect computer equipment that was replaced during the 2018/19 financial year but not delivered in time.

Unforeseeable and unavoidable expenditure

The department do not have any unforeseeable and unavoidable expenditure

Virements and shifts

Programme 1: Administration: R0.549 million

Funds were reprioritised from Programme 3 to Programme 1 for payment of early retirement benefit and leave gratuity to officials whose contracts has expired or resigned from the Department. Additional funds were requested for MEC Outreach programme.

Programme 2: Sustainable Resource Management: R4.889 million

Funds were reprioritised from Programme 3 to Programme 2 in respect of shortfall in Compensation in Budget Management, Public Finance and Compensation Directorate and shortfall for payments made in respect of leave gratuity to officials whose contracts expired and official who passed away

Programme 3: Assets and Liability Management: Decrease of R6.620 million

Funds reprioritised from Programme 3 to fund the shortfall in other Programmes in the Department on Compensation of employees, Goods and Services current and Transfer items

Programme 4: Financial Governance: R0.564 million

Funds reprioritised from Programme 3 for shortfall on compensation in Support Programme and Accounting Services as well as additional need on Goods & Services for payment PAG forum for the Province and replacement of computer equipment

Programme 5: Municipal Finance Management: R0.618 million

Funds reprioritised from Programme 3 to Programme 5 for shortfall on Compensation across the Programme and payments made in respect of leave gratuity to officials whose contracts expired.

Details on virements and shifts within a department

Table 4.2: Details on virements and shifts

Programmes	R'thousand	Programmes	R'thousand
1. Administration		1. Administration	549
2. Sustainable Resource Management		2. Sustainable Resource Management	4 889
3. Asset and Liability Management	(6 620)	3. Asset and Liability Management	
4. Financial Governance		4. Financial Governance	564
5. Municipal Finance Management		5. Municipal Finance Management	618
Total	(6 620)		6 620

FROM:			TO:		
Programme by Economic classification	Motivation	R' thousand	Programme by Economic classification	Motivation	R' thousand
Programme 3		(6 620)	Programme 1		549
Compensation of	Funds shifted across other Programmes	(6 620)	Transfers & Subsidies	Funds shifted to pay for early retirement	549
Percentage of programme budget		7.5%			0.5%
			Programme 2		4 889
			Compensation of employees	For shortfall in Budget Management,	4 806
			Transfers & Subsidies	Payment made in respect of leave gratuity to official whose contracts expired and official who passed away	83
					9.8%
			Programme 4		564
			Compensation of employees	For shortfall in Compensation in DDG office and Accounting Services	414
			Goods and services	Shortfall on Goods & Services for payment PAG forum for the Province	122
			Capital	Funds shifted for replacement of	28
					1.9%
			Programme 5		618
			Compensation of employees	Shortfall on Compensation across the Programme	540
			Transfers & Subsidies	Payment made in respect of leave gratuity to official who's contracts expired	78
					0.7%
Total		(6 620)			6 620

Declared unspent funds:

Programme 5: Municipal Finance Management

R9.642 million of unspent funds has been declared on Compensation of employees and Goods & Services (earmarked) in the Municipal Support Allocation to be surrendered to the Department of Cooperative Governance and Traditional Affairs. This amount was received from National Treasury for the assistance to municipalities in the province. Department of Cooperative Governance and Traditional Affairs is having the lead role in this project, therefore the funding is redirected to them for spending on the project.

Programme 1 and Programme 2: R3.000 million

An amount of R3.million has been identified as funds to be reprioritised for other provincial priorities in the allocation received. R0.500 million will be surrendered in Programme 1: Administration from Training and Development and R2.500 million from Compensation and goods and services in Programme 2: Sustainable Resource Management.

Other Adjustments – Two million additional funds: R2.000 million

An amount of R2.000 million was allocated to the Department. R1.000 million was allocated to Programme 5 for Goods and Services to assist with the outreach to different municipalities as intervention. The other R1.000 million was allocated within the Department for different needs on Goods and Services.

Funds shifted between votes following a transfer of a function

None

Funds shifted within a vote following a transfer of a function/within a vote following function shift.

None

Appropriation of expenditure earmarked in the 2019 Budget speech for future allocation

None

Adjustment due to significant and unforeseeable economic and financial events

None

Use of funds in emergency situations

None

Self-financing expenditure

None

Gifts, donations and sponsorship

No cash donations, gifts or sponsorships were received.

Direct charges against the Provincial Revenue Fund

None

Expenditure outcome for 2018/19 and actual expenditure for 2019/20

Table 4.3: Expenditure trends

R thousand	2018/19					2019/20			
	Audited outcome					Actual expenditure			
	Adjusted appropriation	Apr 2018 - Sep 2018	Apr 2018 - Sep 2018 (% of adjusted appropriation)	Apr 2018 - Mar 2019	Apr 2018 - Mar 2019 (% of adjusted appropriation)	Adjusted appropriation	Adjusted appropriation /Total (%)	Apr 2019 - Sep 2019	Apr 2019 - Sep 2019 (% of adjusted appropriation)
Programmes									
1. Administration	110 779	50 171	45.3%	102 358	92.4%	117 753	32.7%	48 186	40.9%
2. Sustainable Resource Management	45 959	21 921	47.7%	44 710	97.3%	52 231	14.5%	22 910	43.9%
3. Asset and Liability Management	78 118	35 162	45.0%	77 819	99.6%	79 900	22.2%	31 716	39.7%
4. Financial Governance	37 051	18 418	49.7%	32 465	87.6%	34 840	9.7%	15 249	43.8%
5. Municipal Finance Management	73 299	29 408	40.1%	67 228	91.7%	74 939	20.8%	33 362	44.5%
Subtotal	345 206	155 080	44.9%	324 580	94.0%	359 663	100.0%	151 423	42.1%
Economic Classification									
Current payments	301 400	139 633	46.3%	286 797	95.2%	319 846	88.9%	135 540	42.4%
Compensation of employees	212 291	104 596	49.3%	210 504	99.2%	236 528	65.8%	111 246	47.0%
Goods and services	89 109	35 037	39.3%	76 293	85.6%	83 318	23.2%	24 294	29.2%
Interest and rent on land									
Transfers and subsidies	39 695	14 504	36.5%	34 377	86.6%	35 281	9.8%	15 282	43.3%
Provinces and municipalities	37 500	13 000	34.7%	32 500	86.7%	33 831	9.4%	14 500	42.9%
Departmental agencies and accounts									
Higher education institutions									
Public corporations and private enterprises									
Non-profit institutions									
Households	2 195	1 504	68.5%	1 877	85.5%	1 450	0.4%	782	53.9%
Payments for capital assets	4 111	939	22.8%	3 378	82.2%	4 536	1.3%	593	13.1%
Buildings and other fixed structures									
Machinery and equipment	4 111	939	22.8%	3 378	82.2%	4 536	1.3%	593	13.1%
Heritage assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets		4		28				8	
Total	345 206	155 080	44.9%	324 580	94.0%	359 663	100.0%	151 423	42.1%

Expenditure trends for the first six months of the 2019/20

The department spent 42.1 percent from the total allocation in September 2019. The underspending was mainly due to the Municipal Support Transfers which requires that the municipality must provide proof of the appointment of a supplier for the purpose indicated in the memorandum of agreement. This is to ensure that the funds transferred are used for the intended purpose. Amendments were done to the Original Budget Allocation in respect of Municipalities identified to receive financial assistance. There was also a dispute between the Department and the supplier in respect of the Public Information Platform (PIP) contract which also led to non-spending.

Departmental receipts

Table 4.4: Departmental receipts

R thousand	2018/19					2019/20				
	Audited outcome					Actual receipts				
	Adjusted estimate	Apr 2018 - Sep 2018	(% of adjusted appropriation)	Apr 2018 - Mar 2019	(% of adjusted appropriation)	Budget estimate	Adjusted estimate	Adjusted receipts estimate / Total (%)	Apr 2019 - Sep 2019	(% of adjusted appropriation)
Departmental receipts	8 745	4 923	56.3%	9 458	108.2%	12 398	19 280	100.0%	15 580	80.8%
Tax receipts										
Sales of goods and services other than capital receipts	134	80	59.7%	158	117.9%	141	150	0.8%	98	65.3%
Transfers received										
Fines, penalties and forfeits										
Interest, dividends and rent on land	8 474	4 744	56.0%	9 076	107.1%	12 116	18 000	93.4%	15 414	85.6%
Sales of capital assets	3	3	100.0%	3	100.0%					
Financial transactions in assets and liabilities	134	96	71.6%	221	164.9%	141	1 130	5.9%	68	6.0%
Total departmental receipts	8 745	4 923	56.3%	9 458	108.2%	12 398	19 280	100.0%	15 580	80.8%

Revenue trends for the first six months of 2019/20

The main source of revenue for the Provincial Treasury is interest earned on investments. Due to the lower spending in the first bi-annual of the 2019/20 financial year funding were invested for longer periods, which generated a larger earning on interest. The budget was adjusted upwards to be in line with the current flow of income. The investment income is however not stable as it depends on the funding available for investment, which can differ monthly.

Other Revenue

The Department of Free State Provincial Treasury received an amount of R1.229 million from National Treasury in the current financial year in respect of the Gender Based RDP Project.

Changes to transfers and subsidies, including Conditional grants and Earmarked funding

Table 4.5: Summary of changes to transfers and subsidies per programme

		2019/20						
R thousand	Main appropriation	Special appropriation	Adjustment appropriation			Total adjustment appropriation	Adjusted appropriation	
			Roll-overs	Unforeseeable /unavoidable	Virements and shifts			Declared unspent funds
1. Administration	389				900	900	1 289	
Economic sphere								
Households								
Households: other transfers								
H/H Empl: S/Ben: Injury on Duty	20						20	
H/H: Empl: S/Ben: Pst Retirmt Benef					483	483	483	
H/H: Empl: S/Ben: Leave Gratuity					38	38	38	
Households: other transfers (CASH)								
H/H: Donations&Gifts (Cash)	369				379	379	748	
2. Sustainable Resource Management					83	83	83	
Economic sphere								
Households								
Households: other transfers								
H/H: Empl: S/Ben: Leave Gratuity					83	83	83	
5. Municipal Finance Management	34 000				(91)	(91)	33 909	
Economic sphere								
Municipal Bank Accounts								
Mun B/Acc: Mun Gifts & Donations	34 000				(169)	(169)	33 831	
Households								
Households: other transfers								
H/H: Empl: S/Ben: Leave Gratuity					78	78	78	
Total transfers and subsidies	34 389				892	892	35 281	

Table 4.6(b): Summary of changes to provincial earmarked funds

		2019/20							
		Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation	
R thousand	Main appropriation	Special appropriation	Roll-overs	Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds			Other adjustments
1. Administration									
Economic sphere									
Current/Capital									
Earmarked fund									
Item name									
2. Sustainable Resource Management		5 000				(2 500)		(2 500)	2 500
Economic sphere									
Current/Capital									
Earmarked fund									
Infrastructure Development Improvement									
	5 000					(2 500)		(2 500)	2 500
3. Assets & Liability Management		12 960							12 960
Economic sphere									
Current/Capital									
Earmarked fund									
Transversal Commitment									
	12 960								12 960
4. Financial Governance		5 000	3 094		500			3 594	8 594
Economic sphere									
Current/Capital									
Earmarked fund									
Financial Intervention Measures									
	5 000		2 966		500			3 466	8 466
Risk Management Software & Training									
			128					128	128
5. Municipal Finance Management		43 642			1 331	(9 642)		(8 311)	35 331
Economic sphere									
Current/Capital									
Earmarked fund									
Goods & Services Consultants									
	9 642					(9 642)		(9 642)	
Compensation of Employees									
					1 500			1 500	1 500
Municipal Support Allocation									
	34 000				(169)			(169)	33 831
Total earmarked funds		66 602	3 094		(669)	(9 642)		(7 217)	59 385

Revised Infrastructure project list

None

Table 4.7: Summary of changes to aid assistance/ Donor

2019/20								
		Adjustment appropriation						
R thousand	Main appropriation	Special appropriation	Unforeseeable /unavoidable	Virement and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation
2. Sustainable Resource Management						1 229	1 229	1 229
Economic sphere								
Current								
Aid assistance/ donor								
Research and Advisory Services						1 229	1 229	1 229
Total aid assistance						1 229	1 229	1 229

During the 2018/19 financial year an amount of R2.000 million was allocated from National Treasury (Belgium Donor Funding) for the implementation of Gender Responsive Budget Project. During Phase 1 the amount of R0.771 million was expensed. In 2019/20 financial year Phase 2 will continue for which the amount of R1.229 million is required.